COVER SHEET

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SEC Registration Number

WATERFRONT PHILIPPINES, INCORPORATED

(Company's Full Name)

IPT BUILDING, PRE-DEPARTURE AREA, MACTAN CEBU INTERNATIONAL AIRPORT LAPU-LAPU CITY, CEBU

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

MS. IRISH CHARA LAWAS	(02) 559-0130
Contact Person	Company Telephone Number

1 2	3 1	1 7 - A	0 9	1 4
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

483		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

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1. For the calendar year ended

DECEMBER 31, 2013 Calendar

2. SEC Identification Number

AS 094-8678

3. BIR Tax Identification No.

D80-003-978-254 NV

4. Exact name of issuer as specified in its charter

WATERFRONT PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization

PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

No. 1, WATERFRONT DRIVE LAHUG, CEBU CITY
Postal Code 6000

8. Issuer's telephone number, including area code

(02) 559-0130

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:

PHILIPPINE STOCK EXCHANGE

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes

No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

(b) Any information statement filed pursuant to SRC Rule 20

(c) Any prospectus filed pursuant to SRC Rule 8.1

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 17-1 - Annual Report*References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules*

For the Calendar year ended	DECEMBER 31, 2013 Calendar
Currency (indicate units, if applicable)	PESO

Balance Sheet

	Year Ending	Previous Year Ending
	DECEMBER 31, 2013	DECEMBER 31, 2012 (As restated)
Current Assets	2,359,380,385	2,471,273,384
Total Assets	9,203,897,269	9,371,763,966
Current Liabilities	2,224,979,328	1,996,158,204
Total Liabilities	4,606,061,804	4,970,933,178
Retained Earnings/(Deficit)	-1,469,509,833	-1,504,517,591
Stockholders' Equity	3,872,866,239	3,722,512,666
Stockholders' Equity - Parent	2,589,840,848	2,628,358,928

Book Value per Share	1.55	1.49

Income Statement

	Year Ending	Previous Year Ending
	December 31, 2013	December 31, 2012 (As restated)
Operating Revenue	1,954,715,706	1,970,793,243
Other Revenue	24,376,009	28,472,703
Gross Revenue	1,979,091,715	1,999,265,946
Operating Expense	1,461,490,841	1,523,203,524
Other Expense	578,980,279	428,306,676
Gross Expense	2,040,471,120	1,951,510,200
Net Income/(Loss) Before Tax	-61,379,405	47,755,746
Income Tax Expense	3,952,111	38,746,192
Net Income/(Loss) After Tax	-65,331,516	9,009,554
Net Income/(Loss) Attributable to Parent Equity Holder	-69,813,828	-5,922,606
Earnings/(Loss) Per Share (Basic)	-0.028	-0.002
Earnings/(Loss) Per Share (Diluted)	-0.028	-0.002

Financial Ratios

	Formula	Calendar Year Ended December 31, 2013	Previous Calendar Year December 31, 2012
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	1.060	1.238
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.118	0.114
Solvency Ratio	**Total Assets / Total Liabilities**	1.998	1.885
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.500	0.540
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	1.189	1.335
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	0.625	1.293
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	2.377	2.518
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.738	0.762
Net Profit Margin	**Net Profit / Sales**	-0.033	0.005
Return on Assets	**Net Income / Total Assets**	-0.0071	0.001
Return on Equity	**Net Income / Total Stockholders' Equity**	-0.017	0.002
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	-0.028	-0.002

PART I – BUSINESS AND GENERAL INFORMATION

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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SIGNATURES

FINANCIAL STATEMENTS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Waterfront Philippines, Inc. *(WPI)* was registered with the Securities and Exchange Commission *(SEC)* on September 23, 1994, as an investment holding company for hotel, leisure, and tourism businesses.

To realize the Group's vision of making *WPI* the flagship of the Group's hotel and gaming interests, *TWGI* vended into *WPI's* acquired properties --- Waterfront Cebu City Casino Hotel, Inc. (WCCCHI) in Cebu City, Waterfront Mactan Casino Hotel, Inc. (WMCHI) in Mactan, Cebu, and Davao Insular Hotel Company, Inc. *(DIHCI)* in Davao City. These properties are significant investments for *WPI*. During 2003, the company started acquiring common shares of ***ACESITE (Phils.) Hotel Corporation***. A major coup for WPI for the year 2004 was securing of controlling interest in the management over ACESITE (PHILS.) HOTEL CORP. Consequently, Acesite, operating under the trade name Manila Pavilion Hotel, is now part of the Waterfront group of hotels.

WPI is now known as the largest Filipino hotel chain in the country.
As a leading operator of first class casino-hotels and convention facilities, we provide much-needed support to the tourism industry's vision for growth. Our hotel experience is highly integrated, offering the best of business and leisure.

The hotels fit WPI's continuous geographic diversification strategy and they are appropriate candidates for broad product renovation and operational repositioning. The hotels are well positioned in their respective markets, considering the presence of international airports in their locality. Studies indicate that international airports are major generators of lodging demand.

Marketing

Waterfront gives a wide range of business-related conveniences to ensure that our guests enjoy a productive stay. Our special attention to detail, well-equipped business centers, accessibility, unrivaled facilities and presence in major cities of the Philippines make us best positioned to cater to the business traveler's needs.

We are located throughout the country's major cities, in proximity to international airports. No other hotel chain in the Philippines has the reach and presence of Waterfront Hotels. Our hotels are located ideally within a short distance from major international airports, the Ninoy Aquino International Airport (NAIA) and the Mactan International Airport. Whether it is in Manila, still the country's biggest tourism hub and its political, social and economic center, or in Cebu, considered the gateway of tourism in Southern Philippines and the fastest-growing destination in the country, or in Davao, a major city in the Mindanao area and an ideal base for business in the area, Waterfront is able to provide business travelers with first class accommodations and convenience expected of a savvy business hotel.

Our capability to accommodate large numbers of travelers for all types of business gatherings. We provide the best range of venues for all types of meetings and conventions. No other hotel chain can boast of having the facilities to handle small, medium and large-scale gatherings with ease.

A major percentage of our revenue comes from Filipino customers with the rest spread across a varying range of nationalities. Our local base has become increasingly important, serving to augment international tourist demand.

Our Central Reservations System has made us the only integrated network of hotels in the country with a powerful presence through our 24/7 booking service. Anyone can book using a single 1-800 number – 1-800-WFRONT8 (9376688) for all Waterfront Hotels nationwide. We continue to partner with Utell, www.utell.com, the world's largest and most experienced sales, marketing and distribution service for independent hotels and hotel groups worldwide. This provided a much-needed online marketing boost, an area of considerable potential growth for us. Utell provides the best facilities for agents in the hotel and resort industry as well, assisting them in making the thousands of customized searches, with instant confirmations.

As part of its marketing strategy, the company exercises flexible rates for contingencies, tie-ups with airlines, special occasion packages and other promos. Also, the massive efforts of our sales and marketing division in creating and implementing dynamic programs designed to search for customers and developing and maintaining their loyalties, have certainly added to the hotels' marketability. Coupled with the efforts of our public relations division in ensuring that the reputation of our hotels are kept free from negative publicity and its awareness of social responsibility, has certainly given marketing strategy a deeper meaning. The Company aims for building a strong relationship with our guests.

Although we continue to discover and learn many new things, we are taking advantage of investment opportunities, which will allow us to be a significant player in the casino and hotel arena nationwide. The Company has strengthened its brand visibility with an integrated marketing communications campaign that would invite continued patronage of its products and services. To complement its marketing and sales efforts, a unified visual advertising tool for all properties was implemented.

Overall we continue to expand in innovative ways, using technology and new media to our advantage as a cost-effective way to expand our market share, explore new markets and ensure the strength of our brand presence locally and internationally.

Information Technology

As in all areas of commerce, information technology represents one of the strongest forces for change. They are known to have significant impact in marketing of hotels. It provides an essential tool for hotel organization to keep a hand on the pulse of the customers' wants and needs. The challenge of any corporation is to conduct their operations efficiently and effectively at the least possible cost. Perhaps, one of the major advancement that happened at Waterfront is its tie-up with **Micros Fidelios** - the world leader in providing computer-related technology for hotel and restaurant chains around the world.

The company has recently upgraded its Opera Property Management System. This software will

	WCCCHI	WMCHI	DIHCI	MPH	GHOTEL	WEC	WFC	GYM
Micros-Fidelio Point-Of-Sale System (POS)	X	X	X	X				
Micros-Fidelio Engineering Management System	X							
Micros-Fidelio Opera Sales and Catering System	X							
Micros-Fidelio (OWS)	X	X	X	X	X			
Opera Property Management System (PMS)	X	X	X	X	X			
SUN SYSTEM	X	X	X	X				
Human Resource Information System (ACLT)	X	X		X				
Mitech Payroll System					X			X
HR Payroll Trax			X					
Actatek Biometric Finger scan System	X	X	X	X	X	X	X	X
Lotus Email System	X	X	X	X	X	X	X	X
Micros-Fidelio Inventory System	X	X		X				
Online Automation System	X	X	X	X	X	X		
Call Center System						X		
Waterfront Recipe Guide System	X	X	X	X	X			

efficiently manage sales and accounting, reservations, point-of-sales and engineering- a first in the Philippines. This integrated system will aggressively keep track of inventory and manage revenues. The *"Fidelio"* system permits online monitoring of clients in the hotels. To date, here is a summary of the major systems used by Waterfront Hotels:

The company takes pride in its training and development programs. In fact, Waterfront sets a high standard of achieving 70 training hours per person every year. In order to ensure that such passion for never ending quest for improvement and excellence, Waterfront makes People Development an integral Key Performance Index, among others which is Guest Satisfaction Index and Financial Index.

Waterfront is run by its highly competent Peers- the people who make a difference in every aspect of its organization. The company ensures that the quality of the Waterfront experience is maintained through excellent service, and undergoes constant training to ensure service quality and efficiency in all aspects of operations.

Employees' Training

For the past years the Company's employees have undergone training in various skill-building seminars and workshops for F&B, Housekeeping, Front Office and even in Administrative functions. Year-to-date training index for the following are:

Property	Training Index
WCCHI	107.30
WMCHI	127.77
DIHCI	132.93
APHC	116.92
WHMC	189.04
WWGI(Citigym)	166.42
WEC	16.07

Training hours are typically spread across five major categories: inductive program, basic skills, upgraded and advanced skills, supervisory and management and wellness-related programs, which are designed to promote a healthy lifestyle among Peers.

Upon Joining the Waterfronts family newly-hired peers undergo a comprehensive Inductive Program to orient them to the Hotel's Culture. Front liners undergo basic Skills Certification Program for their respective areas of assignment to ensure that hotel service standards are maintained.

Supervisors and managers are enrolled in our Supervisory and Managerial Development Programs which equip them with both basic and advanced skills to help them effectively perform their roles as leaders of the organization.

Our senior management staff are regularly sent abroad to attend international training programs and seminars. WPI partners its training programs with international learning institutions such as Magnums Butler of Australia, Development Dimensions International, Cornell University, and the Educational Institute of the American Hotel and Lodging Association.

Programs offered do not only stop at improving the brain functioning as well as managing emotions and attitude. The wellness related programs are programs that are also designed and made a party of the entire Peers training and development with the aiming of maintaining a healthy lifestyle, physically, mentally and spiritually. This training includes Peers Image and Development Program and Amazing Race(Room Attendants Cleaning Enhancement) for housekeeping peers.

This year also 2013, we acquired Massage Therapist Certification for all our massage therapists as a requirement by the Department of Health.

Waterfront also puts itself at par with the global hospitality industry by partnering with International learning Institutions such as Development Dimensions International (DDI), Ivy League member Cornell University, and the Educational Institute of the America Hotel Lodging Association (AHLA).

Employees

As the reputations of the hotels rise and the volume of their clientele grows, so will their expectations and demands. The fundamental key to clients' satisfaction will always be the delivery of the best service from the employees. Service is the hotels' most important product and first class service doesn't just happen overnight. It is a team effort, requiring constant attention, training and supervision. In an ongoing endeavor to carry on with this ideal, the Company continues to increase in-house and external training of its personnel to endow the employees with the competence essential to cope with the increasing standards and demands of the market. A salary structure has also been implemented to ensure more competitive compensation packages, which are at par with the industry's standards and the Department of Labor and Employment's mandated requirements**.**

The Company believes that after all, happy employees translate into happy customers, and happy customers would be tantamount to greater satisfaction, sales and income for the Company.

As of the end of the calendar year 2013, *WPI* Group has a total of 942 employees that were distributed as follows:

WCCCHI:

	Filipinos	*Foreigners*	*Total*
Executive	34	4	38
Non-Executive	374	0	374
Total	**408**	**4**	**412**

WMCHI:

	Filipinos	*Foreigners*	*Total*
Executive	10	0	10
Non-Executive	100	0	100
Total	**110**	**0**	**110**

DIHCI:

	Filipinos	*Foreigners*	*Total*
Executive	19	0	19
Non-Executive	64	0	64
Total	**83**	**0**	**83**

APHC:

	Filipinos	*Foreigners*	*Total*
Executive	25	2	27
Non-Executive	232	0	232
Total	**257**	**2**	**259**

WHMC:

	Filipinos	*Foreigners*	*Total*
Executive	1	1	2
Non-Executive	26	0	26
Total	**27**	**1**	**28**

WWGI:

	Filipinos	*Foreigners*	*Total*
Executive	5	0	5
Non-Executive	21	0	21
Total	**26**	**0**	**26**

WFCI:

	Filipinos	*Foreigners*	*Total*
Executive	0	1	1
Non-Executive	9	0	9
Total	**9**	**1**	**10**

WEC:

	Filipinos	*Foreigners*	*Total*
Executive	2	0	2
Non-Executive	13	0	13
Total	**15**	**0**	**15**

Grand Total	**935**	**8**	**943**

There is no existing union under the Company except for Davao Insular Hotel and Manila Pavilion Hotel. On April 1, 2011, Waterfront Insular Hotel Davao Employees Association (WIHDEA) consisting of 35 employees was formed and increased to 43 employees as of 2013.

The Manila Pavilion Hotel has not experienced any strikes since 2006. The Collective Bargaining Agreement (CBA) for the line employees was concluded on January 14, 2013, covering a period of five (5) years, July 1, 2012 to June 30, 2017. However, the economic provisions of this Agreement shall be subject to renegotiation after the 3rd year of its affectivity or 60 days prior to June 30, 2015. The CBA for supervisors signed on June 21, 2012 covers a period of five (5) years, April 1, 2011 to March 31, 2016. However, the economic provisions of this Agreement shall be subject to renegotiation after the 3rd year of its affectivity or 60 days prior to expiration on March 31, 2014.

<u>Business of WPI and Its Subsidiaries</u>

- ***WPI***

Being an investment holding company in hotel and gaming businesses, *WPI* has a strategic advantage in the marketplace. It can move and position itself to grab opportunities in hospitality industry, which is known to be highly competitive. The world-class facilities that it brings to the Province of Cebu are designed to provide a diverse and complete entertainment system that will attract local, regional, and international visitors.

Despite the unforgiving economic situation and the Company's relative infant stage in the industry, both *WCCCHI* and *WMCHI* enjoyed favorable occupancy rate, successfully inviting both corporate and individual travel accounts.

Subsidiaries

The Company has the following subsidiaries, which are briefly described in the next pages:
1. Waterfront Cebu City Casino Hotel, Inc. (WCCCHI)
2. Waterfront Mactan Casino Hotel, Inc. (WMCHI)
3. Waterfront Insular Hotel Davao, Inc.
4. Waterfront Promotions Limited
5. Waterfront Entertainment Corporation
6. Mayo Bonanza, Inc.
7. Grand Ilocandia Resort Development Incorporated
8. ACESITE (Phils.) Hotel Corporation
9. Waterfront Food Concepts, Inc.
10. Waterfront Hotel Management Corp.
11. Waterfront Wellness Group Inc.

- ***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 (10) 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 (11) 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.

In addition to its features, 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 criss-crossed by hundreds of people each day, the hotel's grand lobby sets the whizzing pulse for the hotel and dictates its overall ambiance.

Waterfront Cebu operates 9 F&B outlets, including a hotel coffees hop, a Japanese restaurant, an Italian restaurant and a poolside snack bar. The hotel has a fully functional business center paired with flat-screen computers, internet access and private boardrooms.

The hotel's lobby renovation started in the year 2011 and launched on the year of 2012 on June 23. The cost of the renovation is around Php130 million. Designed by no less than Steven J. Leach, Jr. + Associates [Consultants] Incorporated (SL+A Manila), which is a part of the world-renowned Steven Leach Group. With this new improvement, guests are guaranteed an even better check-in experience with a brand new reception area, which includes a more spacious Concierge counter and a wider Front Desk that will cater exclusively to individual travelers. Brand new communications and IT gadgets have been acquired to further ensure the smooth reception of guests as well. Other enhancements include newly-built ticket booth for conventions and concerts, Egyptian marble flooring, improvements to the ceiling's three coves and the lobby's balconies and staircases, and state-of-the-art sound and lighting equipment.

More than that, the Lobby Lounge itself now offers an all-new dining and lounging experience, with newly-installed glass panels, semi-enclosing 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, additional features such as nightly entertainment from the city's top performers, soulful afternoon music by soloists, a selection of afternoon tea packages that is available for guests from 2:00 PM to 6:00 PM daily, and an offering of fantastic gourmet dessert. Diners now have the option to choose from a variety of flambé creations, which will be prepared by the lobby's server's right in front of the guests. A selection of fine wines is also available from the lobby's very own wine dispenser, with enomatic cards of varied denominations.

- ***Waterfront Mactan Casino Hotel, Inc.***

WMCHI 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. WMCHI has recently improved its rooms by installing fax machines and Internet connections to cater to the needs of its guests. Lobby walls were repainted and television of each room was also upgraded this year 2013. Additionally, the company has upgraded **OPERA** Property Management System, which is designed to help run the hotel operations at a greater level of productivity and profitability.

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.

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

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.

The hotel has 159 guest rooms, 5 function rooms and 6 F&B Outlets. Features included in the newly re-opened hotel are the 5 Gazebos located along the beach area. The numerous requests for beach weddings have made these added features not only attractive but functional as well as providing added revenue.

A large garden pavilion, previously garden tent, with a 12,000 sq. meter area was erected in July 2002, in order to accommodate functions that require extra space not available at the grand ballroom while providing a panoramic view of the garden and the sea. The said area was renovated this year 2013 and was also open to the public on the same year.
It hopes to achieve higher occupancy levels for the coming years by extending the Waterfront Way of Service to the tourism industry.

- ***Waterfront Promotions 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 Casino, Inc. 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.

- ***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.

- ***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.

- ***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.

- ***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 502 rooms 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. The hotel had approximately 2,200 sq. m. of meeting, banquet and conference facilities but decided to lease the areas to Pagcor per Contract of Lease dated December 20, 2007. The hotel also houses several restaurants, such as Seasons Café (coffee shop), 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 carpark. Concessionaires and tenants include a spa, herbal medicine, travel agency, and flower shop. Contract with beauty salon, photo service and travel agency operators expired and not renewed last 2009, 2008 and 2013 respectively. In addition, Casino Filipino – Pavilion, owned and operated by PAGCOR, occupies part of the first, second, third, fourth, fifth floors and AHU area (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 assign, sell, transfer and convey all existing shares of stocks of CIMAR to the Company.

- ***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 in May of 2006. Its pastry products include cakes, cookies, breads 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 and Pagadian.

- ***Waterfront Hotel Management Corp.***

G-Hotel Manila by Waterfront located is located at 2090 Roxas Boulevard, Malate, Manila is being managed by Waterfront Hotel Management Corporation (formerly Waterfront Management Corp.). It started its commercial operations in November of 2006. 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.

- ***Waterfront Wellness Group Inc.***

This subsidiary is located in the Ground Level of Waterfront Cebu City Casino Hotel occupying 617.53 square meters. Waterfront Wellness Group Inc.(formerly W Citigyms and Wellness Corp.) 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 and certified therapists perform massage and spa services to guests within the hotel and walk-ins. The management has plan of opening Citigyms in all its hotels.

Business Development

In 1995, Waterfront Philippines, Inc. (WPI) set out to complete two major objectives in the province of Cebu- to focus on hotel and resort development and to promote tourism in the Philippines. Four years later, this vision became a reality with the full operation of the Waterfront Mactan Island Hotel and Casino, Inc, and Waterfront Cebu City Hotel. At present, WPI would like to establish itself as the premiere tourism organization with leisure and entertainment activities, not only in Cebu, but also in the various provinces nationwide.

Year 2009

We started 2009 with resolve to face the challenges brought on by unrelenting international crises that contributed to the slow pace of recovery of the tourism and tourism-related services sectors. The company targets continued to remain modest and view in mind that we would take this year as a challenge to lay groundwork for greater profitability in the next year onward. The company and the management itself continue to navigate to a position of incontestable strength and market leadership. To go beyond outside traditional markets and develop new revenue streams. And further enhance measures to decrease our operating cost without sacrificing the need and satisfaction of our guest.

The company work hard to tap into alternative opportunities available, such as reaching out to the local market, which has been provided us with a remarkable revenue stream that should be further nurtured and explored.

Year 2010

In all regions of the world, the hotel sector has suffered big losses. Many hotels have slashed prices and are offering special discounts just to keep customers. Despite the dismal global numbers, Waterfront Philippines has kept to its primary commitment to taking care of its guest, employees and shareholders. Waterfront Philippines exhaust all means to increase the revenue and ensure the stability and profitability of the business. The hotels continue to cross-sell their rooms and continue to promote agency/tour-groups repeat business, and other subsidiaries like Mayo Bonanza and Citigym bring in revenue growth streams for the company.

Waterfront Philippines, Inc. remains secure and highly adaptable to the shifts in global tourism trends. Our strategic location in the country's prime hubs for tourism and key areas of economic expansion contributes to our stability and enables us to take advantage of emerging business opportunities.

The company aim to keep healthy, dynamic, profitable enterprises while maintaining the quality of excellent service and keeping the essential corporate values that company celebrated for. Facility upgrades in recent years have served to pique consumer interest.

Year 2011

Despite the vindictive economic condition of the country especially in hotel industry, the company still survives to continue to serve and give world class facilities, diverse and absolute entertainment system that brings attraction to the Province of Cebu which attracts local, regional and international visitors, to a highly competitive market. The newly opened subsidiaries have been in the up hill struggle to continue its existence with the help of the other group incorporators in order to achieve the goal which is to be the world class in competitive market; it was then truly a fruitful year to the company.

In years onward the company always has a vision to maintain to be on the peak world class market moreover the good and bad experiences of the company from previous years dictates to move forward and focus on the fundamentals of hotels operations in order to maximize profit. Stirring the effective marketing strategy, hospitable service and cost controls become the paramount to maintain in the highly competitive world.

Year 2012

The year 2012 has been another trying year for the tourism and travel industry. We have witnessed yet another wave of unforeseen global events that have had a profound impact on us. The decrease in the country's competitiveness as a tourism destination is also a factor contributing to our industry's woes. However, our innovative efforts to counteract dwindling tourism figures and create interest in our markets—both existing and potential ones—have allowed us to stay afloat. We continue to drive our marketing efforts along both offline and online channels. Thus, taking care of our shareholders is of utmost priority, and through our recent solutions and innovations, we are not just adapting to the times but creating and initiating growth by ourselves. We believe in being at the vanguard of change, and by stimulating positive change, we have managed to turn out positive results amid poorly performing global factors and regional incidents beyond our control.

To ensure long-term stability of the corporation and continuing customer satisfaction, we are steadfast in making new additions and improvements in the quality of our product. Not only does this contribute to improved customer feedback; it also has the great advantage of further differentiating the Waterfront experience, strengthening our brand and making us well positioned to reap the benefits of our measures in the event of an industry recovery.

Year 2013

In 2013, global tourism and travel demonstrated an impressive resilience to unstable economic factors; its growth mainly driven by Asia and other emerging markets.

While the Philippines appears poised to benefit from this upsurge, our hospitality industry remains in a quandary; affected by tense diplomatic relations with Asian neighbors like Hong Kong and China, inadequate tourism infrastructure, and an overall decrease in tourism competitiveness. Hong Kong residents' lack of resolution and enduring negative sentiments continue to affect arrivals from their region and China. Increasing tension in Southeast Asia caused by territorial disputes and other diplomatic differences, has only added to the downtrend of tourist interest in the Philippines. We also experienced a secondary dip in bookings from Europe with citizens from countries in crisis opting to vacation locally.
Steering through these unfavorable circumstances is a challenge, yet our organization continues to thrive; determined to look beyond the negative and to accentuate the constructive.

Strategies

The hotel properties are centrally located in the central business districts of three prime Philippine destinations, Manila, Cebu and Davao. These are the key cities of the country with the highest tourism traffic. As such our location gives us access to a greater number of foreign and local travelers.

The management team has a substantial management experience in the acquisition of equity interests in hotels in the Philippines. We have enjoyed considerable success in formulating and implementing clear acquisition strategies, and seizing opportunities to explore market potential of the hotel industry.

The acquisition strategy remains sound as it takes half the time to acquire and renovate properties as it does to conceptualize, construct and pre-open new properties. With the expertise in the hotel management, and the partnership with an investment group that is premised on the transfer of clean properties with minimal business risks, the company is confident enough the ability to improve operations and enhance value of acquired assets.

The Central Reservations System has made it the only integrated network of hotels in the country with a powerful presence through 24/7 booking service. As the company strives towards further convenience and accessibility, the company has introduced its outline booking facility. The newly redesigned website offers highly efficient online reservations facility that allows customers from all over the world to book real time and receive real time confirmation. This high-speed reservations feature enables the company to fully cater to the online market, whether the purpose is for travel research or convenient booking. All in all the company continue to expand in innovative ways, using technology and new media as a cost effective way to expand its market share, explore new markets and ensure the strength locally and internationally.

In addition to advancement concerning our operations is the upgrading of our Property Management Systems (PMS). These are multi-million Peso investments to upgrade our efficiency, and ensuring that our operations remain steady in the years to come. The Waterfront Recipe Guide System is a savvy new strategy to give our F&B operations a boost. This will enable us to standardize our best-selling dishes, aiming to be more consistent in preparation and taste.

Item 2. Properties

The Company, being a holding company, has no real properties in its name. Properties under the WPI Group are under the ownership or lease holdings of the respective subsidiaries.

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
Terms of lease	50 years with an option for renewal for another 25 years, permissible by the laws of the Philippines
Rental	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
Development	Phase I, comprising of a 580-room Hotel Block, the *CICC* and an Entertainment Block. *CICC*, the International block, and 156 rooms of the Hotel Block commenced commercial operation on January 5, 1998.

WMCHI Land Lease:

Location	In front of Mactan-Cebu International Airport, Lapu-Lapu City
Size	Approximately 3.2 hectares
Terms of lease	50 years with an option for renewal for another 25 years, permissible by the laws of the Philippines
Rental	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.

Development	Phase I, comprising of 167 deluxe rooms, International Casino building, conference and related facilities that are in commercial operation. As of March 31, 1998, total project development cost, inclusive of furniture, fixtures, and equipment, amounts to Php 722 million.

DIHCI Wholly Owned:

Location	Title	Area (In Sq. Meters)
▪ Lanang, Davao City	TCT 0-255*	2,997
	0-256*	304
	0-257*	113
	0-258*	50
	0-259*	404
	T-10250*	44,511
	T-10250*	47,320
	T-10251*	2,091
	T-10251*	2,043
	T-10252*	643
	T-10252*	1,133
	T-10252*	300
	T-10252*	300
	T-10252*	1,580
	T-10252*	643
	T-10254*	500
	T-10254*	400
	T-10303*	108
	T-10303-A*	4,319
	T-10303-A*	304
	T-10379*	140
	T-30874*	223
	T-10264*	18959

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
Terms of lease	Lease is valid until January 2014, renewable for another 25 years up to 2039.
Rental	Annual rental of P6.1 million
Development	-

Item 3. Legal Proceedings

3.1 SSS vs WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City

SSS claim for sum of money with damages filed against WPI, Wellex Industries, Inc. and the Wellex Group, Inc. for non payment of the Contract of Loan with Real Estate Mortgage and Assignment of Shares with option to Convert to shares of Stock in the amount of P375,000,000.00. On September 12, 2005, RTC of Quezon City ordered the issuance of writ of preliminary attachment against the properties of WPI but was later on reversed by the Court of Appeals upon appropriate appeal by WPI, et al. Presently, the Parent Company and SSS are locked in negotiations for the restructuring of the loan. The Parent Company is trying to activate the proposed restructuring of the said loan which includes the condonation of interest and penalties. The Parent Company believes that it will be able to restructure the said loan.

3.2. BIR Assessment

Taxable year 2006

On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.3 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

In its decision promulgated on November 13, 2012, the CTA upheld the expanded withholding tax (EWT) assessment and cancelled the VAT and compromise penalty assessments. WPI decided not to contest the EWT assessment. The BIR filed its motion for reconsideration (MR) on December 4, 2012 and on April 24, 2013, the Court issued its amended decision reinstating the VAT assessment. The Parent Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

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

Item 4. Submission of Matters to a Vote of Security Holders

4.1 During the annual stockholders' meeting held last September 14, 2013, the stockholders approved and ratified the following matters:

a. Election of the members of the Board of Directors to serve for the term 2012-2013. Those elected regular members of the Board were:

    1. Mr. Renato B. Magadia
    2. Mr. Reno I. Magadia
    3. Mr. Kenneth T. Gatchalian
    4. Mr. Arthur M. Lopez
    5. Mr. Dee Hua T. Gatchalian
    6. Ms. Elvira A. Ting
    7. Atty. Lamberto B. Mercado, Jr.
    8. Mr. Sergio R. Ortiz-Luis, Jr.
    9. Ruben Torres

    Atty. Arthur R. Ponsaran acts as the Corporate Secretary of the Company.

b. The designation of R.G. Manabat and Co., formerly KPMG Manabat Sanagustin & Co., as the Corporation's external auditor. KPMG was also the external auditor for the years 2009, 2010, 2011, 2012 and 2013.

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

5.1 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.

The 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.

5.2 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**
2013		
January – March 2013	0.48	0.385
April- June 2013	0.42	0.315
July- September 2013	0.405	0.34
October- December 2013	0.395	0.33

Peso	**High**	**Low**
2012		
January – March 2012	0.72	0.475
April- June 2012	0.60	0.35
July- September 2012	0.48	0.42
October- December 2012	0.46	0.40

The price of the stock is P 0.380 and P 0.310 as of March 31, 2014.

5.1 The number of stockholders of record as of December 31, 2013 on the Register of Shareholders was 483 but the company is not able to identify the actual number of beneficial owners who are registered under the name of the member companies of the Philippine Stock Exchange (PSE). Common shares outstanding as of December 31, 2013 were 2,498,991,753. There are no sales for the last three years of unregistered securities.

5.2 The list of top 20 stockholders of record as of December 31, 2013 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)	550, 013, 074	22.009

3	Silver Green Investment LTD	180, 230, 000	7.212
4	Chesa Holdings, Inc.	175, 924, 000	7.040
5	Tybalt Investment LTD	135, 010, 000	5.403
6	PCD Nominee Corporation (Non-Filipino)	56, 120, 100	2.246
7	Pacific Wide Realty Development Corp.	36, 445, 000	1.458
8	Kenneth T. Gatchalian	30, 000, 100	1.200
9	Rexlon T. Gatchalian	30, 000, 000	1.200
10	Weslie T. Gatchalian	30, 000, 000	1.200
11	Forum Holdings Corporation	20, 626, 000	0.825
12	Primary Structures Corporation	16, 212, 500	0.649
13	Pacific Rehouse Corporation	15, 598, 900	0.624
14	Rexlon T. Gatchalian	14, 740, 000	0.590
15	Metro Alliance Holdings and 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	Renato Chua	2, 749, 000	0.110
20	Renato Yao Chua	1, 704, 500	0.068

Item 6. Management's Discussion and Analysis or Plan of Operation

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

RESULTS OF OPERATIONS (Amounts in P)

	2013	**2012(As restated)**
Revenues	1,979,091,715	1,999,265,946
Less: Costs and Expenses	1,461,490,841	1,523,203,524
Gross Income	**517,600,874**	**476,062,422**
Other Expenses (Income)	578,980,279	428,306,676
Net Income (Loss) Before Income Tax	**-61,379,405**	**47,755,746**
Income Tax Expense (Benefit)	3,952,111	38,746,192
NET INCOME (LOSS)	**-65,331,516**	**9,009,554**
Earnings (Loss) Per Share	**(0.028)**	**(0.002)**

FINANCIAL CONDITION (Amounts in P)

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

<u>Calendar Year ended December 31, 2013 as compared with Calendar Year ended December 31, 2012</u>

RESULTS OF OPERATION

Revenues and Earnings per share

- Due to erratic global economic and political factors, WPI showed relatively flat figures. Total revenues for year ended Dec. 31, 2012 was higher than the current year. In actual performance, revenues from hotel & other subsidiaries for the year 2013, is P1.979B compared to 2012's P1.999B; a decrease of 1%.

  Earnings per share for 2013 are (P0.028) compared to last year's (P0.002). There are no potentially dilutive shares as of December 31, 2013, 2012, 2011.

Cost and expenses

- Cost and expenses is lower by P62M reflecting a 4% decrease from the previous year.

<u>FINANCIAL CONDITION</u>

Current Assets

Cash and cash equivalents – This account decreased by P4.9M, which is more or less at 6%.

Receivables – increased by 26%, from P151M in 2012 to P191M in 2013. The increase in receivables was due from PAGCOR for rooms, food and beverages services.

Inventories – Inventories for the period decreased by 11% compared to last year, this year being at P27 million and last year at P30 million.

Prepaid expenses and other current assets – This increased by P31M, approximately 84%; from P37M in 2012 to P68M for this year. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Due from related parties-current portion – This account was decreased by P174M an amount equivalent to 8%. This represents interest bearing advances to MAHEC, TWGI, FHI and PRC. It also includes from PHES which is non-interest bearing. This year of 2013, the company revised the previous term payments and makes it due in one year, subject to yearly renewal and re-pricing.

Noncurrent Assets

Property plant & equipment – This account reflected an increase by P42M or 0.07% compared to last year. In compliance with PAS 27, property and equipment (except operating and transportation equipments) were carried at revalued amounts effective 2009.

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

Other non current assets – There is a decreased of P56M on this account, an amount equivalent to 43% compared to last year's.

Liabilities

Current Liabilities – This account consists of trade payable, income tax payable, accruals and loans payable. The account increased by 11% from last year; P2.0B in 2012 to P2.2B in 2013.

Accounts payable & accrued expenses – This account is part of the "Current Liabilities". This includes trade payable to suppliers and accrued interest and penalties from SSS loan. There is an decrease of 0.07% compared to last year.

Loans Payable – The total amount consist of current and long term has decreased by 21% compared to last year. This represents loan from Philippine Business Bank, Social Security System, and from Industrial Commercial Bank of China – Singapore Branch.

Other current liabilities – The account resulted an increased of 363%. This is composed of current portion of advance rental, concessionaires and other deposits, current portion of obligations under finance lease and unsecured short-term loan obtained from a local bank.

<u>Calendar Year ended December 31, 2012 as compared with Calendar Year ended December 31, 2011</u>

RESULTS OF OPERATION

Revenues and Earnings per share

- Despite the hurdle that the tourism industry faces, WPI boasts solid performance for 2012. Total revenues for year ended Dec. 31, 2012, was higher than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2012, is P1.999B compared to 2011's P1.995B; an increase of 0.19%.

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

Cost and expenses

- Cost and expenses is higher by P93M reflecting a 6% increase from previous year. But despite of its increase WPI still managed to come up a positive income of P9M as compared to last year's net loss of P160M.

FINANCIAL CONDITION

Current Assets

Cash and cash equivalents – This account decreased by 3% or P2M.

Receivables – decreased by 8%, from P165M in 2011 to P151M in 2012. The decreased resulted from the company's strict implementation of term payments and thorough evaluation of client's credit terms.

Inventories – Inventories for the period decreased by 19% compared to last year, this year being at P37 million and last year at P30 million.

Prepaid expenses and other current assets – This increased by P18M, approximately 97%; from P19M in 2011 to P37M for 2012. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received, it also includes prepaid taxes and insurance.

Due from related parties-current portion – This account was increased by P110M an amount equivalent to 5%. This represents interest bearing advances to MAHEC, TWGI, FHI, PRC. And PHES. This year of 2012, the company revised the previous term payments and makes it due in one year, subject to yearly renewal and re-pricing.

Noncurrent Assets

Property plant & equipment – This account reflected a decrease by P72M or 1% compared to last year. This is mainly due to depreciation. In compliance with PAS 27, property and equipment (except operating and transportation equipments) were carried at revalued amounts effective 2009.

Other non current assets **–** There is a decreased of P67M on this account, an amount equivalent to 34% compared to last year's.

Current Liabilities **–** This account consists of trade payable, income tax payable, accruals and loans payable. The account decreased by 10% from last year; P2.2B in 2011 down to P1.9B in 2012.

Accounts payable & accrued expenses **–** This account is part of the "Current Liabilities". This includes trade payable to suppliers and accrued interest and penalties from SSS loan. There is an increase of 6% compared to last year.

Loans Payable **–** The total amount consist of current and long term has increased by 37% compared to last year. This represents loan from PBB, Social Security System and from Industrial Commercial Bank of China – Singapore Branch.

Key Variable and Other Qualitative and Quantitative Factors:

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

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

c. There are no material off-balance sheet transactions, arrangements, obligations (including, contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

d. The Group is not subject to externally-imposed capital requirements.

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

f. There are no significant elements of income or loss that did not arise from the issuer's continuing operations other than those already affecting profit or loss.

Financial Risk Management

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

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

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and nontrade receivables. The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

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

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained thru related party advances and from bank loans, when necessary. Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there is sufficient working capital inflows to match repayments of short-term debt.

Market risk
The risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

Interest Rate Risk
Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to the risk changes in market interest rates relates primarily to the interest-bearing loans from PNB, SSS, PAGCOR and ICBC.

Cash flow interest rate risk exposure is managed within parameters approved by management. If the exposure exceeds the parameters, the Group enters into hedging transactions.

Cash flow interest rate risk
The following table illustrates the sensitivity of net income and equity for 2013, and 2012 to a reasonably possible change in interest rates based on the historical volatility of SIBOR rates in the immediately preceding 12-month period. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's loan payable as at the reporting date.

Fair value interest rate risk
There are no other impact on the Group's equity other than those already affecting profit or loss in 2013 and 2012.

Foreign Currency Risk
Currency risk arises when transactions are denominated in foreign currencies. As a result of loan payable from ICBC which is denominated in US dollar, the Group's consolidated statements of financial position can be affected by movements in this currency. Aside from this and certain cash, the Group does not have any material transactional foreign exchange risks as its revenue and costs are substantially denominated in Philippines peso.

The Group monitors and assesses cash flows from anticipated transactions and financing agreements denominated in foreign currencies. The Group manages its foreign currency risk by measuring the mismatch of the foreign currency sensitivity gap of assets and liabilities.

There is no other impact on the Group's equity other than those already affecting profit or loss.

Price Risk
The Group is exposed to equity securities price risk because of the investment in shares of stock of WII held by the Group which are classified as AFS investments in the consolidated statements of financial position. These securities are listed in the PSE.

The Group is not exposed to commodity price risk.

Fair Value of Financial Assets and Liabilities
The carrying amounts of cash and cash equivalents, receivables, due from related parties - current portion, accounts payable and accrued expenses, loans payable - current and other

current liabilities approximate their fair values as these have short-term maturities and are considered due and demandable.

The fair value of interest-bearing due from related parties - noncurrent and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.

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

The fair value of other noncurrent liabilities was calculated by discounting expected future cash flows at prevailing market rates. Discount rates used ranged from 5.8% to 7.7% 2011.

Risk Management Structure

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

Risk Management Committee
Risk management committee is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits set by the BOD.

Capital Management
The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity.

The Group's overall strategy remains unchanged from 2013, 2012 and 2011.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2013, 2012 and 2011. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statements of changes in equity.

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

Item 7. Financial Statements

The consolidated financial statements are filed as part of this Form 17-A, attached hereto and marked as Annex 'A'.

INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

1) External Audit Fees and Services

KPMG Manabat Sanagustin & Co. began the external audit of the financial statements of Waterfront Philippines, Inc. and its subsidiaries for the calendar year ended December 31, 2002 until present. However, in compliance with SRC Rule 68, Paragraph 3(b)(iv) which states that external auditors shall be rotated every after five (5) years of engagement, the signing partner of the company for the past 5 years Mr. Virgilio L. Manguilimotan was then superseded by the current partner in-charge, Mr. Tomas G. Mahinay.

A) Audit and Audit-Related Fees

	FOR THE CALENDAR YEAR ENDED DECEMBER 31,	
	2013	***2012***
Aggregate Fees Billed for the external audit of the Company's financial statements	2,660,000.00	2,660,000.00

B) Tax Fees

None

C) All Other Fees

None

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

9.1 The names and ages of the Directors and Executive Officers as of December 31, 2013 are as follows:

Office	Name	Age	Citizenship	Position in Other Listed Companies
Chairman of the Board	Renato B. Magadia	76	Filipino	Director-Phil. Estate Corporation, Metro Alliance Holdings, Interphil Laboratories, 2007-2008 Rotary Governor for district 3830, Vice-Chairman and Director of Acesite (Phils.) Hotel 2004-present, Chairman of the Board of Misons Industrial and Development Corp., All Oceans Maritime Agency, Inc., Accette Insurance Brokers, Inc., Lancashire Realty Holding Corporation Executive Officer of CCA Phils.
Director	Kenneth T. Gatchalian	38	Filipino	Director-Wellex Industries Inc.; President & CEO of Acesite (Phils.) Hotel 2007-present; President and Chief Excutive Officer of Philippine Estates Corporation 2010-2011; Director-Forum Pacific Inc.
Director	➢ Arthur M.Lopez	68	Filipino	Director-Philippine Estates Corp. Independent Director & Chairman- Acesite

				Phils. Hotel Corp, Currently he is the Hotel Management Consultant of the B Hotel Manila, Bellevue Bohol Resort in Panglao opening (July 2012) and Bloomberry Casino Hotels&Resorts. Director of Asia Pacific Top Management International Resources Corp. President of Phil. Hotel Federation Inc.
Director	Dee Hua T. Gatchalian	65	Filipino	Director- Philippine Estates Corporation, Acesite (Philippines) Hotel Corporation; EVP- Finance and Admin The Wellex Group, Inc., & Plastic City Corporation. Chairperson of Jesus Our Life Ministries, Inc.
Director	Reno I. Magadia	44	Filipino	Managing Director- Misons Industrial & Development Corp., Metro Combined Logistics Solutions, Inc.; Director – Metro Alliance Holdings and Equities Corp.
Director	Lamberto B. Mercado, Jr.	50	Filipino	Director-The Wellex Group, Inc., Metro Alliance Holdings & Equities Corp., Forum Pacific, Inc. Director- Acesite (Phils.) Hotel 2004-present
Director	➢ SergioOrtiz-Luis, Jr.	71	Filipino	Independent Director-Waterfront Philippines, Inc., President - Philippine Exporters Confederation, Inc. (PHILEXPORT); Honorary Chairman - Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines, Integrated Solutions, Inc.; Vice-Chairman – Philippine Small and Medium Enterprises Development, Alliance Global, Inc.; Director – International Chamber of Commerce of the Philippines, Manila Exposition Complex, Inc., Lasaltech Academy, Philippine Estate Corp., BA Securities, Rural Bank of Baguio, GS1.; Gov't Affiliation: Vice-Chairman – Export Development Council; Director – Philippine International Training Corporation. Civic Organizations: Chairman - Rotary Club of Greenmeadows, Council of Advisers Eastern Police District; Director – PILAK Foundation, Universal Access Center for Trade Others:Honorary Consul General – Consulate of Romania in the Philippines
Director	➢ Ruben D. Torres	73	Filipino	Independent Director Waterfront Philippines, Inc., President –RUBENORI, Inc.; Senior Partner –Torres Clemencio Cabochan and Torres Law Offices; Board of Director – Manila Doctors Colleges; Chairman – EACOMM Corporation
Director and Treasurer	Elvira A. Ting	53	Filipino	President & CEO – Philippine Estates Corporation; Director-Wellex Industries, Inc., Forum Pacific, Inc., Orient Pacific Corporation, Crisanta Realty and

				Development Corporation, Recovery Development Corporation, The Wellex Group, Inc., Plastic City Industrial Corporation.
Corporate Secretary	Arthur R. Ponsaran	71	Filipino	Director-Philippine Estate Corporation, Wellex Industries, Inc., Forum Pacific, Inc. Acesite (Phils.) Hotel, Managing Partner-Corporate Counsels, Phils., Chairman of Value Management and Options Corp and Corp Secretary of Producers Rural Banking Corp., The Wellex Group, Inc., MRL Gold Phils., Inc., Village Foundation, Shuylkill Assets Strategists (SPV-AMC), Inc., Petrolift Corp.

- ***Independent Directors***

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

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

A graduate of the University of the Philippines Diliman with a degree in Business Administration, he is concurrently, the Chairman of the Board of ZetaMark, Inc., Consumer Products Distribution Services, Inc., Metro Alliance Holdings and Equities Corporation, Waterfront Philippines, Inc., Mercator Securities Corporation and Zeta Holdings & Management Corp. He is a Director of various companies like Accette Insurance Brokers, Inc., Accette Life & Accident Insurance Brokers, Inc., All Ocean Maritime Agency, Inc., Cunningham Toplis Philippines, Inc., F.E. Zuellig (M), Inc., GAC Logistics, Inc., Golden Eight Holdings Ltd – BVI Company, Harbor Center I & II, Inc., Interphil Laboratories, Inc.,Misons Industrial & Dev't Corp., Phil. Accident Managers, Inc., Phil. Estates Corp., Time Concorde Ltd. Hongkong Company, WTC Club Int'l, ZCM Corp.,ZI-Techasia (Pilipinas). He is also a trustee in The Zuellig Foundation, Inc. He has been a director of Waterfront since April 1999- present and is a CPA by profession. From 2006-2008 he is the Rotary Governor for district 3830. He was also the Vice-Chairman and Director of Acesite (Phils) Hotel Corporation since 2004-present**.**

Kenneth T. Gatchalian	**President**

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

Arthur M. Lopez	**Director**

Arthur M. Lopez is the Principal Consultant of AML Hotel Consultants, an independent Hotel Consultant. The President of the Philippine Hotel federation Inc. Currently he is the Hotel Management Consultant of the Bellevue Hotel and the B Hotel and the Bellevue Bohol Resort in Panglao (opening July 2012), Hotel Advisor of Cathay International Resources Corp., Hotel Technical Services Adviser and Management Consultant of Hotel of Asia Inc., Owner of Jin Jiang Inn Ortigas, Jian Jiang Inn Makati. Director of Asia Pacific Top Management International Resources Corp. and, Chairman of Acesite Philippines Hotel Corporation and Director of Philippine Estates Corporation. He is the Owner's Representative and Advisor of the Sheraton Langkawi Beach Resort in Malaysia, Four Points by Sheraton Kuching, Malaysia, the Santubong Resort in Kuching, Malaysia and Helang Hotel, Langkawi, Malaysia. He was the Management Consultant at the Rarotongan Beach Resort & Spa and the Aitutaki Lagoon Resort and Spa in Cook Islands and has done hotel and club consultancy work in Japan, Palau, China and Indonesia. Currently he has four pre-opening hotel projects in the Philippines and overseas. He was elected as Chairman and Independent Director of Acesite (Phil's.) Hotel Corp., since 2004-present. He is 67 years old and a Masters Degree holder in Business Administration from the University of Santo Tomas. He's been a director of Waterfront Philippines, Inc. since October 2000-present.

Dee Hua T. Gatchalian	**Director**

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

Reno I. Magadia	Director

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

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

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

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

He has degrees of Bachelor of Arts and Bachelor of Science in Business Administration from De La Salle University; PhD Humanities from Central Luzon State University, and PhD Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology. He is the President and CEO of Philippine Exporters Confederation, Inc. An Honorary Chairman of Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines as well as Integrated Concepts & Solutions, Inc. He is the Vice Chairman of Philippine Small & Medium Enterprises Development, 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 Greenmeadows Foundation and also a Chairman of Council of Advisers Eastern Police District. He is the Past President of Rotary Club of Greenmeadows Quezon City RI District 3780; a Board of Advisers Member of Council of Advisers Philippine National Police, a senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary and a member of the League of Corporate Foundation. He is the Honorary Consul General of Consulate of Romania in the Philippines, a Treasurer of Consular Corps of the Philippines and an Honorary Adviser of International Association of Education for World Peace. Some awards that he received were International Peace Award for Economic Development in 2005, Most Outstanding Citizen of Nueva Ecija in the Field of Business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006 and Presidential Merit Award Medal in 2007. He became an Independent Director of Waterfront Philippines, Inc. since August 2006-present.

Ruben D. Torres	**Director**

Mr. Ruben Torres graduated in the University of the Philippines with a degree of Bachelor of Arts (Political Science) after which, he finished the degree of Bachelor of Laws at the same university. He is 72 years old. Presently he is also the President of RUBENORI, Inc., Senior Partner of Torres Clemencio Cabochan and Torres Law Offices, and Chairman of EACOMM Corporation. 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, Managing Partner of Yulo, Torres, Tarrieta and Bello, Director of the Philippine Long Distance Company, Director of Puerto Azul Beach and Country Club, Director of Center for Research and Special Studies, Commissioner of Social Security System, Director of Land Bank of the Philippines, Board Member of Philippine Crop Insurance Corporation, Board Member of Population Commission, Board Member of National Housing Authority, Trustee of Home Development Mutual Fund, Member of Presidential Agrarian Reform Council, Member of President's Committee on Bases, Vice Chairman of Public Sector Labor-Management Council, Chairman of National Manpower and Youth Council, Chairman of Overseas Workers Welfare Administration, Chairman of National Maritime Polytechnic, Chairman of Employees Compensation Commission and Publisher of DIWALIWAN. Mr. Torres, became an Independent Director of Waterfront Philippines, Inc. since August 2006-present.

Elvira A. Ting	**Director and Treasurer**

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

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".

Ricky L. Ricardo	Corporate Affairs Officer

Mr. Ricardo is the Corporate Affairs Officer. He is currently the Vice President for Corporate Affairs of APHC and Vice President for Strategic Initiatives of the Wellex Group, Inc. Mr. Ricardo is a graduate of the Ateneo de Manila University with a degree in Management Economics. He started in banking and lending industry with the Far East Bank and Trust Company, 2nd later handled corporate planning for the Philippine Banking Corporation. He was previously worked with AEA Development, an investment house and he has also served in the government under both the office of the Prime Minister and the Department of Finance.

9.2 The Directors of WPI are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their 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 qualified. For the year 2013, the Board of Directors' meeting for the election of the Executive Officers was held on September 14, 2013. The Directors are to serve one year from then. The last annual stockholders' meeting was held at the Waterfront Cebu City Hotel.

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

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

There are no other relationships among the officers listed.

9.4 None of the Directors and Executive Officers of the Corporation is engaged in any material litigation either as Plaintiff or Defendant, and the Directors and Executive Officers do not have any knowledge of any proceedings pending or threatened against them for the past five years that are material to evaluation of the integrity and ability of any director including but not limited to the following: (a) Any bankruptcy petition filed by or against any business of which such person was a general partner; (b) any conviction by final judgment, including the nature of the offense, including in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and minor offenses; (c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

9.5 There is no significant employee to the Company who is not an executive officer but who is expected by the Company to make a significant contribution to the business except for the Training Consultant and Legal Consultants, the organic pool of trainors as of the moment. In order to protect the long-term viability of the firm with regard to these people, the Company has included in their contracts a provision for conflict of interest, provision for lock in period and non-duplication of documents and developments with WPI copyrights.

Item 10. Executive Compensation

10.1 None of the directors receive compensation for serving as directors of the company.

10.2 The aggregate compensation paid to the four.

	Fiscal Year Ending December 31 2013	2012	2011
a) Aggregate compensation paid to four most highly compensated executive officers: -estimated i) Alfred Portenschlager ii) Gaye Maureen Cenabre iii) Precilla O. Toriano iv) Ma. Socorro Cotelo	9,740,343.82	6,676,433.64	5,761,107.40
b) Aggregate compensation paid to other Officers as a group unnamed -estimated	7,853,283.92	6,828,942.54	6,503,754.80

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

10.4 There is no issuance of warrants or options for the year 2013 to the directors or executive officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management

11.1 **Security Ownership of Certain Record and Beneficial Owners**

As of December 31, 2013 WPI has no knowledge of any individual or any party who beneficially owns in excess of 10% of WPI's common stock except as set forth in the table below:

Title of Class	Name of Record/ Beneficial Owner	Amount & Nature of Record/Beneficial Ownership ("r" or "b")	Percent Of Class
Common	The Wellex Group, Inc.	1,143, 466, 800 **"r" ***	45.757
Common	PCD Nominee Corp.(Fil)	550,013,074 **"r"**	22.009

*Ms. Elvira A. Ting, the Treasurer, represents The Wellex Group, Inc.

11.2 Security Ownership of Management

Title Of Class	Name of Owner	Amount and Nature of Ownership ("r" or "b")	Percent of Class
Common	Renato B. Magadia	200 **r&b**	0.000
Common	Kenneth T. Gatchalian	30, 000, 100 **r&b**	1.200
Common	Arthur M. Lopez	1 **r&b**	0.000
Common	Elvira A. Ting	10, 000, 009 **r&b**	0.400
Common	Lamberto Mercado	100 **r&b**	0.000
Common	Arthur R. Ponsaran	110 **r&b**	0.000
Common	Dee Hua T. Gatchalian	350, 000 **r&b**	0.014
Common	Reno Magadia	10, 000 **r&b**	0.000
Common	Sergio R. Otiz-Luis Jr.	110 **r&b**	0.000
Common	Ruben Torres	1, 000 **r&b**	0.000

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 12. Certain Relationships and Related Transactions

The Directors by virtue of their interest in the shares of the Company are deemed to have interests in the shares of its subsidiary companies and associated companies to the extent the Company have an interest.

During the fiscal year, no director of WPI has received or become entitled to receive any benefit by reason of:

i) a contract made with WPI or
ii) a contract made with a related corporation or
iii) a contract made with a firm of which the director is a member or
iv) a contract made with a company in which the director has a substantial financial interest.

Item 13. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

(b) Reports on SEC Form 17-C

ADDITIONAL REQUIREMENT (SRC Rule 68)

A schedule showing financial soundness indicators in two comparative periods:

CURRENT / LIQUIDITY RATIO

Current Ratio	2013	2012
Current Assets	2,359,380,385.00	2,471,273,384.00
Current Liabilities	2,224,979,328.00	1,996,158,204.00
Ratio	1.060	1.238

Quick Ratio	2013	2012
Cash + Accounts Receivable + Short Term Marketable Securities	263,148,275.00	228,154,790.00
Current Liabilities	2,224,979,328.00	1,996,158,204.00
Ratio	0.118	0.114

Cash Ratio	2013	2012
Cash + Short Term or Marketable Securities	71,807,950.00	76,723,180.00
Current Liabilities	2,224,979,328.00	1,996,158,204.00
Ratio	0.032	0.038

SOLVENCY RATIO

Current Liabilities to Equity Ratio	2013	2012
Current Liabilities	2,224,979,328.00	1,996,158,204.00
Total Equity	3,872,866,239.00	3,722,512,666.00
Ratio	0.575	0.536

Total Liabilities to Equity Ratio	2013	2012
Total Liabilities	4,606,061,804.00	4,970,933,178.00
Total Equity	3,872,866,239.00	3,722,512,666.00
Ratio	1.189	1.335

Fixed Assets to Equity Ratio	2013	2012
Fixed Assets	6,505,409,658.00	6,462,910,305.00
Total Equity	3,872,866,239.00	3,722,512,666.00
Ratio	1.680	1.736

Asset to Equity Ratio	2013	2012
Total Assets	9,203,897,269.00	9,371,763,966.00
Total Equity	3,872,866,239.00	3,722,512,666.00
Ratio	2.377	2.518

INTEREST COVERAGE RATIO

Interest Coverage Ratio	2013	2012
Net Income Before Tax + Interest Expense	102,451,176.00	210,696,340.00
Interest Expense	163,830,581.00	162,940,594.00
Ratio	0.625	1.293

PROFITABILITY RATIO

Return on Sales (Profit Margin) Ratio	2013	2012
Net Income After Taxes	-65,331,516.00	9,009,554.00
Net Sales	1,979,091,715.00	1,999,265,946.00
Ratio	-0.033	0.005

Return on Assets (ROA) Ratio	2013	2012
Net Income After Taxes	-65,331,516.00	9,009,554.00
Total Assets	9,203,897,269.00	9,371,763,966.00
Ratio	-0.0071	0.001

Return on Equity	2013	2012
Net Income After Taxes	-65,331,516.00	9,009,554.00
Total Equity	3,872,866,239.00	3,722,512,666.00
Ratio	-0.017	0.002

WATERFRONT PHILIPPINES, INCORPORATED
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013, 2012 and 2011

COVER SHEET

AS094-008678

S.E.C. Registration Number

WATERFRONT PHILIPPINES

INCORPORATED AND SUBSIDIARIES

(Company's Full Name)

IPT Building, Pre-Departure

Area, Mactan Cebu

International Airport

Lapu-lapu City, Cebu

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

Ms. Elvira A. Ting

Contact Person

(02) 687-0888

Company Telephone Number

12 31

Month *Day*

AFS13

FORM TYPE

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

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REPORT OF INDEPENDENT AUDITORS

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

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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

KPMG

Opinion

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

Emphasis of Matter

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

R.G. MANABAT & CO.

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

April 10, 2014
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

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

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

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

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

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

R.G. MANABAT & CO.

VIRGILIO L. MANGUILIMOTAN
Partner
CPA License No. 0035026
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Issued January 2, 2014 at Makati City

April 10, 2014
Makati City, Metro Manila

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

Forward

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

See Notes to the Consolidated Financial Statements.

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

Year Ended December 31

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

See Notes to the Consolidated Financial Statements.

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

Year Ended December 31

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

See Notes to the Consolidated Financial Statements.

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

Year Ended December 31

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

See Notes to Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

Forward

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

See Notes to the Consolidated Financial Statements.

1. Reporting Entity

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

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

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

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

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

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

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

2. Basis of Preparation

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

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

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

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

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

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

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

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

3. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

- PFRS 10, *Consolidated Financial Statements*

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

An investor controls an investee when:

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

Control is re-assessed as facts and circumstances change.

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

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

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

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

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

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

- PFRS 13, *Fair Value Measurement*

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

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

  The amended PAS 19 includes the following requirements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

To be Adopted on January 1, 2014

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

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

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

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

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

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

To be Adopted on July 1, 2014

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

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

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

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

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

  PFRS 9 (2013) introduces the following amendments:

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

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

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

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

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

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

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

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Rooms
Room revenue is recognized based on actual occupancy.

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

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

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

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

Other Income
Other income is recognized when earned.

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

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

(a) Classification

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

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

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

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

(b) Initial Recognition and Derecognition

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

Financial assets are derecognized when:

- the rights to receive cash flows from the financial assets have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset; or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

(c) Subsequent Measurement

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

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

(d) Determination of Fair Value

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

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

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

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

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

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

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

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

(e) Impairment

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

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

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

Financial Liabilities

(a) Classification

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

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

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

(b) Initial Recognition and Derecognition

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

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

(c) Subsequent Measurement

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

Offsetting Financial Assets and Liabilities

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

Inventories

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

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

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

Property and Equipment

Measurement at Initial Recognition

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

Measurement Subsequent to Initial Recognition

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

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

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

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

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

Subsequent Costs

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

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

The estimated useful lives are as follows:

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

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

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

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

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

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

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

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

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

Borrowing Costs

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

Employee Benefits

Short-term Employee Benefits

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

Defined Benefit Plan

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

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

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

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

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

Related Party Relationship

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

Operating Leases

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

Finance Leases

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

Foreign Currency Transactions and Translation

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

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

- assets and liabilities are translated at the closing rate at reporting date;
- income and expenses are translated at exchange rates at the date of the transaction; and
- all resulting exchange differences are recognized as a separate component in equity.

Income Taxes

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

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

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

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

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

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

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

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

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

Equity

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

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

Earnings (Loss) Per Share

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

Provisions and Contingencies

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

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

Events After the Reporting Date

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

4. Accounting Estimates and Judgments

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

Judgments

Determining Functional Currency

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

Operating Lease Commitments (as Lessor)

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

Finance Leases Commitments (as Lessee)

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

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

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

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

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

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

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

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

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

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

Estimates

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Cash and Cash Equivalents

This account consists of:

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

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

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

6. Receivables

This account consists of:

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

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

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

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

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

7. Inventories

This account consists of the following inventories carried at cost:

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

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

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

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

8. Prepaid Expenses and Other Current Assets

This account consists of:

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

9. Related Party Transactions

Identity of Related Parties

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

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

Balances and Transactions with Related Parties

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

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

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

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

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

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

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

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

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

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

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

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

10. Business Combination

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

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

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

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

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

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

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

11. Property and Equipment

Movements in this account are as follows:

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

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

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

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

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

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

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

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

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

12. Other Noncurrent Assets

This account consists of:

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

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

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

13. Accounts Payable and Accrued Expenses

This account consists of:

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

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

14. Other Current Liabilities

This account consists of:

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

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

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

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

15. Loans Payable

This account consists of liabilities to the following:

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

ICBC Loan

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

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

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

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

- Annual interest shall be at 3% above SIBOR;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PBB

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

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

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

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

16. Other Noncurrent Liabilities

The account is broken down as follows:

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

Retirement benefits liability pertains to the following:

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

17. Segment Information

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

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

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

18. Capital Stock and Non-controlling Interest

Capital Stock

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

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

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

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

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

Non-controlling Interest

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

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

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

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

19. Other Costs and Expenses

This account consists of:

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

20. Retirement Benefits Costs

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

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

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

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

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

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

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

The categories of plan assets and their composition follow:

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

The principal actuarial assumptions at reporting date are as follow:

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

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

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

Maturity analysis of the benefit payments:

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

Sensitivity analysis

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

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

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

Asset-liability Matching

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

Funding Policy

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

21. Income Taxes

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

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

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

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

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

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

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

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

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

Details of NOLCO are as follows:

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

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

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

22. Loss Per Share (LPS)

The LPS are computed as follows:

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

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

23. Lease Agreements with PAGCOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24. Other Lease Agreements

Land under Operating Lease

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

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

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

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

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

Land under Finance Lease

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

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

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

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

Equipment under Finance Lease

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

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

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

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

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

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

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

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

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

Lease Agreements with Concessionaires

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

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

Lease Agreements Entered into by MBI

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

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

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

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

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

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

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

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

25. Acquisition of APHC Shares

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

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

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

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

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

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

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

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

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

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

26. Financial Risk and Capital Management Objectives and Policies

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

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

Credit Risk

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

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

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

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

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

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

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

Information on the Group's receivables and due from related parties that are impaired as of December 31, 2013 and 2012 and the movement of the allowance used to record the impairment losses are disclosed in Notes 6 and 9 to the consolidated financial statements.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained thru related party advances and from bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there is sufficient working capital inflows to match repayments of short-term debt.

The following table summarizes the maturity profile of the Group's financial liabilities (in thousands) as at December 31, 2013 and 2012 based on contractual undiscounted payments:

December 31, 2013	**Total Carrying Amount**	**Contractual Undiscounted Payments Total**	**On Demand**	**Less than 1 Year**	**1 to 5 Years**
Accounts payable and accrued expenses*	**P1,185,798**	**P1,185,798**	**P709,672**	**P476,126**	**P -**
Loans payable	**1,098,482**	**1,167,512**	**506,722**	**392,812**	**267,978**
Other current liabilities	**65,206**	**65,206**	**4,942**	**60,264**	**-**
Other noncurrent liabilities	**689,553**	**689,553**	**-**	**-**	**689,553**
	P3,039,039	**P3,108,069**	**P1,221,336**	**P929,202**	**P957,531**

**Excludes local taxes and output VAT, withholding taxes and deferred income*

December 31, 2012	Total Carrying Amount	Contractual Undiscounted Payments Total	On Demand	Less than 1 Year	1 to 5 Years
Accounts payable and accrued expenses*	P1,175,215	P1,175,215	P664,933	P510,282	P -
Loans payable	1,389,129	1,621,713	753,713	-	868,000
Other current liabilities	14,083	14,083	9,987	4,096	-
Other noncurrent liabilities	821,916	821,916	-	-	821,916
	P3,400,343	P3,632,927	P1,428,633	P514,378	P1,689,916

**Excludes local taxes and output VAT, withholding taxes and deferred income*

Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to the risk changes in market interest rates relates primarily to the interest-bearing loans from PBB, SSS and ICBC. The annual interest rates of these loans are as follows:

	Annual Interest Rate
SSS	14.5% per annum
PBB	10% and 12% per annum
ICBC	2% above SIBOR

The other financial instruments of the Group are either short-term or noninterest-bearing and are therefore not subject to interest rate risk.

Cash flow interest rate risk exposure is managed within parameters approved by management. If the exposure exceeds the parameters, the Group enters into hedging transactions.

Cash Flow Interest Rate Risk

The following table illustrates the sensitivity of net income and equity for 2013 and 2012 to a reasonably possible change in interest rates based on the historical volatility of SIBOR rates in the immediately preceding 12-month period. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's loan payable as at the reporting date. This analysis assumes a 0.70% and 26.44% decrease in prevailing interest rates as of December 31, 2013 and 2012, respectively, and 1.10% and 37.93% increases as of December 31, 2013 and 2012, respectively. All other variables are held constant (in thousands).

	Decrease		**Increase**	
	-0.70%	-26.44%	**+1.10%**	+37.93%
	2013	2012	**2013**	2012
Net income	**P13,563**	P1,569,561	**P21,314**	(P2,251,978)
Equity	**13,563**	1,569,561	**21,314**	(2,251,978)

Fair value interest rate risk

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of ±50 basis points in 2013 and 2012. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's loan payable held at the reporting date. All other variables are held constant (in thousands).

Increase (Decrease)	Income After Income Tax	
Change in interest rates (in basis points)	**2013**	2012
+50	**(P3,968)**	(P3,741)
-50	**3,968**	3,741

There is no other impact on the Group's equity other than those already affecting profit or loss in 2013 and 2012.

Foreign Currency Risk
Currency risk arises when transactions are denominated in foreign currencies.

As a result of loan payable from ICBC which is denominated in US dollar, the Group's consolidated statements of financial position can be affected by movements in this currency. Aside from this and certain cash, the Group does not have any material transactional foreign exchange risks as its revenue and costs are substantially denominated in Philippines peso.

The Group monitors and assesses cash flows from anticipated transactions and financing agreements denominated in foreign currencies. The Group manages its foreign currency risk by measuring the mismatch of the foreign currency sensitivity gap of assets and liabilities.

Information on the Group's foreign currency-denominated monetary assets and liabilities and their Philippine peso equivalents are as follows:

December 31, 2013	**US Dollar**	**Philippine Peso**
Cash	**$7,183**	**P318,896**
Loan payable	**(6,917,900)**	**(307,140,924)**
Net foreign currency-denominated liability	**($6,910,717)**	**(P306,822,028)**

December 31, 2012	US Dollar	Philippine Peso
Cash	$15,039	P617,791
Loan payable	(7,630,040)	(314,128,747)
Net foreign currency-denominated liability	$7,615,001	(P313,510,956)

The following significant exchange rates applied during the year:

	Average Rate		**Reporting Date Spot Rate**	
	2013	2012	**2013**	2012
U.S. dollar	**P42.46**	P42.23	**P44.40**	P41.04

The Group recognized foreign exchange gain amounting P12.9 million in 2013 and P11.2 million in 2011 and foreign exchange loss amounting to P34.9 million in 2012, arising from the translation of these foreign-currency denominated financial instruments.

The following table demonstrates the sensitivity of the net income for the periods reported to a reasonably possible change in U.S. dollar exchange rate based on past U.S. dollar exchange rates and macroeconomic forecasts for 2013, with all other variables held constant, of the Group's 2013, 2012 and 2011 income after income tax. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items. This analysis assumes a 3.95%, 3.20% and 2.05% strengthening as at December 31, 2013, 2012 and 2011, respectively, and 4.21%, 2.85% and 2.04% weakening as at December 31, 2013, 2012 and 2011, respectively, of the Philippine peso against the U.S. dollar exchange rate:

	Strengthening			Weakening		
	+3.95%	+2.05%	+2.68%	**-4.21%**	-2.04%	-3.77%
	2013	2012	2011	**2013**	2012	2011
Net income	**P8,490,372**	P7,019,230	P5,246,031	**(P4,375,236)**	(P4,470,620)	(P5,226,571)

There is no other impact on the Group's equity other than those already affecting profit or loss.

Equity Price Risk
Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market

The Group is exposed to equity price risk because of its investment in shares of stock of WII held by the Group which is classified in the statements of financial position as AFS investment. These securities are listed in the PSE. The Group has an outstanding investment in these securities equivalent to 86.7 million shares as at December 31, 2013 and 2012.

The Group is not exposed to commodity price risk.

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

The following table illustrates the sensitivity of the Group's equity to a reasonably possible change in equity price. These changes are considered to be reasonably possible based on past equity price performance of the Group's AFS investment and macroeconomic forecast for 2013. This analysis assumes a decrease of 17.24% for 2013, 14.89% for 2012 and 47.10% for 2011 and an increase of 24.14% for 2013, 44.68% 2012 and 141.83% for 2011 of the equity price of the Group's AFS investment. These percentages have been determined based on average market volatility in equity prices of the related investment in the previous 12-month periods ended December 31, 2013, 2012 and 2011, respectively. All other variables are held constant:

	2013	2012	2011	**2013**	2012	2011
	Decrease			Increase		
	-17.24%	-14.89%	-47.07%	**+24.14%**	+44.68%	+141.83%
Equity	**(P1,789,515)**	(P2,711,994)	(P7,571,431)	**P3,233,685**	P8,135,981	P22,812,148

The impact on the Group's equity already excludes the impact on transactions affecting profit or loss in 2013, 2012 and 2011.

Fair Value of Financial Assets and Liabilities

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments.

The fair value of interest-bearing due from related parties - noncurrent and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.

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

The fair value of other noncurrent liabilities was calculated by discounting expected future cash flows at prevailing market rates. Discount rates used ranged from 5.8% to 7.7% 2011.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value by valuation method (in thousands). The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The approximation of the fair value of the Group's AFS investment is based on Level 1.

Risk Management Structure

Board of Directors

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

Risk Management Committee

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

Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2013, 2012 and 2011.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2013, 2012 and 2011. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statements of changes in equity.

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

27. Commitments and Contingencies

The following are the significant commitments and contingencies involving the Group:

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

   On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.3 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

   In its decision promulgated on November 13, 2012, the CTA upheld the expanded withholding tax (EWT) assessment and cancelled the VAT and compromise penalty assessments. WPI decided not to contest the EWT assessment. The BIR filed its motion for reconsideration (MR) on December 4, 2012 and on April 24, 2013, the Court issued its amended decision reinstating the VAT assessment. The Parent Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

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

   The information usually required of contingent liabilities by PAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the final assessment.

b. APHC has an outstanding tax assessment from the BIR for taxable year 2006. On May 18, 2011, the BIR sent a follow up letter to the APHC for various verbal requests of the BIR for the submission of related schedules and documents. As at report date, the APHC's management is waiting BIR action on its letter of protest and explanation dated February 23, 2012.

c. Provisions and Contingencies

The reconciliation of the carrying value of the Group's provision follows:

	2013	2012
Balance at beginning of year	**P20,227,960**	P20,227,960
Provision for the year	**25,347,052**	-
	P45,575,012	P20,227,960

In consultation with the legal counsels, management believes that the provision recognized sufficiently represents the amount of probable liability that the Group may settle in the event that the cases as discussed below will ultimately be decided against the Group.

Tax Case Involving Tax Assessment from the Treasurer of the City of Manila
After filing of protest letters, petitions and appeals, the case was subsequently decided against the Group on January 9, 2014 by the CTA En Banc who ordered the dismissal of the petition for review filed by the Group and ordered the Group to pay the Manila City treasurer's office for P45.6 million. On January 24, 2014, the Group subsequently filed a motion for reconsideration with the CTA.

The case arose from the notice of assessment issued by the Manila City treasurer's office on July 13, 2007 demanding the Group to pay for deficiency business tax for the years 2004 to 2006 totaling P45.6 (including interest and penalties), arising principally from non declaration for local tax purposes of revenues derived from services in connection with the operation of PAGCOR in the Group's hotel.

d. WMCHI has a tax case involving VAT assessment for the taxable year 2006. The case was elevated to the CTA in 2011. In 2012, the Hotel offered its formal evidence to the court. In its decision promulgated on May 31, 2013, the CTA cancelled the VAT assessment in its entirety. The BIR filed a motion for reconsideration that was denied by the CTA in its resolution promulgated on August 16, 2013.

   The BIR appealed the case to the CTA sitting En Banc on September 20, 2013 where it is awaiting decision by the CTA.

e. In the normal course of business, the Group enters into commitments and encounters certain contingencies, which include a case against a contractor of one of its hotels for specific performance. Management believes that the losses, if any, that may arise from these commitments and contingencies would not be material to warrant additional adjustment or disclosure to the consolidated financial statements.

   Also, the Group is defendant in other legal cases which are still pending resolution. Management and legal counsel believe that the outcome of these cases will not have any material effect on the Group's financial position and financial performance.

28. Appropriated Retained Earnings

In 2012, the BOD approved to retain the P130 million retained earnings appropriated and earmark additional P10 million out of its unappropriated retained earnings to pursue the renovation and for business expansion which is expected to commence during the first quarter of 2014. Moreover, WMCHI planned to appropriate further any excess retained earnings for future capital expenditures in connection with the continuing enhancement of its facilities, services and operations. The renovation, business expansion and the continuing enhancement of its facilities, services and operations are expected to be carried within the next couple of years. The amount appropriated, however, will be subject to regular review depending on the over-all business needs and the results of the operations.

29. Change in Accounting Policy

As a result of PAS 19 (Amended 2011), the Group has changed its accounting policy with respect to the elimination of the "corridor method" under which the recognition of actuarial gains and losses could be deferred. Instead, all actuarial gains and losses are recognized immediately in other comprehensive income.

Furthermore, the Group determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability or asset now comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on the asset ceiling. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

This change in accounting policy was applied retrospectively. The opening statement of financial position of the earliest comparative period presented as at January 1, 2012 and the comparative amounts have been restated accordingly.

The impact of the restatement as at and for the year ended December 31, 2013 is as follows:

	Increase (Decrease)
Consolidated Statement of Financial Position	
Deferred tax assets	**(P597,916)**
Other noncurrent liabilities	**(776,314)**
Deficit	**682,782**
Retirement benefits reserve	**37,415,561**
Non-controlling interest	**(6,385,325)**

	Increase (Decrease)
Consolidated Statement of Comprehensive Income	
Personnel costs	**(P4,889,222)**
Income tax expense	**1,457,185**
Increase in net income	**3,432,037**
Actuarial gains on employee benefit plan	**72,086,443**
Deferred tax effect	**(21,270,493)**
Increase in other comprehensive income, net of tax	**50,815,950**
Overall increase on total comprehensive income	**P54,247,987**
Consolidated Statement of Cash Flows	
Income before income tax	**P4,889,222**
Retirement benefits cost	**(4,889,222)**

The impact of the restatement as at and for the year ended December 31, 2012 is as follows:

	As Previously Reported	Effect of Restatement	As Restated
Consolidated Statement of Financial Position			
Deferred tax assets	P278,522,670	P2,622,773	P281,145,443
Other noncurrent liabilities	1,053,333,020	6,684,045	1,060,017,065
Deficit	(1,503,776,381)	(741,210)	(1,504,517,591)
Retirement benefits reserve	-	(4,415,815)	(4,415,815)
Non-controlling interest	677,222,369	1,095,753	678,318,122
Consolidated Statement of Comprehensive Income			
Personnel costs	P290,201,333	(P1,500,622)	P288,700,711
Income tax expense	38,566,769	179,423	38,746,192
Increase in net income		1,321,199	
Actuarial gains (losses) on defined benefit plan	-	1,895,483	1,895,483
Deferred tax effect	-	(205,487)	(205,487)
Increase in other comprehensive income, net of tax		1,689,996	
Overall increase on total comprehensive income		P3,011,195	
Consolidated Statement of Cash Flows			
Income before income tax	P46,255,124	P1,500,622	P47,755,746
Retirement benefits cost	44,306,329	(1,500,622)	42,805,707

The impact of the restatement as at January 1, 2012 is as follows:

	As Previously Reported	Effect of Restatement	As Restated
Consolidated Statement of Financial Position			
Deferred tax assets	P285,882,779	P3,007,678	P288,890,457
Other noncurrent liabilities	1,036,494,522	10,080,145	1,046,574,667
Deficit	(1,595,477,288)	(2,068,268)	(1,597,545,556)
Retirement benefits reserve	-	(6,672,373)	(6,672,373)
Non-controlling interest	680,804,122	1,668,174	682,472,296

The equity as of January 1, 2011 was not restated as the impact of the change is not significant.

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

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

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

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

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

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

R.G. MANABAT & CO.

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

April 10, 2014
Makati City, Metro Manila

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

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER SRC RULE 68,
AS AMENDED (2011)
Schedule of Philippine Financial Reporting Standards (PFRSs)
Effective as at December 31, 2013

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✔		
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✔		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✔		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✔		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✔		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✔
	Amendments to PFRS 1: Government Loans			✔
	Annual Improvements to PFRSs 2009 – 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards – Repeated Application of PFRS 1			✔
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Borrowing Cost Exemption			✔
PFRS 2	Share-based Payment			✔
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✔
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✔
PFRS 3 (Revised)	Business Combinations	✔		
PFRS 4	Insurance Contracts			✔
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✔
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✔
PFRS 6	Exploration for and Evaluation of Mineral Resources			✔
PFRS 7	Financial Instruments: Disclosures	✔		
	Amendments to PFRS 7: Transition	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✔		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✔		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✔		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✔		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✔		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✔		
PFRS 8	Operating Segments	✔		
PFRS 9	Financial Instruments	✔		
	Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39			✔
PFRS 10	Consolidated Financial Statements	✔		
PFRS 11	Joint Arrangements			✔
PFRS 12	Disclosure of Interests in Other Entities	✔		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✔		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities	✔		
PFRS 13	Fair Value Measurement	✔		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✔		
	Amendment to PAS 1: Capital Disclosures	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✔		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of Financial Statements – Comparative Information beyond Minimum Requirements			✔
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes	✔		
PAS 2	Inventories	✔		
PAS 7	Statement of Cash Flows	✔		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✔		
PAS 10	Events after the Reporting Period	✔		
PAS 11	Construction Contracts			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		**Adopted**	**Not Adopted**	**Not Applicable**
PAS 12	Income Taxes	✔		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✔		
PAS 16	Property, Plant and Equipment	✔		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Property, Plant and Equipment – Classification of Servicing Equipment	✔		
PAS 17	Leases	✔		
PAS 18	Revenue	✔		
PAS 19 (Amended)	Employee Benefits	✔		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✔		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✔
PAS 21	The Effects of Changes in Foreign Exchange Rates	✔		
	Amendment: Net Investment in a Foreign Operation	✔		
PAS 23 (Revised)	Borrowing Costs	✔		
PAS 24 (Revised)	Related Party Disclosures	✔		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✔
PAS 27 (Amended)	Separate Financial Statements	✔		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✔		
PAS 29	Financial Reporting in Hyperinflationary Economies			✔
PAS 32	Financial Instruments: Disclosure and Presentation	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendment to PAS 32: Classification of Rights Issues			✔
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✔		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Financial Instruments Presentation – Income Tax Consequences of Distributions			✔
PAS 33	Earnings per Share	✔		
PAS 34	Interim Financial Reporting			✔
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Interim Financial Reporting – Segment Assets and Liabilities			✔
PAS 36	Impairment of Assets	✔		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✔		

ANNEX A

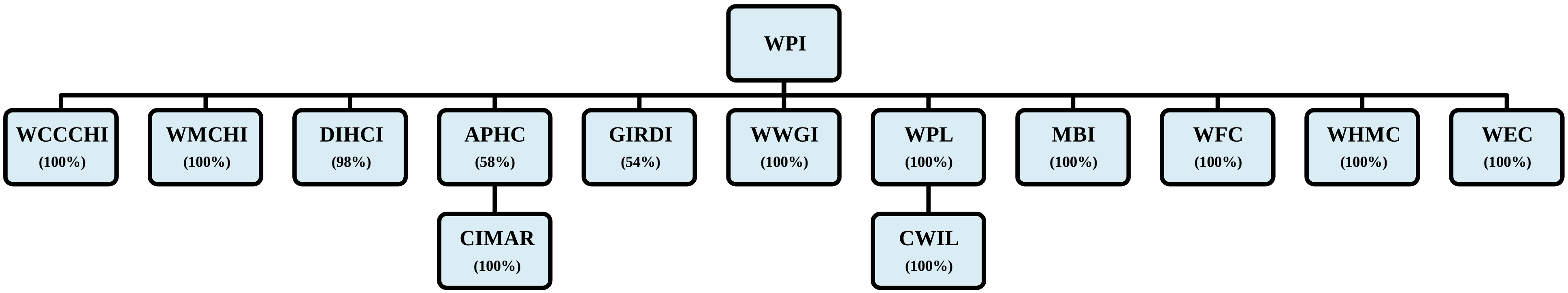
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✔		
PAS 38	Intangible Assets			✔
PAS 39	Financial Instruments: Recognition and Measurement	✔		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✔		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✔
	Amendments to PAS 39: The Fair Value Option	✔		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✔
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✔		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✔
	Amendment to PAS 39: Eligible Hedged Items			✔
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✔
PAS 40	Investment Property			✔
PAS 41	Agriculture			✔
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✔
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✔
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✔
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✔
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✔
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✔
IFRIC 9	Reassessment of Embedded Derivatives			✔
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✔
IFRIC 10	*Interim Financial Reporting and Impairment*			✔
IFRIC 12	Service Concession Arrangements			✔
IFRIC 13	Customer Loyalty Programmes			✔
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✔		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✔		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✔
IFRIC 17	Distributions of Non-cash Assets to Owners			✔
IFRIC 18	Transfers of Assets from Customers			✔
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✔
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✔
IFRIC 21	Levies			✔
SIC-7	Introduction of the Euro			✔
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✔
SIC-15	Operating Leases - Incentives			✔
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✔
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✔		
SIC-29	Service Concession Arrangements: Disclosures.			✔
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✔
SIC-32	Intangible Assets - Web Site Costs			✔
Philippine Interpretations Committee Questions and Answers				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 – Revenue recognition for sales of property units under pre-completion contracts			✔
PIC Q&A 2006-02	PAS 27.10(d) – Clarification of criteria for exemption from presenting consolidated financial statements			✔
PIC Q&A 2007-01-Revised	PAS 1.103(a) – Basis of preparation of financial statements if an entity has not applied PFRSs in full			✔
PIC Q&A 2007-03	PAS 40.27 – Valuation of bank real and other properties acquired (ROPA)			✔
PIC Q&A 2007-04	PAS 101.7 – Application of criteria for a qualifying NPAE			✔
PIC Q&A 2008-01-Revised	PAS 19.78 – Rate used in discounting post-employment benefit obligations	✔		
PIC Q&A 2008-02	PAS 20.43 – Accounting for government loans with low interest rates under the amendments to PAS 20			✔
PIC Q&A 2009-01	Framework.23 and PAS 1.23 – Financial statements prepared on a basis other than going concern			✔
PIC Q&A 2009-02	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PIC Q&A 2010-01	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✔
PIC Q&A 2010-02	PAS 1R.16 – Basis of preparation of financial statements	✔		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements – Current/non-current classification of a callable term loan	✔		
PIC Q&A 2011-01	PAS 1.10(f) – Requirements for a Third Statement of Financial Position	✔		
PIC Q&A 2011-02	PFRS 3.2 – Common Control Business Combinations			✔
PIC Q&A 2011-03	Accounting for Inter-company Loans	✔		
PIC Q&A 2011-04	PAS 32.37-38 – Costs of Public Offering of Shares			✔
PIC Q&A 2011-05	PFRS 1.D1-D8 – Fair Value or Revaluation as Deemed Cost	✔		
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property – Acquisition of Investment properties – asset acquisition or business combination?			✔
PIC Q&A 2012-01	PFRS 3.2 – Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✔
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✔
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✔
PIC Q&A 2013-03	PAS 19 – Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✔

ANNEX B

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER SRC RULE 68, AS AMENDED
Map of Conglomerate
December 31, 2013



LEGEND:

WPI	- Waterfront Philippines, Inc.
WCCCHI	- Waterfront Cebu City Casino Hotel, Inc.
WMCHI	- Waterfront Mactan Casino Hotel, Inc.
DIHCI	- Davao Insular Hotel Company, Inc.
APHC	- Acesite (Phil.) Hotel Corporation
CIMAR	- CIMA Realty Philippines, Inc.
GIRDI	- Grand Ilocandia Resort and Development, Inc.
WWGI	- Waterfront Wellness Group, Inc. (formely W Citigyms & Wellness, Inc.)
WPL	- Waterfront Promotions Limited
CWIL	- Club Waterfront International Limited
MBI	- Mayo Bonanza, Inc.
WFC	- Waterfront Food Concepts
WHMC	- Waterfront Hotel Management Corp. (formerly Waterfront Management Corporation)
WEC	- Waterfront Entertainment Corporation

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

Table of Contents

Supplementary Schedules
Required Under SRC Rule 68, As Amended (2011)
December 31, 2013

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2013
(Amounts in thousands)

Name of Issuing Entity/Description of Each Issue	Number of shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at December 31, 2013	Income Received and Accrued
Loans and receivables				
Due from The Wellex Group, Inc.	-	P991,973	P991,973	P16,650
Due from Pacific Rehouse Corp.	-	500,522	500,522	9,814
Due from Metro Alliance Holdings and Equities Corp.	-	358,758	358,758	7,034
Due from Philippine Estate Corp.	-	94,054	94,054	-
Due from Others	-	56,321	56,321	-
Various Banks	-	71,808	71,808	124
Various Customers	-	191,340	191,340	-
Available-for-sale investment	86,710	16,908	16,908	-
	86,710	P2,281,684	P2,281,684	P33,622

See Notes 5, 6 and 9 of the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)
DECEMBER 31, 2013
(Amounts in thousands)

Name and Designation of Debtor	Balance at beginning of the period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of the period
The Wellex Group, Inc.	P1,102,234	P54,281	P164,542	P-	P991,973	P-	P991,973
Pacific Rehouse Corp.	615,708	9,814	125,000	-	500,522	-	500,522
Metro Alliance Holdings and Equities Corp.	351,724	7,034	-	-	358,758	-	358,758
Philippine Estate Corp.	46,550	47,504	-	-	94,054	-	94,054

See Note 9 of the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLDIATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2013

Name and Designation of Debtor	Balance at beginning of the period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of the period
Waterfront Cebu City Casino Hotel, Incorporated	P1,451,304,978	P310,947,039	P-	P-	P1,762,252,017	P-	P1,762,252,017
Davao Insular Hotel Company, Inc.	13,571,406	-	7,627,502	-	5,943,904	-	5,943,904
Mayo Bonanza, Inc.	44,450,831	-	5,715,322	-	38,735,509	-	38,735,509
Waterfront Wellness Group, Inc.	12,952,067	192,015	-	-	13,144,082	-	13,144,082
Waterfront Food Concepts, Inc.	5,709,675	330,612	-	-	6,040,287	-	6,040,287
Waterfront Hotel Management Corp.	79,084,402	10,190,239	-	-	89,274,641	-	89,274,641
Waterfront Entertainment Corporation	5,946,788	399,712	-	-	6,346,500	-	6,346,500

See Note 5 of the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2013

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other charges, additions (deductions)	Ending Balance
	P-	P-	P-	P-	P-	P-
	-	-	-	-	-	-
	P-	P-	P-	P-	P-	P-

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2013

Title of Issue and Type of Obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Industrial Commercial Bank of China Singapore Branch (ICBC) Loans Payable	P304,939,971	P81,559,455	P223,380,516
Social Security System (SSS) Loans Payable	P375,000,000	P375,000,000	P -
Philippine Business Bank (PBB) Loans Payable	P418,541,667	P390,625,000	P27,916,667

See Note 15 of the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2013

Name of Affiliates	Balance at beginning of period	Balance at end of period
	P-	P-
	-	-
	P-	P-

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2013

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
		P-	P-	
		-	-	
		P-	P-	

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2013

Description	Number of Shares authorized	Number of shares issued and outstanding	Treasury Shares	Number of shares held by affiliates	Directors, officers and employees	Others
Common shares	5,000,000,000	2,498,991,753	-	-	40,361,630	2,458,630,123

See Note 18 of the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED
IPT Building, Pre-Departure Area
Mactan Cebu International Airport
Lapu-lapu City, Cebu

SCHEDULE OF RECONCILIATION OF DEFICIT

DECEMBER 31, 2013

DEFICIT BEGINNING OF YEAR	**P576,997,182**
Add:	
Net loss for the year	38,518,080
DEFICIT END OF YEAR	**P615,515,262**

Figures based on functional currency audited financial statements

BIR eFPS has received the payment confirmation for your tax return from PNB.

TIN	003 - 978 - 254 - 000
Taxpayer's Name	WATERFRONT PHILIPPINES INCORPORATED
Tax Type	IT
Return Period	12/31/2013
Transacting Bank	PNB (033000)
Reference Number	121400008852297
Payment Transaction Number	146745534
Payment Transaction Date	04/15/2014
Actual Amount Paid	3487363.00
PNB's Confirmation Number	00I38879750000094

Please refer to the Tax Return Inquiry facility to check the status of your payment.

[eFPS Main | BIR Main | Help | Print]

Reference No : 121400008852297
Date Filed : April 15, 2014 12:09 AM
Batch Number : 0

For BIR Use Only | BCS/ Item

1702-RT06/13P1

Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

Annual Income Tax Return

For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.

BIR Form No. **1702-RT** June 2013 **Page 1**

1 For (X) Calendar ( ) Fiscal
2 Year Ended (MM/20YY) 12 2013
3 Amended Return? ( ) Yes (X) No
4 Short Period Return? ( ) Yes (X) No
5 Alphanumeric Tax Code (ATC)
IC055 Minimum Corporate Income Tax (MCIT)
IC010 CORPORATION IN GENERAL - JAN 1, 200

Part I - Background Information

6 Taxpayer Identification Number (TIN) 003 - 978 - 254 - 000
7 RDO Code 080
8 Date of Incorporation/Organization (MM/DD/YYYY) 09/23/1994
9 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
WATERFRONT PHILIPPINES INCORPORATED
10 Registered Address *(Indicate complete registered address)*
IPT BLDG.PRE-DEP AREA MCIAA MACTAN LAPULAPU CITY
11 Contact Number 3404888
12 Email Address r.wasawas@waterfronthotels.net
13 Main Line of Business FINANCIAL HOLDING COMPANY ACTIVITIES
14 PSIC Code 6694
15 Method of Deductions (X) Itemized Deductions [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

Part II - Total Tax Payable *(Do NOT enter Centavos)*

16 Total Income Tax Due (Overpayment) *(From Part IV Item 44)*	3,487,363
17 Less: Total Tax Credits/Payments *(From Part IV Item 45)*	0
18 Tax Payable (Overpayment) *(Item 16 Less Item 17) (From Part IV Item 46)*	3,487,363
19 Add: Total Penalties *(From Part IV Item 50)*	0
20 **TOTAL AMOUNT PAYABLE (Overpayment)** *(Sum of Item 18 and 19) (From Part IV Item 51)*	3,487,363

21 If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*
( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) ( ) To be carried over as tax credit next year/quarter

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If Authorized Representative, attach authorization letter and indicate TIN)*

Signature over printed name of President/Principal Officer/Authorized Representative | Signature over printed name of Treasurer/Assistant Treasurer

Title of Signatory | Number of pages filed 8

22 (X) Community Tax Certificate (CTC) Number ( ) SEC Reg No. 00051581
23 Date of Issue (MM/DD/YYYY) 01/20/2014
24 Place of Issue CEBU CITY
25 Amount, if CTC 10,000

Part III - Details of Payment

Details of Payment	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
26 Cash/Bank Debit Memo				0
27 Check				0
28 Tax Debit Memo				0
29 Others *(Specify Below)*				
				0

Annual Income Tax Return
Page 2

BIR Form No. **1702-RT** June 2013

1702-RT06/13P2

Taxpayer Identification Number (TIN)	Registered Name
003 - 978 - 254 - 000	WATERFRONT PHILIPPINES INCORPORATED

Part IV - Computation of Tax	(Do NOT enter Centavos)
30 Net Sales/Revenues/Receipts/Fees *(From Schedule 1 Item 6)*	0
31 Less: Cost of Sales/Services *(From Schedule 2 Item 27)*	0
32 Gross Income from Operation *(Item 30 Less Item 31)*	0
33 Add: Other Taxable Income Not Subjected to Final Tax *(From Schedule 3 Item 4)*	31,962,597
34 **Total Gross Income** *(Sum of Items 32 & 33)*	31,962,597

Less: Deductions Allowable under Existing Law		
35 Ordinary Allowable Itemized Deductions *(From Schedule 4 Item 40)*	20,338,055	
36 Special Allowable Itemized Deductions *(From Schedule 5 Item 5)*	0	
37 NOLCO *(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Schedule 6A Item 8D)*	0	
38 Total Itemized Deductions *(Sum of Items 35 to 37)*	20,338,055	
***OR** [in case taxable under Sec 27(A) & 28(A)(1)]*		
39 Optional Standard Deduction *(40% of Item 34)*	0	

4 . **Taxable Income** *(Item 34 Less Item 38 OR 39)*	11,624,542
41 Income Tax Rate	**30.0%**
42 Income Tax Due other than MCIT *(Item 40 x Item 41)*	3,487,363
43 Minimum Corporate Income Tax (MCIT) *(2% of Gross Income in Item 34)*	639,252
44 **Total Income Tax Due** *(Normal Income Tax in Item 42 or MCIT in Item 43, whichever is higher) (To part II Item 16)*	3,487,363
45 Less: Total Tax Credits/Payments *(From Schedule 7 Item 12) (To Part II Item 17)*	0
46 **Net Tax Payable (Overpayment)** *(Item 44 Less Item 45) (To Part II Item 18)*	3,487,363

Add Penalties		
47 Surcharge	0	
48 Interest	0	
49 Compromise	0	
5 **al Penalties** *(Sum of Items 47 to 49) (To part II Item 19)*		0
51 **Total Amount Payable (Overpayment)** *(Sum Item 46 & 50) (To Part II Item 20)*		3,487,363

Part V - Tax Relief Availment	(Do NOT enter Centavos)
52 Special Allowable Itemized Deductions *(30% of Item 36)*	0
53 Add: Special Tax Credits *(From Schedule 7 Item 9)*	0
54 **Total Tax Relief Availment** *(Sum of Items 52 & 53)*	0

Part VI - Information - External Auditor/Accredited Tax Agent

55 Name of External Auditor/Accredited Tax Agent

R.G. MANABAT AND CO.

56 TIN 000 - 470 - 727 - 002

57 Name of Signing Partner *(If External Auditor is a Partnership)*

VIRGILIO L. MANGUILIMOTAN

58 TIN 112 - 071 - 561 - 000

59 BIR Accreditation No.	60 Issue Date *(MM/DD/YYYY)*	61 Expiry Date *(MM/DD/YYYY)*
08 - 001987 - 011 - 2013	05/09/2013	05/08/2016

Annual Income Tax Return
Page 3 - Schedules 1 & 2

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1702-RT
June 2013

1702-RT06/13P3

Taxpayer Identification Number (TIN)	Registered Name
003 - 978 - 254 - 000	WATERFRONT PHILIPPINES INCORPORATED

Schedule 1 - Sales/Revenues/Receipts/Fees *(Attach additional sheet/s, if necessary)*

1 Sale of Goods/Properties	0
2 Sale of Services	0
3 Lease of Properties	0
4 Total *(Sum of Items 1 to 3)*	0
5 Less: Sales Returns, Allowances and Discounts	0
6 **Net Sales/Revenues/Receipts/Fees** *(Item 4 Less Item 5) (To Part IV Item 30)*	0

Schedule 2 - Cost of Sales *(Attach additional sheet/s, if necessary)*

Schedule 2A - Cost of Sales (For those Engaged in Trading)

1 Merchandise Inventory - Beginning	0
2 Add: Purchases of Merchandise	0
3 Total Goods Available for Sale *(Sum of Items 1 & 2)*	0
4 Less: Merchandise Inventory, Ending	0
5 C of Sales *(Item 3 Less Item 4) (To Schedule 2 Item 27)*	0

Schedule 2B - Cost of Sales (For those Engaged in Manufacturing)

6 Direct Materials, Beginning	0
7 Add: Purchases of Direct Materials	0
8 Materials Available for Use *(Sum of Items 6 & 7)*	0
9 Less: Direct Materials, Ending	0
10 Raw Materials Used *(Item 8 Less Item 9)*	0
11 Direct Labor	0
12 Manufacturing Overhead	0
13 Total Manufacturing Cost *(Sum of Items 10, 11 & 12)*	0
14 Add: Work in Process, Beginning	0
15 : Work in Process, Ending	0
16 Cost of Goods Manufactured *(Sum of Items 13 & 14 Less Item 15)*	0
17 Finished Goods, Beginning	0
18 Less: Finished Goods, Ending	0
19 **Cost of Goods Manufactured and Sold** *(Sum of Items 16 & 17 Less Item 18) (To Sched. 2 Item 27)*	0

Schedule 2C - Cost of Services
(For those Engaged in Services, indicate only those directly incurred or related to the gross revenue from rendition of services)

20 Direct Charges - Salaries, Wages and Benefits	0
21 Direct Charges - Materials, Supplies and Facilities	0
22 Direct Charges - Depreciation	0
23 Direct Charges - Rental	0
24 Direct Charges - Outside Services	0
25 Direct Charges - Others	0
26 **Total Cost of Services** *(Sum of Items 20 to 25) (To Item 27)*	0

27 **Total Cost of Sales/Services** *(Sum of Items 5, 19 & 26, if applicable) (To Part IV Item 31)*	0

Annual Income Tax Return Page 4 - Schedules 3 & 4	BIR Form No. **1702-RT** June 2013	1702-RT06/13P4

Taxpayer Identification Number (TIN)	Registered Name
003 - 978 - 254 - 000	WATERFRONT PHILIPPINES INCORPORATED

Schedule 3 - Other Taxable Income Not Subjected to Final Tax *(Attach additional sheet/s, if necessary)*

1 INTEREST INCOME	31,962,597
2	0
3	0
4 Total Other Taxable Income Not Subjected to Final Tax *(Sum of Items 1 to 3) (To Part IV Item 33)*	31,962,597

Schedule 4 - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1 Advertising and Promotions	0
Amortizations *(Specify on Items 2, 3 & 4)*	
2	0
3	0
4	0
5 Bad Debts	0
6 Charitable Contributions	0
7 [illegible]nissions	0
8 Communication, Light and Water	2,025,308
9 Depletion	0
10 Depreciation	312,393
11 Director's Fees	200,000
12 Fringe Benefits	0
13 Fuel and Oil	0
14 Insurance	0
15 Interest	36,163
16 Janitorial and Messengerial Services	0
17 Losses	0
18 [illegible]agement and Consultancy Fee	540,000
19 Miscellaneous	538,489
20 Office Supplies	2,023,371
21 Other Services	2,475,173
22 Professional Fees	1,989,097
23 Rental	0
24 Repairs and Maintenance - (Labor or Labor & Materials)	0
25 Repairs and Maintenance - (Materials/Supplies)	0
26 Representation and Entertainment	319,625
27 Research and Development	0
28 Royalties	0
29 Salaries and Allowances	0

Annual Income Tax Return
Page 5 - Schedules 4, 5 & 6

BIR Form No. **1702-RT** June 2013

1702-RT06/13P5

Taxpayer Identification Number (TIN)	Registered Name
003 - 978 - 254 - 000	WATERFRONT PHILIPPINES INCORPORATED

Schedule 4 - Ordinary Allowable Itemized Deductions *(Continued from Previous Page)*

30 Security Services	473,350
31 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
32 Taxes and Licenses	960,262
33 Tolling Fees	0
34 Training and Seminars	0
35 Transportation and Travel	8,444,824
Others *[Specify below; Add additional sheet(s), if necessary]*	
36	0
37	0
38	0
39	0
40 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 39) (To Part IV Item 35)*	20,338,055

Schedule 5 - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 36)*			0

Schedule 6 - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 34)*	0
2 Less: Total Deductions Exclusive of NOLCO & Deduction Under Special Law	0
3 Net Operating Loss *(To Schedule 6A)*	0

Schedule 6A - Computation of Available Net Operating Loss Carry Over (NOLCO)

	Net Operating Loss		B) NOLCO Applied Previous Year
	Year Incurred	A) Amount	
4		0	0
5		0	0
6		0	0
7		0	0

Continuation of Schedule 6A *(Item numbers continue from the table above)*

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied)
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D) (To Part IV Item 37)*		0	

Annual Income Tax Return
Page 6 - Schedules 7, 8 & 9

BIR Form No. **1702-RT** June 2013

1702-RT06/13P6

Taxpayer Identification Number (TIN)	Registered Name
003 - 978 - 254 - 000	WATERFRONT PHILIPPINES INCORPORATED

Schedule 7 - Tax Credits/Payments (attach proof) *(Attach additional sheet/s, if necessary)*

1 Prior Year's Excess Credits Other Than MCIT	0
2 Income Tax Payment under MCIT from Previous Quarter/s	0
3 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0
4 Excess MCIT Applied this Current Taxable Year *(From Schedule 8 Item 4F)*	0
5 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0
6 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0
7 Foreign Tax Credits, if applicable	0
8 Tax Paid in Return Previously Filed, if this is an Amended Return	0
9 Special Tax Credits *(To Part V Item 53)*	0
Other Credits/Payments *(Specify)*	
10	0
11	0
12 Total Tax Credits/Payments *(Sum of Items 1 to 11) (To Part IV Item 45)*	0

Schedule 8 - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule 8 *(Line numbers continue from table above)*

	D) Excess MCIT Applied/Used for Previous Years	E) Expired Portion of Excess MCIT	**F) Excess MCIT Applied this Current Taxable Year**	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
4	**Total Excess MCIT** *(Sum of Column for Items 1F to 3F) (To Schedule 7 Item 4)*		0	

Schedule 9 - Reconciliation of Net Income per Books Against Taxable Income *(Attach additional sheet/s, if necessary)*

1	Net Income/(Loss) per books	(35,030,717)
	Add: Non-deductible Expenses/Taxable Other Income	
	EPRESENTATION EXPENSE OVER LIMIT	1,802,530
3	OTHERS	44,852,729
4	**Total** *(Sum of Items 1 to 3)*	11,624,542
	Less: A) Non-taxable Income and Income Subjected to Final Tax	
5		0
6		0
	B) Special Deductions	
7		0
8		0
9	**Total** *(Sum of Items 5 to 8)*	0
10	**Net Taxable Income (Loss)** *(Item 4 Less Item 9)*	11,624,542

Annual Income Tax Return
Page 7 - Schedules 10 & 11

BIR Form No.
1702-RT
June 2013

1702-RT06/13P7

Taxpayer Identification Number (TIN)	Registered Name
003 - 978 - 254 - 000	WATERFRONT PHILIPPINES INCORPORATED

Schedule 10 - BALANCE SHEET

Assets	
1 Current Assets	1,727,042,661
2 Long-Term Investment	2,399,756,990
3 Property, Plant and Equipment - Net	1,956,856
4 Long-Term Receivables	823,099,620
5 Intangible Assets	0
6 Other Assets	2,539,000
7 Total Assets *(Sum of Items 1 to 6)*	4,954,395,127

Liabilities and Equity	
8 Current Liabilities	2,364,554,279
9 Long-Term Liabilities	0
10 Deferred Credits	0
11 Other Liabilities	0
12 Total Liabilities *(Sum of Items 8 to 11)*	2,364,554,279
apital Stock	2,498,991,753
14 Additional Paid-in Capital	706,364,357
15 Retained Earnings	(615,515,262)
16 Total Equity *(Sum of Items 13 to 15)*	2,589,840,848
17 Total Liabilities and Equity *(Sum of Items 12 & 16)*	4,954,395,127

Schedule 11- ☑ **Stockholders** ☐ **Partners** ☐ **Members Information** (Top 20 Stockholders, partners or Members)

(On column 3 enter the amount of capital contribution and on the last column enter the percentage this represents on the entire ownership)

REGISTERED NAME	TIN	Capital Contribution	% to Total
THE WELLEX GROUP INC	004 - 740 - 001 - 000	1,143,466,800	45.76
PCD NOMINEE(FILIPINO)	004 - 774 - 849 - 000	550,013,074	22.01
SILVER GREEN INVESTMENT	000 - 000 - 000 - 000	180,230,000	7.21
CHESA HOLDINGS INC.	215 - 735 - 394 - 000	175,924,000	7.04
ALT INVESTMEN LTD	000 - 000 - 000 - 000	135,010,000	5.4
PCD NOMINEE(NON-FILIPINO)	004 - 774 - 849 - 000	56,120,100	2.25
PACIFIC WIDE REALTY	002 - 646 - 682 - 000	36,445,000	1.46
KENNETH T. GATCHALIAN	167 - 406 - 526 - 000	30,000,100	1.2
REXLON T. GATCHALIAN	216 - 509 - 340 - 000	30,000,000	1.2
WESLIE T. GATCHALIAN	235 - 807 - 295 - 000	30,000,000	1.2
FORUM HOLDINGS CORP.	002 - 646 - 691 - 000	20,626,000	0.83
PRIMARY STRUCTURES	000 - 309 - 963 - 000	16,212,500	0.65
PACIFIC REHOUSE CORP.	002 - 646 - 682 - 000	15,598,900	0.62
REXLON T. GATCHALIAN	216 - 509 - 340 - 000	14,740,000	0.59
METRO ALLIANCE HOLDINGS	000 - 130 - 411 - 000	14,370,000	0.58
MIZPAH HOLDINGS	206 - 176 - 422 - 000	10,489,200	0.42
ELVIRA A. TING	117 - 922 - 153 - 000	10,000,009	0.4
CATALINA ROXAS MELENDRES	202 - 311 - 523 - 000	6,246,000	0.15
RENATO YAO CHUA	004 - 806 - 001 - 000	1,704,500	0.07
MANUEL L. OSMEAN	100 - 071 - 962 - 000	1,400,000	0.05

Annual Income Tax Return
Page 8 - Schedules 12 & 13

BIR Form No. **1702-RT** June 2013

1702-RT06/13P8

Taxpayer Identification Number (TIN)	Registered Name
003 - 978 - 254 - 000	WATERFRONT PHILIPPINES INCORPORATED

Schedule 12 - Supplemental Information *(Attach additional sheet/s, if necessary)*

I) Gross Income/ Receipts Subjected to Final Withholding	A) Exempt	B) Actual Amount/Fair Market Value/Net Capital Gains	C) Final Tax Withheld/Paid
1 Interests	0	0	0
2 Royalties	0	0	0
3 Dividends	0	0	0
4 Prizes and Winnings	0	0	0

II) Sale/Exchange of Real properties	A) Sale/Exchange #1	B) Sale/Exchange #2
5 Description of Property *(e.g. land, improvement, etc.)*		
6 OCT/TCT/CCT/Tax Declaration No.		
7 Certificate Authorizing Registration (CAR) No		
8 Actual Amount/Fair Market Value/Net Capital Gains		
9 Final Tax Withheld/Paid		

III) Sale/Exchange of Shares of Stock	A) Sale/Exchange #1	B) Sale/Exchange #2
10 Kind*(PS/CS)* /Stock Certificate Series No.		
11 Certificate Authorizing Registration (CAR) No.		
12 Number of Shares		
13 Date of Issue (MM/DD/YYYY)		
14 Actual Amount/Fair Market Value/Net Capital Gains		
15 Final Tax Withheld/Paid		

IV) Other Income *(Specify)*	A) Other Income #1	B) Other Income #2
16 Other Income Subject to Final Tax Under Sections 57 (A)/127/others of the Tax Code, as amended *(Specify)*		
1 ctual Amount/Fair Market Value/Net Capital Gains		
18 Final Tax Withheld/Paid		

19 Total Final Tax Withheld Paid *(Sum of Items 1C to 4C, 9A, 9B, 15A, 15B, 18A & 18B)*	0

Schedule 13 - Gross Income/Receipts Exempt from Income Tax

1 Return of Premium *(Actual Amount/Fair Market Value)*	0

I) Personal/Real Properties Received thru Gifts, Bequests, and Devices	A) Personal/Real Properties #1	B) Personal/Real Properties #2
2 Description of Property *(e.g. land, improvement, etc.)*		
3 Modes of Transfer *(e.g Donation)*		
4 Certificate Authorizing Registration (CAR) No.		
5 Actual Amount/Fair Market Value		

II) Other Exempt Income/Receipts	A) Other Exempt Income #1	B) Other Exempt Income #2
6 Other Exempt Income/Receipts Under Sec. 32 (B) of the Tax Code, as amended *(Specify)*		
7 Actual Amount/Fair Market Value/Net Capital Gains		