

REPUBLIC OF THE PHILIPPINES)
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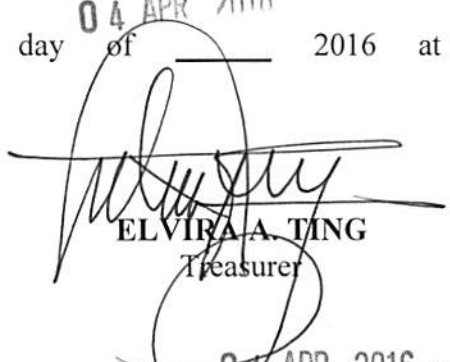


TREASURER'S CERTIFICATION

I, **Elvira A. Ting**, of legal age, Filipino and with office address at the
The 35/F One Corporate Center Julia Vargas Corner Meralco Avenue Ortigas Center,
Pasig City after being sworn in accordance with law, hereby certify that:


1. I am the Treasurer of **Waterfront Philippines, Inc.**, (the "Company"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of Registration No. **AS094-8678** with principal office address at No. 1 Waterfront Drive Lahug, Cebu City.
2. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the SEC.

WITNESS MY HAND on this 04 day of APR 2016 at
CEBU CITY.


ELVIRA A. TING
Treasurer

SUSCRIBED AND SWORN to before me on this 04 day of APR 2016 of
CEBU CITY. Affiant exhibited to me her
Community Tax Certificate No. 30704245 issued on January 09, 2015.

Doc. No 280
Page No 16
Book No 2
Series of 2016


ATTY. BONIFACIO P. DEGAMO JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2016
IBP NO. 16034-1/5/16
PTR NO. 6631897-1/5/16
ROLL OF ATTORNEYS NO. 31311
MCLECERT. OF COMPLIANCE # 0011016
NOTARIAL COMMISSION NO. 68-15
TIN # 143-496-557-007

CORPORATE COUNSELS PHILIPPINES
LAW OFFICES
RECORDED
DATE: 4-28-16
TIME: 1:00 pm
BY: VINCE R. (signature)

COVER SHEET

AS094-8678
SEC Registration Number

WATERFRONT PHILIPPINES, INC.

(Company's Full Name)

NO. 1 WATERFRONT DRIVE
OFF SALINAS DRIVE LAHUG
CEBU CITY

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

MS. IRISH CHARA LAWAS
Contact Person

(02) 559-0130
Company Telephone Number

1 2 3 1

Month Day

SEC 17-A

FORM TYPE

0 9 1 2

Month Day
Annual Meeting

Secondary License Type. If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Amended Articles Number/Section

468

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

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

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

1. For the calendar year ended
DECEMBER 31, 2015

2. SEC Identification Number
AS 094-8678

3. BIR Tax Identification No.
D80-003-978-254 NV



4. Exact name of issuer as specified in its charter
WATERFRONT PHILIPPINES, INC.

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

6. Industry Classification Code (SEC Use Only)

7. Address of principal office
**No. 1 WATERFRONT DRIVE OFF SALINAS DRIVE LAHUG, CEBU CITY
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. Indicate by check mark whether the registrant:

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

/ Yes

No

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

Yes

/ No

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, 2015	
Currency (indicate units, if applicable)	PESO	
Balance Sheet		
	Year Ending	Previous Year Ending
	DECEMBER 31, 2015	DECEMBER 31, 2014
Current Assets	2,103,361,353.00	2,409,062,395.00
Total Assets	8,544,733,396.00	8,933,869,364.00
Current Liabilities	2,443,353,478.00	2,021,297,096.00
Total Liabilities	3,682,104,404.00	4,247,308,834.00
Retained Earnings/ (Deficit)	(1,097,460,906.00)	(1,319,219,643.00)
Stockholders' Equity	4,862,628,992.00	4,686,560,530.00
Stockholders' Equity - Parent	4,086,192,880.00	3,941,444,970.00
Book Value per Share	1.64	1.58
Income Statement		
	Year Ending	Previous Year Ending
	DECEMBER 31, 2015	DECEMBER 31, 2014
Operating Revenue	2,019,858,698.00	1,925,868,115.00
Other Revenue	81,049,092.00	47,411,970.00
Gross Revenue	2,100,907,790.00	1,973,280,085.00
Operating Expense	1,404,374,036.00	1,410,230,629.00
Other Expense	461,018,951.00	506,012,469.00
Gross Expense	1,865,392,987.00	1,916,243,098.00
Net Income/(Loss) Before Tax	235,514,803.00	57,036,987.00

Income Tax Expense	76,807,708.00	28,021,818.00
Net Income/(Loss) After Tax	158,707,095.00	29,015,169.00
Net Income Attributable to Parent Equity Holder	127,211,459.00	9,713,620.00
Earnings/(Loss) Per Share (Basic)	0.051	0.004
Earnings/(Loss) Per Share (Diluted)	0.051	0.004
Other Relevant Information		

Financial Ratios

	Formula	Calendar Year Ended	Previous Calendar Year
		December 31, 2015	December 31, 2014
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	0.86	1.19
Quick Ratio	{Current Assets - Inventory - Prepayments}/ Current Liabilities	0.82	1.14
Solvency Ratio	Total Assets / Total Liabilities	2.32	2.1
Financial Leverage Ratios			
Debt Ratio	Total Debt / Total Assets	0.43	0.48
Debt-to-Equity Ratio	Total Debt / Total Stockholders' Equity	0.76	0.91
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	0.72	1.43
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.76	1.91
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service/ Sales	0.50	0.40
Net Profit Margin	Net Profit / Sales	0.11	0.03
Return on Assets	Net Income / Total Assets	0.03	0.01
Return on Equity	Net Income / Total Stockholders' Equity	0.048	0.012
Price / Earnings Ratio	Price Per Share / Earnings Per Common Share	0.051	0.004

TABLE OF CONTENTS

PART I - BUSINESS AND GENERAL INFORMATION

- Item 1 Business
- Item 2 Properties
- Item 3 Legal Proceedings
- Item 4 Submission of Matters to a Vote of Security Holders

PART II - OPERATIONAL AND FINANCIAL INFORMATION

- Item 5 Markets for Registrant's Common Equity and Related Stockholders' Matters
- Item 6 Management's Discussion and Analysis or Plan of Operation
- Item 7 Financial Statements
- Item 8 Changes in and Disagreements with Accountants and Financial Disclosure

PART III - CONTROL AND COMPENSATION INFORMATION

- Item 9 Directors and Executive Officers of the Registrant
- Item 10 Executive Compensation
- Item 11 Security Ownership of Certain Beneficial Owners and Management
- Item 12 Certain Relationships and Related Transactions

PART IV - CORPORATE GOVERNANCE

SIGNATURES

FINANCIAL STATEMENTS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Waterfront Philippines, Incorporated (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.

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.

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 Company has strengthened its brand visibility and continue to expand in innovative ways, using technology and new media to our advantage.

Marketing

Waterfront gives a wide range of business-related conveniences to ensure that our guests enjoy a productive stay. Our special attention to details, 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. As in the previous years, our approach has always been in rejuvenating our hotels and its amenities, promoting the quality of our guest services and programs and empowering our peers. We have much to offer the broad market with the right marketing mix: competitive room rates, premium, value-added guest programs, well-equipped function facilities and professional guest services. Although, extreme competition has always been present with the Waterfront Group and other destinations and hotels, the Company has unfazingly regarded this as a welcome challenge and motivation on increasing its market share with a corresponding increase in average room rates and in actual room occupancies. 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.

Again, considering the successful operations of our Cebu-based hotels, it can be said that Waterfront has already made an impressive dent in the market. 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.

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 services. Anyone can book using a single 1-800 number 1-800-WFRONT8 (9376688) for all Waterfront Hotels nationwide.

We have made significant strides in the improvement of our "software": our technology systems, service and people. Software is the lifeblood of our business--it provides a genuine connection with our customers through various touch points conveys the Waterfront brand in a personal manner and introduces new sales-generating streams in step with today's growing online patronage.

We have further strengthened our online presence with the launch of our free mobile app for iOS and Android--the very first Filipino hotel chain to do so. We improved our e-newsletter with a software system upgrade. Our website sports a sleek, newly-revamped look with more features to allow easy booking and browsing of our properties. All three work synergistically to complete our user experience and add new avenues for accessing our brand. Our social media channels are also being managed full-time by a dedicated team, ensuring the seamless transfer of news and promotions updates in the most popular social media platforms for our clientele. Each presents a unique opportunity to touch base with our users in a platform of their preference, offering exciting deals and perks that pique their interest.

By firmly and strategically addressing key areas in our business, we have transformed into a company that is formidable and efficient across all areas of our operations--the hallmark of an institution that remains tried and true and is confidently moving towards a new horizon.

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. They upgraded the system of the Company through their newest operating platform called Opera. This software will 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:

	WCCCHI	WA H	WIH D	MPH	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						
Opera Property Management System (PMS)	X	X	X	X			
SUN SYSTEM	X	X	X	X			
Human Resource Information System (ACLT)	X	X		X			
Mitech Payroll System					X	X	X
HR Payroll Trax			X				
Actatek Biometric Finger scan System	X	X	X	X	X	X	X
Lotus Email System	X	X	X	X	X	X	X
Micros Materials Control	X	X	X	X			
Online Automation System	X	X	X	X	X		
Call Center System					X		
Waterfront Recipe Guide System	X	X	X	X			

Employees' Training

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.

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

Property	Training Index
WCCHI	108.72
WMCHI	163.25
DIHCI	130.42
APHC	118.26
WWGI	70.62
WEC	49.78

The company, take 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 Quest 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.

Waterfront's various seminars, trainings, and workshops are classified into five major categories: Inductive Program, Basic Skills Program, Upgraded and Advanced Skills, Supervisory and Management Programs, and other Wellness-related Programs.

Upon joining the Waterfronts family newly-hired peers undergo a comprehensive Inductive Program to orient them to the Hotels 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.

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.

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).

The Company also conducted The Skills and Operations Audit that seeks to examine the effectiveness and validity of the SOPs. With this the Company is able to ensure property compliance to established standards. The American Council on Exercise (ACE) trainer's certification which is the only trainer's certification rooted in 30 years of science-based research from ACE, the world's largest nonprofit health and fitness organization. An ACE certification prepared trainers with the knowledge and skills to serve diverse clients.

We also have sponsored trainings from DOT like "The Tourism and Hospitality Skills Training Program by Workskills Australia. Is a 5-day training program which covers (1) Customer Service, (2) 5 Star Executive Housekeeping Services and (3) Professional Customer Care Specialist for Front Office Services. This programs runs as an interactive workshop for all tourism and hospitality professionals so they develop the industry culture and be at the top in customer service. Workskills Australia, an international training provider, will issue a certificate of competence aligned to ASEAN framework upon completion of the training program. This is one of 6 programs approved under the Tourism Industry Skills Training Support Scheme from the Department of Tourism, Asian Development bank and the Government of Canada.

Employees

As the reputation of the hotels rise and the volume of 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. It is a team effort, requiring constant attention, training and supervision. The Company continues to increase in-house and external training of its employees. A salary structure has 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 2015, WPI Group has a total of 854 employees that were distributed as follows:

WCCCHI:

	<i>Filipinos</i>	<i>Foreigners</i>	<i>Total</i>
Executive	26	6	32
Non-Executive	343	0	343
Total	369	6	375

WMCHI:

	<i>Filipinos</i>	<i>Foreigners</i>	<i>Total</i>
Executive	1	0	1
Non-Executive	106	0	106
Total	107	0	107

DIHCI:

	<i>Filipinos</i>	<i>Foreigners</i>	<i>Total</i>
Executive	12	0	12
Non-Executive	73	0	73
Total	85	0	85

APHC:

	<i>Filipinos</i>	<i>Foreigners</i>	<i>Total</i>
Executive	24	2	26
Non-Executive	212	0	212
Total	236	2	238

WWGI:

	<i>Filipinos</i>	<i>Foreigners</i>	<i>Total</i>
Executive	3	0	3
Non-Executive	20	0	20
Total	23	0	23

WFCI:

	<i>Filipinos</i>	<i>Foreigners</i>	<i>Total</i>
Executive	0	1	1
Non-Executive	11	0	11
Total	11	1	12

WEC:

	<i>Filipinos</i>	<i>Foreigners</i>	<i>Total</i>
Executive	1	0	1
Non-Executive	13	0	13
Total	14	0	14

Grand Total	845	9	854
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There is no existing union under the Company except for Davao Insular Hotel and Manila Pavilion Hotel. On April 01, 2011, Waterfront Insular Hotel Davao Employees Association (WIHDEA) consisting of 35 employees was formed and increased to 43 employees as of 2015. 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 01, 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 01, 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.

Business of WPI and Its Subsidiaries

□ 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. ACESITE (Phils.) Hotel Corporation
5. Waterfront Hotel Management Corporation
6. Mayo Bonanza, Inc.
7. Waterfront Entertainment Corporation
8. Waterfront Food Concepts, Inc.
9. Waterfront Wellness Group, Inc.
10. Grand Ilocandia Resort Development Incorporated
11. Waterfront Promotions Limited

□ *Waterfront Cebu City Casino Hotel, Inc.*

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

-Waterfront Convention Center-(WCC)

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

- Entertainment Block

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

- Hotel Tower Block

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

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

Waterfront Cebu City Hotel & Casino has elegantly designed and well-appointed guest rooms and suites. The 18th Floor is the Waterfront Ambassador Club with a two floor Club Lounge exclusive for Ambassador Floor guests. Waterfront Ambassador Club guests enjoy butler service, complimentary business services and a business boardroom fit for a group of up to 8 people, equipped with a built-in LCD projector, a roll-up screen, PA and recording system, a local area network (LAN) and a poly communication system. The 2nd floor lounge is outfitted with 3 computer stations, where guests can avail of complimentary WIFI access, flat-screen television entertainment, an array of lifestyle and business magazines as well as newspapers and board games. The hotel offers a 10,000-square meter convention center, which is the largest convention center in the Visayas and Mindanao, and is designed to adapt to multiple types of events. The convention center is equipped with 10 function rooms, 2 executive board rooms, and 2 Grand Ballrooms, each seating 4,000 people. It has played host to a myriad of national as well as regional events, conventions and conferences.

Waterfront Cebu City Hotel and Casino operates 9 F&B outlets, including a hotel coffees shop, a Japanese restaurant, an Italian restaurant and a poolside snack bar. The hotel has a fully functional business center paired with flat-screen computers, internet access and private boardrooms. The newly renovated lobby was inspired based on two main objectives; first, to transform the existing single dimension grand lobby into a multi-dimensional lifestyle-concept space that will enhance the guests' experience when dining and lounging in the lobby; and second, to improve traffic patterns, through the construction of larger check-in areas and through maximizing the Lobby's three entrances. Waterfront Cebu City Hotel and Casino's massive, high-ceilinged lobby has always been its principal attraction in fact it is touted as the largest hotel lobby in Visayas-Mindanao area. Spanning 22 meters wide, 96 meters in long and 35 meters high and crisscrossed by hundreds of people each day, the hotel's grand lobby sets the whizzing pulse for the hotel and dictates its overall ambiance. Apart from improvements to the general structure of the lobby, the Lobby Lounge itself will offer an all-new dining and lounging experience, with newly-installed glass panels, semi-closing each side of the lounge. Fully-equipped bar areas have also been installed in the middle of each of the lounge's two sections, ensuring diners of more efficient and prompt service. To enhance the overall guest experience, the hotel has put together additional features such as nightly entertainment from the city's top performers, and soulful afternoon music by soloists. Among the hotel's newest pride comes in the form of delectable treats, introducing Lobby Lounge's new service concepts.

Afternoon Tea

Guests can now relive the splendor and grace of the old English days with the Lobby Lounge's Afternoon Tea offering. It is a tea and dessert concept created to give guests a whole new tea experience by giving emphasis on unique ways to enjoy a cup of tea. Guests can expect an array of snack choices to complement their tea selection. The Afternoon Tea comes with a choice of Traditional Afternoon Tea with a Local Twist or Chocolate Temptations. For each selection, guests

may opt for tea, coffee or hot chocolate. Each selection also comes with a variety of snack options to go along with their choice of beverage.

Wine Dispenser

Guests can now take a sip of Lobby Lounge's extensive selection of wine. The wine dispenser is an innovative addition to the wining and dining experience at the hotel. It serves the purpose of allowing guests to select among an array of bottles, through tasting by the glass. This concept intends to give guests an opportunity to sample different wines in small amounts before deciding to order a full glass or bottle. Guests may test wines from the dispenser in three different amounts. This way, guests can choose the perfect wine fit for their palate. To enjoy the wine dispenser service, guests must avail of the Wine Card which comes in prepaid or postpaid.

To complement the Hotel's main lobby, a group check-in counter is constructed, dedicated solely to corporate and travel groups; a larger Duty Free shopping is also provided; and an additional Casino Filipino gaming space of 2,350 square meters is launched together with it. This will not only enhance the current lobby, but will also increase operational efficiency and add more exciting features for the hotel's customers.

□ *Waterfront Mactan Casino Hotel, Inc.*

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

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

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

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

With a greater area than any other hotel facility in the city, it is unmatched in servicing large business meetings, conventions, and exhibit groups. The hotel consists of four low-rise buildings of 159 guest rooms and suites, 5 function rooms and 6 F&B outlets .Every room opens to a lanai overlooking a lush garden the blue waters of the Davao Gulf or a scenic coconut grove. Features included in the newly re-opened hotel are the 5 Gazebos located along the beach area. The hotel is every guest's gateway to the diverse, colorful and rich cultural heritage of Davao City.

Discover the rich cultural heritage of Davao which stems from the different groups and tribes that

populated the area throughout its history and be astonished of artworks in the hotel lobby where it showcases pieces of artifacts featuring the various object d'art from the different tribes and historical.

□ **ACESITE (PHILS.) Hotel Corporation**

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

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

□ **Waterfront Hotel Management Corporation (previously Waterfront Management Corp.)**

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

□ **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.

□ ***Waterfront Food Concepts, Inc.***

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

□ ***Waterfront Wellness Group, Inc.***

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

□ ***Grand Ilocandia Resort and Development, Inc.***

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

□ ***Waterfront Promotions Limited/Club Waterfront International Limited***

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

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

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

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 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 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 incorporations in order to achieve the goal which is to be 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 market moreover the good and bad experiences of the company from previous years dictates to move forward and focus on the fundamentals of the 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 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 market- 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 result amid poorly performing global factors and regional incidents beyond our control.

To ensure long -term stability of the corporation and continuing 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 market.

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.

Year 2014

Moving forward, the company will continue to use proven strategies to increase performance. We will continue to enhance our product in order to boost guest satisfaction.

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

E-commerce is still enjoying a global surge and shows no signs of slowing down as more consumers opt to transact and book their stays online. In the coming years, we will maintain our lead and harness our online potential by revamping our webpage, adding more capabilities to it and by enhancing our online web sweep. We are planning to innovate by introducing new online products, and ways to reach our customers through the web.

We are dedicated to building on our initial gains to guarantee strong value for the coming years.

Year 2015

The race is not always to the quick. Leaders of the company make it to the top by dint of hardwork, resourcefulness and a healthy streak of creativity. 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 also works 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.

This year also marks the second time the Philippines is playing host to the Asia-Pacific Economic Cooperation (APEC), having hosted the vent previously in 1996. The meeting aims to solicit proposals and share best practices in boosting connectivity and mobility within and across member-economies, particularly through more active capital markets. Organizers plan also to use something else that will make the Philippines stand out: its hospitality.

Despite the intense competition, the Group was able to bring in significant revenue growth and positioned to reap the fruits of all hardwork.

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.

As to price, the Company offers competitive rates and packages catering to the different markets, practices flexible schemes to respond to the dynamic market. As to product/services, consistent excellent service is the key. Moreover, well maintained facilities and equipment, impressive, exciting and value for money promotions in the F&B outlets would definitely make a difference.

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.

Ina 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 waste.

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

WMCHI Land Lease:

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

DIHCI Wholly Owned:

Location	Title	Area (In Sq. Meters)
▪ Lanang, Davao City Size: Approximately 12.29 hectares but with offshore area of 4.3 hectares	TCT 0-255*	2,997
	0-256*	304
	0-257*	113
	0-258*	50
	0-259*	404
	T-10250*	43,881
	T-10250*	47,320
	T-10251*	2,091
	T-102510*	2,043
	T-10252*	1,133
	T-10252*	300
	T-10252*	300
	T-10252*	1,580
	T-10254*	500
	T-10254*	400
	T-10303-A*	304
	T-30874*	223
T-10264*	18,959	

ACESITE Land Lease

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

Item 3. Legal Proceedings

- 3.1 SSS vs WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City. On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

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

agreed upon by both parties.

On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Parent Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

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

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

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

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

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

As at December 31, 2015, SSS has not yet appealed or filed a motion for reconsideration (see Note 25c).

3.2. BIR Assessment

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

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

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

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

4.1 During the annual stockholders' meeting held last September 12, 2015, the stockholders approved and ratified the following matters:

4.2

a. Election of the members of the Board of Directors to serve for the term 2015-2016. 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 D. Torres

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

b. The designation of KPMG R.G. Manabat and Co. as the Corporation's external auditor. KPMG was also the external auditor for the years 2011, 2012, 2013, 2014 and 2015.

In compliance with SRC Rule 68, Paragraph 3(b)(iv) which states that external auditors shall be rotated every after 5 years of engagement, the signing partner of the company for the past 5 years Mr. Virgilio L. Manguilimotan was replaced by the current partner, Mr. Tireso Randy F. Lapidez.

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
2015		
January - March 2015	0.400	0.335
April- June 2015	0.370	0.315
July- September 2015	0.430	0.165
October- December 2015	0.380	0.300

Peso	High	Low
2014		
January - March 2014	0.380	0.310
April- June 2014	0.360	0.305
July- September 2014	0.435	0.320
October- December 2014	0.490	0.350

The price of the stock is P 0.360 and P 0.305 as of March 31, 2016.

- 5.1 The number of stockholders of record as of December 31, 2015 on the Register of Shareholders was 468 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, 2015 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, 2015 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)	580, 678, 174	23.236
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	Pacific Wide Realty Development Corp.	36, 445, 000	1.458
7	Kenneth T. Gatchalian	30, 000, 100	1.200
8	Rexlon T. Gatchalian	30, 000, 000	1.200
9	Weslie T. Gatchalian	30, 000, 000	1.200
10	PCD Nominee Corp. (Non-Filipino)	29, 097, 100	1.164
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	14, 370, 000	0.575

16	Mizpah Holdings, Inc.	10,489,200	0.420
17	Elvira A. Ting	10,000,009	0.400
18	Catalina Roxas Melendres	6,246,000	0.250
19	Manuel H. Osmeña	1,400,000	0.056
20	Rolando M. Lim	1,142,500	0.046

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, 2015 and 2014 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS (Amounts in P)

	2015	2014
Revenues	2,100,907,790	1,973,280,085
Less: Costs and Expenses	1,404,374,036	1,410,230,629
Gross Income	696,533,754	563,049,456
Other Expenses (Income)	461,018,951	506,012,469
Net Income (Loss) Before Income Tax	235,514,803	57,036,987
Income Tax Expense (Benefit)	76,807,708	28,021,818
NET INCOME (LOSS)	158,707,905	29,015,169
Earnings (Loss) Per Share	0.051	0.004

FINANCIAL CONDITION (Amounts in P)

	2015	2014
ASSETS		
Current Assets	2,103,361,353	2,409,062,395
Non Current Assets	6,441,372,043	6,524,806,969
Total Assets	8,544,733,396	8,933,869,364
LIABILITIES		
Current Liabilities	2,443,353,478	2,021,297,096
Non-current Liabilities	1,238,750,926	2,226,011,738
Total Liabilities	3,682,104,404	4,247,308,834
Total Stockholders' Equity	4,086,192,880	3,941,444,970
Minority Interest	776,436,112	745,115,560
Total Liabilities & S/H Equity	8,544,733,396	8,933,869,364

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

RESULTS OF OPERATION

Revenues and Earnings per share

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

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

Cost and expenses

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

FINANCIAL CONDITION

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

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

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

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

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

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

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

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

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

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

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

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

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

Calendar Year ended December 31, 2014 as compared with Calendar Year ended December 31, 2013

RESULTS OF OPERATION

Revenues and Earnings per share

- With economy’s current strides, WPI showed resilience despite the challenges of the country. Total revenues for the year ended December 31, 2013 was slightly higher than the current year. In actual performance, revenues for hotel and other subsidiaries for the year 2014, is P1.973B compared to 2013’s P1.979B; a slight decrease of 0.29%.

Due to cost efficiency measures, it gives the Group to edge out a greater net income by 144% as compared to last year’s net loss of P65M.

Cost and expenses

- Cost and expenses was lowered by P51M reflecting a 4% decrease from the previous year.

Interest, Depreciation, amortization and Impairment Losses

- A decrease of P73M or 12% from last year’s.

FINANCIAL CONDITION

Cash and cash equivalents – This account increased by P68M, which is higher from last year.

Receivables – Decreased by 1% from P191M in 2013 to P189M in 2014.

Inventories – Inventories for the period increased by 4% compared to last year, this year being at P28M and last year at P27M.

Due from related parties-current portion – This account was decreased by P18M an amount equivalent to 0.90%. This represents interest bearing advances to MAHEC, TWGI and PRC. It also includes from PHES which is non-interest bearing. This year of 2014, these advances are due in one year, subject to yearly renewal and re-pricing.

Prepaid expenses and other current assets – This increased by P998 thousand, approximately 1%; from P68M in 2013 to P69M 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.

Property plant & equipment – This account reflected a decreased by P271M more or 4% compared from 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, 2014 and 2013 are P22.98M and P16.91M, respectively, resulting in a valuation gain of P6.07M in 2014 and valuation loss of P9.10M and P3.03M in 2013 and 2012, respectively.

Other non current assets - There is a decreased of P8M on this account, an amount equivalent to 10% compared from last year.

Current Liabilities - The account consists of trade payable, income tax payable, accruals and loans payable. The account decreased by 9% from last year; P2.2B in 2013 to P2.0B in 2014.

Loans Payable - The total amount consist of current and long term loans payable; decreased by 23% or P250M compared to last year. This represents loan from Social Security System, Philippine Business Bank and Industrial Commercial Bank of China - Singapore Branch.

Other current liabilities - The account resulted an increased of 4%. 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.

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 relationship 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.

Financial Risk and Capital Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, due from related parties, AFS investment, accounts payable and accrued expenses (except for local taxes and output VAT, withholding taxes and deferred income), other current liabilities, loans payable, and other noncurrent liabilities. 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. There has been no change to the Group's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's 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 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, 2015 and 2014 and the movement of the allowance used to record the impairment losses are disclosed in Notes 5 and 8 to the consolidated financial statements.

Liquidity Risk

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

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained 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

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 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 2015 and 2014 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 sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax by P523,152 and P1,540,515 in

2015 and 2014, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

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

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 2015 and 2014. 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) Change in interest rates (in basis points)	Income after Income Tax	
	2015	2014
+50	(P3,404)	(P3,139)
-50	3,404	3,139

There is no other impact on the Group's equity other than those already affecting profit or loss in 2015 and 2014.

Foreign Currency Risk

Currency risk arises when transactions are denominated in foreign currencies.

As a result of the loan payable from ICBC which is denominated in U.S. Dollar, the Group's consolidated statement of financial position can be affected by movements in this currency. Other than that, the Group does not have any material transactions denominated in foreign currencies as its revenues and costs are substantially denominated in Philippine peso.

The Group monitors and assesses cash flows from anticipated transactions and financing agreements denominated in U.S. Dollar. 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 as at December 31 are as follows:

	2015	
	U.S. Dollar	Philippine Peso
Cash	\$9,423	P443,427
Loan payable	(1,595,900)	(75,272,219)
Net foreign currency-denominated liability	(\$1,586,477)	(P74,828,792)

	2014	
	U.S. Dollar	Philippine Peso
Cash	\$7,411	P330,646
Loan payable	(4,967,900)	(221,652,794)
Net foreign currency-denominated liability	(\$4,960,489)	(P221,322,148)

The following are the significant exchange rates applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2015	2014	2015	2014
U.S. dollar	P47.12	P44.39	P47.06	P44.69

The Group recognized an unrealized foreign currency exchange loss amounting to P8.16 million, P1.53 million and P22.55 million in 2015, 2014 and 2013, respectively, 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 rates and macroeconomic forecasts for 2015 and 2014, with all other variables held constant, of the Group's 2015 and 2014 income after income tax. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items.

The analysis assumes a 10% strengthening and weakening as at December 31, 2015 and 2014, respectively of the Philippine peso against the US dollar exchange rate:

	Strengthening		Weakening	
	10%	10%	-10%	-10%
	2015	2014	2015	2014
Net income	P5,226,174	P15,492,550	(P5,226,174)	(P15,492,551)

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 which are listed in the PSE totaling to 86,710,000 shares as at December 31, 2015 and 2014.

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

The following table illustrates the sensitivity of the Group's equity to a reasonably possible change in equity price. These changes are considered to be reasonably possible based on past equity price performance of the Group's AFS investment and macroeconomic forecast for 2015 and 2014. This analysis assumes an increase of 10% for 2015 and 2014 and a decrease of 10% for 2015 and 2014 of the equity price of the Group's AFS investment. All other variables are held constant:

	Increase		Decrease	
	10%	10%	-10%	-10%
	2015	2014	2015	2014
Equity	(P1,274,637)	P1,608,471	(P1,274,637)	(P1,608,471)

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 listed on the PSE as of December 31, 2015 and 2014.

The fair value of other noncurrent liabilities was calculated by discounting expected future cash flows at prevailing market rates.

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 2015 and 2014.

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 2015 and 2014. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity.

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

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 R.G. Manabat & 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, December 31, 2015.

A) Audit and Audit-Related Fees

	FOR THE CALENDAR YEAR ENDED DECEMBER 31,	
	2015	2014
Aggregate Fees Billed for the external audit of the Company's financial statements	3,685,000.00	3,785,000.00

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, 2015 are as follows:

Office	Name	Age	Citizenship	Position in Other Listed Companies
Chairman of the Board	Renato B. Magadia	77	Filipino	Director-Phil. Estate Corporation, Chairman of the Board of Metro Alliance Holdings and Equities Corporation, Mercator Holdings and Equities Corporation, 2007-2008 Rotary Governor for district 3930, Director of Misons Industrial and Development Corp., All Oceans Maritime Agency, Inc., Howden Insurance and Reinsurance Brokers (Phils.), Inc., Cunningham Toplis Philippines, Inc., Metro Combined Logistics Solutions, Inc. and president of The Zuellig Corporation.
Director	Kenneth T. Gatchalian	39	Filipino	Director-Wellex Industries Inc.; President & CEO of Acesite (Phils.) Hotel 2007-present; President and Chief Executive Officer of Philippine Estates Corporation 2010-2011; Director-Forum Pacific Inc.
Director	➤ Arthur M. Lopez	69	Filipino	Owner and Principal Consultant of AML Hotel Consultancy, Owner of Federal Land Marco Polo Cebu and Hyatt Projects. Director-Philippine Estates Corp. Independent Director & Chairman- Acesite Phils. Hotel Corp, Hotel Management Consultant of the B Hotel Manila, Bellevue Bohol Resort in Panglao and Bloomberry Casino Hotels & Resorts. Regional Director of Asia Pacific Top Management

				International Resources Corp. President of Phil. Hotel Federation Inc.
Director	Dee Hua T. Gatchalian	67	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	45	Filipino	Managing Director- Misons Industrial & Development Corp., Metro Combined Logistics Solutions, Inc.; Director - Metro Alliance Holdings and Equities Corp. Vice-President and Director of Mercator Filter Manufacturing Corporation.
Director	Lamberto B. Mercado, Jr.	51	Filipino	Director-The Wellex Group, Inc., Metro Alliance Holdings & Equities Corp., Forum Pacific, Inc. Director- Acesite (Phils.) Hotel 2004-present, Air Philippines Corporation and Philippine International Airways, Inc.
Director	➤ Sergio R. Ortiz-Luis, Jr.	72	Filipino	Independent Director-Waterfront Philippines, Inc., President - Philippine Exporters Confederation, Inc. (PHILEXPORT); Honorary Chairman - Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines, Integrated Concepts and Solutions, Inc., Alliance Global, Inc.; Director - International Chamber of Commerce of the Philippines, Manila Exposition Complex, Inc., Lasaltech Academy, BA Securities, Rural Bank of Baguio, GS1.; Gov't Affiliation: Vice-Chairman - Export Development Council; Director - Philippine International Training Corporation. Civic Organizations: Chairman - Rotary Club of Green Meadows, Director - PILAK Foundation, Universal Access Center for Trade Others: Honorary Consul General - Consulate of Romania in the Philippines
Director	➤ Ruben D. Torres	74	Filipino	Independent Director Waterfront Philippines, Inc., President -BPO Workers Association of the Phils.; Vice-President- Trade Union Congress of the Phils., Senior Partner -Torres Caparas Torres Law Offices; Board of Director - Manila Doctors Colleges.
Director and Treasurer	Elvira A. Ting	55	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	72	Filipino	Director-Philippine Estate Corporation, Wellex Industries, Inc., Forum Pacific, Inc. Acesite (Phils.) Hotel, Managing Partner-Corporate Counsels, Phils., Chairman of Value

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

Kenneth T. Gatchalian	President
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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 38 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
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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 Jin Jiang Inn Ortigas, Jin Jiang Inn Makati, Hotel 101 Manila, Injap Tower Iloilo, Hotel 101 Fort; Hotel Advisor/Director Bellevue Hotel and the B Hotel and the Bellevue Bohol Resort in Panglao, Hotel Advisor of Cathay International Resources Corp., Hotel Technical Services Adviser and Management Consultant of Hotel of Asia Inc. 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. He was the Management and Technical Services Consultant of Federal Land's Grand Hyatt Manila project and assisted in the negotiation of the management and technical services agreement with Hyatt Hotels. Pre-opening Management and Technical Services Consultant Bloomberry Casino Hotels and Resorts/Solaire Hotel and Casino. He was elected as Chairman of Acesite (Phil's.) Hotel Corp., since 2004-present.

He is 69 years old and a Masters Degree holder in Business Administration from the University of Santo Tomas. He's been a director of Waterfront Philippines, Inc. since October 2000-present. In 21st September 2013, he received the Certificate of Recognition in the Field of Business Management BSC Management 1968, "in grateful appreciation for giving pride, honor and prestige to UST College Alumni Foundation as well as living the true Thomasian legacy". He was one of the UST Commerce Outstanding Alumni 2013 in the field of Business Management given in 19th September 2013. This was in recognition of his having shown professional excellence, exemplary moral and Christian conduct in his chosen field, living the true Thomasian legacy. On 2014, he attended the basic course on Corporate Good Governance.

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

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

Sergio R. Ortiz-Luis, Jr.	Director
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He has degrees of Bachelor of Arts and Bachelor of Science in Business Administration from De La Salle University; PhD Humanities from Central Luzon State University, and PhD Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology. He is the President and CEO of Philippine Exporters Confederation, Inc. An Honorary Chairman of Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines as well as Integrated Concepts & Solutions, Inc. He is the Vice Chairman of Alliance Global, Inc., Export Development Council. He is a Director of Manila Exposition Complex, Inc., Lasaltech Academy, Philippine Estate Corporation, BA Securities, Rural Bank of Baguio, PILAK Foundation, and Universal Access Center for Trade and Philippine International Training Corporation. He is a Council Adviser Member of Philippine Foundation, Inc., a Founding Director of International Chamber of Commerce of the Philippines and GSI. He is also a member of the Board of Advisers of Southville International School and Colleges. He is a commissioner of Patrol 117, a Financing Champion of National Competitiveness Council and a Private Sector Representative of Bamboo Council. He is also a Chairman of Rotary Club of Green Meadows Foundation and also a Chairman of Council of Advisers Eastern Police District. He is the Past President of Rotary Club of Green Meadows Quezon City RI District 3780; a Board of Advisers Member of Council of Advisers Philippine National Police, a senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary and a member of the League of Corporate Foundation. He is the Honorary Consul General of Consulate of Romania in the Philippines, a Treasurer of Consular Corps of the Philippines and an Honorary Adviser of International Association of Education for World Peace. Some awards that he received were International Peace Award for Economic Development in 2005, Most Outstanding Citizen of Nueva Ecija in the Field of Business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006 and

Presidential Merit Award Medal in 2007. He became an Independent Director of Waterfront Philippines, Inc. since August 2006-present. This 2014, he attended Exporter's Partner in Gearing the Country for the AEC Markets of the World 2, Technology Innovation and Entrepreneurship as Competitive Strategies PHILAAS 63rd Annual Convention and lastly, Bringing the Buy Pinoy Campaign to the Next Level.

Ruben D. Torres	Director
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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 74 years old. Presently he is also the President of BPO Workers Association of the Philippines and Senior Partner of Torres Caparas Torres Law Office. He is associated with the Integrated Bar of the Philippines and Philippine Academy of Professional Arbitrators. His former positions include being a Member of the House of Representatives of the 2nd District of Zambales, Executive Secretary of the Office of the President in Malacañang, Secretary of the Department of Labor and Employment. Mr. Torres became an Independent Director of Waterfront Philippines, Inc. since August 2006-present.

Elvira A. Ting	Director and Treasurer
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Ms. Elvira A. Ting earned her Bachelor's Degree in Business Administration major in Management from the Philippine School of Business Administration. She's 54 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
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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". This June 2015, she took the 3-day MBA for Chief Finance Officers held in Kuala Lumpur, Malaysia.

Maria Socorro Cotel	Corporate Planning Director
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Ms. Cotel is the Corporate Planning Director for Waterfront Hotels & Casinos. She joined Waterfront in 2003 as Sales Accounts Manager before she moved to help establish Revenue Management in the company from there she continued to work in the Corporate Planning Division undertaking Standardization, Business Development, Reservation & Distribution and Corporate Information Technology. She earned her Bachelor's Degree in Economics at the University of San Carlos and took up masteral units for the same course before pursuing her Bachelor of Laws from SouthWestern University,

Cebu City. After completing her Bachelor of Laws, she worked for the Davide, Calderon, and Tolentino Law office in 2002 and as part-time instructor for the University of San Carlos, Economics Department. She had significant training in Hotel Management and Distribution Systems and attended Revenue Management seminars specifically on Pricing, Travel distribution and technology, Project Management, Branding, and Selling Skills workshops. Her speaking engagement to two of these international seminars & forums under the Travel Distribution Summit Asia in 2008 and 2009 include topics on Revenue Management in Tough times and Integrating Sales and Marketing in Revenue Management. She completed her Certification in Revenue Management at Cornell University, New York in 2011 with focus on hotel and restaurant revenue management, strategic pricing, demand management, strategic marketing and financial management.

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 2015 the Board of Directors' meeting for the election of the Executive Officers was held on last September 12, 2015. 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 trainers 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		
	2015	2014	2013
a) Aggregate compensation paid to four most highly compensated executive officers: -estimated			
i) Jimmy H. Boyles			
ii) Precilla Toriano			
iii) Maria Socorro Cotelo			
iv) Lanelle Barba			
b) Aggregate compensation paid to other Officers as a group unnamed -estimated	10,912,500.00	9,253,326.63	9,740,343.82
	7,311,564.40	8,245,948.12	7,853,283.92

- 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 2015 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, 2015, 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)	580,678,174 "r" **	23.236
Common	Silver Green Investments Ltd.	180,230,000 "r" **	7.212

*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

Please refer to the Annual Corporate Governance Report

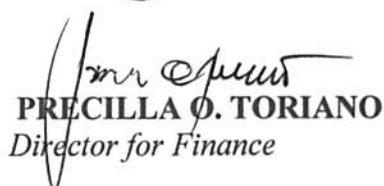
SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code , this report is signed on behalf of the issue by the undersigned; thereunto duly authorized, in the City of _____ on _____ 2016.


KENNETH T. GATCHALIAN
President/ CEO/COO

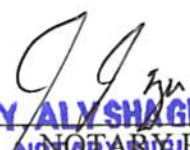

ELVIRA A. TING
Treasurer/CFO


ARTHUR R. PONSARAN
Corporate Secretary


PRECILLA O. TORIANO
Director for Finance

SUBSCRIBED AND SWORN to before me this 28 **APR 2016** day of _____ 2016_ affiant(s) exhibiting to me his/their Passport.

Doc. No. 366
Page No. 77
Book No. IV
Series of 2016


ATTY. ALY SHAGRACE M. ZULUETA
NOTARY PUBLIC
COMM. NO. 2016-045 UNTIL DEC. 31, 2017
PTR. NO. 4930793, 1/7/16-MLA.
IBP LIFETIME- 011076- 6/19/12
ROLL NO. 60529-MCLE V-0005229
UNIT 70, 7F, MER CONDO. 1277
J. BOCOBO ST. ERMITA MLA.

COVER SHEET

AS094-8678
SEC Registration Number

WATERFRONT PHILIPPINES, INC.

(Company's Full Name)

NO. 1 WATERFRONT DRIVE
OFF SALINAS DRIVE LAHUG
CEBU CITY

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

MS. IRISH CHARA LAWAS
Contact Person

(02) 559-0130
Company Telephone Number

1 2

3 1

ACGR

0 9

1 2

Month Day

FORM TYPE

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

468

Total No. of Stockholders

Total Amount of Borrowings
Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM – ACGR
ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year **2015**

2. **Waterfront Philippines, Inc.**
Exact Name of Registrant as Specified in its Charter

3. **No. 1 Waterfront Drive Off Salinas Drive Lahug, Cebu City**
Address of Principal Office Postal Code

4. SEC Identification Number **AS094-8678**
5. [] (SEC Use Only)

6. BIR Tax Identification Number **080-003-978-254**

7. **02-032-559-0130**
Issuer's Telephone Number, including area code

8.
Former name or former address, if changed from the last report



A. BOARD OF DIRECTORS

1) Board of Directors

Number of Directors per Articles of Incorporation	9
---	---

Actual number of Directors for the year	9
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(a) Composition of the Board

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	Date last elected (if ID, state the number of years served as ID)	No. of years served as director
Renato B. Magadia	Chairman of the Board	2004	11
Kenneth T. Gatchalian	President/Director	2001	14
Elvira A. Ting	Treasurer/Director	2000	15
Reno I. Magadia	Director	2005	10
Arthur M. Lopez	Director	2000	15
Dee Hua T. Gatchalian	Director	2004	11
Lamberto B. Mercado	Director	2003	12
- Sergio R. Ortiz-Luis, Jr.	Independent Director	2006	9
- Ruben D. Torres	Independent Director	2006	9

*All Directors were last elected and elected during the Annual Stockholder's Meeting on September 12, 2015.

*Nominators were coming from the stockholders.

(b) Corporate Governance

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

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

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

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

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

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

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

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

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

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

(ix) The Board has created committees, namely: the Nomination Committee, Compensation & Remuneration Committee, and the Audit Committee.

(x) The Nomination Committee, composed of 3 voting directors (one is independent), is in charge of the screening of the candidates for a seat in the Board of Directors in accordance to the qualifications set in the Manual. Said Committee has also considered the disqualifications specifically enumerated.

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

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

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

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

(xv) The Audit Committee has been composed of three members, one of whom is independent. The said Committee has reviewed all financial reports against compliance with both the internal financial management policy and pertinent accounting standards. The Committee has also reviewed management policies on financial management, audit plans, interface with the internal and external auditors. The Committee has also developed a financial

management system that ensured the integrity of internal control activities throughout the Company.

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

(xvii) The External Auditor was chosen by the Board and approved by the stockholders upon recommendations of the Audit Committee.

(xviii) The Internal Auditor reporting directly to the Audit Committee provided reasonable assurance that the key organizational and procedural controls were effective, appropriate and complied.

(xix) The Manual for Corporate Governance has been made available to discerning stockholders during office hours of Waterfront Philippines, Inc.

(xx) The reports required for the Manual were prepared and submitted to the Commission.

(xxi) All material information that could potentially affect shares was publicly disclosed in accordance with the rules of the Philippine Stock Exchange and the Commission. The Annual Reports were properly disseminated to the stockholders.

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

Other Matters

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

(ii) The Compliance Officer was deemed to have appeared before the Securities and Exchange Commission upon summons but since there was none; said Officer was not compelled to.

(iii) For Waterfront Philippines, Inc. being a holding company and limited in terms of physical office space with only a few people holding key functions, it was enough that a few copies were available for inspection by all of its few employees.

(iv) The company did not issue any additional shares during the year to make use of the preemptive right for the stockholders.

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

(vi) The right to dividends has always been in mind of the Company but in the year 2015 no dividends have been issued due to financial status of the Company.

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

(c) Vision and Mission

Since 1999 up to present, the Board has consistently reviewed the vision and mission but has not changed any of the following contents.

Mission:

To provide equal opportunities and fair treatment to all employees for growth and advancement. To pursue relentlessly a means to capture and augment business with the highest level of integrity in the pursuit of profitability. To carry out company plans and programs with the highest degree of professionalism. To spearhead community based projects for the development of the tourism industry. To reach out to every customer with utmost passion, dedication and excellence

Vision:

To be the leader in the Tourism Industry committed to provide the gracious Filipino hospitality towards total customer satisfaction.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group (within the Group)

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Renato B. Magadia	Acesite (Phils.) Hotel Corp.	Vice-Chairman/Director
Kenneth T. Gatchalian	Waterfront Cebu City Casino Hotel Inc. Waterfront Mactan Casino Hotel Inc. Waterfront Insular Hotel Davao Inc. Waterfront Promotions Limited Mayo Bonanza, Inc. Grand Ilocandia Resort Development Inc. Acesite Phils. (Hotel) Inc.	President/Director
Elvira A. Ting	Waterfront Cebu City Casino Hotel Inc. Waterfront Mactan Casino Hotel Inc. Waterfront Insular Hotel Davao Inc. Waterfront Promotions Limited Mayo Bonanza, Inc. Grand Ilocandia Resort Development Inc. Acesite Phils. (Hotel) Inc.	Treasurer/Director
Reno I. Magadia	NA	NA
Arthur M. Lopez	Acesite (Phils.) Hotel Corp.	Chairman/Independent Director
Dee Hua T. Gatchalian	Acesite (Phils.) Hotel Corp.	Director
Lamberto B. Mercado, Jr.	Acesite (Phils.) Hotel Corp. Waterfront Food Concepts, Inc. Waterfront Hotel Management Corp. Waterfront Wellness Group Inc.	Director
- Sergio R. Ortiz-Luis, Jr.	NA	NA
- Ruben D. Torres	NA	NA

(ii) Directorship in the Other Listed Companies

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Renato B. Magadia	Metro Alliance Holdings	NA
Kenneth T. Gatchalian	Wellex Industries Inc. Phil. Estates Corp. Forum Pacific Inc.	Director Director Director
Elvira A. Ting	Wellex Industries Inc. Phil. Estates Corp. Forum Pacific Inc.	Director President/CEO Director
Reno I. Magadia	NA	NA
Arthur M. Lopez	Phil. Estates Corp.	NA
Dee Hua T. Gatchalian	Wellex Industries Inc. Phil. Estates Corp.	EVP-Finance&Admin Director
Lamberto B. Mercado, Jr.	Phil. Estates Corp. Metro Alliance Holdings Forum Pacific Inc.	Director Director Director
- Sergio R. Ortiz-Luis, Jr.	Phil. Estates Corp.	Director
- Ruben D. Torres	NA	NA

(iii) Relationship within the Company and its Group

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

(iii) Relationship within the Company and its Group

Multiple Board Seats

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities. The Chief Executive Officer ("CEO") and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve shall not be compromised.

Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.

(e) Shareholding in the Company

Members of the Company's Board of Directors who directly and indirectly own shares in the company:

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

2) Chairman and CEO

(a) Chairman and CEO

Chairman of the Board - Renato B. Magadia
 CEO / President - Kenneth T. Gatchalian

(b) Roles, Accountabilities and Deliverables

Chairman of the Board – The Chairman of the Board of directors shall preside at the meetings of the Directors and the shareholders. He shall also exercise such powers and perform duties as the Board of directors may assign to him.

President / CEO - The President, who shall be a Director, shall be the Chief Executive Officer of the corporation and shall also have an administration and direction of the day-to-day business affairs of the corporation. He shall exercise the following functions:

- (i) To preside at the meetings of the Board of directors and of the shareholders in the absence of the Chairman or Vice-Chairman of the Board of Directors;
- (ii) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;
- (iii) To have general supervision and management of the business affairs and property of the corporation;
- (iv) To ensure that the administrative and operational policies of the corporation are carried out under his supervision and control;
- (v) Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries;
- (vi) To oversee the preparation of the budgets and the statement of accounts of the corporation;
- (vii) To prepare such statements and reports of the corporation as may be required of him bylaw;

(viii) To present the corporation at all functions and proceedings;

(ix) To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors;

(x) To make reports to the Board of Directors and shareholders;

(xi) To sign certificates of share;

(xii) To perform such other duties as are incident to his office or are entrusted to him by the

Board of Directors

The President may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer (s), subject always to his supervision and control.

3) Plans of the Board of Directors for the succession of the CEO/ Managing Director/ President and the top key management positions.

Under Section 8 Article III of Amended By-Laws, any vacancy occurring in the Board of Directors other than by removal by the shareholders or by expiration of term, may be filled by the vote of at least a majority of the remaining director, if still constituting a quorum, otherwise, the vacancy must be filled by the shareholders at a regular or at any special meeting of shareholders called for the purpose.

4) Other Executive, Non-Executive and Independent Auditors

4.1 Responsibilities, Duties and Functions of the Board

(i) General Responsibility

It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders. The Board shall formulate the Corporation's vision, mission, strategic objectives, and policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

(ii) Duties and Functions

To ensure a high standard of best practice for the Corporation and its stockholders, the Board shall conduct itself with honesty and integrity in the performance of among others the following duties and functions:

a) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, appoint competent, professional, honest and highly motivated management officers, and adopt an effective succession planning program for Management.

b) Provide sound strategic policies and guidelines to the Corporation on major capital expenditures, establish programs that can sustain its long-term viability and strength, and periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.

c) Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices.

d) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation. If feasible, the Corporations' CEO or chief financial officer shall exercise oversight responsibility over this program.

e) Identify the sectors in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.

f) Adopt a system of check and balance within the Board; conduct a regular review of the effectiveness of such system to ensure the integrity of the decision making and reporting processes at all times; and continuously review the Corporation's internal control system in order to maintain its adequacy and effectiveness.

g) Identify key risk areas and performance indicators and monitor these factors with the diligence to enable the Corporation to anticipate and prepare to possible threats to its operational and financial viability.

h) Formulate and implement policies and procedure that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company , joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.

i) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.

j) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and third parties, including the regulatory authorities.

k) Meet at such times or frequency as may be needed; record the minutes of such meetings; encourage and give due consideration to independent views during board meetings.

l) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.

m) Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer shall act as Compliance Officer.

4. 2 Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director shall act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness. He shall also exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.

A director shall observe the following norms of conduct:

(i) Conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation.

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.

(ii) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.

A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend actively participate in the Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

(iii) Act judiciously.

Before deciding in any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request classification.

(iv) Exercise independent judgment.

A director should view each problem or situation objectivity, is a disagreement with other directors arises he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. He should support plans and ideas that he thinks beneficial to the Corporation.

(v) Have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.

A director should also keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness.

(vi) Observe confidentiality.

A director should keep secure and confidential all no-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

The Secretary - The Secretary must be a resident and a citizen of the Philippines, He shall be the custodian of and shall maintain the corporate books and record and shall be the recorder of the corporation's formal actions and transactions. He shall have the following specific powers and duties:

(i) To record or see to the proper recording of the minutes and transactions of all meetings of the Directors and the shareholders and to maintain minute books of such meetings in the form and manner required by law;

(ii) To keep or cause to be kept record books showing the details required by law with respect to the share certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred;

(iii) To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;

(iv) To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;

(v) To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;

(vi) To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulation;

(vii) To act as the inspector at the election of Directors and as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote. The Secretary may assign the exercise or performance of any or all of the foregoing duties, powers and functions to any other person or persons, subject always to his supervision and control.

(viii) To act as the inspector at the election of Directors and as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote. The Secretary may assign the exercise or performance of any or all of the foregoing duties, powers and functions to any other person or persons, subject always to his supervision and control.

(ix) To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

The Assistant Secretary - In the absence or disability of the Secretary, the Assistant Secretary shall act in his place and perform his duties. The Secretary may, subject always to his supervision and control, delegate any or all of his powers, duties and functions to the Assistant Secretary. The Assistant Secretary shall also perform such other duties as may, from time to time, be assigned to him by the Board of Directors or the President.

The Treasurer - The Treasurer of the corporation shall be its chief fiscal officer and the custodian of its funds, securities and property. The Treasurer shall have the following duties:

(i) To keep full and accurate accounts of receipts and disbursements in the books of the corporation;

(ii) To have custody of, and be responsible for, all the funds, securities and bonds of the corporation;

(iii) To deposit in the name and to the credit of the corporation, in such bank as may be designated from time to time by the Board of Directors, all the moneys, funds, securities, bonds, and similar valuable effects belonging to the corporation which may come under his control;

(iv) To render an annual statement showing the financial condition of the corporation and such other financial reports as the Board of Directors, the Chairman or the President may, from time to time require.

(v) To prepare such financial reports, statements, certifications and other documents which may, from time to time, be required by government rules and regulations and to submit the same to the proper government agencies;

(vi) To exercise such powers and perform such duties and functions as may be assigned to him by the President.

The Compliance Officer - The Board shall appoint a Compliance Officer who shall report directly to the Chair of the Board. He shall perform the following duties:

(i) Monitor compliance by the Corporation with this Manual and the rules and regulations of regulatory agencies and if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;

(ii) Appear before the Commission when summoned in relation to compliance with the Code; and

(iii) Issue a certification, countersigned by the President, every January 30th of the year on the extent of the Corporation's compliance with the Code of Corporate Governance for the completed year and, if there are any deviations, explain the reason for such deviation.

The Independent Directors - should always attend Board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.

Internal Control Responsibility of the Board

The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the Corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information system, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules regulations and contracts.

(i) The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:

- (ii) Definition of the duties responsibilities of the CEO who is ultimately accountable for the Corporation's organizational and operational controls;
- (iii) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
- (iv) Evaluation of proposed senior management appointments;
- (v) Selection and appointment of qualified and competent management officers; a
- (vi) Review of the Corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
- (vii) The scope and particulars of the systems of the effective organizational and operational controls may consider the following factors; nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness information technology; and extent of regulatory compliance.
- (viii) The Corporation may establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

Board Committees

The Board shall constitute the proper committees to assist it in good corporate governance.

- (i) The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee shall be an independent director. The Audit Committee shall have the following functions:
- a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk and risk management activities.
- c) Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- d) Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it;

e) Prior to the commencement of the audit , discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;

g) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;

h) Review the reports submitted by the internal and external auditors;

i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting polices and practices
- Major judgment areas
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with tax, legal and regulatory requirements.

j) Coordinate monitor and facilitate compliance with laws and rules and regulations;

k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as external auditor or will pose as a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report;

l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.

The Audit Committee shall ensure that; in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

(ii) The Board may also organize the following committees:

a) A Nomination Committee, which may be composed of at least three (3) members and one of whom should be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;

b) A Compensation or Remuneration Committee which may be composed of at least three (3) members and one of whom should be an independent director, to establish a formal transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent and the business environment in which it operates.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors

(a) Resignation/Death/Removal

In the year 2015, Philip Frugere was replaced by Jimmy Boyles due to resignation and Gaye Maureen Cenabre was replaced by Lanelle Cristina Barba due to death of the latter.

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Qualifications of Directors

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications which include, among others, the following:

- (i) College education or equivalent academic degree;
- ii) Practical understanding of the business of the corporation;
- (iii) Membership in good standing in relevant industry, business or professional organizations; and
- (iii) Previous business experience.

Disqualification of Directors

Permanent Disqualification

The following shall be grounds for the permanent disqualification of a director:

- (i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- (ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- (iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

- (iv) Any person who has been adjudged by final judgment or order of the

Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;

(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;

(vi) Any person judicially declared as insolvent;

(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts violations or misconduct enumerated in sub-paragraphs

(viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

Temporary Disqualification

A Director may be temporarily disqualified for any of the following reasons:

(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations code and its Implementing Rules and Regulations. The disqualification shall be in effects as long as the refusal persists.

(ii) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.

(iii) Dismissal or termination for cause as director of any corporation covered by the Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.

(iv) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.

(v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Voting Result of the last Annual General Meeting:

Name of Director	Position	Votes Received
Renato B. Magadia	Chairman of the Board	Majority
Kenneth T. Gatchalian	President/Director	Majority
Elvira A. Ting	Treasurer/Director	Majority
Reno I. Magadia	Director	Majority
Arthur M. Lopez	Director	Majority
Dee Hua T. Gatchalian	Director	Majority

Lamberto B. Mercado, Jr.	Director	Majority
* Sergio R. Ortiz-Luis, Jr.	Independent Director	Majority
* Ruben D. Torres	Independent Director	Majority

A temporarily disqualified director shall, within (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

6. Orientation and Educational Program

(a) Disclose details of the company's orientation program for new directors, if any. If necessary, funds shall be allocated by the Chief Executive officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.

A director shall, before assuming such, be required to have attended a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

(b) State any in-house training and external courses attended by Directors and Senior Management for the past three (3) years and continuing education programs for directors: programs, seminars and roundtables attended during the year.

Arthur M. Lopez

Good Governance at the Asian Institute of Management (AIM).

Dee Hua T. Gatchalian

Corporate Governance and Risk Management

Basic Course on Corporate Governance

Precilla O. Toriano (Compliance Officer)

In 2010 she was sent to Singapore to attend the Strategic & Sustainable Cost Control Training and the year after that, 2011, she also attended the Financial Modeling Seminar held in Singapore.

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".

* In 2015, the rest of the Directors and Senior management have attended also various trainings, seminars and invites to further enhance leadership, management and good governance.

B) CODE OF BUSINESS CONDUCT & ETHICS

Company's policies affecting on the following business conduct or ethics affecting directors, senior management and employees:

All staff of Waterfront Philippines Inc. is subject to this code of conduct. Any breach of the code will give rise to disciplinary and/or criminal prosecution. Any staff member who has any doubt, propriety or any course of action or who finds that his interest are or may be in conflict with that of the company should seek the advice of the Hotel Manager. Any queries regarding the contents of this Code of Conduct should be directed to the President or Executive Vice President of Waterfront Hotel Management.

(a) Conflict of Interest

Directors / Senior Management

Provides that having interests opposed to those of the Company constitutes grounds for incompatibility for appointment as director and, if applicable, triggers the director's duty to resign from office. Such articles also provide that competence to hold office as director is a requirement for appointment as director of the Company, and expressly lay down the duty of directors to resign when their continuance in office on the Board of Directors may, for any reason, jeopardize directly, indirectly or through their related persons, the faithful and diligent performance of their duties in furtherance of the corporate interest.

For such purposes, it shall be deemed that a director lacks or, if applicable, has ceased to possess, competence where the conflict of interest situation is, or may reasonably be expected to be, of a nature that constitutes a structural and permanent conflict between the director and the Company or the companies forming part of the Group.

Conflicts of interest shall be governed by the rules set:

a) **Communication:** the director must give notice to the Board of Directors, in the person of the Chairman or the Secretary of the Board of Directors, of any conflict of interest in which the director is involved.

b) **Abstention:** the director shall leave the meeting during the deliberation and voting on those matters in which the director is affected by a conflict of interest, and shall not be counted in the number of members attending for purposes of the calculation of a quorum and majorities.

c) **Transparency:** in the Annual Corporate Governance Report, the Company shall report any cases of conflict of interest in which the directors have been involved during the financial year in question and of which the Company is aware by reason of notice given thereto by the director affected by such conflict or by any other means.

In addition, "in the case of customary and recurring transactions in the ordinary course of business, it shall be sufficient for the Board of Directors to give prior generic approval of the kind of transaction and of the conditions for performance thereof".

Employees

As regards the other officers and employees, the Code of Ethics applies to all professionals within the Group, regardless of rank, and dedicates a specific section to conflicts of interest.

Authority

The authority to sign purchases, contracts, sales, discounts, and the like given to some staff, is subject to the limitations specified and determined by the management. No purchases or contracts shall be signed by a single person. It is to be countersigned by another authorized person. No member or staff shall conclude or induce such purchase, contracts, discounts, or similar transactions with himself, with members of his immediate family or with companies of which he or his family has interests.

Borrowings

You and the members of your immediate family in behalf of the hotel are prohibited from borrowing or receiving credit, advances, or loans from third parties on an abnormally favored arrangement unless approved by the Hotel general Manager.

In dealing with this issue, the Code provides that "professional decisions must be based on the best defense of the interests of the Group and must not be influenced by personal or family relationships or other personal interests of Group professionals".

The Code of Ethics provides that written notice must be given to an immediate superior of the existence or possible existence of a conflict of interest. The superior shall notify the Human Resources Division, which shall have and maintain a register covering this type of situation and may, if it deems it appropriate, forward the notice or refer the inquiry in question to the Compliance Unit.

Personal And Outside Business

As provided in employment contract, the employee is prohibited from holding directorship or assuming advisory or executive roles in other companies or establishments in your personal capacity without the written approval of the company. Where approval is obtained, such personal and outside business should not be allowed to interface or interfere with your duties, responsibilities, and obligations as an employee of the company.

You are not allowed to use the company's time and facilities for your personal and outside business. Where business begins to encroach on your work, you should discuss the matter with the Management.

(b) Conduct of Business and Fair Dealings

All directors, senior management and employees must accept responsibility for maintaining and enhancing the Company's reputation for integrity and fairness in its business dealings.

In its everyday business transactions the Company must be seen to be dealing evenhandedly and honestly with all its consumers, customers, suppliers, employees, contractors, governments & regulators and others with whom the Company has a relationship.

Anyone should not offer to bribe or similar consideration to any person or company in order to obtain business for the company. Any commission paid, payments made, favorable terms conceded or other advantages given by you in the conduct of the company's business shall be in accordance with the company's policies on such matters as determined and outlined by the company. This type of transactions should be promptly put in writing.

As much as possible, you should transact or consummate all purchases and contracts directly with the supplier and manufacturer and not with agents or brokers unless the latter render tangible service to the company. Request the supplier or manufacturer to disclose the identity of the broker agent should there be any.

Any discount, commission or any favor/advantage in any form obtained while transacting business shall be reverted back to the company and not your personal benefit. Directors, managers and others with supervisory responsibility have a duty to ensure that employees and contractors under their supervision are aware of and comply with this policy. Violation of this policy may subject the individual to disciplinary action, including dismissal and cessation of contract.

(c) Receipts of gifts from third parties

Gifts and entertainment – The Group and employees of the Company must ensure that they deal with customers, suppliers and other business relationships in a way that avoids their independent judgment on behalf of the Company being influenced by personal advantage, or any appearance that this may be the case.

(d) Compliance with Laws and Regulations Directors / Senior Management

To strictly observe and implement the provisions of the Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's directors, officers staff, in case of violation of the provision of this Manual:

- Minor violation- written reprimand on the violator up to suspension for the office: the duration of the suspension shall depend on the gravity of the violation.
- Major violation-suspend from office up to maximum penalty of removal from office.

A major violation of the Corporate Governance Manual by any member of the board of the Corporation shall be sufficient from removal from leadership.

The Compliance officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the impossible penalty for such violation, for further review and approval of the Board.

Employees

All employees are required to comply with the Code of Employees Behavior and are personally responsible for doing so. It is the responsibility of the Board of Waterfront Philippines Inc. to ensure, so far as is reasonably practicable, that the principles and ethical values embodied in this Code are communicated to all colleagues of the Company.

The Company provided legends for the guidance of all concerns:

WW - Written Warning
7S - 7 days suspension
15S - 15 days suspension
30S - 30 days suspension
D - Dismissal

Special Provisions:

1. Any offense not included in the established Code will be treated on a case to case basis. An employee may, therefore, be subjected to disciplinary action for misconduct favorable to the interest of the Company/Guest other than those listed.
2. The Company reserves the right to impose a heavier or lighter penalty than what is specified in the preceding pages for a particular offense if the damage caused and the aggravating and or mitigating circumstances attending to its commission warrant it.
3. The imposition of any of the preceding penalties is without prejudice to the filing of appropriate criminal and / or civil actions by the parties concerned.

AMENDMENTS:

The Company may from time to time, change any of these rules and regulations, in the form of issued memoranda in which revisions, additions and / or deletions shall be made effective ten (10) days from the date of the circulation and publication in the Bulletin Boards.

The employees must update themselves and fully understand the changes. Ignorance of the rules and regulations of the Company is never an excuse to be exempted from the imposition of the disciplinary action whenever a violation is committed. Each employee must therefore note the amendments in the blank spaces of the Employee Handbook.

(e) Respect for Trade Secrets / Use of Non-Public Information

Observe confidentiality. A director should observe the confidentiality of non-public information acquired by reason of his position as director. He should not disclose any information to any other person without the authority of the Board. Protecting confidential information - employees must ensure that confidential information is preserved and protected. Confidential information is that which is not generally known outside the Company and either gives or could give the Company a competitive advantage or disadvantage, or could lead to the loss of an existing competitive advantage, if it became known to others or became known in the public domain. This kind of information may not be revealed to anyone outside of the Company or Group unless an appropriate confidentiality agreement is in place and such disclosure is necessary for business purposes. Employees are required to respect these confidentiality provisions even after their employment with the Company comes to an end.

Violation of this rule will be dealt accordingly.

(f) Use of Company Funds, Assets and Information

Authorities - the existence of an agreed authorities structure is an essential requirement for establishing an effective financial and operational control environment. All business units are required to establish and maintain appropriate levels of authority to cover all items of asset value or expenditure and all transactions which need to be subject to management approval.

Integrity of company financial records - the books and records of the Company must accurately reflect the nature of the underlying transactions and no undisclosed or unrecorded liabilities or assets shall be established or maintained. Books and records must be maintained in all respects according to law and the accounting principles, policies and procedures that the Company has adopted. The Company will not evade tax obligations and all taxable benefits which employees may receive will be listed and declared for tax purposes.

Protecting confidential information - employees and contractors must ensure that confidential information is preserved and protected. Confidential information is that which is not generally known outside the organization and either gives or could give the Company a competitive advantage or disadvantage, or could lead to the loss of an existing competitive advantage, if it became known to others or became known in the public domain. This kind of information may not be revealed to anyone outside of the organization unless an appropriate confidentiality agreement is in place and such disclosure is necessary for business purposes. Employees and contractors are required to respect these confidentiality provisions even after their employment with the Company comes to an end.

(g) Employment & Labor laws & Policies

There are many laws and regulations applicable to the Company's business. All employees, BOD, officers and contractors must be aware of and observe all laws and regulations governing their activities. Some specific areas of legal and regulatory attention include: health & safety; anti-bribery laws, employment and work place practices; protection of the environment; competition; intellectual property; and, the payment of taxes and social security. Compliance with the Company's internal operating policies and procedures is of equal importance.

(h) Disciplinary Action

Directors, managers and others with supervisory responsibility have a duty to ensure that employees and contractors under their supervision are aware of and comply with the policy. Violation of the policies may subject the individual to disciplinary action, including dismissal and cessation of contract or even civil/criminal cases.

The Company also provided "LEGENDS" for everybody's guidance.

(i) Whistle Blower

In order to sustain the longevity and sustainability of the company, ones must protect its assets. Thus, whistle blowing is created to report any anomalies, correct SOPs and to prevent any bigger problems. The Corporate Internal Auditors are the assigned group to do such audit and send the final reports to designated body. Whenever needed, the Company provides a confidential "whistle blower" hotline or mailbox that employees may use to report any violation of the Company's policies.

(j) Conflict Resolution

The principles, requirements and guidelines are incorporated into the Code of Business Conduct. All employees and contractors are required to comply with this Code and are personally responsible for doing so. It is the responsibility Company to ensure, so far as is reasonably practicable, that the principles and ethical values embodied in the Code is communicated to all colleagues of the Company. Employees at all levels will be required to certify, annually, that they understand the code and that they (and those they supervise who do not have a Company email address) are in full compliance with this Code for the operations for which they have responsibility. On the annual basis by Internal Audit, the Board monitors the findings of this certification. All findings will be communicated through email or memos. Any severe cases will go through panel hearing.

Related Party Transactions

(a) Policies and Procedures

The Board of Directors of Waterfront Philippines Inc., (the "Company"), acting upon the recommendation of its Corporate Governance and Nominating Committee (the "Committee"), has adopted the following policy with regard to Related Party Transactions, as defined below.

Policy

Related Party Transactions, which are limited to those described in this policy, shall be subject to the approval or ratification by the Committee in accordance with this Policy.

Background

Our Code of Ethics, which applies to all employees and directors, provides that all conflicts of interest should be avoided. Pursuant certain regulations of Securities and Exchange Commission ("SEC"), certain transactions between the issuer and certain related persons need to be disclosed in our filings with the SEC. In addition, certain transactions between the Company and our directors and officers may need to be approved by our Board of Directors or a duly authorized committee of the Board. Finally, SEC rules and standards require our Board to assess whether relationships or transactions exist that may impair the independence of our outside directors.

This Policy is intended to provide guidance and direction on Related Party Transactions.

"Related Party" means any of the following:

- * a director (which term when used herein includes any director nominee),
- * an executive officer,
- * a person known by the Company to be the beneficial owner of more than 5% of the Company's common stock (a "5% stockholder"),
- * or a person known by the Company to be an immediate family member of any of the foregoing. "Immediate family member" means a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such director, executive officer, nominee for director or beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee for director or beneficial owner.

Review and Approval of Related Party Transactions

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.

At each of its meetings, the Committee will be provided with the details of each new, existing or proposed Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, and the benefits to the Company and to the relevant Related Party.

In determining whether to approve a Related Party Transaction, the Committee will consider, among other factors, the following factors to the extent relevant to the Related Party Transaction:

- whether the terms of the Related Party Transaction are fair to the Company and on the same basis as would apply if the transaction did not involve a Related Party;
- whether there are business reasons for the Company to enter into the Related Party Transaction;
- whether the Related Party Transaction would impair the independence of an outside director; and
- whether the Related Party Transaction would present an improper conflict of interests for any director or executive officer of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or Related Party, the direct or indirect nature of the director's, executive officer's or Related Party's interest in the transaction and the

ongoing nature of any proposed relationship, and any other factors the Committee deems relevant.

Any member of the Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction, but may, if so requested by the Chairperson of the Committee, participate in some or all of the Committee's discussions of the Related Party Transaction. Upon completion of its review of the transaction, the Committee may determine to permit or to prohibit the Related Party Transaction.

A Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

Accounting for Inter-company Loans

This provides guidance on how should an interest free or below market rate loan between group companies be accounted for in the separate/ stand-alone financial statements of the lender and the borrower (i) on the initial recognition of the loan; and (ii) during the periods to repayment.

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.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Name of Stockholder of Record	No. of Shares	%
The Wellex Group, Inc.	1, 143, 466, 800	45.757
PCD Nominee Corporation (Filipino)	580, 678, 174	23.236
Silver Green Investment LTD	180, 230, 000	7.212
Chesa Holdings, Inc.	175, 924, 000	7.040
Tybalt Investment LTD	135, 010, 000	5.403

No conflict of interest involved.

(ii) Mechanism

The Company is committed to proactively encouraging its group and employees to demonstrate responsible business behavior and high standards of business conduct. Hence, safety measures were also provided to avoid such. All senior officers are required to disclosed any businesses that they currently have and thus, declaring this through SEC reports. The Company also has independent auditors to objectively solve the issue for the Group. In addition the Company also provided Corporate Internal Auditors, to see whether SOPs' are followed. These auditors conduct quarterly audit or even less.

Family, Commercial and Contractual Relations

(a) Family Relationship

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

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

There is no voting trust holder of 5% or more.

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

There are no other relationships among the officers listed.

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

Name of Stockholder of Record	No. of Shares	%
The Wellex Group, Inc.	1, 143, 466, 800	45.757
PCD Nominee Corporation (Filipino)	580, 678, 174	23.236
Silver Green Investment LTD	180, 230, 000	7.212
Chesa Holdings, Inc.	175, 924, 000	7.040
Tybalt Investment LTD	135, 010, 000	5.403

(c) Shareholder agreements that may impact on the control, ownership and strategic direction of the company.

There are no arrangements that may result in a change in control of the registrant.

6) Alternative Dispute Resolution

This Policy resolution of most disputes. The process may vary depending on the nature or circumstances of the dispute.

Step 1 : Prevention

Conflict avoidance

Open consultation between the parties can help prevent the onset of disputes. Meetings should allow affected parties to explain details, express points of view, confine issues and resolve differences in an atmosphere conducive to conciliation or negotiation.

Early consultation of the Company's development projects with stakeholders may help avoid parties becoming locked into inflexible positions of conflict and prevent their developing into full-scale disputes.

Contract clauses

Mandatory inclusion and incorporation of ADR options and provisions in contracts entered into by the Company will ensure the use of such options and assist in determining whether ADR is appropriate for specific disputes.

Step 2 : Negotiation

Step 3 : Third Party Assistance

>Mediation

>Conciliation

>Expert determination

Step 4 : Third Party Decision through Arbitration

Workplace Conflicts

The Company shall adopt and employ policies that maintain and promote a productive and healthy working environment. Potential disputes shall be identified and settled, at the earliest stage possible and at the lowest possible organizational level before these develop into full blown disputes thus avoiding a formal and adversarial process. Thus, "The Code of Employee Behavior" was created to guide the employees of the company.

Legal Management

The Legal Department shall protect the Company from unnecessary litigation to the best of its ability. Subject to the assent of the other party, it shall incorporate ADR clauses in contracts. In monitoring the Company's legal obligations and rights, it shall review information and cases for possible use of ADR processes at the earliest stage of a conflict as possible and to find appropriate neutrals for the resolution of conflict.

C. BOARD MEETINGS & ATTENDANCE

1) Meetings Schedule

* February 02, 2015

* February 18, 2015

* February 25, 2015

* March 24, 2015

* August 03, 2015

* August 26, 2015

* September 12, 2015

* September 28, 2015

* November 25, 2015

2) Attendance of Directors

Name of Director	Position	Votes Received
Renato B. Magadia	Chairman of the Board	100%
Kenneth T. Gatchalian	President/Director	100%
Elvira A. Ting	Treasurer/Director	100%
Reno I. Magadia	Director	100%
Arthur M. Lopez	Director	100%
Dee Hua T. Gatchalian	Director	100%

Lamberto B. Mercado, Jr.	Director	100%
* Sergio R. Ortiz-Luis, Jr.	Independent Director	100%
* Ruben D. Torres	Independent Director	100%

* Election is held every Annual Stockholders Meeting. For the year 2015, it was conducted on September 12, 2015. * There were 8 scheduled meetings for the year and all directors attended on it.

3) Separate meeting for non-executive directors without the presence of any executive. NONE

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members?

Under Section 24 of the Corporation Code, cumulative voting is allowed in the election of Directors. Thus, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected. In all regular or special meeting of shareholders, majority of the outstanding capital stock must be present to constitute a quorum or else meeting shall be adjourned until requisite amount of stock shall be present.

5) Access to Information

Right to Information

4.1) The Shareholders shall be provided, upon request, with periodic reports which disclose relevant personal and professional information about the directors and officers and certain other matters such as their holdings of the Company's shares dealings with the Company, relationships among the directors and key officers, and the aggregate compensation of directors and officers as required under the pertinent rules of the PSE and the Commission.

4.2) The Minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate purpose in accordance with the By-laws.

4.3) The minority shareholders shall have access to relevant information relating to matters for which the management is accountable for and those relating to matters for which the management shall include such information and if not included, then the majority shareholders shall be allowed to propose to include such matters in the agenda of the stockholder's meeting.

a) Number of days is board papers prepared in advance for board of meetings provided to the board.

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their meetings. They should supply informations on a timely manner. Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members

shall be given independent access to Management and the Corporate Secretary. The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents. The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the Corporation's expense.

b) Do board members have independent access to Management and Corporate Secretary?

Directors should also have a separate and independent access to the Corporate Secretary. The role of the Corporate Secretary should be clearly defined and should include responsibility for ensuring that Board procedures are being followed and that applicable rules and regulations are complied with. The Corporate Secretary should attend all Board meetings.

The Board should have a procedure for disclosures, either individually or as a group in the furtherance of their duties, to take independent professional advice, if necessary, at the corporation's expense.

The Corporate Secretary

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the corporation. He should -

- (i) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation;
- (ii) Be loyal to the mission, vision and objectives of the Corporation;
- (iii) Work fairly and objectively with the Board, Management and stockholders;
- (iv) Have appropriate administrative and interpersonal skills;
- (v) If he is not at the same time the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- (vi) Have a working knowledge of the operations of the Corporation;
- (vii) Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- (viii) Attend all Board meetings, except when justifiable causes such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- (ix) Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- (x) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Manual.

Committee Procedures

Executive

The Board may create an executive committee of such number as the Board shall determine who shall hold office for (1) one year and/ or until their respective successors shall be designated, provided that the majority of the executive committee shall be members of the Board. The Executive committee shall adopt its own rules of procedure and shall keep regular minutes of its proceedings. The executive committee, during the intervals between the meetings of the Board, possess and may exercise powers of the Board which can lawfully delegated in the management and direction of the affairs of the corporation in all cases in which specific directions shall not been given by the Board. All actions by the executive committee shall be reported to the Board at its meeting next succeeding such action, and shall be subject to revision and alteration by the Board, provided that no rights of third parties shall be affected by any such revision or alteration.

Audit Committee

Shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience.

The chair of the Audit Committee shall be an independent director. The Audit Committee shall have the following functions:

- a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk and risk management activities.
- c) Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- d) Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- e) Prior to the commencement of the audit , discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- g) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
- h) Review the reports submitted by the internal and external auditors;

i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting polices and practices
- Major judgment areas
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with tax, legal and regulatory requirements.

j) Coordinate monitor and facilitate compliance with laws and rules and regulations;

k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as external auditor or will pose as a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report;

l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that; in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties. The Board may also organize the following committees:

a) A Nomination Committee, which may be composed of at least three (3) members and one of whom should be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;

b) A Compensation or Remuneration Committee which may be composed of at least three (3) members and one of whom should be an independent director, to establish a formal transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent and the business environment in which it operates.

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

7) Change/s in existing policies

All material information/policies about the Corporation which could adversely affect its viability or the interests of the stockholders shall be publicly and timely disclosed. Such information shall include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.

D. REMUNERATION MATTERS

Remuneration of CEO, Directors and Officers

The levels of remuneration of the Corporation should be sufficient to be able to attract and retain and services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

The Corporation may establish formal and transparent procedures for the development of a policy on executive remuneration or determination remuneration levels for individual directors and officers depending on the particular needs of the Corporation. No director shall participate in deciding his remuneration. The Corporation's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top (4) management officers during the preceding fiscal year.

To protect the funds of the Corporation, the Commission may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

None of the Directors receive compensation for serving as Directors of the Company. The President has no remuneration benefit.

The members of the Board of Director are elected for a term of one year. Director per diem is at a rate of Php8, 000.00 (net of 10% ewt) per board meeting including independent directors. Except for the Chairman and the CEO, Directors, are not entitled to compensation package. Except as herein mentioned, no director received bonuses or profit sharing plans for the years ended 31 December 2015 and December 2014 and December 2013.

The aggregate paid to the (4) four most highly compensated

	Fiscal Year Ending December 31		
	2015	2014	2013
a) Aggregate compensation paid to four most highly compensated executive officers: - estimated	10,912,500.00	9,253,326.63	9,740,343.82
i) Jimmy H. Boyles			
ii) Precilla Toriano			
iii) Maria Socorro Cotelo			
iv) Lanelle Cristina Barba			

b) Aggregate compensation paid to other Officers as a group unnamed - estimated	7,311,564.40	8,245,948.12	7,853,283.92
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Stock Rights, Options, Warrants and Other Benefits

To date WPI has not issued any options or implemented any option scheme to its directors and officers. The Company has no immediate plan with regard to any bonus, profit sharing, pension/retirement plan granting of extension of any option, warrant or right to purchase any securities.

Amendments of Incentive Programs

There was none as to amendments and discontinuation of any incentive programs.

5) REMUNERATION OF MANAGEMENT

Aggregate Compensation paid to the highly compensated executive officers	Principal Position	Total Remuneration
Jimmy H. Boyles	General Manager	10,912,500.00
Precilla Toriano	Corporate Finance Director	
Maria Socorro Cotelo	Corporate Planning Director	
Lanelle Barba	Corporate Peers Resources and	
	Development Director	

B. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Executive has 4 executive directors and 1 independent director.

Audit has 2 executive directors and 1 independent director.

Nomination has 2 executive directors and 1 independent director.

Remuneration has 2 executive directors and 1 independent director.

Its powers, functions and responsibilities were discussed in page 14 and 15.

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Renato B. Magadia	September 12, 2015	9	9	100%	11
Member (ED)	Kenneth T. Gatchalian	September 12, 2015	9	9	100%	14
Member (ED)	Elvira A. Ting	September 12, 2015	9	9	100%	15
Member (ID)	Arthur M. Lopez	September 12, 2015	9	9	100%	15
Member	Lamberto B. Mercado Jr.	September 12, 2015	9	9	100%	12

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Arthur M. Lopez	September 12, 2015	9	9	100%	15
Member (ED)	Dee Hua T. Gatchalian	September 12, 2015	9	9	100%	11
Member (ID)	Sergio R. Ortiz-Luis Jr.	September 12, 2015	9	9	100%	9

Disclose the profile or qualifications of the Audit Committee members.

Sergio R. Ortiz-Luis, Jr.	Director
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He has degrees of Bachelor of Arts and Bachelor of Science in Business Administration from De La Salle University; PhD Humanities from Central Luzon State University, and PhD Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology. He is the President and CEO of Philippine Exporters Confederation, Inc. An Honorary Chairman of Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines as well as Integrated Concepts & Solutions, Inc. He is the Vice Chairman of Alliance Global, Inc., Export Development Council. He is a Director of Manila Exposition Complex, Inc., Lasaltech Academy, Philippine Estate Corporation, BA Securities, Rural Bank of Baguio, PILAK Foundation, and Universal Access Center for Trade and Philippine International Training Corporation. He is a Council Adviser Member of Philippine Foundation, Inc., a Founding Director of International Chamber of Commerce of the Philippines and GS1. He is also a member of the Board of Advisers of Southville International School and Colleges. He is a commissioner of Patrol 117, a Financing Champion of National Competitiveness Council and a Private Sector Representative of Bamboo Council. He is also a Chairman of Rotary Club of Green Meadows Foundation and also a Chairman of Council of Advisers Eastern Police District. He is the Past President of Rotary Club of Green Meadows Quezon City RI District 3780; a Board of Advisers Member of Council of Advisers Philippine National Police, a senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary and a member of the League of Corporate Foundation. He is the Honorary Consul General of Consulate of Romania in the Philippines, a Treasurer of Consular Corps of the Philippines and an Honorary Adviser of International Association of Education for World Peace. Some awards that he received were International Peace Award for Economic Development in 2005, Most Outstanding Citizen of Nueva Ecija in the Field of Business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006 and Presidential Merit Award Medal in 2007. He became an Independent Director of Waterfront Philippines, Inc. since August 2006-present. This 2014, he attended Exporter's Partner in Gearing

the Country for the AEC Markets of the World 2, Technology Innovation and Entrepreneurship as Competitive Strategies PHILAAS 63rd Annual Convention and lastly, Bringing the Buy Pinoy Campaign to the Next Level.

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

Arthur M. Lopez	Director
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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 Jin Jiang Inn Ortigas, Jin Jiang Inn Makati, Hotel 101 Manila, Injap Tower Iloilo, Hotel 101 Fort; Hotel Advisor/Director Bellevue Hotel and the B Hotel and the Bellevue Bohol Resort in Panglao, Hotel Advisor of Cathay International Resources Corp., Hotel Technical Services Adviser and Management Consultant of Hotel of Asia Inc. 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. He was the Management and Technical Services Consultant of Federal Land's Grand Hyatt Manila project and assisted in the negotiation of the management and technical services agreement with Hyatt Hotels. Pre-opening Management and Technical Services Consultant Bloomberry Casino Hotels and Resorts/Solaire Hotel and Casino. He was elected as Chairman of Acesite (Phil's.) Hotel Corp., since 2004-present. He is 69 years old and a Masters Degree holder in Business Administration from the University of Santo Tomas. He's been a director of Waterfront Philippines, Inc. since October 2000-present. In 21st September 2013, he received the Certificate of Recognition in the Field of Business Management BSC Management 1968, "in grateful appreciation for giving pride, honor and prestige to UST College Alumni Foundation as well as living the true Thomasian legacy". He was one of the UST Commerce Outstanding Alumni 2013 in the field of Business Management given in 19th September 2013. This was in recognition of his having shown professional excellence, exemplary moral and Christian conduct in his chosen field, living the true Thomasian legacy. On 2014, he attended the basic course on Corporate Good Governance.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Arthur M. Lopez	September 12, 2015	9	9	100%	15
Member (ED)	Lamberto B. Mercado Jr.	September 12, 2015	9	9	100%	12
Member (ID)	Ruben D. Torres	September 12, 2015	9	9	100%	9

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Arthur M. Lopez	September 12, 2015	9	9	100%	15
Member (ED)	Renato B. Magadia	September 12, 2015	9	9	100%	11
Member (ED)	Kenneth T. Gatchalian	September 12, 2015	9	9	100%	14

(e) Others (Specify)

NONE

3) Changes in Committee Members

No changes in committee membership that occurred during the year.

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Appointment of External Auditors

The board will recommend KPMG R.G. Manabat and Co. , as the Corporate External Auditor for the year 2015.

Appointment of External Counsel

For the year 2015 the board will recommend Corporate Counsels, Philippines as the Legal Counsel of the Company.

Ratification of the acts of the Board of Directors and Management Acts of Management and resolutions of the Board including:

- To appoint and constitute BOD Trust and Investment Group as our Stock Transfer Agent to issue shares of the company in scrip less or uncertificated form in accordance with Section 43 of the Securities Regulation Code and to link our database to the EDR(Electronic Direct Registration) system of Pastra Net. Inc.
- Renewal of licenses with government agencies/offices and other contracts and designation of the authorized signatories.
- All other administrative matters concerning Waterfront Philippines, Inc..

5) Committee Program

C. RISK MANAGEMENT SYSTEM

1) Background

Risk Management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risks can come from uncertainty in financial markets, project failures (at any phase in design,

development, production, or sustainment life-cycles), legal liabilities, credit risk, accidents, natural causes and disasters as well as deliberate attack from an adversary, or events of uncertain or unpredictable root-cause.

The strategies to manage risk typically include transferring the risk to another party, avoiding the risk, reducing the negative effect or probability of the risk, or even accepting some or all of the potential or actual consequences of a particular risk. Certain aspects of many of the risk management standards have come under criticism for having no measurable improvement on risk, whether the confidence in estimates and decisions seem to increase.

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.

The Group's management reviews and approves policies for managing each of these risks as often as possible or yearly.

2) Risk Policy and Control Set Up

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Purpose

The Company recognizes the importance of managing risk in the business to sustain growth.

The purpose of this policy is to ensure that:

- (i) appropriate systems are in place to identify the material risks facing the Company;
- (ii) the potential financial impact of identified risks is ascertained;
- (iii) appropriate controls and strategies are adopted to manage exposure to those risks;
- (iv) appropriate responsibilities are delegated to control identified risks effectively;
- (v) any material changes to the Company's risk profile are disclosed in accordance with the Company's continuous disclosure policy.

2. Responsibility & Accountability

Board

The Board is responsible for the management of risk in the Company. The Board will report annually to the market that management has reported on the Company's management of risk.

Audit Committee

The Audit, Compliance and Risk Management Committee provides assistance to the Board in fulfilling its risk management responsibilities as set out in the Committee Charter.

Managing Director

The Managing Director is required and is delegated authority by the Board to:

- (i) design and implement a risk management and internal control system to manage the Company's material business risks;
- (ii) review and approve the risk profile of the Company;
- (iii) review and approve the controls and strategies implemented for the management of identified risks;
- (iv) allocate 'risk owners' to implement controls and strategies;
- (v) require reporting by 'risk owners' on the performance of controls and strategies to manage risks;
- (vi) review annually the Company's financial capacity to absorb risk and approving appropriate exposure limits;
- (vii) report to the Board on whether risks are being managed effectively. The Managing Director is accountable to the Board, through regular reporting to the Audit Committee and the Board.

Risk Owners are accountable to the Managing Director for:

- (i) the development, implementation, maintenance and review of appropriate controls and strategies to manage allocated risks;
- (ii) reporting to the Managing Director on controls and strategies.

Risk Management

Is accountable to the Managing Director to facilitate and co-ordinate risk management activities by Risk Owners.

Employees

All employees are responsible for taking all reasonable and practicable steps to perform their responsibilities delegated under this policy and related procedures.

Key risks

The key risks currently under management by the Company in accordance with this Policy and the RM Framework are as follows:

- (i) Professional Liability.
- (ii) Law Reform- the Company is exposed to regulatory reform its practice areas and as an incorporated legal practice.
- (iii) Acquisition & Growth- there is a risk that the Company may not achieve its strategic objectives to grow the business through acquisitions and diversification and expansion of practice areas, alternatively such growth objectives may not realize the forecast profits.
- (iv) Recruitment & Retention- there is a risk that the Company may not be able to recruit or retain suitably qualified or experienced people to achieve strategic objectives.
- (v) Competition- there is a risk that the Company will not be in a position to continue to compete effectively with current or future competitors.
- (vi) Reputation & Intellectual Property- there is a risk that the Company's reputation may for providing high quality legal services and access to justice for clients may be damaged. There is a risk of unauthorized use of the Company's intellectual property.
- (vii) Information Systems and Operational Risk- there is a risk that of catastrophic information system failure or other operational failure or malfunction.
- (viii) Employee Misconduct.
- (ix) Governance Failure.
- (x) Economic Risk, Market Conditions, Liquidity and Investment Returns.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

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 non-current 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 non-trade 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 a sufficient working capital inflow to match repayments of short-term debt.

Market Risk

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

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.

Foreign Currency Risk

Currency risk arises when transactions are denominated in foreign currencies.

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.

(c) Minority Shareholders**Stockholders' Rights and Protection of Minority Stockholders' Interests**

A) The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:

- (i) Right to vote on all matters that require their consent or approval;
- (ii) Pre-emptive right to all stock issuances of the Corporation;
- (iii) Right to inspect corporate books and records;
- (iv) Right to information;
- (v) Right to dividends; and
- (vi) Appraisal right.

B) The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the bylaws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.

D. INTERNAL AUDIT AND CONTROL

1) Internal Control System

There are many definitions of internal control, as it affects the various constituencies of an organization in various ways and at different levels of aggregation.

Under the COSO Internal Control-Integrated Framework, a widely-used framework in not only the United States but around the world, internal control is broadly defined as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

a) Effectiveness and efficiency of operations; b) Reliability of financial reporting; and c) Compliance with laws and regulations.

Internal control as having five components:

1. **Control Environment**-sets the tone for the organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control.
2. **Risk Assessment**-the identification and analysis of relevant risks to the achievement of objectives, forming a basis for how the risks should be managed
3. **Information and Communication**-systems or processes that support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities
4. **Control Activities**-the policies and procedures that help ensure management directives are carried out.
5. **Monitoring**-processes used to assess the quality of internal control performance over time.. Discrete control procedures or controls are defined by the SEC as: "...a specific set of policies, procedures, and activities designed to meet an objective. A control may exist within a designated function or activity in a process. A control's impact...may be entity-wide or specific to an account balance, class of transactions or application. Controls have unique characteristics. Controls within a process may consist of financial reporting controls and operational controls (that is, those designed to achieve operational objectives).

More generally, setting objectives, budgets, plans and other expectations establish criteria for control. Control itself exists to keep performance or a state of affairs within what is expected, allowed or accepted. Control built within a process is internal in nature. It takes place with a combination of interrelated components – such as social environment effecting behavior of employees, information necessary in control, and policies and procedures. Internal control structure is a plan determining how internal control consists of these elements.

The concepts of corporate governance also heavily rely on the necessity of internal controls. Internal controls help ensure that processes operate as designed and that risk responses (risk treatments) in risk management are carried out. In addition, there needs to be in place circumstances ensuring that the aforementioned procedures will be performed as intended: right attitudes, integrity and competence, and monitoring by managers.

The Group's management reviews and approves policies for managing each of these risks as often as possible or yearly.

2) Internal Audit

Role, Scope and Internal Audit Function

Everyone in an organization has responsibility for internal control to some extent. Virtually all employees produce information used in the internal control system or take other actions needed

to affect control. Also, all personnel should be responsible for communicating upward problems in operations, noncompliance with the code of conduct, or other policy violations or illegal actions. Each major entity in corporate governance has a particular role to play:

Management: The Chief Executive Officer (the top manager) of the organization has overall responsibility for designing and implementing effective internal control. More than any other individual, the chief executive sets the "tone at the top" that affects integrity and ethics and other factors of a positive control environment. The chief executive fulfills this duty by providing leadership and direction to senior managers and reviewing the way they're controlling the business. Senior managers, in turn, assign responsibility for establishment of more specific internal control policies and procedures to personnel responsible for the unit's functions. In a smaller entity, the influence of the chief executive, often an owner-manager, is usually more direct. In any event, in a cascading responsibility, a manager is effectively a chief executive of his or her sphere of responsibility. Of particular significance are financial officers and their staffs, whose control activities cut across, as well as up and down, the operating and other units of an enterprise.

Board of Directors: Management is accountable to the board of directors, which provides governance, guidance and oversight. Effective board members are objective, capable and inquisitive. They also have knowledge of the entity's activities and environment, and commit the time necessary to fulfill their board responsibilities. Management may be in a position to override controls and ignore or stifle communications from subordinates, enabling a dishonest management which intentionally misrepresents results to cover its tracks. A strong, active board, particularly when coupled with effective upward communications channels and capable financial, legal and internal audit functions, is often best able to identify and correct such a problem.

Auditors: The internal auditors and external auditors of the organization also measure the effectiveness of internal control through their efforts. They assess whether the controls are properly designed, implemented and working effectively, and make recommendations on how to improve internal control. They may also review Information technology controls, which relate to the IT systems of the organization. There are laws and regulations on internal control related to financial reporting in a number of jurisdictions. To provide reasonable assurance that internal controls involved in the financial reporting process are effective, they are tested by the external auditor (the organization's public accountants), who are required to opine on the internal controls of the company and the reliability of its financial reporting.

Audit Committee: The role and the responsibilities of the audit committee, in general terms, are to:

- (a) Discuss with management, internal and external auditors and major stakeholders the quality and adequacy of the organization's internal controls system and risk management process, and their effectiveness and outcomes, and meet regularly and privately with the Director of Internal Audit;
- (b) Review and discuss with management and the external auditors and approve the audited financial statements of the organization and make a recommendation regarding inclusion of those financial statements in any public filing. Also review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet issues in the organization's financial statements;
- (c) Review and discuss with management the types of information to be disclosed and the types of presentations to be made with respect to the Company's earning press release and financial information and earnings guidance provided to analysts and rating agencies;

- (d) Confirm the scope of audits to be performed by the external and internal auditors, monitor progress and review results and review fees and expenses. Review significant findings or unsatisfactory internal audit reports, or audit problems or difficulties encountered by the external independent auditor. Monitor management's response to all audit findings;
- (e) Manage complaints concerning accounting, internal accounting controls or auditing matters;
- (f) Receive regular reports from the Chief Executive Officer, Chief Financial Officer and the Company's other Control Committees regarding deficiencies in the design or operation of internal controls and any fraud that involves management or other employees with a significant role in internal controls; and
- (g) Support management in resolving conflicts of interest. Monitor the adequacy of the organization's internal controls and ensure that all fraud cases are acted upon.

Personnel Benefits Committee: The role and the responsibilities of the personnel benefits, in general terms, are to:

- (a) Approve and oversee administration of the Company's Executive Compensation Program;
- (b) Review and approve specific compensation matters for the Chief Executive Officer, Chief Operating Officer (if applicable), Chief Financial Officer, General Counsel, Senior Human Resources Officer, Treasurer, Director, Corporate Relations and Management, and Company Directors;
- (c) Review, as appropriate, any changes to compensation matters for the officers listed above with the Board; and (d) Review and monitor all human-resource related performance and compliance activities and reports, including the performance management system. They also ensure that benefit-related performance measures are properly used by the management of the organization.

Operating Staff: All staff members should be responsible for reporting problems of operations, monitoring and improving their performance, and monitoring non-compliance with the corporate policies and various professional codes, or violations of policies, standards, practices and procedures. Their particular responsibilities should be documented in their individual personnel files. In performance management activities they take part in all compliance and performance data collection and processing activities as they are part of various organizational units and may also be responsible for various compliance and operational-related activities of the organization.

Staff and junior managers may be involved in evaluating the controls within their own organizational unit using a control self-assessment.

(a) Audit Control Policies and Procedures

Duties and Responsibilities of the Audit Committee

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

throughout the Company through a step-by-step procedures and policies handbook that will be used by the entire organization.

The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the Corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Management shall provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders. Management shall formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- (i) The extent of its responsibility in the preparation of the financial statements of the Corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- (ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation should be maintained;
- (iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
- (iv) The Corporation should consistently comply with the financial reporting requirements of the Commission;
- (v) The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards. The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the Corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the Corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Corporation to the external auditor before its submission.

If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

Independent Public Accountants

The external auditor of Waterfront Philippines, Inc. (WPI) for the most recently completed calendar year ending December 2015 is KPMG R.G. Manabat and Co., under Mr. Tireso Randy F. Lapidez, Partner in-charge, and they are being recommended by the board of directors for the approval of stockholders for this coming year. The firm also audited the Company's previous calendar year.

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

(b) Mechanisms and Safeguards

The quality of the audit opinion is a vital element in maintaining confidence in financial reporting. A key element is that the audit opinion should be free from bias. If the auditors are to achieve this, they must be objective in reaching their opinion. This requires independence of mind from the company being audited. In addition, particularly in respect of listed and other public interest companies, they need to consider external perception of independence.

The approach places the onus on the auditor to consider the particular circumstances and assess whether safeguards can be implemented to reduce threats to independence to an acceptable level. Accordingly, oversight by the audit committee takes on added importance.

In broad outline the approach consists of three elements:

- **fundamental principles** – principles which must always be observed by the auditor: integrity, objectivity, competence, performance and courtesy. The key fundamental principle in the case of auditor independence is objectivity;
- **identification and consideration of the threats to independence** – the auditor must conscientiously consider, before taking on audit or other work, whether the work involves threats which would impede observance of the fundamental principles. Actual threats need to be considered, and so do situations that might be perceived as threats by a reasonable and informed observer even if they are not actual threats; and.
- **consideration of safeguards** – where threats to independence exist, the auditor must put in place safeguards that eliminate them or reduce them to clearly insignificant levels. If unable to implement fully adequate safeguards, the auditor must not carry out the work.

The provision of non-audit services will often result in the audit team obtaining information regarding the audit client's business and operations that is helpful in relation to the audit engagement. The greater the knowledge of the audit client's business, the better the audit team will understand the audit client's procedures and controls, and the business and financial risks that it faces. The provision of such services may, however, create threats to the

independence of the firm, a member of the audit firm's network (network firm) or the members of the audit team, particularly with respect to perceived threats to independence. Consequently, it is necessary to evaluate the significance of any threat created by the provision of such services. In some cases, it may be possible to eliminate or reduce the threat created by application of safeguards. In other cases, no safeguards are available to reduce the threat to an acceptable level.

In general terms, the aim of guidance in this area is to ensure that in providing a nonaudit service, external auditors do not:

- audit their own work;
- make management decisions for the company;
- create a mutuality of interest; or
- find themselves in the role of advocate for the company

During the audit, management requests and receives significant input regarding such matters as accounting principles and financial statement disclosure, the appropriateness of controls and the methods used in determining the stated amounts of assets and liabilities. Technical assistance of this nature is appropriate to promote the fair presentation of the financial statements. Similarly, the audit process may involve assisting an audit client in resolving account reconciliation problems, analyzing and accumulating information for regulatory reporting, providing assistance and advice in respect of the preparation of consolidated financial statements (provided this does not involve origination of transactions), suggesting disclosure items, proposing adjusting journal entries and providing assistance and advice in the preparation of local statutory accounts of subsidiary entities. These services are considered to be a normal part of the audit process and do not, under normal circumstances, threaten independence provided management takes the decisions.

In general, where auditors provide assistance relating to the accounting records or financial statements provided they do not take management decisions, the threats can be reduced to an acceptable level through the application of safeguards. However, due to the perception of auditor involvement in this area, the rules make a distinction on listed interest clients:

Audit clients that are listed or other public interest entities

Because of the greater importance of the perceived threat to auditor independence with such entities, with limited exceptions an audit firm should not provide accounts preparation services to listed or other public interest entities which are audit clients.

The guidance allows the provision of such services only where they fall within the normal statutory audit mandate, or where there is a genuine emergency situation. In addition, work of a technical, mechanical or informative nature may be undertaken for subsidiaries if the fees earned from the services are immaterial. All services are subject to the general prohibition on taking management decisions.

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Article 9: Commitment to Good Corporate Governance

The Corporations shall establish and implement their corporate governance rules in

accordance with the Code of Corporate Governance. The rules shall be embodied in a manual that can be used as reference by the members of the Board and Management. The manual should be submitted to the Commission for its evaluation to enable the Commission to determine its compliance with the Code of Corporate Governance taking into consideration the nature, size and scope of the business of the Corporation. The manual shall be made available for inspection by any shareholder at reasonable hours on business days.

The Chairman and the CEO attest to the company's full compliance with Securities and Exchange Commission and in addition, proper instruction are delegated to senior management and employees for their guidance and reference.

E. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

Customer welfare - Refers to the individual benefits derived from the consumption of goods and services. In theory, individual welfare is defined by an individual's own assessment of his/her satisfaction, given prices and income. Exact measurement of consumer welfare therefore requires information about individual preferences. As a hotel industry, excellent service must be given to clients as well as satisfaction. In order to be updated with the things that the hotel has to improve including the services, the hotel incorporated the "Guest Comment Services". This will lead the team to innovate, develop rooms and improve services.

Supplier/contractor selection practice - All suppliers of the company undergoes an accreditation process before any transaction is made with said supplier. The supplier must submit all necessary documents and comply with the company's rules and regulations. This will serve as guidelines to

(a)ensure that all properties have the same accredited suppliers for all standard hotel amenities, (b)ensure good buy/price of supplies through volume purchases and (c) to ensure good supply, quantity and quality-wise of goods and services.

Environmentally friendly value-chain - Aside from gaining profit, the company is also concern about the environment. The company makes sure that we have proper segregation of garbage and proper disposal at the same time.

Community interaction - The company makes it possible to reach the community as a sort of givingback and spirit of sharing. Yearly, the company conducted feeding to less fortunate or giving bundles of joy.

Anti-corruption programmes and procedures - This was design to make sure that all peers are under one goal. Anti corruption programs and procedures are discussed earlier. Aside from quarterly audit on standard operating procedures if being followed, the company also adds whistle blowing.

Safeguarding creditor's rights - It is the policy of the company to ensure that we have proper control over credit granting and receivable and to prevent potential losses. All credit lines granted to clients must be within the contract to protect both parties.

Performance-enhancing mechanisms for employee participation Safety, health and Welfare
To further ensure everybody's safety, a committee has been organized to establish safety procedures and regulations for everyone's protection.

The success of the safety program developed is dependent upon your total cooperation and

participation. Everybody must report any unsafe act or condition to the department head for immediate action. Thus, the company also is providing some safety rules to be observed strictly.

Company's rewards and compensation

The company offers special rewards to employees with proven records of their diligence, reliability, dependability, professional integrity, and for their contributions towards the growth of the company.

Company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour.

The Corporate Internal Auditors are the assigned group to do such audit and send the final reports to designated body. Whenever needed, the Company provides a confidential "whistle blower" hotline or mailbox that employees may use to report any violation of the Company's policies.

Any unethical behavior will be under investigation by the panel and will have to undergo due process.

F. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	% of Class
Common	The Wellex Group, Inc. 22nd Flr Citibank Tower Paseo de Roxas, Makati City <i>TWGI is the holding company and major stockholder of WPL.</i>	The Wellex Group, Inc. 22nd Flr Citibank Tower Paseo de Roxas, Makati City) <i>· Represented by Miss Elvira A. Ting, who is a nominee of said company. Directors & Officers are William T. Gatchalian, Dee Hua T. Gatchalian, Kenneth T. Gatchalian, Arthur R. Ponsaran & Yolanda T. de La Cruz</i>	Filipino	1,143,466,800	45.757
Common	PCD Nominee Corporation (Fil.) 37/F Tower I, The Enterprise Center	Various Clients	Filipino	580,678,174	23.236

	6766 Ayala Ave., Paseo de Roxas, Makati City <i>(PCD Nominee is not related to WPI)</i>				
Common	Silver Green Investments LTD. Commence Overseas LTD. Commence Chambers P.O Box 2200, Road Town Tortola, BVI	As of the date of this definitive report the authorized person to vote is not yet known.	Non Filipino	180,230,000	7.212
Common	Chesa Holding, Inc Unit 401 Joy bldg., No.6 Joy St, Grace Village Brgy. Balingasa	As of the date of this definitive report the authorized person to vote is not yet known.	Filipino	175,924,000	7.04
Common	Tybalt Investment LTD Scotia Ctr 4/F P.O 2804 George Town Grand Cayman Island British West Indies	As of the date of this definitive report the authorized person to vote is not yet known.	Filipino	135,010,000	5.403

There is no voting trust holder of 5% or more.

There are no persons holding a certain class of stocks under a voting trust or similar agreement.

There are also no arrangements that may result in a change in control of the registrant.

2) Does the Annual Report disclose the following:

Key risks	√
Corporate objectives	√
Financial performance indicators	√
Non-financial performance indicators	√
Dividend policy	√
Details of whistle-blowing policy	√
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of	
directors/commissioners	√
Training and/or continuing education programme attended by each	
director/commissioner	√
Number of board of directors/commissioners meetings held during the year	√
Attendance details of each director/commissioner in respect of meetings held	√
Details of remuneration of the CEO and each member of the board of	

directors/commissioners	√
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3) External Auditor's fee

Name of Auditor	Audit Fee	Non-Audit Fee
KPMG R.G. Manabat and Co.	3,685,000.00	OPEX - 15% of Audit Fee

4) Medium of Communication

At Waterfront, we promote open communications at all levels. We use:

a) Notice Boards

- This displays interesting and up-to-date information.

b) Employee Newsletter

- An in-house newsletter will be produced to keep you informed of the happenings in the Waterfront group. The Editorial Committee is responsible for the production of the newsletter and all employees are invited to submit articles, photographs, and any other items of interest for publication.

c) Daily Briefings

- Conducted at the beginning of every duty shift. The purpose of these briefings is to keep you up-dated on urgent and last minute happenings.

d) Divisional/Departmental Meetings

- Respective departments or divisions discuss departmental issues and ensure coordination amongst department heads.

e) General Employee Meeting/ Assembly

- Held once or twice a year where employees and management can discuss and exchange ideas and information on general issues.

f) Open Door Policy

- If you have any personal or work-related problems, you are encouraged to bring these up anytime with your Supervisor or Department Head or Human Resources Manager or General Manager himself.

g) Suggestion Box

- This is for people who find it difficult to talk with Admin.

h) Personal Records

- This is to update your records for emergency purposes.

5) Date of release of audited financial report.

Audited FS shall be released after final meeting has done with the audit client and after all important issues are being tackled but must be before April 15 which is BIR's deadline.

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	√
Financial statements/reports (current and prior years)	√
Materials provided in briefings to analysts and media	√
Shareholding structure	√
Group corporate structure	√
Downloadable annual report	√
Notice of AGM and/or EGM	√

Company's constitution (company's by-laws, memorandum and articles of association)	√

7) Disclosure of RPT

When RPTs are involved, these processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders:

Protection of Minority Stockholders Interests are as follows:

a) Voting Rights

- Right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporate Code.

b) Pre-emptive Right

- All stockholders shall have this right, unless the same is denied in the Articles of Incorporation or an amendment thereto.

c) Power of Inspection

- All stockholders are allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation code and shall be furnished with annual reports, including financial statements, without costs or restrictions.

d) Right to Information

- The minority shareholders shall have access to relevant information relating to matters for which the management is accountable for and those relating to matters for which the management shall include such information and if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of the stockholder's meeting.

e) Right to Dividends

- Shareholders must have the right to receive dividends.

f) Appraisal Right

- Right to dissent and demand payment of the fair value of their shares in the manner provided under Section 82 of the Corporation code.

It shall be the duty of the directors to promote shareholders rights, remove impediments to the Exercise of the shareholder's rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholder's voting right and solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meeting and/or voting in person.

G. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Stockholders representing more than 2/3 of the issued and outstanding stock of the Corporation
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	A pyramid certification system Has been established, based on the identification of the persons responsible for each business and corporate function at each
Description	subsidiary, who certify the information on their respective areas of responsibility prior to the overall certification performed by the Chairman & chief executive officer, the chief operating officer, and the director of Administration and Control.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

All rights of the stockholders' laid down in the Corporation Code must be exercise in any meetings may it be annual or special.

Dividends

The right to dividends has always been in mind of the Company but since 2004 no dividends have been issued due to financial status of the Company.

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings. The shareholders had been granted the right to propose the holding of a meeting, right to propose items in the agenda, but to date none has been communicated to the management of the Company regarding such proposals.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

Prior to Annual Stockholders' Meeting, notices and definitive reports will be distributed to all stockholders for them to be guided during the meeting. All questions are also entertained during the meeting and can be addressed directly to the Chairman or CEO.

a. Date of sending out notices:

August 20, 2015 - Distribution of notice of stockholders' meeting, definitive information statement, proxy form and management report which is at least fifteen (15) business days from the date of the annual stockholders' meeting (SRC Rule 20.3, C iv) and at least two (2) weeks prior to the annual stockholders' meeting (Art. II, Sec. 4, By-laws).

b. Date of the Annual/Special Stockholders' Meeting:

September 12, 2015

State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

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

During the meeting, no significant questions being raised by the stockholders and minority.

Results of Annual Stockholder's Meeting.

The President, Mr. Kenneth T. Gatchalian, reported on the highlights of the Company's financial and operational performance for the year 2013, as reflected in the Annual Report, the Audited Financial Statements and the Information Statement, copies of which have been earlier given to the stockholders. Mr. Gatchalian presented the highlights of the performance of the various Waterfront Hotels for the year 2013, to wit: He said that Philippine tourist arrivals are consistent with the overall worldwide trend, which shows a renewed interest in travel despite a recovering but relatively slow global economy. According to the Department of Tourism (DOT) record, nearly 4.7 million tourists visited the country in 2013. The figure is up by 9.56% from 2012. South Koreans accounted for 25% of tourist arrivals, making them the top international source market, next overall to local guests. Japan and China followed closely. However, there was a notable decline in Taiwanese arrivals, which dropped 35% due to the Taipei-Manila conflict over a Taiwanese fisherman who was shot in Philippine waters. In 2013, the prevailing lack of resolution over the hostage-taking incident in Manila resulted in continuing negative press from the Hong Kong government, with diplomatic tensions signaling an all-time high when Hong Kong threatened to ban Philippine government officials' passports. The year also heralded heightened tensions in the West Philippine Sea, with China's territorial claims causing instability in the region. The Greater China Region (China-Hong Kong-Taiwan) used to be one of the main feeder markets (ranked second), but political and territorial disputes have hampered access to this market.

The Company is therefore approaching the current business climate with cautious optimism. The GDP and tourism numbers are up, but it is too soon to tell whether this new positive growth is sustainable. It has yet to reflect encouraging developments. Despite the challenges in 2013, the Company's performance remains steady. Gross revenue is at PhP1.98 billion. Because of cost-efficiency measures, the Company was able to reduce costs and expenses to 4% from PhP1.52 billion in 2012 to PhP1.46 billion in 2013; thus, giving the Group to edge out a greater GOP compared to last year, up 9% from PhP476.06 million to PhP517.6 million. On October 15, 2013, the group suffered damages on property and equipment due to the 7.2 magnitude earthquake. These losses were recognized for both Waterfront Cebu City Hotel & Casino and Waterfront Airport Hotel & Casino resulting to a net loss of PhP65.33 million versus last year's net income of PhP9.01 million. Consolidated room revenue is at PhP 548.22 million this year, comprising 28% of hotel gross revenue. Average occupancy is at 56% with group average room rate at PhP2361, an increase of 11% from 2012's ARR of PhP2,131, revenue per available room (RevPAR) is at PhP 1,308 this year. F&B revenue is at PhP499.75 million. Positively, there has been an overall growth of 13% in consolidated rent income across all properties, from PhP777.98 million in 2012 to PhP882.79 million in 2013. Waterfront Cebu City Hotel and Casino accounts for 40% of total revenues this year, while Manila Pavilion Hotel brings in a 29% share. Waterfront Airport Casino and Hotel generates 16% of revenue; Waterfront Insular Hotel Davao provides 8% and G Hotel brings in 2%. Moving forward, the Company will continue to use proven strategies to increase performance. It will continue to enhance its product in order to boost guest satisfaction.

Overall GSI this year is 4.41 (out of 5; 5 being the highest rating), considered a "high good" rating in the industry. The recently renovated Waterfront Cebu City Hotel & Casino lobby is delivering positive results: food covers increased by 4.86%; Lobby Lounge revenue is up by 28.28% and the average check has jumped by 22.33%. The biggest product improvement in 2013 is the Manila Pavilion Hotel (MPH) renovation. MPH has just completed the next phase of its PhP500 million project, which is the renovation of the Deluxe Rooms. Along with the refreshed Ambassador Club Rooms and Suites, Executive Suites and Premier Rooms and Suites, the Deluxe

category adds to the new look and feel of the hotel, contributing significantly to guest satisfaction and allowing it to be more competitive in the Manila Bay area. Currently, the renovated rooms and suites, all redesigned by internationally acclaimed architect Sonia Santiago-Olivares, make up 50% of the total room inventory at MPH. With better design and amenities in the MPH property, it will be able to charge more per room and therefore increase revenue. The Company expects the rise in revenue to be reflected in the following year, but it is already beginning to express a significant trend in the 2013 figures. Average Room Rate (ARR) made the biggest leap in the group with a 49% growth rate, from PhP1,447 in 2012 to PhP2,159 in 2013. RevPAR is up by 31%, from PhP730 in 2012 to PhP958 in 2013. The third phase of the MPH renovation program which started in June 2014 has a total project cost of PhP152 million. This time the renovation will involve the Superior Rooms and banquet facilities, to be designed by the prestigious A. Ilustre and Associates architectural firm.

On the soft side, WPI continues to train the Peers according to the highest standards. This is done nationwide and across all properties. The group achieved a Training Index of 122.35 hours per person for 2013, exceeding the target of 70 hours per person by 75%.

The Company constantly finds ways to streamline costs. It focuses on its largest cost centers, manpower and electricity cost. The most recent improvement is the acquisition of brand new state-of-the-art chillers from Cofely International. The old chillers were inefficient with 50% energy wastage. The new chillers are 100% energy efficient, releasing commensurate output with very little wastage. This tremendous increase in energy efficiency is certain to produce big savings.

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

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

In the coming years, the Company will maintain its lead and harness its online potential by revamping its webpage, adding more capabilities to it and by enhancing its online web sweep. The Company is planning to innovate by introducing new online products, and ways to reach its customer through the web. The Company believes that as the world gets more connected it can harness the potential of technologically enhanced service systems. The online and offline systems must become more integrated and efficient so they are able to properly interact with the market and become more profitable through innovation and efficiency.

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

After clarifications made on various matters raised from the floor, the stockholders, on motion duly made and seconded, approved the 2013 Annual Report and the accompanying Audited Financial Statements of the Corporation as of December 31, 2013.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The stockholders present or represented were furnished with copies of the minutes of the annual stockholders' meeting held on September 12, 2015. On motion duly made and seconded, the stockholders approved the minutes of the annual stockholders' meeting held on September 12, 2015

REPORT TO THE STOCKHOLDERS

The President, Mr. Kenneth T. Gatchalian, reported on the highlights of the Company's financial and operational performance for the year 2014, as reflected in the Annual Report, the

RATIFICATION OF THE ACTS OF THE BOARD AND MANAGEMENT

The Chairman asked for the approval and ratification the approval and ratification of the acts of the Board and Management for the year ended December 31, 2014 as well as the contracts and transactions entered into by the Corporation for the same period.

On motion duly made and seconded, the stockholders unanimously approved the following resolution:

"RESOLVED, That all acts of the Board of Directors and Management for the year ended December 31, 2014 as well as contracts and transactions entered into by the Corporation for the same period, all as reflected in the minutes of the meetings of the Board of Directors and the board committees, the Annual Report and the Financial Statements, be approved and ratified."

ELECTION OF DIRECTORS

Proceeding with the agenda, the Chairman entertained nominations for directors to serve for the term 2014-2015. The following were nominated and elected directors:

Mr. Renato B. Magadia
Mrs. Dee Hua Gatchalian
Mr. Kenneth T. Gatchalian
Mr. Reno Magadia
Atty. Lamberto B. Mercado, Jr
Ms. Elvira A. Ting
Mr. Arthur M. Lopez - Independent Director
Mr. Sergio R. Ortiz-Luis, Jr. - Independent Director
Atty. Ruben D. Torres - Independent Director

APPOINTMENT OF EXTERNAL AUDITOR

The Chairman informed the stockholders that the next item in the agenda was the designation of the Corporation's external auditor. Upon motion duly made and seconded, the following resolution was approved:

"RESOLVED, that the accounting firm of KPMG R.G. Manabat & Co. is hereby designated as the Corporation's external auditors for the year 2014-2015."

APPOINTMENT OF EXTERNAL COUNSEL

On motion duly made and seconded, the following resolution was approved:

“RESOLVED, that Corporate Counsels, Philippines Law Offices and Gancayco, Balasbas Law Offices be, as they are hereby, designated external counsel of the Corporation.”

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders’ Meeting regulations during the most recent year and the reason for such modification:

The Chairman said the next item in the agenda is the approval of the amendment of the Articles of Incorporation, more specifically the amendment of Article THIRD concerning the specific principal office address of the Corporation from “Cebu City, Philippines” to “No. 1 Waterfront Drive Off Salinas Drive, Lahug, Cebu City, Philippines”.

On motion duly made and seconded, the stockholders, representing at least two thirds of the total issued and outstanding capital stock of the Corporation, approved the following resolution:

“RESOLVED, that Article THIRD of the Articles of Incorporation of the Corporation be amended to read as follows:

“THIRD: The place where the principal office of the Corporation is to be established is at No. 1 Waterfront Drive Off Salinas Drive, Lahug, Cebu City, Philippines”.

(f) Stockholders’ Attendance

(i) Details of Attendance in the Annual and Special Stockholders’ Meeting Held:

Type of Meeting	Names of Board Members / Officers Present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH Attendance
Annual	Renato B. Magadia Kenneth T. Gatchalian Elvira A. Ting Reno I. Magadia Arthur M. Lopez Dee Hua T. Gatchalian Lamberto B. Mercado, Jr. * Sergio R. Ortiz-Luis, Jr. * Ruben D. Torres	September 12, 2015	By Hands	18%	None	100%
Special	Renato B. Magadia Kenneth T. Gatchalian Elvira A. Ting Reno I. Magadia Arthur M. Lopez Dee Hua T. Gatchalian Lamberto B. Mercado, Jr.	February 02, 2015 February 18, 2015 February 25, 2015 March 24, 2015 August 03, 2015 August 26, 2015 September 12, 2015	By Hands	100%	None	100%

	* Sergio R. Ortiz-Luis, Jr.	September 28, 2015				
	* Ruben D. Torres	November 25, 2015				

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

The Assistant Corporate Secretary does the responsibility

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

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

(g) Proxy Voting Policies

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

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting. Distribution of notice of stockholders' meeting, definitive information statement, proxy form and management report which is at least fifteen (15) business days from the date of the annual stockholders' meeting (SRC Rule 20. 3, C iv) and at least two (2) weeks prior to the annual stockholders' meeting (Art. II, Sec. 4, By-laws).

Notices for regular or special meetings of shareholders may be sent by the Secretary by personal delivery or by mailing the notice two (2) weeks prior to the date of the meeting to each shareholder of record at his last known post office address or by publishing the notice in the newspaper of national circulation. The notice must contain the necessary details or purposes for which the meeting is called.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	468
Date of Actual Distribution of Definitive Information Statement and Management	

Report and Other Materials held by market participants/certain beneficial owners	August 20,2015
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	August 20, 2015
State whether CD format or hard copies were distributed	CD
If yes, indicate whether requesting stockholders were provided hard copies	Complied

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	√
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	√
The auditors to be appointed or re-appointed.	√
An explanation of the dividend policy, if any dividend is to be declared.	√
The amount payable for final dividends.	√
Documents required for proxy vote.	√

H. INVESTORS RELATIONS PROGRAM

Communication activities will seek to leverage the company's extensive experience, expertise, and knowledge products so that they have greater impact. Recognition for these contributions will help position the Group as a key reference point for perspectives on Philippine development issues and support its leadership role. Communication activities will be geared towards increasing awareness (i) of financial, technical and intellectual soundness; (ii) its contribution to development in the country.

Visibility without credibility, however, will not enhance the company's reputation, and care will need to be taken to ensure that communication is soundly based on evidence and results. Communications will also need to address identified misperceptions about the company. Communication will therefore need to carefully segment and target messages.

Internal Communications

- Meetings, speeches, management meetings, messages to staff and memoranda to staff;
- Notices and all mediums stated at employees handbook., which serves as the central platform for disseminating information to staff.
- E-Marketing which is all over lobby area.

External Communication

External communication activities have also expanded in recent years, as management has considered it important to increase awareness of the company's activities among key stakeholders.

These target groups have included regional and non-regional member country government authorities, investors, the private sector, grassroots communities, civil society organizations, universities, researchers, and the media, as well as the general public.

The main products include:

- The external website,
- Press releases
- Publications, provides support regarding graphic design, layout, printing, promotion, information disclosure registration.
- Media relations, in particular, in support of presidential speeches and major events.

Mergers, Consolidations, Acquisitions and Similar Matters

As of 2015, Waterfront Philippines, Inc. has no plans to merge, and consolidate with other company, to acquire other company's securities, to acquire any other going business or of the assets thereof, to sell or transfer any substantial part of its assets and to liquidate or dissolve the Company.

I. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Apart from the financial side and operational, the Company also creates programs to respond to social needs. Partaking in Earth hour, feeding to our least fortunate neighbors, bundles of joy and even reaching out to fellow Filipinos under state of calamity. Religious activities were also inculcated to enriched spiritual needs.

J. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

CEO Evaluation

The Compensation/Human Resources Committee of the Board annually evaluates the performance of the CEO. The Corporate Governance/ Nominating Committee make recommendations to the Board with respect to CEO succession.

The Corporate Governance/Nominating Committee is also responsible to ensure that processes are in place for management development and succession.

Annual Performance Evaluation of the Board

The Board annually conducts a self-evaluation using a process approved by the Corporate Governance/Nominating Committee. The Audit, Corporate Governance/Nominating, Compensation/ Human Resources and Finance Committees are each required by their written charters to conduct annual self-evaluations.

K. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees.

To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's directors, officers staff, in case of violation of the provision of this Manual:


- **Minor violation-** written reprimand on the violator up to suspension for the office: the duration of the suspension shall depend on the gravity of the violation.
- **Major violation-**suspend from office up to maximum penalty of removal from office..


A major violation of this Manual by any member of the board of the Corporation shall be sufficient from removal from leadership.

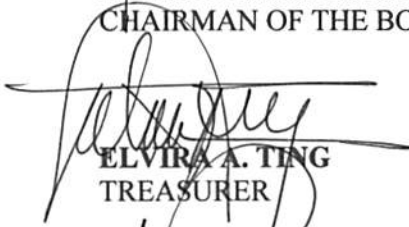
The compliance officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the impossible penalty for such violation, for further review and approval of the Board.

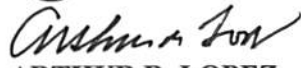
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 2016.

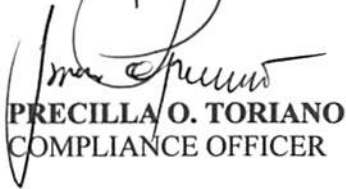
SIGNATURES


RENATO B. MAGADIA
 CHAIRMAN OF THE BOARD


KENNETH T. GATCHALIAN
 PRESIDENT


ELVIRA A. TING
 TREASURER


ARTHUR R. LOPEZ
 INDEPENDENT DIRECTOR



PRECILLA O. TORIANO
 COMPLIANCE OFFICER

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2016, affiant(s) exhibiting to me their _____, as follows:

APR 28 2016

NAME	NO.	DATE OF ISSUE	PLACE OF ISSUE
Renato B. Magadia	05064644	January 06, 2016	Makati City
Kenneth T. Gatchalian	09685279	January 14, 2016	Valenzuela City
Elvira A. Ting	09685065	January 11, 2016	Valenzuela City
Precilla O. Toriano	02266374	February 04, 2016	Cebu City
Arthur R. Lopez	05062747	January 05, 2016	Makati City

DOC. NO. 367
 PAGE NO. 74
 BOOK NO. IV
 SERIES 2016


ATTY. ALYSHA GRACE M. ZULUETA
 NOTARY PUBLIC - MANILA
 COMM. NO. 2016-045 UNTIL DEC. 31, 2017
 PTR. NO. 4930793, 1/7/16-MLA.
 IBP LIFETIME-011076-6/19/12
 ROLL NO. 60529-MCLE V-0005229
 UNIT 70, 7F, MER CONDO, 1200
 J. BOCOBO ST. ERMITA, MANILA

LIST OF ALL STOCKHOLDERS
As Of December 31, 2015

	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)		TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL	NATIONALITY	
1	THE WELLEX GROUP, INC.	1,143,466,800	0	1,143,466,800	45.757	FILIPINO
2	PCD NOMINEE CORP. (FILIPINO)	580,678,174	0	580,678,174	23.236	FILIPINO
3	SILVER GREEN INVESTMENTS LTD.	180,230,000	0	180,230,000	7.212	OTHERS
4	CHESA HOLDINGS, INC.	175,924,000	0	175,924,000	7.040	FILIPINO
5	TYBALT INVESTMENT LTD.	135,010,000	0	135,010,000	5.403	BRITISH
6	PACIFIC WIDE REALTY DEVELOPMENT CORP.	36,445,000	0	36,445,000	1.458	FILIPINO
7	KENNETH T. GATCHALIAN	30,000,100	0	30,000,100	1.200	FILIPINO
8	REXLON T. GATCHALIAN	30,000,000	0	30,000,000	1.200	FILIPINO
9	WESLIE T. GATCHALIAN	30,000,000	0	30,000,000	1.200	FILIPINO
10	PCD NOMINEE CORP. (NON-FILIPINO)	29,097,100	0	29,097,100	1.164	OTHERS
11	FORUM HOLDINGS CORPORATION	20,626,000	0	20,626,000	0.825	FILIPINO
12	PRIMARY STRUCTURES CORPORATION	16,212,500	0	16,212,500	0.649	FILIPINO
13	PACIFIC REHOUSE CORPORATION	15,598,900	0	15,598,900	0.624	FILIPINO
14	REXLON GATCHALIAN	14,740,000	0	14,740,000	0.590	FILIPINO
15	METRO ALLIANCE HOLDINGS & EQUITIES, INC.	14,370,000	0	14,370,000	0.575	FILIPINO
16	MIZPAH HOLDINGS, INC.	10,489,200	0	10,489,200	0.420	FILIPINO
17	ELVIRA A. TING	10,000,009	0	10,000,009	0.400	FILIPINO
18	CATALINA ROXAS MELENDRES	6,246,000	0	6,246,000	0.250	FILIPINO
19	MANUEL H. OSMENA &/OR MANUEL L. OSMENA II	1,400,000	0	1,400,000	0.056	FILIPINO
20	ROLANDO M. LIM	1,142,500	0	1,142,500	0.046	FILIPINO
21	FEUPE A CRUZ JR.	1,100,000	0	1,100,000	0.044	FILIPINO
22	LI CHIH-HUI	1,000,000	0	1,000,000	0.040	TAIWANESE
23	MARIA CONCEPCION CRUZ	876,000	0	876,000	0.035	FILIPINO
24	FREYSSINET PHILIPPINES, INC.	770,000	0	770,000	0.031	FILIPINO
25	BENSON COYUCO	605,000	0	605,000	0.024	FILIPINO
26	LUCENA B. ENRIQUEZ	552,000	0	552,000	0.022	FILIPINO
27	EMILY LIM	500,000	0	500,000	0.020	FILIPINO
28	DEE HUA T. GATCHALIAN	350,000	0	350,000	0.014	FILIPINO
29	RAMESSES VICTORIOUS G. VILLAGONZALO	350,000	0	350,000	0.014	FILIPINO
30	MARVIN J. GIRQUARD	330,000	0	330,000	0.013	FILIPINO
31	ARTHUR H. OSMENA &/OR JANE Y. OSMENA	330,000	0	330,000	0.013	FILIPINO
32	JOSE YAP &/OR CONCHITA YAP	330,000	0	330,000	0.013	FILIPINO
33	ESTHER A. VIBAL	324,500	0	324,500	0.013	FILIPINO
34	DAVID LAO OSMENA	314,600	0	314,600	0.013	FILIPINO
35	CANDICE CHOA COCUACO	300,000	0	300,000	0.012	FILIPINO
36	ANA L. GO	300,000	0	300,000	0.012	FILIPINO
37	SEGUNDO SEANGIO &/OR VIRGINIA SEANGIO	297,000	0	297,000	0.012	FILIPINO
38	CHARTERED COMMODITIES CORPORATION	294,999	0	294,999	0.012	FILIPINO
39	DOMINGO C GO	275,000	0	275,000	0.011	FILIPINO
40	DAVID LAO OSMENA	275,000	0	275,000	0.011	FILIPINO
41	GARY GO DYCHIAO	200,000	0	200,000	0.008	FILIPINO
42	MERIDIAN SEC., INC. A/C# 844	200,000	0	200,000	0.008	FILIPINO
43	CRISTINO NAGUIAT, JR.	181,500	0	181,500	0.007	FILIPINO
44	WILLIE TIO	159,500	0	159,500	0.006	FILIPINO
45	BETO Y. LIM	150,000	0	150,000	0.006	FILIPINO
46	PIERCE INTERLINK SECURITIES, INC.	150,000	0	150,000	0.006	FILIPINO
47	AURORA V. SAN JOSE	143,000	0	143,000	0.006	FILIPINO
48	YAN TO A. CHUA	132,000	0	132,000	0.005	FILIPINO
49	CELY S. LIM	112,200	0	112,200	0.004	FILIPINO
50	DEWEY CHOACHUY, JR.	111,300	0	111,300	0.004	FILIPINO
51	WILSON CHUA &/OR BECKY QUE CHUA	110,000	0	110,000	0.004	FILIPINO
52	WANG YU HUEI	110,000	0	110,000	0.004	OTHERS
53	KENSTAR INDUSTRIAL CORPORATION	110,000	0	110,000	0.004	FILIPINO
54	JOHN CRHISTOPHER D. WEIGEL	110,000	0	110,000	0.004	FILIPINO
55	WATERFRONT NOMINEES SDN BHD A/C#6	107,800	0	107,800	0.004	OTHERS
56	CATHAY SEC. CO., INC. A/C# 1030	100,000	0	100,000	0.004	FILIPINO
57	PABLITO T. CHUA	100,000	0	100,000	0.004	FILIPINO
58	CARRIE LIM	100,000	0	100,000	0.004	FILIPINO
59	MANUEL H. OSMENA &/OR GRELINA L. OSMENA	100,000	0	100,000	0.004	FILIPINO
60	PACIFIC CONCORDE CORPORATION	100,000	0	100,000	0.004	FILIPINO
61	PACIFIC IMAGES, INC.	100,000	0	100,000	0.004	FILIPINO
62	HANSON G. SO &/OR LARCY MARICHI Y. SO	100,000	0	100,000	0.004	FILIPINO
63	CHONG PENG YNG	100,000	0	100,000	0.004	OTHERS
64	ALVIN TAN UNJO	88,000	0	88,000	0.004	FILIPINO
65	TERESITA GO &/OR SATURNINA GO	87,000	0	87,000	0.003	FILIPINO
66	CLARITA T. HAI HUAT	84,000	0	84,000	0.003	FILIPINO
67	GEORGE U. YOUNG, JR.	82,500	0	82,500	0.003	FILIPINO
68	MARIANO MARQUEZ-LIM, JR. &/OR MA. FE MARQUEZ-LIM	68,400	0	68,400	0.003	FILIPINO
69	ROLANDO D. DE LEON	66,000	0	66,000	0.003	FILIPINO
70	LIPPO SECURITIES, INC.	56,500	0	56,500	0.002	FILIPINO
71	PRIMITIVO C. CAL	55,000	0	55,000	0.002	FILIPINO
72	CESAR CAMPOS	55,000	0	55,000	0.002	FILIPINO
73	VICKY L. CHAN	55,000	0	55,000	0.002	FILIPINO
74	MA. TERESA P. CRUZ	55,000	0	55,000	0.002	FILIPINO
75	RENATO C. GENDRANO &/OR GENDRANO BERNADETTE	55,000	0	55,000	0.002	FILIPINO
76	L.M. GARCIA & ASS., INC. A/C# 160	55,000	0	55,000	0.002	FILIPINO
77	LUISA CO LI	55,000	0	55,000	0.002	FILIPINO
78	KIRBY YU LIM	55,000	0	55,000	0.002	FILIPINO
79	LYDIA J. SY	55,000	0	55,000	0.002	FILIPINO
80	EDILBERTO &/OR ROSITA TANYU &/OR WELLINGTON HO VELASCO	55,000	0	55,000	0.002	FILIPINO
81	LIM TAY	55,000	0	55,000	0.002	FILIPINO

	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL	NATIONALITY		
82	FRUTO M. TEODORICO, JR.	55,000	0	55,000	0.002	FILIPINO
83	LEONG JEE VAN	55,000	0	55,000	0.002	OTHERS
84	ESTHER A. VIBAL AND/OR STELLA V. LAWSON	55,000	0	55,000	0.002	FILIPINO
85	NATIVIDAD C. SY WHO	52,000	0	52,000	0.002	FILIPINO
86	UY TIAK ENG	50,000	0	50,000	0.002	FILIPINO
87	SANDRA E. PASCUAL	50,000	0	50,000	0.002	FILIPINO
88	FRANCISCO C. SAN DIEGO	50,000	0	50,000	0.002	FILIPINO
89	ROBERTO L. UY	50,000	0	50,000	0.002	FILIPINO
90	NEIL JOHN A. YU	50,000	0	50,000	0.002	FILIPINO
91	EBC SECURITIES CORPORATION	48,400	0	48,400	0.002	FILIPINO
92	TAN DAISY TIENG	46,500	0	46,500	0.002	FILIPINO
93	ROMMIE TAN	44,000	0	44,000	0.002	FILIPINO
94	EAST ASIA OIL & MINING COMPANY, INC.	40,000	0	40,000	0.002	FILIPINO
95	OCBC SECURITIES PHILS., INC.	40,000	0	40,000	0.002	OTHERS
96	JAY JACOBS	39,600	0	39,600	0.002	FILIPINO
97	ROBERT KLING	39,600	0	39,600	0.002	FILIPINO
98	ADRIAN LONG	39,600	0	39,600	0.002	FILIPINO
99	GLADYS MAY L. OSMENA	39,600	0	39,600	0.002	FILIPINO
100	MANILYNN L. OSMENA	39,600	0	39,600	0.002	FILIPINO
101	MEGHANN GAIL L. OSMENA	39,600	0	39,600	0.002	FILIPINO
102	MANUEL L. OSMENA, II	39,600	0	39,600	0.002	FILIPINO
103	STEVE WOODWARD	39,600	0	39,600	0.002	FILIPINO
104	LUZ YAMANE	38,500	0	38,500	0.002	FILIPINO
105	LILY S. HO	36,300	0	36,300	0.001	FILIPINO
106	ABACUS SECURITIES CORPORATION	35,200	0	35,200	0.001	FILIPINO
107	LILIAN HONG	34,000	0	34,000	0.001	FILIPINO
108	ARTURO GUANZON	33,000	0	33,000	0.001	FILIPINO
109	INTERNATIONAL POLYMER CORPORATION	33,000	0	33,000	0.001	FILIPINO
110	VICENTE JOAQUIN	33,000	0	33,000	0.001	FILIPINO
111	SEAFRONT RESOURCES CORP.	33,000	0	33,000	0.001	FILIPINO
112	HENRY H. SYJUECO	33,000	0	33,000	0.001	FILIPINO
113	LEONCIO TIU	33,000	0	33,000	0.001	FILIPINO
114	RAMONCITO ARCEO	30,000	0	30,000	0.001	FILIPINO
115	TAN LIN LAY	30,000	0	30,000	0.001	FILIPINO
116	RODOLFO B. LEDESMA	30,000	0	30,000	0.001	FILIPINO
117	MA. YOLANDA MALLARI	30,000	0	30,000	0.001	FILIPINO
118	YVETTE LEE	27,500	0	27,500	0.001	FILIPINO
119	MARIANO RUBEN LIM	27,500	0	27,500	0.001	FILIPINO
120	ONG YU LING	27,500	0	27,500	0.001	FILIPINO
121	DELFIN R. SUPAPO JR.	27,500	0	27,500	0.001	FILIPINO
122	EDGAR M. ALFEREZ	25,000	0	25,000	0.001	FILIPINO
123	RAMON A. TINIO	25,000	0	25,000	0.001	FILIPINO
124	RAYMOND TONG	23,300	0	23,300	0.001	FILIPINO
125	IMELDA L. ACIDERA	22,000	0	22,000	0.001	FILIPINO
126	PHILIP NG CLARIN & EVELYN NG LEE	22,000	0	22,000	0.001	FILIPINO
127	CHIOTI HSU	22,000	0	22,000	0.001	FILIPINO
128	ANITA LIM	22,000	0	22,000	0.001	FILIPINO
129	CONSUELO A. MOPAS	22,000	0	22,000	0.001	FILIPINO
130	MARCELO S. NUGUID	22,000	0	22,000	0.001	FILIPINO
131	VICKY ONG	22,000	0	22,000	0.001	FILIPINO
132	QUALITY INVESTMENTS & SECURITIES CORP.	22,000	0	22,000	0.001	FILIPINO
133	RICARDA B. QUIROS	22,000	0	22,000	0.001	FILIPINO
134	ERNESTO R. SALAS, JR.	22,000	0	22,000	0.001	FILIPINO
135	YU SIOK HUI	22,000	0	22,000	0.001	FILIPINO
136	PABLO SON KENG PO	22,000	0	22,000	0.001	FILIPINO
137	ROBERT C. TING	22,000	0	22,000	0.001	FILIPINO
138	CLIFFORD LAO YOUNG	22,000	0	22,000	0.001	FILIPINO
139	WATERFRONT NOMINEES SDN BHD A/C#9	20,900	0	20,900	0.001	OTHERS
140	AMADO AU ANG	20,000	0	20,000	0.001	FILIPINO
141	JIM HO KHE BIN	20,000	0	20,000	0.001	FILIPINO
142	FRANCIS S. CHOA	20,000	0	20,000	0.001	FILIPINO
143	NELIA CO	20,000	0	20,000	0.001	FILIPINO
144	VENUS DE OCAMPO	20,000	0	20,000	0.001	FILIPINO
145	GUILLERMO F. GILI, JR.	20,000	0	20,000	0.001	FILIPINO
146	RUBY PING GO	20,000	0	20,000	0.001	CHINESE
147	LUISA TAN JAO	20,000	0	20,000	0.001	FILIPINO
148	ALEXANDER C. LEE	20,000	0	20,000	0.001	FILIPINO
149	REGINA CAPITAL DEVT., CORP. A/C#1845	20,000	0	20,000	0.001	FILIPINO
150	TRITON SECURITIES CORPORATION	20,000	0	20,000	0.001	FILIPINO
151	CATHERINE LAO YOUNG	19,800	0	19,800	0.001	FILIPINO
152	RAMON JAIME VILA BIROSEL	17,600	0	17,600	0.001	FILIPINO
153	ARISTEO O. FERAREN, JR.	17,600	0	17,600	0.001	FILIPINO
154	REXLON INDUSTRIAL CORPORATION	17,000	0	17,000	0.001	FILIPINO
155	ELVIN CHAN	16,500	0	16,500	0.001	FILIPINO
156	KATHLEEN COPON	16,500	0	16,500	0.001	FILIPINO
157	JOSEFINA DINSAY	16,500	0	16,500	0.001	FILIPINO
158	ERIC JAO	16,500	0	16,500	0.001	CHINESE
159	CARMELITA KONG KIAT	16,500	0	16,500	0.001	FILIPINO
160	ANTONIO LIM &/OR BELLA LIM	16,500	0	16,500	0.001	FILIPINO
161	MATEO H. LUGA	16,500	0	16,500	0.001	FILIPINO
162	GRACE MAGNAYE	16,500	0	16,500	0.001	FILIPINO
163	AMANDO J. PONSARAN, JR.	16,500	0	16,500	0.001	FILIPINO
164	GLENN ANTHONY O. SOCO	16,500	0	16,500	0.001	FILIPINO
165	JAY DEXTER A. LIM	16,200	0	16,200	0.001	FILIPINO
166	G & L SECURITIES CO., INC.	15,000	0	15,000	0.001	FILIPINO
167	REMEDIOS S. ORBETA	14,300	0	14,300	0.001	FILIPINO
168	AH LAY OH	13,750	0	13,750	0.001	FILIPINO
169	IBURI TADAFUMI	13,750	0	13,750	0.001	FILIPINO
170	MONINA GRACE S. LIM	13,200	0	13,200	0.001	FILIPINO
171	AURELIO P. VENDIVEL, JR.	13,200	0	13,200	0.001	FILIPINO
172	LOUIS FALCON	13,000	0	13,000	0.001	FILIPINO
173	PEDRO DOMINGO	12,100	0	12,100	0.000	FILIPINO

	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO		NATIONALITY
			TOTAL		
174 LILY C. ABADILLA	11,000	0	11,000	0.000	FILIPINO
175 RICARDO R. AGUADO	11,000	0	11,000	0.000	FILIPINO
176 EVELYN ARCENAL	11,000	0	11,000	0.000	FILIPINO
177 DAXIM-REY L. BANAGUDOS	11,000	0	11,000	0.000	FILIPINO
178 ARIEL M. CONCEJERO &/OR MA. CONSUELO G. CONCEJERO	11,000	0	11,000	0.000	FILIPINO
179 ANITA T. DAVID	11,000	0	11,000	0.000	FILIPINO
180 ROY A. DE LOS REYES	11,000	0	11,000	0.000	FILIPINO
181 MANUEL DY	11,000	0	11,000	0.000	FILIPINO
182 HUNG CHUEN FEI	11,000	0	11,000	0.000	FILIPINO
183 MARLENE S. GUEVARA	11,000	0	11,000	0.000	FILIPINO
184 ROY CECIL D. IBAY	11,000	0	11,000	0.000	FILIPINO
185 LILY IMON	11,000	0	11,000	0.000	FILIPINO
186 CONSUELO DY KHU	11,000	0	11,000	0.000	FILIPINO
187 YU PEK KIAN	11,000	0	11,000	0.000	FILIPINO
188 PHILIP KIONG	11,000	0	11,000	0.000	FILIPINO
189 RICARDO P. LAZARO	11,000	0	11,000	0.000	FILIPINO
190 KATHERINE LIM &/OR MARSHA LIM	11,000	0	11,000	0.000	CHINESE
191 JOSEFA T. LUA	11,000	0	11,000	0.000	FILIPINO
192 ALBERTO MENDOZA &/OR JEANIE MENDOZA	11,000	0	11,000	0.000	FILIPINO
193 ELIZABETH MERCADO	11,000	0	11,000	0.000	FILIPINO
194 CARMEN ONG	11,000	0	11,000	0.000	FILIPINO
195 HARVEY OSMENA	11,000	0	11,000	0.000	FILIPINO
196 VENUS PACIA	11,000	0	11,000	0.000	FILIPINO
197 GAUDENCIO H. PANALIGAN	11,000	0	11,000	0.000	FILIPINO
198 CIRILO E. PASUCAL	11,000	0	11,000	0.000	FILIPINO
199 MA. THERESA C. PE	11,000	0	11,000	0.000	FILIPINO
200 NERISSA C. QUINTANA	11,000	0	11,000	0.000	FILIPINO
201 R. COYUUTO SECURITIES, INC.	11,000	0	11,000	0.000	FILIPINO
202 SEIICHIRO TAKAHASHI	11,000	0	11,000	0.000	OTHERS
203 CARLOS S. TAN	11,000	0	11,000	0.000	FILIPINO
204 CHEAH TUCK	11,000	0	11,000	0.000	FILIPINO
205 PHILIP L. UY	11,000	0	11,000	0.000	FILIPINO
206 EDGARDO YAMBAL &/OR MARIA ISABEL YAMBAL	11,000	0	11,000	0.000	FILIPINO
207 JEFFERSON Y. YAO	11,000	0	11,000	0.000	FILIPINO
208 RODERICK ALAIN ALVAREZ	10,000	0	10,000	0.000	FILIPINO
209 CARINA H. BALONES	10,000	0	10,000	0.000	FILIPINO
210 GARRY BOOC	10,000	0	10,000	0.000	FILIPINO
211 FRANKLIN M. COSTALES	10,000	0	10,000	0.000	FILIPINO
212 ARSENILO L. LIM &/OR RUBY O. LIM	10,000	0	10,000	0.000	FILIPINO
213 GIOVANNI JOSEF B. LIM	10,000	0	10,000	0.000	FILIPINO
214 ROLANDO I. LOMBOY &/OR MILAGROS R.LOMBOY	10,000	0	10,000	0.000	FILIPINO
215 M.J. SORIANO TRADING, INC.	10,000	0	10,000	0.000	FILIPINO
216 RENO I. MAGADIA	10,000	0	10,000	0.000	FILIPINO
217 JAMES O. NG &/OR ELSIE Y. NG	10,000	0	10,000	0.000	FILIPINO
218 LAWRENCE C. NG	10,000	0	10,000	0.000	FILIPINO
219 NOBLE ARCH REALTY AND CONSTRUCTION CORP.	10,000	0	10,000	0.000	FILIPINO
220 CARMELO OBCEMEA	10,000	0	10,000	0.000	FILIPINO
221 BARTHOLOMEW DY BUNCIO YOUNG	10,000	0	10,000	0.000	FILIPINO
222 JOHN BENEDICT O. YU	10,000	0	10,000	0.000	FILIPINO
223 CARMELITA P. CRUEL	8,800	0	8,800	0.000	FILIPINO
224 MA. ISABEL H. ERMITA	8,800	0	8,800	0.000	FILIPINO
225 FATIMA A. FARRALES	8,800	0	8,800	0.000	FILIPINO
226 MAXIMO V. LUCAS	8,800	0	8,800	0.000	FILIPINO
227 ILDEFONSO REYNOSO II	8,800	0	8,800	0.000	FILIPINO
228 RUFINO B. TIANGCO	8,800	0	8,800	0.000	FILIPINO
229 CHARISSA YLAYA	8,800	0	8,800	0.000	FILIPINO
230 MARIA A. GARCIA	8,000	0	8,000	0.000	FILIPINO
231 LIPPO SECURITIES, INC. FAO: SHEN KUO HSU	8,000	0	8,000	0.000	FILIPINO
232 MA. CYNTHIA AMIGO ALCANTARA	7,700	0	7,700	0.000	FILIPINO
233 WILLIAM N. CHUA CO KIONG	7,700	0	7,700	0.000	FILIPINO
234 E.N. MADRAZO CORPORATION	7,700	0	7,700	0.000	FILIPINO
235 ARTHUR HAIN III	7,700	0	7,700	0.000	FILIPINO
236 RAPHAEL T. IUAN	7,700	0	7,700	0.000	FILIPINO
237 EDUARDO M. ORTIGAS	7,700	0	7,700	0.000	FILIPINO
238 JUANA M. REYES	7,700	0	7,700	0.000	FILIPINO
239 SALVADOR T. RIGOR, JR.	7,700	0	7,700	0.000	FILIPINO
240 EUFEMIA ZULUAGA	7,700	0	7,700	0.000	FILIPINO
241 BING ROJO	6,700	0	6,700	0.000	FILIPINO
242 HANNAH JALECO ALLANIGUE	6,600	0	6,600	0.000	FILIPINO
243 EXUPERTO P. CABATANA	6,600	0	6,600	0.000	FILIPINO
244 CLEOFE D.V. CANETE	6,600	0	6,600	0.000	FILIPINO
245 JOCELYN FULACHE	6,600	0	6,600	0.000	FILIPINO
246 ROZANA C. GUTIERREZ	6,600	0	6,600	0.000	FILIPINO
247 LESLIE A. LAVA	6,600	0	6,600	0.000	FILIPINO
248 ELIZABETH SY LIM	6,600	0	6,600	0.000	FILIPINO
249 STEVEN M. ONG	6,600	0	6,600	0.000	FILIPINO
250 PROSERFINA SIGUENZA	6,600	0	6,600	0.000	FILIPINO
251 AGAPITO R. VALENCIA	6,600	0	6,600	0.000	FILIPINO
252 SALUD VELORIA	6,600	0	6,600	0.000	FILIPINO
253 ALICE GOHOC	6,000	0	6,000	0.000	FILIPINO
254 ROBERTO ABELLO &/OR MA. ANTONIA ABELLO	5,500	0	5,500	0.000	FILIPINO
255 RENATO C. ALARCON &/OR VIRGINIA M. ALARCON	5,500	0	5,500	0.000	FILIPINO
256 MA. WINNINAH S. ANCHETA	5,500	0	5,500	0.000	FILIPINO
257 GENEROSA A. ARENAS	5,500	0	5,500	0.000	FILIPINO
258 RUBEN BALBASTRO &/OR ROSARIO TORRES	5,500	0	5,500	0.000	FILIPINO
259 BELINDA CHUA	5,500	0	5,500	0.000	FILIPINO
260 LUIS W. CHUA	5,500	0	5,500	0.000	FILIPINO
261 MA. REGINA CLIMACO	5,500	0	5,500	0.000	FILIPINO
262 TERESITA I. DE LOS SANTOS	5,500	0	5,500	0.000	FILIPINO
263 ERIBERTO E. ESTEBAN	5,500	0	5,500	0.000	FILIPINO
264 BILLY KHU &/OR WARREN KHU	5,500	0	5,500	0.000	FILIPINO
265 BILLY GO KHU	5,500	0	5,500	0.000	FILIPINO

	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO			
			TOTAL	NATIONALITY		
266	CONSUELO C. KON	5,500	0	5,500	0.000	FILIPINO
267	LOLITA LABACLADO	5,500	0	5,500	0.000	FILIPINO
268	ALEXANDRIA M. LACSON	5,500	0	5,500	0.000	FILIPINO
269	KAROLYN LIU	5,500	0	5,500	0.000	FILIPINO
270	GRACE MAGNAYE	5,500	0	5,500	0.000	FILIPINO
271	CARMENCITA MIRANDA &/OR DONNA DEL ROSARIO	5,500	0	5,500	0.000	FILIPINO
272	BELINDA NGO	5,500	0	5,500	0.000	FILIPINO
273	JUANA ONGKA	5,500	0	5,500	0.000	FILIPINO
274	VIRGIE R. ORTEGA	5,500	0	5,500	0.000	FILIPINO
275	ANTONIO MAPUA OSTREA	5,500	0	5,500	0.000	FILIPINO
276	CHARLES M. PRATT	5,500	0	5,500	0.000	OTHERS
277	DEREK PUERTOLLANO	5,500	0	5,500	0.000	FILIPINO
278	LINDA TAN	5,500	0	5,500	0.000	FILIPINO
279	CONCHITA TE	5,500	0	5,500	0.000	FILIPINO
280	ROBERTO S. UY	5,500	0	5,500	0.000	FILIPINO
281	WEALTH SECURITIES, INC.	5,500	0	5,500	0.000	FILIPINO
282	GRACIANO AUDWIN T. GARZON	5,000	0	5,000	0.000	FILIPINO
283	HSBC SECURITIES (PHILIPPINES), INC.	5,000	0	5,000	0.000	OTHERS
284	MA. MADONNA M. MEDENILLA	5,000	0	5,000	0.000	FILIPINO
285	IMELDA M. PRECION	5,000	0	5,000	0.000	FILIPINO
286	MAHALIA C. QUINONES	5,000	0	5,000	0.000	FILIPINO
287	TOMAS M. RIZO JR.	5,000	0	5,000	0.000	FILIPINO
288	SIMEON SAMSON &/OR CHARLIE RAVALO	5,000	0	5,000	0.000	FILIPINO
289	LEOPOLDO SY-QUIA JR.	5,000	0	5,000	0.000	FILIPINO
290	HELEN F. WILLIMANN	5,000	0	5,000	0.000	FILIPINO
291	MINERVA R. ALIAZON	4,400	0	4,400	0.000	FILIPINO
292	ADELAIDA ZITA R. CARLOS	4,400	0	4,400	0.000	FILIPINO
293	ANGELES MORALES DE LEON	4,400	0	4,400	0.000	FILIPINO
294	KERRY SECURITIES (PHILS.), INC. -GJ01	4,400	0	4,400	0.000	FILIPINO
295	MUI SIN KOH-SEAH	4,400	0	4,400	0.000	FILIPINO
296	MANUEL S. MILAN	4,400	0	4,400	0.000	FILIPINO
297	NATIVIDAD C. NGUI	4,400	0	4,400	0.000	FILIPINO
298	JIMMY G. ONG	4,400	0	4,400	0.000	FILIPINO
299	MA. TERESITA M. PALO	4,400	0	4,400	0.000	FILIPINO
300	NG GHIM HWA	4,000	0	4,000	0.000	OTHERS
301	JORGE P. LONTOC OR PACITA L. LONTOC	4,000	0	4,000	0.000	FILIPINO
302	SAPPHIRE SECURITIES, INC.	4,000	0	4,000	0.000	FILIPINO
303	ROBERTO C. VILLEGAS	4,000	0	4,000	0.000	FILIPINO
304	CECILIA CO YU	4,000	0	4,000	0.000	FILIPINO
305	JOCELYN L. ZARATE	4,000	0	4,000	0.000	FILIPINO
306	JUN M. BORRES	3,300	0	3,300	0.000	FILIPINO
307	ELEANOR P. CALIMAG	3,300	0	3,300	0.000	FILIPINO
308	MA. ROSARIO FRANCO	3,300	0	3,300	0.000	FILIPINO
309	EUGENE GALICIA	3,300	0	3,300	0.000	FILIPINO
310	SARAH SAN JOSE HAIN	3,300	0	3,300	0.000	FILIPINO
311	BRENDA SOLIDUM HERNANDEZ	3,300	0	3,300	0.000	FILIPINO
312	MUI SIN KOH-SEAH &/OR DENNIS CHEE CHIANG SEAH	3,300	0	3,300	0.000	OTHERS
313	CHRISTOPHER D. LO	3,300	0	3,300	0.000	FILIPINO
314	JUAN ANTONIO LOPEZ	3,300	0	3,300	0.000	FILIPINO
315	LUKE MACABABBAD	3,300	0	3,300	0.000	FILIPINO
316	PATRICIA MIADO &/OR MARIO ANGEL MIADO	3,300	0	3,300	0.000	FILIPINO
317	PANTALEON NIEVA &/OR ANGELO NIEVA	3,300	0	3,300	0.000	FILIPINO
318	PAUL PESTANO	3,300	0	3,300	0.000	FILIPINO
319	ELENETTE C. PINGUL	3,300	0	3,300	0.000	FILIPINO
320	JAIME R. QUIJANO	3,300	0	3,300	0.000	FILIPINO
321	JESUS ROBERTO SAENZ &/OR AURORA E.	3,300	0	3,300	0.000	FILIPINO
322	MA. TERESA T. SAN AGUSTIN	3,300	0	3,300	0.000	FILIPINO
323	EDWARD W. TAN	3,300	0	3,300	0.000	FILIPINO
324	EPIFANIA G. SANTOS	2,750	0	2,750	0.000	FILIPINO
325	JESUS B. MARAMARA	2,700	0	2,700	0.000	FILIPINO
326	MA. LEYLANI V. GAMBOA	2,500	0	2,500	0.000	FILIPINO
327	ROGELIO GANZON	2,500	0	2,500	0.000	FILIPINO
328	ROGER CORRO	2,300	0	2,300	0.000	FILIPINO
329	ROSIE TAN	2,300	0	2,300	0.000	FILIPINO
330	CARLO ARCHES	2,200	0	2,200	0.000	FILIPINO
331	MA. ROSARIO T. BARRETTO	2,200	0	2,200	0.000	FILIPINO
332	AIDA BELLESTROS	2,200	0	2,200	0.000	FILIPINO
333	GLORIA BRIONES	2,200	0	2,200	0.000	FILIPINO
334	RAY CELIS	2,200	0	2,200	0.000	FILIPINO
335	CLARO CENIZA	2,200	0	2,200	0.000	FILIPINO
336	AMELIA CERVANTES	2,200	0	2,200	0.000	FILIPINO
337	ELMER DELA CRUZ	2,200	0	2,200	0.000	FILIPINO
338	NARISA BERLIN R. DURAN	2,200	0	2,200	0.000	FILIPINO
339	LEONARDO ERMITA	2,200	0	2,200	0.000	FILIPINO
340	AMANDA B. FLORES	2,200	0	2,200	0.000	FILIPINO
341	BEATRIZ GO &/OR MA. CHER GO &/OR TIFFANY GO	2,200	0	2,200	0.000	FILIPINO
342	FLORENTINO A. GONZALEZ, JR. &/OR LOURDJEAN T. GONZALEZ	2,200	0	2,200	0.000	FILIPINO
343	JOSEPH EDWARD HANNEN	2,200	0	2,200	0.000	FILIPINO
344	LUCILA D. ICBAN	2,200	0	2,200	0.000	FILIPINO
345	MYRNA LOU F. ISIP	2,200	0	2,200	0.000	FILIPINO
346	JOCELYN O. LIM	2,200	0	2,200	0.000	FILIPINO
347	VILMA LUMANOG	2,200	0	2,200	0.000	FILIPINO
348	LEVI Q. MAGNAYE	2,200	0	2,200	0.000	FILIPINO
349	MELVIN M. MANALO	2,200	0	2,200	0.000	FILIPINO
350	BENJAMIN MOMBAY &/OR ELYSIA DELA LLANA	2,200	0	2,200	0.000	FILIPINO
351	CONSUELO G. OSI	2,200	0	2,200	0.000	FILIPINO
352	HARRY PABILONA	2,200	0	2,200	0.000	FILIPINO
353	ROLANDO R. RABARA	2,200	0	2,200	0.000	FILIPINO
354	MELITA G. RAGAS	2,200	0	2,200	0.000	FILIPINO
355	JOHN PATRICK REGNER	2,200	0	2,200	0.000	FILIPINO
356	EDNA T. ROGANDO &/OR ESTER T. JUCO	2,200	0	2,200	0.000	FILIPINO
357	ROLANDO S. SANTOS, JR.	2,200	0	2,200	0.000	FILIPINO

	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL	NATIONALITY
358 MICHELLE T. SY	2,200	0	2,200	0.000 FILIPINO
359 MERLINDO R. TINAPAY	2,200	0	2,200	0.000 FILIPINO
360 RUBY TING	2,200	0	2,200	0.000 FILIPINO
361 ZITA O. UY-TIOCO	2,200	0	2,200	0.000 FILIPINO
362 ANTONIO VERZOSA	2,200	0	2,200	0.000 FILIPINO
363 BENEDICTO V. VIARDO	2,200	0	2,200	0.000 FILIPINO
364 BANING P. ANG	2,000	0	2,000	0.000 FILIPINO
365 BANING P. ANG	2,000	0	2,000	0.000 FILIPINO
366 ERVERT AVANZADO &/OR LIAZLE AVANZADO	2,000	0	2,000	0.000 FILIPINO
367 EDUVEGES O. BATALAN	2,000	0	2,000	0.000 FILIPINO
368 BONIFACIO M. CABATIT	2,000	0	2,000	0.000 FILIPINO
369 AUGURIO P. DE VERA	2,000	0	2,000	0.000 FILIPINO
370 EDMUNDO Z. GREGORIO	2,000	0	2,000	0.000 FILIPINO
371 GLORIA GUINTU	2,000	0	2,000	0.000 FILIPINO
372 I.B. GIMENEZ SEC., INC. A/C DPA-003	2,000	0	2,000	0.000 FILIPINO
373 TERESITO P. OCAMPO	2,000	0	2,000	0.000 FILIPINO
374 FLORENCIO SANTOS	2,000	0	2,000	0.000 FILIPINO
375 WINSTON P. PUNZALAN	1,500	0	1,500	0.000 FILIPINO
376 ALBERTO MOGUEL	1,200	0	1,200	0.000 FILIPINO
377 STELLA TANSENGCO-SCHAPERO	1,200	0	1,200	0.000 FILIPINO
378 ROMMEL C. AQUINO	1,100	0	1,100	0.000 FILIPINO
379 GERALDINE BAD-AY	1,100	0	1,100	0.000 FILIPINO
380 VIVIEN BILBAO	1,100	0	1,100	0.000 FILIPINO
381 LUZVIMINDA E CABIBIAN	1,100	0	1,100	0.000 FILIPINO
382 JENNIFER CASAS	1,100	0	1,100	0.000 FILIPINO
383 JOHN PETER CHICK B. CASTELO	1,100	0	1,100	0.000 FILIPINO
384 CATHAY SEC. CO., INC. A/C# 1684	1,100	0	1,100	0.000 FILIPINO
385 BEDY DU CO	1,100	0	1,100	0.000 FILIPINO
386 CYNTHIA ROXAS DEL CASTILLO	1,100	0	1,100	0.000 FILIPINO
387 CARLINE DY	1,100	0	1,100	0.000 FILIPINO
388 GRACE M. GALANG	1,100	0	1,100	0.000 FILIPINO
389 REBECCA TAN LIM	1,100	0	1,100	0.000 FILIPINO
390 ROMEO S. UNDAIN	1,100	0	1,100	0.000 FILIPINO
391 ARMANDO S. LLARINAS	1,100	0	1,100	0.000 FILIPINO
392 PORFIRIO G. MACARAEG &/OR MICHAEL MACARAEG	1,100	0	1,100	0.000 FILIPINO
393 BENJAMIN G. MAGBANUA	1,100	0	1,100	0.000 FILIPINO
394 EMILIA MANANON	1,100	0	1,100	0.000 FILIPINO
395 VIDA MARIE E. NISPEROS	1,100	0	1,100	0.000 FILIPINO
396 LYDIA C. PASCUA	1,100	0	1,100	0.000 FILIPINO
397 ARACELI P. PENAS	1,100	0	1,100	0.000 FILIPINO
398 MABEL POBLETE	1,100	0	1,100	0.000 FILIPINO
399 OMAR C. POLINTAN &/OR MELITA POLINTAN	1,100	0	1,100	0.000 FILIPINO
400 BEVERLY G. REJANTE	1,100	0	1,100	0.000 FILIPINO
401 DAISY S.A. REYES	1,100	0	1,100	0.000 FILIPINO
402 LETICIA ROXAS	1,100	0	1,100	0.000 FILIPINO
403 DOUGLAS TAN	1,100	0	1,100	0.000 FILIPINO
404 FATIMA L. TAN	1,100	0	1,100	0.000 FILIPINO
405 MIRABEL TAN	1,100	0	1,100	0.000 FILIPINO
406 RAYMOND G. TAN	1,100	0	1,100	0.000 FILIPINO
407 SUZETTE TAN	1,100	0	1,100	0.000 FILIPINO
408 ANA NIMO TANG	1,100	0	1,100	0.000 FILIPINO
409 LOLITA TANSENGCO	1,100	0	1,100	0.000 FILIPINO
410 YEON CHEAW TAU	1,100	0	1,100	0.000 OTHERS
411 IRMINIA A. TIPGOS	1,100	0	1,100	0.000 FILIPINO
412 LUISIANA DELOS SANTOS TONDO	1,100	0	1,100	0.000 FILIPINO
413 ELIZABETH TUBALE	1,100	0	1,100	0.000 FILIPINO
414 FEDELIZA R. VARGAS	1,100	0	1,100	0.000 FILIPINO
415 ABACUS CAPITAL INVESTMENT CORP. A/C 583002	1,000	0	1,000	0.000 FILIPINO
416 MA. LUISA AQUINO	1,000	0	1,000	0.000 FILIPINO
417 RAYMOND AZCARATE	1,000	0	1,000	0.000 FILIPINO
418 JULIE YAP CHUA	1,000	0	1,000	0.000 FILIPINO
419 ARISTEO R. CRUZ	1,000	0	1,000	0.000 FILIPINO
420 MILAGROS ONG MAGAT	1,000	0	1,000	0.000 FILIPINO
421 VICENTE LIM PANG	1,000	0	1,000	0.000 FILIPINO
422 FIDELINA B. REYES	1,000	0	1,000	0.000 FILIPINO
423 RODOLFO V. SAEZ	1,000	0	1,000	0.000 FILIPINO
424 REYNALDO NAVARRA TECECHIAN	1,000	0	1,000	0.000 FILIPINO
425 RUBEN D. TORRES	1,000	0	1,000	0.000 FILIPINO
426 GUIDO VILLANUEVA &/OR AMELIA VILLANUEVA	1,000	0	1,000	0.000 FILIPINO
427 MA. SALOME VILLASIS	1,000	0	1,000	0.000 FILIPINO
428 ALFREDO COLLADO	900	0	900	0.000 FILIPINO
429 PUBLIC SEC. CORP.	800	0	800	0.000 FILIPINO
430 ROGELIO G. KWAN	622	0	622	0.000 FILIPINO
431 JUANITA LIMCHAYSENG	600	0	600	0.000 FILIPINO
432 DONNIE SALVADOR	600	0	600	0.000 FILIPINO
433 RONALD SY	600	0	600	0.000 FILIPINO
434 ANABELLE C. ALVARO	500	0	500	0.000 FILIPINO
435 ELENA D. BELLEZA	500	0	500	0.000 FILIPINO
436 CARLOS CHING	500	0	500	0.000 FILIPINO
437 DOMINADOR A. REYNO	500	0	500	0.000 FILIPINO
438 LORENA R. CABUGAWAN	333	0	333	0.000 FILIPINO
439 JOSELITO C. HERRERA	300	0	300	0.000 FILIPINO
440 MARIO T. MACADAEG	300	0	300	0.000 FILIPINO
441 RCBC T/A# 33-398-0	300	0	300	0.000 FILIPINO
442 OWEN NATHANIEL AU	200	0	200	0.000 FILIPINO
443 ERLITA BUGAOAN	200	0	200	0.000 FILIPINO
444 FE CALDERON	200	0	200	0.000 FILIPINO
445 JOSE RENE ITURRALDE	200	0	200	0.000 FILIPINO
446 TEE LING KIAT &/OR LEE LIN HO	200	0	200	0.000 FILIPINO
447 RICHARD ANTHONY Y. LIBORO	200	0	200	0.000 FILIPINO
448 RENATO B. MAGADIA	200	0	200	0.000 FILIPINO
449 ROCHELLE V. MENDOZA	200	0	200	0.000 FILIPINO

	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL	NATIONALITY
450 ORION-SQUIRE CAPITAL, INC. - 0267	200	0	200	0.000 FILIPINO
451 ROSE LUZELLE PAPA	200	0	200	0.000 FILIPINO
452 NORA ROSS	200	0	200	0.000 FILIPINO
453 MA. THERESA L. ARGUELLES	110	0	110	0.000 FILIPINO
454 SERGIO R. ORTIZ-LUIS JR.	110	0	110	0.000 FILIPINO
455 ARTHUR R. PONSARAN	110	0	110	0.000 FILIPINO
456 CARLOS BENEDICT K. RIVILLA IV	110	0	110	0.000 FILIPINO
457 TOMAS F. TUASON IV	110	0	110	0.000 FILIPINO
458 RIZA C. VILLEGAS	110	0	110	0.000 FILIPINO
459 RODOLFO L. CRUZ	100	0	100	0.000 FILIPINO
460 IMELDA GAPASIN	100	0	100	0.000 FILIPINO
461 RUBEN MEDRANO	100	0	100	0.000 FILIPINO
462 LAMBERTO B. MERCADO, JR.	100	0	100	0.000 FILIPINO
463 DONATO ALMEDA	1	0	1	0.000 FILIPINO
464 ARSENIO BARTOLOME III	1	0	1	0.000 FILIPINO
465 ERIC FILAMOR	1	0	1	0.000 FILIPINO
466 PATRICK C. GREGORIO	1	0	1	0.000 FILIPINO
467 ARTHUR LOPEZ	1	0	1	0.000 FILIPINO
468 MACARIO TE	1	0	1	0.000 FILIPINO
GRAND TOTAL	<u>2,498,991,753</u>	<u>0</u>	<u>2,498,991,753</u>	

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RBKPS006



Philippine Depository & Trust Corp.

PCDUSER1

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

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

Business Date 12/29/2015

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
1000000000 5	UPCC SECURITIES CORP. UNIT 1202 TOWER ONE AND EXCHANGE PLAZ AYALA AVENUE, MAKATI CITY Metropolitan Manila 0	Omnibus Without Client 8921174	Tax Identification Number 1	Domestic PHILIPPINES	105,500.00 PH10
1010000000 5	A & A SECURITIES, INC. Rm. 1906 Ayala Ave. Condominium 6776 Ayala Ave. 810-54-01 Makati City Metropolitan Manila 1200	Omnibus Without Client 810-54-01	Tax Identification Number 2	Domestic PHILIPPINES	555,700.00 PH10
1020000000 5	ABACUS SECURITIES CORPORATION Unit 2904-A East Tower, PSE Centre Exchange Road Ortigas Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 634-2105	Tax Identification Number 001-006-900	Domestic PHILIPPINES	50,734,911.00 PH10
1020000000 7	ABACUS SECURITIES CORPORATION Unit 2904-A East Tower, PSE Centre Exchange Road Ortigas Center Pasig City Metropolitan Manila 1600	Own 634-2105	Tax Identification Number 001-006-900	Domestic PHILIPPINES	1,188,033.00 NWT
1030000000 1	PHILSTOCKS FINANCIAL INC Unit 1101 Orient Square Building Emerald Avenue Ortigas Center, Pasig City Metropolitan Manila 1600	Omnibus Without Client 687-5071 to 74	Tax Identification Number 213-831-103	Foreign PHILIPPINES	3,934,000.00 FMX1

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
10300000000 5	PHILSTOCKS FINANCIAL INC Unit 1101 Orient Square Building Emerald Avenue Ortigas Center, Pasig City Metropolitan Manila 1600	Omnibus Without Client 687-5071 to 74	Tax Identification Number 213-831-103	Domestic PHILIPPINES	62,051,421.00 PH10
10400000000 5	A. T. DE CASTRO SECURITIES CORP. Suite 701, 7/F Ayala Tower I, Exchange Plaza, Ayala Triangle, Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 848-7160 to 65	Tax Identification Number 000-151-360-000	Domestic PHILIPPINES	84,000.00 PH10
10500000000 5	ALL ASIA SECURITIES MANAGEMENT CORP. All Asia Capital Center 105 Paseo de Roxas St. Makat City Metropolitan Manila 1200	Omnibus Without Client 818-3211	Tax Identification Number 6	Domestic PHILIPPINES	202,500.00 PH10
10600000000 5	ALPHA SECURITIES CORP. UNIT 3003, ONE CORPORATE CENTRE, 30TH FLOOR, JULIA VARGAS STREET, COR MERALC AVENUE STREET, ORTIGAS CENTER, PASIG CI Metropolitan Manila 1200	Omnibus Without Client 6546806	Tax Identification Number 000-155-035-000	Domestic PHILIPPINES	1,229,000.00 PH10
10900000000 6	BA SECURITIES, INC. Rm 401-403 CLMC Bldg, 256-259 EDSA Greenhills Mandaluyong City Metropolitan Manila 1550	Settlement 727-5374	Tax Identification Number 10	Domestic PHILIPPINES	783,000.00 NWT
10900000000 14	BA SECURITIES, INC. Rm 401-403 CLMC Bldg, 256-259 EDSA Greenhills Mandaluyong City Metropolitan Manila 1550	Settlement 727-5374	Tax Identification Number 10	Domestic PHILIPPINES	1,000.00 PH10
11000000000 5	ANGPING & ASSOCIATES SECURITIES, INC. Suites 2002/2004, The Peak, 107 Alfaro St., Salcedo Village, Makati City Metropolitan Manila 1227	Omnibus Without Client 8482915	Tax Identification Number 005-037-731-000	Domestic PHILIPPINES	16,316,000.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
1110000000 1	ANSALDO, GODINEZ & CO., INC. 340 Nueva St., Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 242-5127	Tax Identification Number 007-571-837-000	Foreign PHILIPPINES	1,750,000.00 FMX1
1110000000 5	ANSALDO, GODINEZ & CO., INC. 340 Nueva St., Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 242-5127	Tax Identification Number 007-571-837-000	Domestic PHILIPPINES	11,045,700.00 PH10
1120000000 2	AB CAPITAL SECURITIES, INC. 8/F Phinma Plaza 39 Plaza Drive, Rockwell Center Makati City Metropolitan Manila 1200	Settlement 814-5601	Tax Identification Number 13	Foreign PHILIPPINES	575,000.00 FMX1
1120000000 5	AB CAPITAL SECURITIES, INC. 8/F Phinma Plaza 39 Plaza Drive, Rockwell Center Makati City Metropolitan Manila 1200	Omnibus Without Client 814-5601	Tax Identification Number 13	Domestic PHILIPPINES	5,614,900.00 PH10
1120000000 6	AB CAPITAL SECURITIES, INC. 8/F Phinma Plaza 39 Plaza Drive, Rockwell Center Makati City Metropolitan Manila 1200	Settlement 814-5601	Tax Identification Number 13	Domestic PHILIPPINES	10,560,100.00 NWT
1150000000 1	SB EQUITIES, INC. 18/F, Security Bank Centre 6776 Ayala Avenue, Makati City Metropolitan Manila 1226	Omnibus Without Client 8911037	Tax Identification Number 000-152-830-000	Foreign PHILIPPINES	460,000.00 FMX1
1150000000 2	SB EQUITIES, INC. 18/F, Security Bank Centre 6776 Ayala Avenue, Makati City Metropolitan Manila 1226	Settlement 8911037	Tax Identification Number 000-152-830-000	Foreign PHILIPPINES	40,000.00 FMX1
1150000000 5	SB EQUITIES, INC. 18/F, Security Bank Centre 6776 Ayala Avenue, Makati City Metropolitan Manila 1226	Omnibus Without Client 8911037	Tax Identification Number 000-152-830-000	Domestic PHILIPPINES	3,000,800.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
1150000000 6	SB EQUITIES, INC. 18/F, Security Bank Centre 6776 Ayala Avenue, Makati City Metropolitan Manila 1226	Settlement 8911037	Tax Identification Number 000-152-830-000	Domestic PHILIPPINES	105,000.00 NWT
1160000000 5	ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP. 24/F Galleria Corporate Center EDSA corner Ortigas Avenue, Pasig City Metropolitan Manila 1605	Omnibus Without Client 6345622-24	Tax Identification Number 002-011-914-000	Domestic PHILIPPINES	832,800.00 PH10
1180000000 1	ASIASEC EQUITIES, INC. 8/F Chatham House 116 Valero cor. V.A. Rufino Sts Salcedo Village, Makati City 1227 Metropolitan Manila 1227	Omnibus Without Client 8937981	Tax Identification Number 000-154-961-000	Foreign PHILIPPINES	38,500.00 FMX1
1180000000 5	ASIASEC EQUITIES, INC. 8/F Chatham House 116 Valero cor. V.A. Rufino Sts Salcedo Village, Makati City 1227 Metropolitan Manila 1227	Omnibus Without Client 8937981	Tax Identification Number 000-154-961-000	Domestic PHILIPPINES	1,138,500.00 PH10
1190000000 5	ASTRA SECURITIES CORPORATION Units 1204-1205 Ayala Tower One Ayala Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1200	Omnibus Without Client 848-6421/27	Tax Identification Number 000-107-717-000	Domestic PHILIPPINES	5,000.00 PH10
1210000000 14	MACQUARIE CAPITAL SECURITIES (PHILIPPINES), INC. 22F 6750 AYALA AVENUE BUILDING AYALA AVENUE Makati City Metropolitan Manila 1226	Settlement 857-0885	Tax Identification Number 21	Domestic PHILIPPINES	30,000.00 PH10
1220000000 5	BELSON SECURITIES, INC. 4th Floor Belson House 271 Edsa, Mandaluyong City Metropolitan Manila 1554	Omnibus Without Client 724-7586loc21	Tax Identification Number 000-154-219-000	Domestic PHILIPPINES	1,160,000.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
12200000000 7	BELSON SECURITIES, INC. 4th Floor Belson House 271 Edsa, Mandaluyong City Metropolitan Manila 1554	Own 724-7586loc21	Tax Identification Number 000-154-219-000	Domestic PHILIPPINES	100.00 NWT
12300000000 5	BENJAMIN CO CA & CO., INC. Rm. 301 Downtown Ctr Bldg., 516 Quintin Paredes St Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 6345186	Tax Identification Number 000-330-322-000	Domestic PHILIPPINES	103,000.00 PH10
12400000000 5	B. H. CHUA SECURITIES CORPORATION 872 G. Araneta Avenue, Quezon City Metropolitan Manila 1135	Omnibus Without Client 412-3444	Tax Identification Number 000-401-773	Domestic PHILIPPINES	3,096,500.00 PH10
12500000000 5	JAKA SECURITIES CORP. Unit 814, Ayala Tower I Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 8487123	Tax Identification Number 004-500-728-000	Domestic PHILIPPINES	8,659,500.00 PH10
12500000000 7	JAKA SECURITIES CORP. Unit 814, Ayala Tower I Ayala Ave., Makati City Metropolitan Manila 1226	Own 8487123	Tax Identification Number 004-500-728-000	Domestic PHILIPPINES	800,000.00 NWT
12600000000 1	BPI SECURITIES CORPORATION 8/F BPI Head Office Bldg., Ayala Ave., cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 8196535	Tax Identification Number 000-109-309-000	Foreign PHILIPPINES	402,500.00 FMX1
12600000000 5	BPI SECURITIES CORPORATION 8/F BPI Head Office Bldg., Ayala Ave., cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 8196535	Tax Identification Number 000-109-309-000	Domestic PHILIPPINES	11,480,703.00 PH10
12800000000 5	CAMPOS, LANUZA & COMPANY, INC. Unit 2003B East Tower, PSE Center Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1605	Omnibus Without Client 634-6881/87	Tax Identification Number 000-155-524-000	Domestic PHILIPPINES	797,802.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
1280000000 7	CAMPOS, LANUZA & COMPANY, INC. Unit 2003B East Tower, PSE Center Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1605	Own 634-6881/87	Tax Identification Number 000-155-524-000	Domestic PHILIPPINES	5,500.00 NWT
1280000000 18	CAMPOS, LANUZA & COMPANY, INC. Unit 2003B East Tower, PSE Center Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1605	Settlement 634-6881/87	Tax Identification Number 000-155-524-000	Foreign PHILIPPINES	2,800,000.00 RA10
1290000000 5	SINCERE SECURITIES CORPORATION 1203-A East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City Metropolitan Manila 0	Omnibus Without Client 638-3549	Tax Identification Number 000-338-426-000	Domestic PHILIPPINES	526,000.00 PH10
1310000000 5	PCIB SECURITIES, INC. 8/F PCIB Tower 2, Dela Costa St., Makati City Metropolitan Manila 1002	Omnibus Without Client 8912028	Tax Identification Number 30	Domestic PHILIPPINES	2,175,600.00 PH10
1330000000 5	CITISECURITIES, INC. Rm. 2701-B Tektite Tower Center Exchange Rd, Pasi City Metropolitan Manila 1600	Omnibus Without Client 635-5735	Tax Identification Number 000-322-268-000	Domestic PHILIPPINES	7,218,350.00 PH10
1360000000 5	TRITON SECURITIES CORP. 26/F LKG Tower, 6801 Ayala Avenue Makati City Metropolitan Manila 0	Omnibus Without Client 5238311	Tax Identification Number 003-741-374-000	Domestic PHILIPPINES	1,624,450.00 PH10
1400000000 5	IGC SECURITIES INC. Suite 1006, Tower I & Exchange Plaza Ayala Triangl Ayala Avenue Makati City Metropolitan Manila 1200	Omnibus Without Client 816-39-86	Tax Identification Number 38	Domestic PHILIPPINES	2,495,000.00 PH10
1410000000 5	CUALOPING SECURITIES CORPORATION Suite 1801 Tytana Centre Condominium Plaza Lorenz Ruiz, Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 241-0262	Tax Identification Number 000-333-333-000	Domestic PHILIPPINES	209,500.00 PH10

BP ID	BP NAME	ACCOUNT TYPE	ID TYPE	INVESTOR TYPE	HOLDINGS
ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
14200000000	DBP-DAIWA CAPITAL MARKETS PHILIPPINES, INC. 18/F Citibank Tower 8741 Paseo de Roxas Makati Cit Metropolitan Manila 1200	Settlement 813-73-44	Tax Identification Number 004-663-955-000	Domestic PHILIPPINES	2,200.00 PH10
14300000000	DAVID GO SECURITIES CORP. UNIT 2702D EAST TOWER, PHILIPPINE STOCK EXCHANGE CENTRE, EXCHANGE ROAD, ORTIG CENTER, PASIG CITY Metropolitan Manila 1006	Omnibus Without Client 650-6588	Tax Identification Number 000-320-855-000	Domestic PHILIPPINES	4,987,000.00 PH10
14500000000	DIVERSIFIED SECURITIES, INC. 5/F PDCP Bank Centre, Herrera cor. Alfaro Sts., Salcedo Village, Makati City Metropolitan Manila 1600	Settlement 634-6630/31	Tax Identification Number 43	Foreign PHILIPPINES	52,000.00 FMX1
14500000000	DIVERSIFIED SECURITIES, INC. 5/F PDCP Bank Centre, Herrera cor. Alfaro Sts., Salcedo Village, Makati City Metropolitan Manila 1600	Omnibus Without Client 634-6630/31	Tax Identification Number 43	Domestic PHILIPPINES	842,800.00 PH10
14700000000	E. CHUA CHIACO SECURITIES, INC. 113 Renta St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-5145	Tax Identification Number 000-335-991-000	Domestic PHILIPPINES	6,754,000.00 PH10
14700000000	E. CHUA CHIACO SECURITIES, INC. 113 Renta St., Binondo, Manila Metropolitan Manila 1006	Settlement 242-5145	Tax Identification Number 000-335-991-000	Foreign PHILIPPINES	15,500.00 RA10
14800000000	EQUITABLE SECURITIES (PHILS.) INC. 3/F Cacho-Gonzalez Bldg, Aguirre cor. Trasierra St, Legaspi Village Makati City Metropolitan Manila 1229	Omnibus Without Client 810-4801/04	Tax Identification Number 46	Domestic PHILIPPINES	27,200.00 PH10
14900000000	EAST WEST CAPITAL CORPORATION 2/F U-Bix Building 1331 Angono St., Makati City Metropolitan Manila 1208	Own 891-98901	Tax Identification Number 000-158-383-000	Domestic PHILIPPINES	400,000.00 NWT

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
1500000000 5	EASTERN SECURITIES DEVELOPMENT CORPORATION 1701 Tytana Ctr. Bldg, Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-4006/11	Tax Identification Number 000-329-281-000	Domestic PHILIPPINES	2,492,200.00 PH10
1530000000 5	EQUITIWORLD SECURITIES, INC. 807-809 Philippine Stock Exchange Ayala Tower 1, Ayala Avenue Makati City Metropolitan Manila 1226	Omnibus Without Client 848-5401/09	Tax Identification Number 51	Domestic PHILIPPINES	412,300.00 PH10
1540000000 5	EVERGREEN STOCK BROKERAGE & SEC., INC. Suite 606 - 607, 6th Floor, Tower One Phil. Stock Exchange Plaza, Ayala Triangle, Ayala Ave. Makati City Metropolitan Manila 1200	Omnibus Without Client 891-9451	Tax Identification Number 001-483-985	Domestic PHILIPPINES	3,958,300.00 PH10
1540000000 6	EVERGREEN STOCK BROKERAGE & SEC., INC. Suite 606 - 607, 6th Floor, Tower One Phil. Stock Exchange Plaza, Ayala Triangle, Ayala Ave. Makati City Metropolitan Manila 1200	Settlement 891-9451	Tax Identification Number 001-483-985	Domestic PHILIPPINES	66,000.00 NWT
1540000000 7	EVERGREEN STOCK BROKERAGE & SEC., INC. Suite 606 - 607, 6th Floor, Tower One Phil. Stock Exchange Plaza, Ayala Triangle, Ayala Ave. Makati City Metropolitan Manila 1200	Own 891-9451	Tax Identification Number 001-483-985	Domestic PHILIPPINES	9,698.00 NWT
1570000000 5	FIRST ORIENT SECURITIES, INC. Unit 1201 Ayala Triangle Tower One Ayala Avenue, Makati City Metropolitan Manila 1226	Omnibus Without Client 891-9240/45	Tax Identification Number 55	Domestic PHILIPPINES	1,242,100.00 PH10
1570000000 7	FIRST ORIENT SECURITIES, INC. Unit 1201 Ayala Triangle Tower One Ayala Avenue, Makati City Metropolitan Manila 1226	Own 891-9240/45	Tax Identification Number 55	Domestic PHILIPPINES	600.00 NWT

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
15900000000 5	FIRST INTEGRATED CAPITAL SECURITIES, INC Units 1211-1212 Tower I & Exchange Plaza, Ayala Ave. Cor. Paseo de Roxas, Makati City Metropolitan Manila 1200	Omnibus Without Client 759-4320 to 23	Tax Identification Number 57	Domestic PHILIPPINES	44,100.00 PH10
16200000000 1	F. YAP SECURITIES, INC. Unit 2301 PSE Center (East Tower) Exchange Rd., Ortigas Center Pasig City Metropolitan Manila 1603	Omnibus Without Client 635-4126	Tax Identification Number 000-333-165-000	Foreign PHILIPPINES	150,000.00 FMX1
16200000000 5	F. YAP SECURITIES, INC. Unit 2301 PSE Center (East Tower) Exchange Rd., Ortigas Center Pasig City Metropolitan Manila 1603	Omnibus Without Client 635-4126	Tax Identification Number 000-333-165-000	Domestic PHILIPPINES	1,059,000.00 PH10
16700000000 1	AURORA SECURITIES, INC. UNIT 2405A WEST TOWER PHILIPPINE STOCK EXCHANGE CENTRE ORTIGAS, PASIG CITY Metropolitan Manila 1605	Omnibus Without Client 633-5892	Tax Identification Number 002-832-240	Foreign PHILIPPINES	11,000.00 FMX1
16700000000 5	AURORA SECURITIES, INC. UNIT 2405A WEST TOWER PHILIPPINE STOCK EXCHANGE CENTRE ORTIGAS, PASIG CITY Metropolitan Manila 1605	Omnibus Without Client 633-5892	Tax Identification Number 002-832-240	Domestic PHILIPPINES	1,029,700.00 PH10
16800000000 5	GLOBALINKS SECURITIES & STOCKS, INC. # 706 Ayala Tower One Ayala Avenue Cor. Paseo de Roxas St. Makati City Metropolitan Manila 1226	Omnibus Without Client 759-4136	Tax Identification Number 65	Domestic PHILIPPINES	1,464,500.00 PH10
16800000000 7	GLOBALINKS SECURITIES & STOCKS, INC. # 706 Ayala Tower One Ayala Avenue Cor. Paseo de Roxas St. Makati City Metropolitan Manila 1226	Own 759-4136	Tax Identification Number 65	Domestic PHILIPPINES	11,900.00 NWT

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
16900000000 5	JSG SECURITIES, INC. 4th Floor, A&T Building, 244 Escolta Street, Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 2429414	Tax Identification Number 004-578-852-000	Domestic PHILIPPINES	542,650.00 PH10
17000000000 5	GOLDSTAR SECURITIES, INC. 2201-B East Tower, PSE Centre Exchange Rd, Ortiga Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 633-7485/86	Tax Identification Number 000-222-746-000	Domestic PHILIPPINES	204,000.00 PH10
17000000000 14	GOLDSTAR SECURITIES, INC. 2201-B East Tower, PSE Centre Exchange Rd, Ortiga Center Pasig City Metropolitan Manila 1600	Settlement 633-7485/86	Tax Identification Number 000-222-746-000	Domestic PHILIPPINES	461,300.00 PH10
17200000000 5	GUILD SECURITIES, INC. Unit 1215 Tower One & Exchange Plaza Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 8919232	Tax Identification Number 69	Domestic PHILIPPINES	506,100.00 PH10
17400000000 1	HDI SECURITIES, INC. UNIT 2305-B 23/F ORIENT SQUARE BLDG., F. ORTIGAS, JR. ROAD, ORTIGAS CENTRE, PASIG CITY, 1605 Metropolitan Manila 1605	Omnibus Without Client 891-9598	Tax Identification Number 001-670-271-000	Foreign PHILIPPINES	300,000.00 FMX1
17400000000 5	HDI SECURITIES, INC. UNIT 2305-B 23/F ORIENT SQUARE BLDG., F. ORTIGAS, JR. ROAD, ORTIGAS CENTRE, PASIG CITY, 1605 Metropolitan Manila 1605	Omnibus Without Client 891-9598	Tax Identification Number 001-670-271-000	Domestic PHILIPPINES	7,431,300.00 PH10
17500000000 5	H. E. BENNETT SECURITIES, INC. Rm. 1704 World Trade Exchange Bldg., 215 Juan Lur St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-5733	Tax Identification Number 000-334-004	Domestic PHILIPPINES	170,000.00 PH10

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1750000000 7	H. E. BENNETT SECURITIES, INC. Rm. 1704 World Trade Exchange Bldg., 215 Juan Lur St., Binondo, Manila Metropolitan Manila 1006	Own 242-5733	Tax Identification Number 000-334-004	Domestic PHILIPPINES	7,700.00 NWT
1780000000 5	HK SECURITIES, INC. Suite 102 Columbia Tower, Ortigas Ave., Mandaluyong City Metropolitan Manila 1600	Omnibus Without Client 6336991 to 96	Tax Identification Number 75	Domestic PHILIPPINES	9,100.00 PH10
1790000000 5	I. ACKERMAN & CO., INC. Suite 705, Tower I Bldg. PSE Plaza, Ayala Triangle Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 891-9071	Tax Identification Number 76	Domestic PHILIPPINES	30,000.00 PH10
1800000000 5	I. B. GIMENEZ SECURITIES, INC. 3/F NEW ROSARIO ORTIGAS ARCADE, NO. 42, ORTIGAS EXTENSION, ROSARIO, PASIG CITY Metropolitan Manila 1600	Omnibus Without Client 628-0000-325-336	Tax Identification Number 000-329-846-000	Domestic PHILIPPINES	533,097.00 PH10
1810000000 5	INVESTORS SECURITIES, INC, Unit 604-605 Tower One & Exchange Plaza Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1200	Omnibus Without Client 8431210	Tax Identification Number 000-123-697-0 0	Domestic PHILIPPINES	1,675,600.00 PH10
1820000000 5	IMPERIAL,DE GUZMAN,ABALOS & CO.,INC. Ground Floor, EDSA Central Square Shaw Boulevard Mandaluyong City Metropolitan Manila 1552	Omnibus Without Client 6332686	Tax Identification Number 000-121-920	Domestic PHILIPPINES	183,800.00 PH10
1830000000 5	INTRA-INVEST SECURITIES, INC. 11/F ACT Tower, 135 Sen. Gil Puyat Ave., Salcedo Vill., Makati City Metropolitan Manila 1200	Omnibus Without Client 8106934	Tax Identification Number 000-162-545-000	Domestic PHILIPPINES	309,400.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
1870000000 5	ASIAN CAPITAL EQUITIES, INC. 6/F Tower 1 & Exchange Plaza Ayala Ave., cor Pasco de Roxas, Makati City Metropolitan Manila 1226	Omnibus Without Client 8485126	Tax Identification Number 84	Domestic PHILIPPINES	56,100.00 PH10
1880000000 5	J.M. BARCELON & CO., INC. #5 PENNSYLVANNIA STREET, BRGY. MARIAN, NEW MANILA, QUEZON CITY Metropolitan Manila 1100	Omnibus Without Client 661-8396	Tax Identification Number 000-333-850	Domestic PHILIPPINES	64,000.00 PH10
1880000000 6	J.M. BARCELON & CO., INC. #5 PENNSYLVANNIA STREET, BRGY. MARIAN, NEW MANILA, QUEZON CITY Metropolitan Manila 1100	Settlement 661-8396	Tax Identification Number 000-333-850	Domestic PHILIPPINES	33,000.00 NWT
1920000000 2	STRATEGIC EQUITIES CORP. Unit 610-611 PSE Plaza, Tower I, Ayala Triangle, Ayala Ave., Makati City Metropolitan Manila 1226	Settlement 759-4055	Tax Identification Number 89	Foreign PHILIPPINES	933,900.00 FMX1
1920000000 6	STRATEGIC EQUITIES CORP. Unit 610-611 PSE Plaza, Tower I, Ayala Triangle, Ayala Ave., Makati City Metropolitan Manila 1226	Settlement 759-4055	Tax Identification Number 89	Domestic PHILIPPINES	7,200.00 NWT
1920000000 14	STRATEGIC EQUITIES CORP. Unit 610-611 PSE Plaza, Tower I, Ayala Triangle, Ayala Ave., Makati City Metropolitan Manila 1226	Settlement 759-4055	Tax Identification Number 89	Domestic PHILIPPINES	156,800.00 PH10
1930000000 5	LARRGO SECURITIES CO., INC. Rm. 202 2/F Rufino Building, Ayala Avenue, Makati City Metropolitan Manila 1226	Omnibus Without Client 8101353	Tax Identification Number 90	Domestic PHILIPPINES	172,000.00 PH10

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19500000000 6	LITONJUA SECURITIES, INC. No. 444 T.M. Kalaw Ermita, Manila Metropolitan Manila 1004	Settlement 521-1951/57	Tax Identification Number 92	Domestic PHILIPPINES	7,500.00 NWT
19700000000 5	LOPEZ, LOCSIN, LEDESMA & CO., INC. 405 URBAN BUILDING, SEN. GIL. PUYAT AVEN MAKATI CITY Metropolitan Manila 1226	Omnibus Without Client 8127482	Tax Identification Number 321-000-128-692	Domestic PHILIPPINES	3,300.00 PH10
19800000000 5	LUCKY SECURITIES, INC. Unit 1402-B PSE Center Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 6346747/60	Tax Identification Number 95	Domestic PHILIPPINES	598,500.00 NWT
19900000000 5	LUYS SECURITIES COMPANY, INC. 28/F LKG Tower 6801 Ayala Ave. Makati City Metropolitan Manila 1200	Omnibus Without Client 5231040	Tax Identification Number 96	Domestic PHILIPPINES	15,500.00 PH10
20000000000 5	MANDARIN SECURITIES CORPORATION 28/F LKG Tower 6801 Ayala Ave. Makati City Metropolitan Manila 1200	Omnibus Without Client 523-8311/16	Tax Identification Number 97	Domestic PHILIPPINES	3,022,200.00 PH10
20000000002 1	R&B INSURANCE CORPORATION 28F LKG TOWER, AYALA AVENUE, MAKATI CI Metropolitan Manila	Client 8841155	Commercial Registration Number 15346	Domestic PHILIPPINES	50,000.00 NWT
20300000000 1	COL Financial Group, Inc. 2401-B EAST TOWER, PSE CENTRE EXCHANGE ROAD, ORTIGAS CENTER PASIG CITY Metropolitan Manila 1605	Omnibus Without Client 635-5735	Tax Identification Number 203-523-208	Foreign PHILIPPINES	1,114,000.00 FMX1
20300000000 5	COL Financial Group, Inc. 2401-B EAST TOWER, PSE CENTRE EXCHANGE ROAD, ORTIGAS CENTER PASIG CITY Metropolitan Manila 1605	Omnibus Without Client 635-5735	Tax Identification Number 203-523-208	Domestic PHILIPPINES	53,059,001.00 PH10

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20400000000 14	DA MARKET SECURITIES, INC. Unit 2402-B West Tower, PSE Center Exchange Road Ortigas Center Pasig City Metropolitan Manila 1600	Settlement 637-42-42	Tax Identification Number 101	Domestic PHILIPPINES	2,224,200.00 PH10
20500000000 5	MERCANTILE SECURITIES CORP. UNIT 804 FORT LEGEND TOWERS 3RD AVENUE COR. 31ST ST. FORT BONIFACIO GLOBAL CITY TAGUIG CITY Metropolitan Manila 1226	Omnibus Without Client 501-8872	Tax Identification Number 000-161-457-000	Domestic PHILIPPINES	1,038,800.00 PH10
20600000000 5	MERIDIAN SECURITIES, INC. Suite 2702B&C Tektite Tower I Ortigas Centre, Pasig City Metropolitan Manila 1600	Omnibus Without Client 634-6931/36	Tax Identification Number 000-338-748-000	Domestic PHILIPPINES	675,700.00 PH10
20800000000 5	MDR SECURITIES, INC. Unit 1806, 8/F Medical Plaza Ortigas Bldg., Pasig City Metropolitan Manila 1226	Omnibus Without Client 891-9225	Tax Identification Number 105	Domestic PHILIPPINES	209,900.00 PH10
20900000000 4	DEUTSCHE REGIS PARTNERS, INC. 23/F Tower I, Ayala Triangle, Makati City Metropolitan Manila 1226	Settlement 894-6620	Tax Identification Number 000-594-804-000	Foreign PHILIPPINES	5,300.00 RA02
20900000000 14	DEUTSCHE REGIS PARTNERS, INC. 23/F Tower I, Ayala Triangle, Makati City Metropolitan Manila 1226	Settlement 894-6620	Tax Identification Number 000-594-804-000	Domestic PHILIPPINES	66,000.00 PH10
20900000010 1	DEUTSCHE REGIS PARTNERS, INC. 23/F Tower I, Ayala Triangle, Makati City Metropolitan Manila 1226	Client 894-6620	Tax Identification Number 485	Foreign PHILIPPINES	1,600,000.00 FTXN
21000000000 5	MOUNT PEAK SECURITIES, INC. #748 C.K. Bldg., Juan Luna St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 241-8043	Tax Identification Number 000-321-831-000	Domestic PHILIPPINES	216,000.00 PH10

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2110000000 5	NEW WORLD SECURITIES CO., INC. 215 JUAN LUNA STREET, UNIT 2608 WORLD TRADE EXCHANGE BLDG., BINONDO, MANILA Metropolitan Manila 1006	Omnibus Without Client 2421767	Tax Identification Number 000-327-414-000	Domestic PHILIPPINES	1,341,000.00 PH10
2130000000 5	NIEVES SECURITIES, INC. UNIT 106, G/F TYTANA PLAZA V. TYTANA COR INSULAR STS. PLAZA LORENZO RUIZ, BINONE MANILA CITY Metropolitan Manila 1006	Omnibus Without Client 4777888	Tax Identification Number 000-333-999-000	Domestic PHILIPPINES	200,000.00 PH10
2150000000 5	OPTIMUM SECURITIES CORPORATION No. 11 E. O. Bldg., United St. cor. 2nd St. Bo. Kapitolyo, Pasig City Metropolitan Manila 1650	Omnibus Without Client 631-7831/36	Tax Identification Number 000-287-524-000	Domestic PHILIPPINES	389,150.00 PH10
2170000000 5	RCBC SECURITIES, INC. Unit 1008 Tower I & Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Omnibus Without Client 8485183	Tax Identification Number 000-165-644-000	Domestic PHILIPPINES	556,300.00 PH10
2180000000 5	PAN ASIA SECURITIES CORP. 910 Tower One & Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Omnibus Without Client 8919173	Tax Identification Number 000-135-142	Domestic PHILIPPINES	452,500.00 PH10
2190000000 5	PAPA SECURITIES CORPORATION GROUND FLOOR, ACE BUILDING, DE LA ROSA CORNER RADA ST., LEGASPI VILLAGE, MAKAT CITY Metropolitan Manila 1200	Omnibus Without Client 817-8433	Tax Identification Number 000-215-520	Domestic PHILIPPINES	7,220,200.00 PH10
2200000000 2	MAYBANK ATR KIM ENG SECURITIES, INC. 17/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Settlement 849-8855	Tax Identification Number 000-168-671-000	Foreign PHILIPPINES	6,933,500.00 FMX1

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22000000000 6	MAYBANK ATR KIM ENG SECURITIES, INC. 17/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Settlement 849-8855	Tax Identification Number 000-168-671-000	Domestic PHILIPPINES	10,064,199.00 NWT
22000000000 14	MAYBANK ATR KIM ENG SECURITIES, INC. 17/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Settlement 849-8855	Tax Identification Number 000-168-671-000	Domestic PHILIPPINES	2,370,950.00 PH10
22300000000 5	PLATINUM SECURITIES, INC. Unit 801, Antel Corporate Ctr., 121 Valero St., Salced Village Makati City Metropolitan Manila 1200	Omnibus Without Client 887-11-78	Tax Identification Number 000-532-022	Domestic PHILIPPINES	178,000.00 PH10
22400000000 1	PNB SECURITIES, INC. 3/F PNB Financial Center Roxas Blvd., Pasay City Metropolitan Manila 1300	Omnibus Without Client 526-3466	Tax Identification Number 000-198-201-000	Foreign PHILIPPINES	2,513,000.00 FMX1
22400000000 5	PNB SECURITIES, INC. 3/F PNB Financial Center Roxas Blvd., Pasay City Metropolitan Manila 1300	Omnibus Without Client 526-3466	Tax Identification Number 000-198-201-000	Domestic PHILIPPINES	2,246,260.00 PH10
22500000000 5	PREMIUM SECURITIES, INC. Unit 1415, Tower 1 & Exchange Plaza Ayala Avenue cor. Pasco de Roxas Makati City Metropolitan Manila 1259	Omnibus Without Client 848-5915/17	Tax Identification Number 121	Domestic PHILIPPINES	1,875,600.00 PH10
22800000000 5	PRYCE SECURITIES, INC. 15/F PRYCE CENTER BUILDING, 1179 CHINO RO AVENUE BAGTIKAN, MAKATI CITY Metropolitan Manila 1226	Omnibus Without Client 816-2426/27	Tax Identification Number 124	Domestic PHILIPPINES	12,366.00 PH10

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22900000000 5	SALISBURY BKT SECURITIES CORPORATION Unit 207 Cityland Condominium 10 - Tower 2 6817 H.V. De La Costa St. cor. Ayala Ave. Makati City Metropolitan Manila 1200	Omnibus Without Client 892-88-34	Tax Identification Number 000-598-559-000	Domestic PHILIPPINES	15,300.00 PH10
23000000000 1	QUALITY INVESTMENTS & SECURITIES CORPORATION Suite 1602 Tytana Plaza Oriente St, Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 241-0547	Tax Identification Number 000-333-614-000	Foreign PHILIPPINES	910,000.00 FMX1
23000000000 5	QUALITY INVESTMENTS & SECURITIES CORPORATION Suite 1602 Tytana Plaza Oriente St, Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 241-0547	Tax Identification Number 000-333-614-000	Domestic PHILIPPINES	12,359,800.00 PH10
23000000000 7	QUALITY INVESTMENTS & SECURITIES CORPORATION Suite 1602 Tytana Plaza Oriente St, Binondo Manila Metropolitan Manila 1006	Own 241-0547	Tax Identification Number 000-333-614-000	Domestic PHILIPPINES	173,000.00 NWT
23000000001 1	Asia Insurance (Philippines) Corporation Suite 1602 Tytana Plaza Oriente St, Binondo Manila Metropolitan Manila 1006	Client	Tax Identification Number 530	Domestic PHILIPPINES	31,000.00 NWT
23100000000 5	R & L INVESTMENTS, INC. 675 Lee St., Mandaluyong City Metropolitan Manila 1501	Omnibus Without Client 7247210/705207	Tax Identification Number 127	Domestic PHILIPPINES	336,000.00 PH10
23300000000 5	R. COYIUTO SECURITIES, INC. 5/F Corinthian Plaza, Paseo de Roxas, Legaspi Village Makati City Metropolitan Manila 0	Omnibus Without Client 811-3064	Tax Identification Number 000-329-417	Domestic PHILIPPINES	2,676,800.00 PH10
23500000000 5	REGINA CAPITAL DEVELOPMENT CORPORATION Unit 806 Tower 1 & Exchange Plaza Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Omnibus Without Client 848-5482/84	Tax Identification Number 131	Domestic PHILIPPINES	3,277,332.00 PH10

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2350000000 6	REGINA CAPITAL DEVELOPMENT CORPORATI Unit 806 Tower 1 & Exchange Plaza Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Settlement 848-5482/84	Tax Identification Number 131	Domestic PHILIPPINES	205,000.00 NWT
2360000000 5	R. NUBLA SECURITIES, INC. Rm 405 Co Ban Kiat Building II, 231 Juan Luna St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-1596	Tax Identification Number 132	Domestic PHILIPPINES	4,017,100.00 PH10
2370000000 5	AAA SOUTHEAST EQUITIES, INCORPORATED Ground Floor, Fortune Life Building #162 Legaspi St. Legaspi Village Makati City Metropolitan Manila 1229	Omnibus Without Client 816-2918	Tax Identification Number 000-141-894-000	Domestic PHILIPPINES	2,067,700.00 PH10
2370000002 1	FORTUNE GENERAL INSURANCE CORPORATI 4TH/F CITYSTATE CENTRE, 709 SHAW BOULEVARD, PASIG CITY Metropolitan Manila 1600	Client 706-3959	Tax Identification Number 220.	Domestic PHILIPPINES	192,500.00 NWT
2380000000 5	R. S. LIM & CO., INC. 1509 Galvani Street San Isidro, Makati City Metropolitan Manila 1234	Omnibus Without Client 8919670	Tax Identification Number 000-333-915-000	Domestic PHILIPPINES	1,258,400.00 PH10
2390000000 5	RTG & COMPANY, INC. Unit 602 Tower 1 & Exchange Plaza Ayala Triangle, Makati City Metropolitan Manila 1200	Omnibus Without Client 8919482	Tax Identification Number 000-165-637-000	Domestic PHILIPPINES	355,100.00 PH10
2400000000 5	S.J. ROXAS & CO., INC. Unit 612 Tower One, & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City Metropolitan Manila 0	Omnibus Without Client 848-5065	Tax Identification Number 136	Domestic PHILIPPINES	604,500.00 PH10

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2400000002 1	S.J. ROXAS & CO.,INC. Unit 612 Tower One, Ayala Triangle, Ayala Avenue, Makati City Metropolitan Manila 0	Client 8485065 TO 69	Tax Identification Number 546	Domestic PHILIPPINES	18,000.00 NWT
2420000000 5	SECURITIES SPECIALISTS, INC. Unit 903 National Life Insurance Building, 6762 Ayala Avenue, Makati City Metropolitan Manila 1000	Omnibus Without Client 523-5595	Tax Identification Number 138	Domestic PHILIPPINES	2,200.00 PH10
2430000000 5	FIDELITY SECURITIES, INC. 2103-B PSE Centre, Exchange Road, Ortigas, Pasig City Metropolitan Manila 1600	Omnibus Without Client 6345038	Tax Identification Number 002-836-391-000	Domestic PHILIPPINES	44,500.00 PH10
2460000000 5	SUMMIT SECURITIES, INC. Unit 2102 B/C PSE Center Tektite Tower East Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 6311032 to 37	Tax Identification Number 000-338-985-000	Domestic PHILIPPINES	6,107,300.00 PH10
2470000000 5	STANDARD SECURITIES CORPORATION #34 Jefferson St., GHW, San Juan Metro Manila Metropolitan Manila 00	Omnibus Without Client 8486149	Tax Identification Number 000-333-108	Domestic PHILIPPINES	13,061,800.00 PH10
2490000000 5	SUPREME STOCKBROKERS, INC UNIT G. GARDEN LEVEL, CORINTHIAN PLAZA PASEO DE ROXAS AVENUE, LEGASPI VILLAGE MAKATI CITY Metropolitan Manila 1226	Omnibus Without Client 5764384	Tax Identification Number 000-166-867-000	Domestic PHILIPPINES	45,350.00 PH10
2510000000 5	TANSENGCO & CO., INC. U-2308 World Trade Exchange Condominium 215 Ju Luna St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 241-7155	Tax Identification Number 146	Domestic PHILIPPINES	1,268,200.00 PH10

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25200000000 5	THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP. Rms. 801-802, PSE Tower I Ayala Ave., cor. Paseo d Roxas,Ayala Triangle, Makati City Metropolitan Manila 1200	Omnibus Without Client 8486311 to 18	Tax Identification Number 000-149-028-000	Domestic PHILIPPINES	379,700.00 PH10
25300000000 5	TOWER SECURITIES, INC. 1802-C Tektite Tower I Exchange Road, Ortigas Cent Pasig City Metropolitan Manila 1600	Omnibus Without Client 6354448	Tax Identification Number 148	Domestic PHILIPPINES	15,695,100.00 PH10
25400000000 5	TRANS-ASIA SECURITIES, INC. Rm. 601-S, State Centre 333 Juan Luna St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-28-23	Tax Identification Number 149	Domestic PHILIPPINES	105,500.00 PH10
25400000000 7	TRANS-ASIA SECURITIES, INC. Rm. 601-S, State Centre 333 Juan Luna St., Binondo, Manila Metropolitan Manila 1006	Own 242-28-23	Tax Identification Number 149	Domestic PHILIPPINES	100,000.00 NWT
25500000000 5	APEX PHILIPPINES EQUITIES CORPORATION Unit 902, Antel Corporate Center, No. 139 Valero St., Salcedo Vill., Makati City Metropolitan Manila 1227	Omnibus Without Client 527-1555	Tax Identification Number 150	Domestic PHILIPPINES	5,000.00 PH10
25600000000 5	TRENDLINE SECURITIES CORPORATION Rm. 503 Tytana Plaza Lorenzo Ruiz St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 241-0387	Tax Identification Number 151	Domestic PHILIPPINES	11,200.00 PH10
25700000000 5	TRI-STATE SECURITIES, INC. Unit 1007, 10/F Ayala Triangle Tower I, Ayala Avenue, Makati City Metropolitan Manila 1226	Omnibus Without Client 8485042	Tax Identification Number 000-704-920-000	Domestic PHILIPPINES	55,500.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
25900000000 5	UCPB SECURITIES, INC. Suite 1612, 16/F Ayala Tower I Exchange Plaza, Ayala Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 8485678	Tax Identification Number 154	Domestic PHILIPPINES	2,656,200.00 PH10
25900000000 6	UCPB SECURITIES, INC. Suite 1612, 16/F Ayala Tower I Exchange Plaza, Ayala Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Settlement 8485678	Tax Identification Number 154	Domestic PHILIPPINES	100,000.00 NWT
26100000004 1	E.SECURITIES, INC. ITF VARIOUS CLIENTS 11/F Exportbank Plaza Chino Roces cor Sen. Gil J. Puyat Ave, Makati City Metropolitan Manila 1251	Client	Tax Identification Number 560	Domestic PHILIPPINES	3,300.00 PH10
26300000000 5	VENTURE SECURITIES, INC. Unit 811 Tower One & Exchange Plaza Ayala Triangle Ayala Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 8486505	Tax Identification Number 158	Domestic PHILIPPINES	46,500.00 PH10
26300000000 6	VENTURE SECURITIES, INC. Unit 811 Tower One & Exchange Plaza Ayala Triangle Ayala Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Settlement 8486505	Tax Identification Number 158	Domestic PHILIPPINES	3,440,400.00 NWT
26600000000 5	VICSAL SECURITIES & STOCK BROKERAGE, INC. 658 C. Palanca St., Quiapo, Manila Metropolitan Manila 1001	Omnibus Without Client 7349771	Tax Identification Number 000-089-167-000	Domestic PHILIPPINES	2,631,000.00 PH10
26700000000 1	FIRST METRO SECURITIES BROKERAGE CORP Unit 1515, 15/F Ayala Tower One Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 759-4133/34	Tax Identification Number 003-458-062-000	Foreign PHILIPPINES	50,000.00 FMX1

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
26700000000 2	FIRST METRO SECURITIES BROKERAGE CORP Unit 1515, 15/F Ayala Tower One Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1226	Settlement 759-4133/34	Tax Identification Number 003-458-062-000	Foreign PHILIPPINES	30,000.00 FMXI
26700000000 5	FIRST METRO SECURITIES BROKERAGE CORP Unit 1515, 15/F Ayala Tower One Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 759-4133/34	Tax Identification Number 003-458-062-000	Domestic PHILIPPINES	500.00 PH10
26700000000 6	FIRST METRO SECURITIES BROKERAGE CORP Unit 1515, 15/F Ayala Tower One Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1226	Settlement 759-4133/34	Tax Identification Number 003-458-062-000	Domestic PHILIPPINES	9,846,435.00 NWT
26900000000 1	WEALTH SECURITIES, INC. 2103 PSE Centre, Exchange Road Ortigas Centre, Pas City Metropolitan Manila 1600	Omnibus Without Client 634-5038	Tax Identification Number 000-330-678	Foreign PHILIPPINES	200,000.00 FMXI
26900000000 5	WEALTH SECURITIES, INC. 2103 PSE Centre, Exchange Road Ortigas Centre, Pas City Metropolitan Manila 1600	Omnibus Without Client 634-5038	Tax Identification Number 000-330-678	Domestic PHILIPPINES	8,487,450.00 PH10
26900000000 7	WEALTH SECURITIES, INC. 2103 PSE Centre, Exchange Road Ortigas Centre, Pas City Metropolitan Manila 1600	Own 634-5038	Tax Identification Number 000-330-678	Domestic PHILIPPINES	5,750.00 NWT
27000000000 1	WESTLINK GLOBAL EQUITIES, INC. 6/F Philippine Stock Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Omnibus Without Client 848-6231	Tax Identification Number 000-334-828	Foreign PHILIPPINES	3,090,000.00 FMXI

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
2700000000 5	WESTLINK GLOBAL EQUITIES, INC. 6/F Philippine Stock Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Omnibus Without Client 848-6231	Tax Identification Number 000-334-828	Domestic PHILIPPINES	114,372,540.00 PH10
2700000000 6	WESTLINK GLOBAL EQUITIES, INC. 6/F Philippine Stock Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Settlement 848-6231	Tax Identification Number 000-334-828	Domestic PHILIPPINES	13,328,000.00 NWT
2720000000 1	BERNAD SECURITIES, INC. 3/F 1033 M.H. del Pilar St. Ermita, Manila Metropolitan Manila 1000	Omnibus Without Client 5245186	Tax Identification Number 002-919-761	Foreign PHILIPPINES	3,000.00 FMX1
2720000000 5	BERNAD SECURITIES, INC. 3/F 1033 M.H. del Pilar St. Ermita, Manila Metropolitan Manila 1000	Omnibus Without Client 5245186	Tax Identification Number 002-919-761	Domestic PHILIPPINES	307,100.00 PH10
2720000000 6	BERNAD SECURITIES, INC. 3/F 1033 M.H. del Pilar St. Ermita, Manila Metropolitan Manila 1000	Settlement 5245186	Tax Identification Number 002-919-761	Domestic PHILIPPINES	397,000.00 NWT
2730000000 5	WONG SECURITIES CORPORATION 1402-B A. Mabini St., cor. Sta. Monica St., Ermita, Manila Metropolitan Manila 1000	Omnibus Without Client 5217794	Tax Identification Number 000-350-895-000	Domestic PHILIPPINES	44,000.00 PH10
2750000000 5	YAO & ZIALCITA, INC. Yao & Zialcita, Inc., 5G Vernida I Condominium, 12C Amorsolo St., Legaspi Village, Makati City Metropolitan Manila	Omnibus Without Client 5274019 to 21	Tax Identification Number 170	Domestic PHILIPPINES	2,875,500.00 PH10
2780000000 5	YU & COMPANY, INC. Unit E 1606-B Tektite Tower 1 Exchange Road, Ortiga Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 634-6248	Tax Identification Number 000-324-373-000	Domestic PHILIPPINES	6,911,000.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
2790000000 5	BDO SECURITIES CORPORATION 27/F Tower I & Exchange Plaza Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 759-41-44	Tax Identification Number 004-814-885-000	Domestic PHILIPPINES	2,585,000.00 PH10
2790000000 6	BDO SECURITIES CORPORATION 27/F Tower I & Exchange Plaza Ayala Ave., Makati City Metropolitan Manila 1226	Settlement 759-41-44	Tax Identification Number 004-814-885-000	Domestic PHILIPPINES	340,000.00 NWT
2820000000 6	PCCI SECURITIES BROKERS CORP. 3/F PCCI Corporate Centre 118 Alfaro St, Salcedo Village Makati City Metropolitan Manila 1227	Settlement 893-3920	Tax Identification Number 177	Domestic PHILIPPINES	5,457,500.00 NWT
2830000000 5	EAGLE EQUITIES, INC. 179 Kaimito St. Valle Verde II, Pasig City Metropolitan Manila 1600	Omnibus Without Client 6363637 to 39	Tax Identification Number 178	Domestic PHILIPPINES	2,223,800.00 PH10
2830000000 7	EAGLE EQUITIES, INC. 179 Kaimito St. Valle Verde II, Pasig City Metropolitan Manila 1600	Own 6363637 to 39	Tax Identification Number 178	Domestic PHILIPPINES	100,000.00 NWT
2850000000 5	GOLDEN TOWER SECURITIES & HOLDINGS, IN 4-B Vernida I Condominium, 120 Amorsolo St., Legaspi Village, Makati City Metropolitan Manila 1229	Omnibus Without Client 8132839	Tax Identification Number 179	Domestic PHILIPPINES	1,732,576.00 PH10
2860000000 5	SOLAR SECURITIES, INC. Unit 3002-A East Tower, Phil. Stock Exchange Centre Exchange Road, Ortigas Complex, Pasig City Metropolitan Manila 1605	Omnibus Without Client 6366301	Tax Identification Number 001-949-768-000	Domestic PHILIPPINES	3,517,600.00 PH10
2880000000 5	G.D. TAN & COMPANY, INC. Unit 2203-A East Tower, PSE Center Exchange Road Ortigas Center, Pasig City Metropolitan Manila 1600	Omnibus Without Client 6339989	Tax Identification Number 000-121-113-000	Domestic PHILIPPINES	522,800.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
2880000000 7	G.D. TAN & COMPANY, INC. Unit 2203-A East Tower, PSE Center Exchange Road Ortigas Center, Pasig City Metropolitan Manila 1600	Own 6339989	Tax Identification Number 000-121-113-000	Domestic PHILIPPINES	500.00 NWT
3280000000 5	DW CAPITAL INC. UNIT 1610-1611 TOWER ONE & EXCHANGE PLAZA, AYALA TRIANGLE, AYALA AVENUE, MAKATI CITY 1226 Metropolitan Manila 0	Omnibus Without Client 8369633	Tax Identification Number 200-262-862-000	Domestic PHILIPPINES	737,000.00 PH10
3380000000 8	PHILIPPINE EQUITY PARTNERS, INC. Unit 19C Citibank Tower Citibank Plaza 8741 Paseo Roxas Makati City Metropolitan Manila 1226	Settlement 8145788	Tax Identification Number 213-130-068-000	Domestic PHILIPPINES	500.00 NWT
3450000000 5	UNICAPITAL SECURITIES INC. 4F Majalco Bldg Benavidez cor Trasierra Sts Legaspi Vill., Makati City Metropolitan Manila 1200	Omnibus Without Client 750-2030	Tax Identification Number 005-294-264-000	Domestic PHILIPPINES	923,000.00 PH10
3880000000 5	ARMSTRONG SECURITIES, INC. Unit 2205-A, 22/F PSE Centre Exchange Road, Ortig Centre, Pasig City Metropolitan Manila 1600	Omnibus Without Client 6346337 to 39	Tax Identification Number 191	Domestic PHILIPPINES	8,600.00 PH10
3890000000 5	KING'S POWER SECURITIES, INC. RM 1602 FEDERAL TOWER DASMARINAS ST., BINONDO, MANILA Metropolitan Manila 0	Omnibus Without Client	Tax Identification Number 205-495-236	Domestic PHILIPPINES	1,222,000.00 PH10
CITI1000000 1	CITIBANK N.A. 11/F Citibank Tower Villar corner Valero Sts. Makati City, MM Metropolitan Manila 1200	Own 8947841	Tax Identification Number 946	Foreign PHILIPPINES	300,000.00 FMX1

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
DEUB1000000 1	DEUTSCHE BANK MANILA-CLIENTS A/C 26/F Ayala Tower One Ayala Triangle, Makati City Metropolitan Manila 1226	Own 8946970	Tax Identification Number DEUB1	Foreign PHILIPPINES	11,000.00 FMX1
HSBC1000000 1	THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT. HSBC Securities Services 12th Floor, The Enterprise Center, Tower I 6766 Ayala Avenue corner Paseo de Roxas Makati City Metropolitan Manila 1200	Own 8145200	Tax Identification Number 951	Foreign PHILIPPINES	64,900.00 FMX1
SCBK1000000 1	STANDARD CHARTERED BANK 6756 Ayala Avenue Makati City Metropolitan Manila 1200	Own 878-2879	Tax Identification Number 957	Foreign PHILIPPINES	810,000.00 FMX1
Total Holdings				:	609,775,274.00

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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

W	A	T	E	R	F	R	O	N	T	P	H	I	L	I	P	P	I	N	E	S	,															
I	N	C	O	R	P	O	R	A	T	E	D	A	N	D	S	U	B	S	I	D	I	A	R	I	E	S										

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

I	P	T	B	u	i	l	d	i	n	g	,	P	r	e	-	D	e	p	a	r	t	u	r	e											
A	r	e	a	,	M	a	c	t	a	n	C	e	b	u																					
I	n	t	e	r	n	a	t	i	o	n	a	l	A	i	r	p	o	r	t	,															
L	a	p	u	-	L	a	p	u	C	i	t	y	,	C	e	b	u																		

Form Type

A	F	S	1	5
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Department requiring the report

--

Secondary License Type, if Applicable

--

COMPANY INFORMATION

Company's email Address

--

Company's Telephone Number/s

--

Mobile Number

--

No. of Stockholders

--

Annual Meeting (Month / Day)

--

Fiscal Year (Month / Day)

--

CONTACT PERSON INFORMATION

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

Name of Contact Person

Ms. Elvira A. Ting

Email Address

--

Telephone Number/s

(02) 687-0888

Mobile Number

--

CONTACT PERSON'S ADDRESS

--

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

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

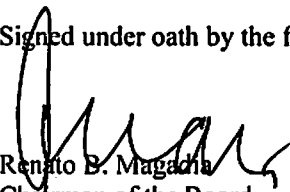
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

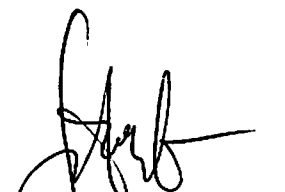
The management of **Waterfront Philippines, Inc.** is responsible for the preparation and fair presentation of the consolidated financial statements as at and for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.


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

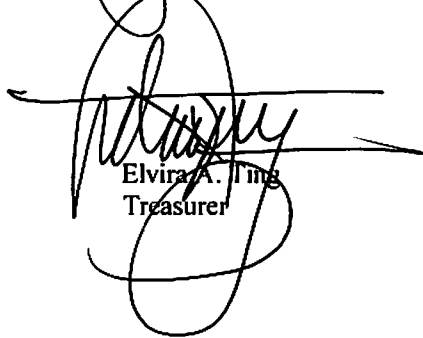
R.G. Manabat & Co., the independent auditor and appointed by the Stockholders, has audited the financial statements of the Company in accordance with Philippines Standards on Auditing and in its reports to the Stockholders of the Company, has expressed its opinion on the fairness of presentation upon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

Signed under oath by the following:


Renato B. Magaña
Chairman of the Board



Kenneth T. Gatchalian
President


Precilla O. Toriano
Corporate Finance Director


Elvira A. Ting
Treasurer

04 APR 2016
Signed this ___th day of _____ 2016

Doc. No. 287
PAGE NO. 18
BOOK NO. 11
SERIES OF 2016


ATTY. BONIFACIO T. DEGAMO JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2016
IBP NO. 16034-1/5/16
PTE NO. 6631897-1/5/16
ROLL OF ATTORNEYS NO. 31311
MCLEAKT. OF COMPLIANCE # 001180
NOTARIAL COMMISSION NO. 68-15
TIN # 143-406-557-000



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

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Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
E-Mail ph-inquiry@kpmg.com

Branches: Subic · Cebu · Bacolod · Iloilo

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, 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, 2015 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.



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, 2015 and 2014, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ

Partner

CPA License No.-0092183

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

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-34-2014

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

PTR No. 5320750MD

Issued January 4, 2016 at Makati City

March 21, 2016

Makati City, Metro Manila

**WATERFRONT PHILIPPINES, INCORPORATED
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014**

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31

	<i>Note</i>	2015	2014
ASSETS			
Current Assets			
Cash and cash equivalents	4	P173,168,220	P139,690,211
Receivables - net	5	213,701,952	199,961,007
Inventories	6	29,298,181	27,815,901
Due from related parties - current	8	1,610,210,794	1,984,101,530
Prepaid expenses and other current assets	7	76,982,206	57,493,746
Total Current Assets		2,103,361,353	2,409,062,395
Noncurrent Assets			
Available-for-sale investment	8	18,209,100	22,978,150
Due from related parties - net of current portion	8	332,797,180	-
Property and equipment - net	9	5,925,632,028	6,234,272,156
Deferred tax assets	19	124,045,012	200,865,522
Other noncurrent assets	10	40,688,723	66,691,141
Total Noncurrent Assets		6,441,372,043	6,524,806,969
		P8,544,733,396	P8,933,869,364
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	11	P1,372,580,534	P1,308,453,420
Loans payable - current portion	13	496,030,050	574,168,300
Provisions	24	-	45,575,012
Income tax payable		38,062,223	25,032,556
Other current liabilities	12	536,680,671	68,067,808
Total Current Liabilities		2,443,353,478	2,021,297,096
Noncurrent Liabilities			
Loans payable - noncurrent portion	13	-	273,638,142
Deferred tax liabilities	19	1,109,968,314	1,175,389,157
Retirement benefits liability	18	117,435,509	117,085,634
Other noncurrent liabilities	14	11,347,103	659,898,805
Total Noncurrent Liabilities		1,238,750,926	2,226,011,738
		3,682,104,404	4,247,308,834

Forward



		December 31	
	<i>Note</i>	2015	2014
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	16	P2,498,991,753	P2,498,991,753
Additional paid-in capital		706,364,357	706,364,357
Revaluation surplus on property and equipment	9	1,841,118,443	1,935,665,721
Deficit		(1,097,460,906)	(1,319,219,643)
Fair value reserve		3,456,005	6,222,054
Retirement benefits reserve		101,280,259	89,250,289
Foreign currency translation adjustment		32,442,969	24,170,439
Total Equity Attributable to Equity Holders of the Parent Company		4,086,192,880	3,941,444,970
Noncontrolling Interest	16	776,436,112	745,115,560
Total Equity		4,862,628,992	4,686,560,530
		P8,544,733,396	P8,933,869,364

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	<i>Note</i>	2015	2014	2013
REVENUES				
Rent and related income	21	P827,620,396	P815,518,233	P882,792,575
Rooms		606,473,995	565,506,075	548,215,581
Food and beverage		585,764,307	544,843,807	499,754,900
Others		81,049,092	47,411,970	48,328,659
		2,100,907,790	1,973,280,085	1,979,091,715
COSTS AND EXPENSES				
OTHER THAN INTEREST, DEPRECIATION AND AMORTIZATION, IMPAIRMENT LOSSES AND INCOME TAX EXPENSE				
Personnel costs	18	354,949,699	380,947,175	278,095,839
Energy costs		333,238,825	301,243,276	296,767,547
Food and beverage		173,788,840	164,299,395	235,091,283
Repairs and maintenance	6	75,627,236	101,442,125	113,041,568
Rent	22	66,778,509	86,738,501	99,060,952
Rooms		48,926,506	55,007,035	90,189,437
Others	17	351,064,421	320,553,122	349,244,215
		1,404,374,036	1,410,230,629	1,461,490,841
INCOME BEFORE INTEREST, DEPRECIATION AND AMORTIZATION, IMPAIRMENT LOSSES AND INCOME TAX EXPENSE				
		696,533,754	563,049,456	517,600,874
DEPRECIATION AND AMORTIZATION, INTEREST AND IMPAIRMENT LOSSES				
Depreciation and amortization	9	333,683,900	398,822,715	349,652,722
Interest expense	8, 13, 21, 22	136,933,256	132,547,184	163,830,581
Foreign exchange losses - net		18,318,204	6,036,591	12,851,818
Impairment losses, bad debts written off and provisions	5, 6	2,587,635	4,250,708	33,316,701
Casualty losses	9	-	-	44,511,664
Interest income	4, 8	(33,711,906)	(33,679,503)	(33,621,918)
Others - net		3,207,862	(1,965,226)	8,438,711
		461,018,951	506,012,469	578,980,279
INCOME (LOSS) BEFORE INCOME TAX				
		235,514,803	57,036,987	(61,379,405)
INCOME TAX EXPENSE	19	76,807,708	28,021,818	3,952,111
NET INCOME (LOSS)		158,707,095	29,015,169	(65,331,516)

Forward

Years Ended December 31

	<i>Note</i>	2015	2014	2013
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to profit or loss				
Actuarial gains on defined benefit plan	18	P19,796,982	P76,446,443	P72,086,443
Appraisal increase on property and equipment	9	-	-	353,000,906
Write-off of revaluation surplus resulting from casualty loss	9	-	-	(21,024,771)
Deferred tax effect	19	(5,939,095)	(22,933,932)	(120,863,334)
		13,857,887	53,512,511	283,199,244
Items that may be reclassified subsequently to profit or loss				
Net change in fair value of available-for-sale investments	8	(4,769,050)	6,069,700	(9,104,550)
Foreign currency translation differences for foreign operations		8,272,530	127,685	(11,758,501)
		3,503,480	6,197,385	(20,863,051)
		17,361,367	59,709,896	262,336,193
TOTAL COMPREHENSIVE INCOME		P176,068,462	P88,725,065	P197,004,677
Net income (loss) attributable to:				
Equity holders of the Parent				
Company		P127,211,459	P9,713,620	(P69,813,828)
Noncontrolling interest		31,495,636	19,301,549	4,482,312
		P158,707,095	P29,015,169	(P65,331,516)
Other comprehensive income attributable to:				
Equity holders of the Parent				
Company		P144,747,910	P68,578,731	P150,353,573
Noncontrolling interest		31,320,552	20,146,334	46,651,104
		P176,068,462	P88,725,065	P197,004,677
EARNINGS (LOSS) PER SHARE - Basic and Diluted	20	P0.051	P0.004	(P0.028)

See Notes to the Consolidated Financial Statements.

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

Year Ended December 31

	Equity Attributable to Equity Holders of the Parent Company							Total	Non controlling Interests (Note 16)	Total Equity
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Deficit	Fair Value Reserve (Note 8)	Retirement Benefits Reserve (Note 18)	Foreign Currency Translation Adjustment			
As at January 1, 2015	P2,498,991,753	P706,364,357	P1,935,665,721	(P1,319,219,643)	P6,222,054	P89,250,289	P24,170,439	P3,941,444,970	P745,115,560	P4,686,560,530
Total Comprehensive Income for the Year										
Net income for the year	-	-	-	127,211,459	-	-	-	127,211,459	31,495,636	158,707,095
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	-	(94,547,278)	94,547,278	-	-	-	-	-	-
Other comprehensive income - net of tax effect	-	-	-	-	(2,766,049)	12,029,970	8,272,530	17,536,451	(175,084)	17,361,367
	-	-	(94,547,278)	221,758,737	(2,766,049)	12,029,970	8,272,530	144,747,910	31,320,552	176,068,462
As at December 31, 2015	P2,498,991,753	P706,364,357	P1,841,118,443	(P1,097,460,906)	P3,456,005	P101,280,259	P32,442,969	P4,086,192,880	P776,436,112	P4,862,628,992

See Notes to the Consolidated Financial Statements.

Year Ended December 31

	Equity Attributable to Equity Holders of the Parent Company							Total	Non controlling Interests (Note 16)	Total Equity
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Deficit	Fair Value Reserve (Note 8)	Retirement Benefits Reserve (Note 18)	Foreign Currency Translation Adjustment			
As at January 1, 2014	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
Total Comprehensive Income for the Year										
Net income for the year	-	-	-	9,713,620	-	-	-	9,713,620	19,301,549	29,015,169
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	-	(137,194,298)	137,194,298	-	-	-	-	-	-
Derecognition of retirement benefits reserve	-	-	-	3,382,272	-	(3,382,272)	-	-	-	-
Other comprehensive income - net of tax effect	-	-	-	-	3,520,426	55,217,000	127,685	58,865,111	844,785	59,709,896
	-	-	(137,194,298)	150,290,190	3,520,426	51,834,728	127,685	68,578,731	20,146,334	88,725,065
As at December 31, 2014	P2,498,991,753	P706,364,357	P1,935,665,721	(P1,319,219,643)	P6,222,054	P89,250,289	P24,170,439	P3,941,444,970	P745,115,560	P4,686,560,530

See Notes to the Consolidated Financial Statements.

Year Ended December 31

	Equity Attributable to Equity Holders of the Parent Company							Total	Non controlling Interests (Note 16)	Total Equity
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Deficit	Fair Value Reserve (Note 8)	Retirement Benefits Reserve (Note 18)	Foreign Currency Translation Adjustment			
As at January 1, 2013	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
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 at 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 CASH FLOWS

		Years Ended December 31		
	<i>Note</i>	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		P235,514,803	P57,036,987	(P61,379,405)
Adjustments for:				
Depreciation and amortization	<i>9</i>	333,683,900	398,822,715	349,652,722
Interest expense	<i>8, 13, 21, 22</i>	136,933,256	132,547,184	163,830,581
Net retirement benefits cost	<i>18</i>	40,342,055	32,167,172	36,478,197
Unrealized foreign exchange loss - net		8,272,530	127,685	12,756,646
Provisions	<i>24</i>	(45,575,012)	-	33,316,701
Impairment losses	<i>5, 6</i>	2,587,635	1,255,683	-
Loss on disposal of property and equipment		-	344,940	-
Casualty losses		-	-	44,511,664
Interest income	<i>4, 8</i>	(33,711,906)	(33,679,503)	(33,621,918)
		678,047,261	588,622,863	545,545,188
Changes in:				
Receivables		(16,328,580)	3,309,089	(39,216,160)
Inventories		(1,482,280)	(2,229,680)	3,148,990
Prepaid expenses and other current assets		(26,858,888)	(2,085,898)	(31,005,197)
Accounts payable and accrued expenses		64,127,114	59,410,377	(21,119,781)
Other current liabilities		468,612,863	2,861,776	(7,819,639)
		1,166,117,490	649,888,527	449,533,401
Interest received		3,456,946	2,017,555	123,427
Retirement contributions paid	<i>18</i>	(11,250,000)	(4,000,000)	(11,000,000)
Benefits paid	<i>18</i>	(8,945,198)	(20,286,657)	(3,875,658)
Income taxes paid		(50,947,041)	(73,373,176)	(49,681,341)
Interest paid		(96,477,022)	(132,547,184)	(149,873,765)
Net cash provided by operating activities		1,001,955,175	421,699,065	235,226,064
CASH FLOWS FROM INVESTING ACTIVITIES				
Changes in:				
Due from related parties		30,892,282	49,188,758	208,241,182
Other noncurrent assets		26,002,418	7,981,953	55,748,740
Acquisitions of property and equipment	<i>9</i>	(25,043,772)	(128,692,825)	(103,654,721)
Net cash provided by (used in) investing activities		31,850,928	(71,522,114)	160,335,201

Forward

	Years Ended December 31		
<i>Note</i>	2015	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES			
Changes in:			
Loans payable	(P351,776,392)	(P250,675,196)	(P313,098,843)
Other noncurrent liabilities	(648,551,702)	(31,619,494)	(87,377,652)
Net cash used in financing activities	(1,000,328,094)	(282,294,690)	(400,476,495)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	33,478,009	67,882,261	(4,915,230)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
	139,690,211	71,807,950	76,723,180
CASH AND CASH EQUIVALENTS AT END OF YEAR			
<i>4</i>	P173,168,220	P139,690,211	P71,807,950

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

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

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

	<u>Percentage of Ownership</u>	
	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	-

**Through direct ownership in APHC.*

The Parent Company's percentages of ownership for the above subsidiaries are the same in 2015, 2014 and 2013.

Management decided to temporarily cease the operations of WHMC, WPL, CWIL and GIRDI in 2014, 2003, 2001, 2000, respectively, due to unfavorable economic conditions.

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 issued by the International Accounting Standards Board. PFRSs consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations issued by the Financial Reporting Standards Council.

The accompanying consolidated financial statements of the Group were approved and authorized for issue by the Board of Directors (BOD) on March 21, 2016.

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:

<u>Items</u>	<u>Measurement Basis</u>
Hotel buildings and improvements, transportation equipment, land improvements, and furniture, fixtures and equipment	Revalued amount less accumulated depreciation and impairment losses
Available-for-sale (AFS) investment	Fair value
Retirement benefits liability	Net of fair value of plan asset (FVPA) and present value of defined benefits obligation (DBO)

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional currency. All financial information presented in Philippine peso has been rounded off to the nearest peso, except when otherwise stated. The functional currency of WPL and subsidiary is the United States (U.S.) dollar.

Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity 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 and disclosure of contingent assets and contingent liabilities. 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 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 discussed in Note 3 to the consolidated financial statements.

3. Accounting Estimates and Judgments

The preparation of 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 upon 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 - Group as Lessor

The Group has leased out its commercial spaces to third parties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these commercial spaces and accounts for the contracts as operating leases (see Note 22).

Finance Leases Commitments - Group as Lessee

The Group leased equipment from Edward Marcos 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 22).

Fair Value Measurement

The fair value of AFS investment is based on its closing market prices as at the end of the reporting period. 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.

The fair value of the Group's AFS investment is based on Level 1. The fair value measurement for property and equipment has been categorized as Level 3 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 resolutions. The Group's management and legal counsel have made a judgment that the positions of the Group are sustainable and, accordingly, believe that the Group does not have a present obligation (legal or constructive) with respect to such assessments and claims (see Note 24).

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 exempted from payment of any form of taxes other than the 5% franchise tax imposed on the gross revenue or earnings derived by PAGCOR from its operations under the franchise. The amended Revenue Regulations (RR) No. 16-2005 which became effective in 2006, however, provides that gross receipts of PAGCOR shall be subject to the 12% value-added tax (VAT). In February 2007, the Philippine Congress amended PD No. 1869 to extend the franchise term of PAGCOR for another 25 years but did not include any revocation of PAGCOR's tax exemption privileges as previously provided for in PD No. 1869. In accounting for the Group's transactions with PAGCOR, the Group's management and its legal counsel have made a judgment that the amended PD No. 1869 prevails over the amended RR No. 16-2005 (see Note 21).

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 property 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.

Resolution of Tax Case Involving Tax Assessment from the Treasurer of the City of Manila

In consultation with legal counsels, management believes that the compromise agreement executed on December 8, 2015 between APHC and the City of Manila to resolve the tax deficiency assessment filed by the latter against the APHC is an adjusting event as at December 31, 2015 as the legal counsels and management have no reasons to believe that the City Council of Manila will not ratify the compromise agreement. Accordingly, APHC recognized the gain on the reversal of the provision it previously setup on its probable liability for the case amounting to P39.73 million (see Notes 24c and 25a).

Classifying Financial Instruments

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

Classifying Receivables from Related Parties

The Group exercises judgment in classifying the receivables from related parties as under current assets or noncurrent assets based on the expected realization of the receivables. The Group takes into account the credit rating and other financial information about the related parties to assess their ability to settle the Group's outstanding receivables. Related party receivables that are expected to be realized within twelve months after the reporting period or within the Group's normal operating cycle are considered current assets.

Estimates

Allowance for Impairment Losses on Receivables and Due from Related Parties

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

For the advances to a related party, the Group uses judgment, based on the available facts and circumstances, including but not limited to, assessment of the related party's operating activities, business viability and overall capacity to pay, in providing an allowance against the recorded receivable amount.

Allowance for impairment losses on receivables and due from related parties as at December 31, 2015 and 2014 amounted to P79.64 million and P94.54 million, respectively. The total carrying amount of the receivables and due from related parties, net of valuation allowance, amounted to P2.16 billion and P2.18 billion as at December 31, 2015 and 2014, respectively (see Notes 5 and 8).

Provisions and Contingencies

The Group is currently involved in various legal proceedings, including tax cases and tax assessments (see Note 24). The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Impairment Loss on 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 the reporting date, based on the assessment of the Group, there is no indication of impairment on AFS investments with carrying value as at December 31, 2015 and 2014 amounting to P18.21 million and P22.98 million, respectively (see Note 8c).

NRV of Inventories

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

The Group's inventories as at December 31, 2015 and 2014 amounted to P29.30 million and P27.82 million, respectively (see Note 6).

Estimating Useful Lives of Property and Equipment

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

Impairment of Nonfinancial Assets

The Group's policy on estimating the impairment of nonfinancial assets is discussed in Note 26. The Group assesses at each reporting date whether there is an indication that the carrying amount of nonfinancial assets may be impaired or that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

As at December 31, 2015 and 2014, no indication of impairment exists for the Group's nonfinancial assets.

Realizability of Deferred Tax Assets

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

The Group recognized DTAs amounting to P124.05 million and P200.87 million as at December 31, 2015 and 2014, respectively. The Group has unrecognized DTAs amounting to P51.31 million and P68.78 million as at December 31, 2015 and 2014, respectively (see Note 19).

Retirement Benefit Liability and Cost

The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used by the actuaries in calculating such amounts. 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.

As at December 31, 2015 and 2014, the retirement liability amounted to P117.44 million and P117.09 million, respectively. Net retirement benefits cost in 2015, 2014 and 2013 amounted to P40.34 million, P32.17 million and P36.48 million, respectively (see Note 18).

4. Cash and Cash Equivalents

This account consists of:

	2015	2014
Cash on hand and in banks	P154,089,386	P124,147,622
Short-term placements	19,078,834	15,542,589
	P173,168,220	P139,690,211

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

Short-term placements earn interest at annual average of 0.10% to 2.88% in 2015 and 2014 and have average maturities ranging from 30 to 35 days for both years.

Related interest income recognized in profit or loss amounted to P1.98 million, P2.02 million and P1.62 million in 2015, 2014 and 2013, respectively.

5. Receivables

This account consists of:

	2015	2014
Trade	P220,585,472	P199,919,086
Advances to employees	12,633,611	11,417,422
Others	507,209	6,061,204
	233,726,292	217,397,712
Less allowance for impairment losses on trade receivables	20,024,340	17,436,705
	P213,701,952	P199,961,007

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

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

	2015	2014
Beginning balance	P17,436,705	P22,553,897
Impairment loss during the year	2,587,635	3,375,366
Write-off during the year	-	(4,604,843)
Reversal during the year	-	(3,887,715)
Ending balance	P20,024,340	P17,436,705

The reversal in 2014 was due to the decrease in the allowance for impairment losses on trade receivables of DIHCI.

6. Inventories

This account consists of the following:

	2015	2014
At cost:		
Food and beverage	P16,372,606	P14,786,819
Operating supplies	10,212,945	10,083,363
Engineering and maintenance supplies	2,712,630	2,945,719
At NRV:		
Food and beverage - WHMC	-	-
Operating supplies - WHMC	-	-
	P29,298,181	P27,815,901

The cost of food and beverage, and operating supplies valued at NRV amounted to P562,797 and P542,563, respectively, as at December 31, 2014. The same inventories were written-off in 2015.

The costs of food and beverage charged to profit or loss amounted to P173.79 million, P164.30 million and P235.09 million in 2015, 2014 and 2013, respectively, and is presented as "Food and beverage" account in profit or loss.

The Group recognized expenses for operating supplies amounting to P41.30 million, P37.65 million and P31.62 million in 2015, 2014 and 2013, respectively, and are presented as "Supplies", which is part of expenses under "Others" account in profit or loss while the expenses for engineering and maintenance supplies amounted to P75.63 million, P101.44 million and P113.04 million in 2015, 2014 and 2013, respectively, and are included under "Repairs and maintenance" account in profit or loss.

7. Prepaid Expenses and Other Current Assets

This account consists of:

	2015	2014
Input VAT	P47,233,169	P43,043,610
Prepaid taxes	15,799,970	2,421,779
Advances to suppliers	9,090,093	3,518,082
Prepaid expenses	4,245,872	6,375,901
Others	613,102	2,992,385
	76,982,206	58,351,757
Less allowance for impairment losses on prepaid expenses	-	858,011
	P76,982,206	P57,493,746

The allowance for impairment losses on prepaid expenses in 2014 pertains to the write-down of prepaid taxes of WHMC due to the cessation of operations.

8. 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 among related parties:

Related Party	Relationship with the Group
TWGI	Ultimate Parent
Pacific Rehouse Corp. (PRC)	Stockholder
Metro Alliance Holdings and Equities Corp. (MAHEC)	Stockholder
Philippine Estate (PHES)	Stockholder
Crisanta Realty Development Corp. (Crisanta Realty)	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 ('000s):

Category/Transaction	Year	Note	Amount of the Transaction	Outstanding	Terms and Conditions
				Balance Due from Related Parties	
Stockholders					
• TWGI (advances, interest and settlement)	2015	8a	(P13,245)	P945,471	Secured; interest-bearing; subject to re-pricing; due in one year subject to renewal; net of allowance for impairment
	2014		(33,257)	958,716	
• PRC (advances, interest and settlement)	2015	8a	10,211	520,743	Secured; interest-bearing; subject to re-pricing; due in one year subject to renewal
	2014		10,010	510,532	
• MAHEC (advances and interest)	2015	8a	(365,933)	-	Secured; interest-bearing; subject to re-pricing; due in one year subject to renewal; net of allowance for impairment
	2014		7,175	365,933	
• Crisanta Realty (advances)	2015	8a	332,797	332,797	Unsecured; interest-bearing; subject to re-pricing; due in five years
2014	-		-		
• PHES (advances)	2015	8b	(5,700)	92,054	Unsecured; noninterest-bearing; subject to re-pricing; due on demand
	2014		3,700	97,754	
• Others (advances and interest)	2015	8b	776	51,943	Unsecured; noninterest-bearing; subject to re-pricing; due on demand
	2014		(5,154)	51,167	
KMP					
• Short-term employee benefits	2015		31,901	-	-
	2014		31,569	-	-
	2013		35,562	-	-
• Post employment benefits	2015		1,001	-	-
	2014		1,154	-	-
	2013		1,319	-	-
TOTAL	2015			P1,943,008	
TOTAL	2014			P1,984,102	

a. Interest-bearing Advances to Related Parties

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

The advances granted to TWGI and PRC are substantially used to finance the acquisition or development of real properties for the Group. TWGI paid P108.6 million in 2015 and P252.3 in 2014 while PRC paid nil in 2015 and 2014.

Interest charged to TWGI and PRC in 2015 and 2014 was 2%. Interest receivable from TWGI amounted to P112.31 million and P98.11 million as at December 31, 2015 and 2014, respectively while interest receivable from PRC amounted to P45.23 million and P35.02 million as at December 31, 2015 and 2014, respectively. Allowance for impairment loss on receivables from TWGI amounted to P59.62 million as at December 31, 2015 and 2014.

The advances amounting to P221.2 million granted to MAHEC in 2004 by the Group bore 4% interest. The advances were used as an additional fund infusion in acquiring the petrochemical plant of Bataan Polyethylene Corporation, through Polymax Worldwide Limited (Polymax), MAHEC's wholly owned subsidiary, and NPC Alliance Corp., a special purpose entity created by Polymax.

The increase in the advances to MAHEC was due to the yearly accrual of interest. Allowance for impairment loss on receivables from MAHEC amounted to nil and P17.48 million as at December 31, 2015 and 2014, respectively. Interest charged to MAHEC in 2015 and 2014 was 2%. Interest receivable from MAHEC amounted to P48.00 million and nil as at December 31, 2015 and 2014, respectively.

On February 5, 2015, the Parent Company, APHC, TWGI, PRC and MAHEC entered into a Memorandum of Understanding (MOU) whereby the parties agreed that the outstanding balance of the advances from TWGI, PRC and MAHEC will be settled using parcels of land owned by PRC. Subject to the other specific terms of the MOU, the settlement shall be effective upon completion of titling of the subject property by PRC, which is currently ongoing, will be completed by PRC. The advances to MAHEC was fully paid through cash settlement as at December 31, 2015 (see Note 25d).

On December 21, 2015, the Parent granted advances to Crisanta Realty for an interest of 2% and maturity on December 21, 2020. It was agreed that Crisanta Realty has the option to pay the balance before maturity date without payment of penalty fees and in case the latter refuses or fails to pay the principal and interest within the time agreed upon, the same shall be due and demandable. Accretion Expense of P40.46 million was recognized and recorded as part of "Interest expense" account in profit or loss to show the effect of the time value of money of the said advances.

b. Noninterest-bearing Advances to Related Parties

The Group has noninterest-bearing, collateral free advances to PHES and other stockholders with no fixed term of repayment. The said advances are due and demandable at anytime.

The collectability of the aforementioned due from related parties is unconditionally recognized and guaranteed by a stockholder of the Group, representing the majority stockholders.

- c. In July and August 2005, the BOD approved the conversion of APHC's net receivables from related parties amounting to P43.30 million into 86.71 million shares of stock of WII which are listed in the PSE. The conversion resulted to a loss on exchange of assets of P31.10 million for APHC. The fair market value of the shares based on closing market price as at December 31, 2015 and 2014 amounted to P18.21 million and P22.98 million, respectively, and are presented as "Available-for-sale investment" in the statement of financial position resulting in a valuation loss of P4.77 million in 2015, a valuation gain of P6.07 million in 2014 and a valuation loss of P9.10 million in 2013.

All related party balances, other than those included in the MOU in Note 8a, are expected to be settled in cash. Total interest income on the abovementioned advances amounted to P31.73 million, P31.66 million and P32.00 million in 2015, 2014 and 2013, respectively.

9. Property and Equipment

Movements in this account are as follows:

<i>Measurement Basis:</i>	For the Year Ended December 31, 2015								Total
	Land	Land	Leasehold	Hotel	Furniture,	Operating	Transportation	Construction-	
	<i>Revalued</i>	<i>Revalued</i>	<i>At Cost</i>	<i>Buildings and Improvements Revalued</i>	<i>Fixtures and Equipment Revalued</i>	<i>Equipment At Cost</i>	<i>Equipment Revalued</i>	<i>In-Progress At Cost</i>	
Cost									
Beginning balance	P1,033,652,000	P16,945,425	P63,573,014	P8,197,656,439	P1,021,837,614	P258,087,026	P11,910,643	P47,128,981	P10,650,791,142
Additions	-	-	1,489,002	295,396	13,994,674	2,579,567	-	6,685,133	25,043,772
Retirement	-	-	-	-	(56,250)	-	-	-	(56,250)
Reclassification	-	-	-	52,295,614	-	1,518,500	-	(53,814,114)	-
Ending balance	1,033,652,000	16,945,425	65,062,016	8,250,247,449	1,035,776,038	262,185,093	11,910,643	-	10,675,778,664
Accumulated Depreciation and Amortization									
Beginning balance	-	11,066,263	46,267,913	3,325,665,264	808,969,884	215,610,031	8,939,631	-	4,416,518,986
Depreciation and amortization	-	3,740,416	1,915,340	193,895,799	114,837,370	18,331,848	963,127	-	333,683,900
Retirement	-	-	-	-	(56,250)	-	-	-	(56,250)
Ending balance	-	14,806,679	48,183,253	3,519,561,063	923,751,004	233,941,879	9,902,758	-	4,750,146,636
Carrying Amount	P1,033,652,000	P2,138,746	P16,878,763	P4,730,686,386	P112,025,034	P28,243,214	P2,007,885	P -	P5,925,632,028

For the Year Ended December 31, 2014

<i>Measurement Basis:</i>	Land	Land	Leasehold	Hotel	Furniture,	Operating	Transportation	Construction-	Total
	<i>Revalued</i>	<i>Revalued</i>	<i>At Cost</i>	<i>Buildings and Improvements Revalued</i>	<i>Fixtures and Equipment Revalued</i>	<i>Equipment At Cost</i>	<i>Equipment Revalued</i>	<i>in-Progress At Cost</i>	
Cost									
Beginning balance	P1,033,652,000	P16,945,425	P63,561,406	P8,152,138,282	P988,844,876	P261,142,941	P11,857,964	P4,063,645	P10,532,206,539
Additions	-	-	11,608	17,540,826	14,006,761	2,409,815	52,679	94,671,136	128,692,825
Disposals	-	-	-	(318,777)	(1,142,337)	(8,516,172)	-	-	(9,977,286)
Retirement	-	-	-	(130,936)	-	-	-	-	(130,936)
Reclassification	-	-	-	28,427,044	20,128,314	3,050,442	-	(51,605,800)	-
Ending balance	1,033,652,000	16,945,425	63,573,014	8,197,656,439	1,021,837,614	258,087,026	11,910,643	47,128,981	10,650,791,142
Accumulated Depreciation and Amortization									
Beginning balance	-	10,812,425	40,423,688	3,130,780,915	642,300,079	195,378,860	7,100,914	-	4,026,796,881
Depreciation and amortization	-	253,838	5,844,225	195,102,231	167,206,745	28,576,959	1,838,717	-	398,822,715
Impairment loss	-	-	-	-	518,016	144,656	-	-	662,672
Disposals	-	-	-	(175,327)	(1,054,956)	(8,490,444)	-	-	(9,720,727)
Retirement	-	-	-	(42,555)	-	-	-	-	(42,555)
Ending balance	-	11,066,263	46,267,913	3,325,665,264	808,969,884	215,610,031	8,939,631	-	4,416,518,986
Carrying Amount	P1,033,652,000	P5,879,162	P17,305,101	P4,871,991,175	P212,867,730	P42,476,995	P2,971,012	P47,128,981	P6,234,272,156

The carrying amount of property and equipment held under finance lease of WCCCHI and DIHCI as at December 31, 2015 and 2014 amounted to nil and P6.41 million, respectively (see Note 22).

Some of the property and equipment of the four (4) hotel properties, WCCCHI, APHC, WMCHI, and DIHCI are carried at revalued amounts as at December 31, 2015 and 2014. The last revaluation was on December 31, 2013 which resulted to the increase in the gross carrying amount of property and equipment amounting to P353.00 million.

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

Had the following classes of property and equipment been carried at cost less accumulated depreciation, their carrying amounts would have been as follows:

	2015	2014
Hotel buildings and improvements	P3,841,297,975	P3,790,746,396
Furniture, fixtures and equipment	1,022,492,114	995,321,028
Land improvements	11,398,504	11,398,504
Transportation equipment	10,503,478	10,556,157
	4,885,692,071	4,808,022,085
Less accumulated depreciation and amortization	1,769,264,600	2,531,651,513
	3,116,427,471	2,276,370,572
Land	650,515,909	650,515,909
	P3,766,943,380	P2,926,886,481

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 other comprehensive income arising from the said calamity amounted to P44.51 million and P21.02 million, respectively.

As discussed in Note 13 to the consolidated financial statements, the hotel buildings and equipment and furniture, fixtures and equipment of APHC with a total carrying amount of P1.81 billion and P1.86 billion as at December 31, 2015 and 2014, respectively, were used as collateral for APHC's loan with Industrial Commercial Bank of China Singapore Branch (ICBC).

10. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	2015	2014
Refundable deposits		P23,743,549	P26,032,997
Rent receivable	21	10,522,583	24,962,012
Special project deposits		196,742	419,901
Others		6,225,849	15,276,231
		P40,688,723	P66,691,141

Refundable deposits refer to security deposits on utilities, electricity, rental, returnable containers and others.

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

Others represent deposits to service providers such as security and janitorial services.

11. Accounts Payable and Accrued Expenses

This account consists of:

	<i>Note</i>	2015	2014
Trade payables		P382,778,887	P406,168,686
Accrued:			
Interest and penalties	13	806,552,522	747,545,879
Salaries, wages and employee benefits		13,460,693	11,752,912
Utilities		11,029,506	6,536,929
Rent		7,846,575	24,695,882
Other accruals		56,433,516	6,376,937
Local taxes and output VAT		34,716,014	47,172,165
Deferred income		5,871,088	3,706,435
Service charges		5,466,693	1,309,401
Withholding taxes payable		4,274,541	2,818,543
Due to contractors		2,793,657	2,793,657
Guest deposits		2,131,210	3,935,825
Service charges withheld		1,562,793	5,712,720
Unclaimed wages		627,971	1,317,273
Other payables		37,034,868	36,610,176
		P1,372,580,534	P1,308,453,420

Trade payables are noninterest-bearing and are normally on 30-day terms.

Other payables include commissions, sponsorships, gift certificates issued and sundry payables.

12. Other Current Liabilities

This account consists of:

	<i>Note</i>	2015	2014
Current portion of advance rental	21	P136,544,377	P61,889,587
Concessionaires' and other deposits		399,136,294	3,979,625
Current portion of obligations under finance lease	22	-	1,198,596
Others		1,000,000	1,000,000
		P536,680,671	P68,067,808

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 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, 2015 and 2014 sufficiently represents the amount of possible liability that GIRDI may settle in the event that this case will ultimately be activated and decided against GIRDI.

13. Loans Payable

This account consists of liabilities to the following:

	2015	2014
Current Portion:		
Social Security System (SSS)	P375,000,000	P375,000,000
ICBC	74,735,932	149,376,633
Philippine Business Bank (PBB)	46,294,118	49,791,667
	P496,030,050	P574,168,300
Noncurrent Portion:		
ICBC	P -	P70,696,966
PBB	-	202,941,176
	P -	P273,638,142

ICBC Loan

On March 27, 1995, APHC entered in to a Facility Agreement with ICBC for a US\$15.00 million loan which was restructured several times, the latest of which was on November 12, 2013 after APHC made a partial payment of US\$700,000. The outstanding principal balance of the restructured loan as at December 31, 2015 and 2014 amounted to P75,272,219 (US\$1,595,900) and P221,652,794 (US\$4,967,900), respectively, with details as follows:

2015	Principal	Unamortized Restructuring Fee	Net Carrying Value
Current	P75,272,219	P536,287	P74,735,932

2014	Principal	Unamortized Restructuring Fee	Net Carrying Value
Current	P150,448,524	(P1,071,891)	P149,376,633
Noncurrent	71,204,270	(507,304)	70,696,966
	P221,652,794	(P1,579,195)	P220,073,599

The significant terms and conditions of the restructured loan include the following:

- Payment of restructuring fee of \$50,000 upon receipt of restructured loan documents;
- Annual interest shall be at 3% above SIBOR;
- The Parent Company shall be a corporate guarantor, and shall maintain at least 51% shareholding of APHC throughout the loan tenor;
- The loan is covered by 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 APHC (see Note 9); and
- The loan will be considered in default if no repayment of principal plus interest for two (2) consecutive months.

As at December 31, 2015 and 2014, APHC is compliant with the terms and conditions of the restructuring agreement. The restructured loan will mature in June 2016.

SSS Loan

On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

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

On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Parent Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

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

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

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

On June 18, 2004, the RTC of Quezon City issued its first order granting SSS's request and the issuance of a writ of preliminary attachment based on the condition that SSS shall post an attachment bond in the amount of P452.8 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 P452.80 million. Accordingly, the RTC ordered the corresponding issuance of the writ of preliminary attachment. On November 3, 2005, the Parent Company submitted a Petition for Certiorari before the Court of Appeals (CA) seeking the nullification of the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005.

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

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

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

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

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

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

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

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

As at December 31, 2015, SSS has not yet appealed or filed a motion for reconsideration (see Note 25c).

PBB Loan

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 January 2015. 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 PRC. The proceeds of the loan shall be used exclusively to repay the remaining loans of TWGI with Cameron Granville Asset Management, Inc.

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 repriced every month and payable in arrears. WCCCHI, however, is allowed to fully or partially pre-terminate the loan. In 2013, WCCCHI made a partial pre-termination of the loan amounting to P368.75 million. In 2014, WCCCHI fully paid the remaining outstanding loans payable amounting to P106.25 million.

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 repriced every month and payable in arrears. The loan matured in 2015 and was not secured by any assets or properties. The proceeds of the loan shall be used exclusively for the Phase II renovation costs of APHC.

On March 19, 2014, WMCHI entered into a term loan agreement with PBB amounting to P100.00 million with a stated interest rate fixed at 8% per annum to be repriced every month and payable in arrears. The loan will mature in two (2) years and is not secured by any assets or properties. WMCHI, however, is allowed to fully or partially pre-terminate the loan. The proceeds of the loan shall be used exclusively for the renovation and refurbishment of the Group's hotels in Cebu and Manila.

On April 8, 2014, WMCHI entered into another term loan agreement with PBB amounting to P150.00 million with a stated interest rate fixed at 8% per annum to be repriced every month and payable in arrears. The loan will mature in two (2) years and is not secured by any assets or properties. WMCHI, however, is allowed to fully or partially pre-terminate the loan. The proceeds of the loan shall be used exclusively for the renovation and refurbishment of the Group's hotels in Cebu and Manila, and for the acquisition of a 3,400 square meters commercial property in Iloilo Business Park.

In 2015, 2014 and 2013, interest expense incurred from the ICBC, SSS and PBB loans amounted to P76.16 million, P113.42 million and P145.81 million, respectively, and recorded as part of "Interest expense" account in profit or loss.

14. Other Noncurrent Liabilities

The account is broken down as follows:

	<i>Note</i>	2015	2014
Advance rental	21	P6,153,370	P357,685,773
PAGCOR and concessionaires' deposits	21, 22	-	296,411,179
Others		5,193,733	5,801,853
		P11,347,103	P659,898,805

15. Segment Information

The Group's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit - the Hotel operations and the Marketing operations. The Corporate and Others segment includes general and corporate income and expense items. Segment accounting policies are the same as the policies described in Note 26 to the consolidated financial statements.

The following table presents the revenue and profit information regarding industry segments for the years ended December 31, 2015 and 2014 and certain asset and liability information regarding industry segments as at December 31, 2015, 2014 and 2013 (in millions):

	Hotel Operations			Marketing Operations			Corporate and Other Operations			Eliminations			Consolidated		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
TOTAL REVENUES															
External sales	P2,023	P1,880	P1,866	P -	P -	P -	P89	P93	P113	P -	P -	P -	P2,101	P1,973	P1,979
RESULTS															
Segment results	P132	P147	P69	(P1)	(P1)	(P1)	(P24)	(P41)	(P81)	P254	P55	P44	P361	P160	P32
OTHER INCOME (LOSS)															
Interest expense	(97)	(128)	(164)	-	(5)	-	(40)	-	-	-	-	-	(137)	(133)	(164)
Interest income	1	1	-	-	-	34	33	33	34	-	-	-	34	34	34
Benefit from (provision for) income taxes	(72)	(25)	1	-	-	(5)	(5)	(3)	(5)	-	-	-	(77)	(28)	(4)
Others	(10)	-	28	(10)	(4)	9	(2)	-	-	-	-	-	(22)	(4)	37
Total Other Income (Loss)	(178)	(152)	(135)	(10)	(9)	9	(14)	30	29	-	-	-	(202)	(131)	(97)
Net Income (Loss)	(P46)	(P5)	(P66)	(11)	(P10)	P9	(P38)	(P11)	(P52)	P254	P55	P44	P159	P29	(P65)
OTHER INFORMATION															
Segment assets	P7,032	P7,737	P7,790	P220	P220	P196	P4,929	P5,256	P5,500	(P3,760)	(P4,480)	(P4,530)	P8,421	P8,733	P8,956
Deferred tax assets	120	197	244	-	-	-	4	4	4	-	-	-	124	201	248
Consolidated Total Assets	P7,152	P7,934	P8,034	P220	P220	P196	P4,933	P5,260	P5,504	(P3,760)	(P4,480)	(P4,530)	P8,545	P8,934	P9,204
Segment liabilities	P2,942	P3,776	P4,004	P62	P60	P26	P2,336	P2,465	P2,552	(P2,768)	(P3,229)	(P3,229)	P2,572	P3,072	P3,353
Deferred liabilities	1,110	1,175	1,253	-	-	-	-	-	-	-	-	-	1,110	1,175	1,253
Consolidated Total Liabilities	P4,052	P4,951	P5,257	P62	P60	P26	P2,336	P2,465	P2,552	(P2,768)	(P3,229)	(P3,229)	P3,682	P4,247	P4,606
Other Segment Information															
Capital expenditures	P22	P128	P103	P -	P -	P -	P3	P1	P1	P -	P -	P -	P25	P129	P104
Depreciation and amortization	327	391	341	-	-	-	7	8	8	-	-	-	334	399	349

16. Capital Stock and Noncontrolling Interest

Capital Stock

Details of capital stock at December 31, 2015 and 2014 are as follows:

	Number of Shares	
	2015	2014
Authorized:		
Common shares at P1 par value	5,000,000,000	5,000,000,000
Issued and outstanding	2,498,991,753	2,498,991,753

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, 2015 and 2014, there is no update on the status of the proposed increase in the authorized capital stock of the Parent Company.

Noncontrolling Interest (NCI)

The details of the Group's material NCIs are as follows (amount in thousands):

	December 31, 2015		December 31, 2014	
	APHC	GIRDI	APHC	GIRDI
Percentage of NCI	42%	46%	42%	46%
Carrying amount of NCI	P568,965	P198,654	P537,789	P198,629
Net income attributable to NCI	P31,323	P24	P17,550	P35
Other comprehensive income (loss) attributable to NCI	(P148)	P -	P821	P -

The following are the audited condensed financial information of investments in subsidiaries with material NCIs (amounts in thousands):

	December 31, 2015		December 31, 2014	
	APHC	GIRDI	APHC	GIRDI
Total assets	P2,331,982	P471,520	P2,466,812	P471,778
Total liabilities	(977,304)	(39,660)	(1,186,361)	(39,975)
Net assets	P1,354,678	P431,860	P1,280,451	P431,803
Revenue	P625,647	P1,477	P567,560	P1,485
Net income	P74,579	P58	P45,878	P76
Other comprehensive income	(352)	-	1,955	-
	P74,227	P58	P47,833	P76
Cash flows provided by operating activities	P113,405	P -	P104,842	P -
Cash flows provided by (used in) investing activities	49,550	-	(10,754)	-
Cash flows used in financing activities	(160,264)	-	(96,179)	-
NET INCREASE (DECREASE) IN CASH	P2,691	P -	(P2,091)	P -

17. Other Costs and Expenses

This account consists of:

	2015	2014	2013
Other services	P79,973,865	P31,348,157	P17,112,966
Supplies	41,296,252	37,649,015	31,620,097
Taxes and licenses	37,706,467	50,723,091	41,395,085
Security and other services	32,841,759	34,675,944	47,133,435
Corporate expenses	26,250,954	23,541,281	37,056,091
Insurance	21,543,413	15,477,416	15,218,799
Advertising	17,958,548	11,978,871	30,746,927
Transportation and travel	13,180,135	15,861,257	16,733,529
Data processing	11,685,323	18,936,199	15,424,244
Commissions	11,227,322	9,884,201	10,430,524
Fuel and oil	10,899,829	13,934,675	9,699,388
Professional fees	10,642,820	8,430,457	12,163,764
Communications	7,080,404	6,200,659	12,781,834
Representation and entertainment	6,671,351	22,880,146	19,931,526
Guest amenities	3,478,861	1,248,694	3,710,362
Uniforms	1,994,748	397,768	396,060
Guest and laundry valet	1,249,281	1,072,501	2,050,030
Meeting expenses	193,801	219,325	2,648,993
Trainings and seminars	30,420	206,810	1,219,166
Medical expenses	-	-	4,402,429
Reservation	-	-	4,311,148
Membership dues	-	-	931,834
Recruitment	-	-	892,425
Fines and penalties	-	-	126,571
Miscellaneous	15,158,868	15,886,655	11,106,988
	P351,064,421	P320,553,122	P349,244,215

18. Retirement Benefits Cost

Certain subsidiaries have noncontributory, 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 cost recognized in profit or loss for the years ended December 31, 2015, 2014 and 2013 amounted to P40.34 million, P32.17 million and P36.48 million, respectively, and is presented as part of "Personnel costs" account in profit or loss.

The latest independent actuarial valuation of the plan was as at December 31, 2015, which was prepared using the projected unit credit method in accordance with PAS 19 (Revised), *Employee Benefits*. The plan is administered by independent trustees with assets held consolidated from those of the Group.

The plan is registered with the BIR as a tax-qualified plan under Republic Act No. 4917, as amended.

The reconciliation of the retirement benefits liability account in the consolidated statement of financial position is shown below:

2015	Defined Benefit Obligation	Fair Value of Plan Assets	Asset Ceiling Adjustment	Retirement Benefits Liability
Balance, January 1, 2015	P203,796,658	(P89,517,698)	P2,806,674	P117,085,634
Included in Profit or Loss				
Current service cost	35,013,384	-	-	35,013,384
Net interest income (cost)	9,796,622	(4,604,075)	136,124	5,328,671
	44,810,006	(4,604,075)	136,124	40,342,055
Included in Other Comprehensive Income				
Remeasurement gains (losses) of plan assets:				
1. Actuarial gains (losses) arising from:				
▪ Changes in financial assumptions	(17,044,911)	-	-	(17,044,911)
▪ Changes in demographic assumptions	5,358,214	-	-	5,358,214
▪ Experience adjustments	(17,663,468)	-	-	(17,663,468)
2. Return on plan assets excluding interest income	-	4,195,071	-	4,195,071
3. Effect of asset ceiling	-	-	5,358,112	5,358,112
	(29,350,165)	4,195,071	5,358,112	(19,796,982)
Others				
Contributions paid by the employer	-	(11,250,000)	-	(11,250,000)
Benefits paid from:				
Book reserves	(9,305,910)	360,712	-	(8,945,198)
Plan assets	-	-	-	-
	(9,305,910)	(10,889,288)	-	(20,195,198)
Balance, December 31, 2015	P209,950,589	(P100,815,990)	P8,300,910	P117,435,509

2014	Defined Benefit Obligation	Fair Value of Plan Assets	Asset Ceiling Adjustment	Retirement Benefits Liability
Balance, January 1, 2014	P271,867,374	(P88,158,521)	P1,942,709	P185,651,562
Included in Profit or Loss				
Current service cost	23,402,784	-	-	23,402,784
Net interest income (cost)	12,918,717	(4,246,413)	92,084	8,764,388
	36,321,501	(4,246,413)	92,084	32,167,172
Included in Other Comprehensive Income				
Remeasurement gains (losses) of plan assets:				
1. Actuarial gains (losses) arising from:				
▪ Changes in financial assumptions	(65,951,920)	-	-	(65,951,920)
▪ Changes in demographic assumptions	2,278,778	-	-	2,278,778
▪ Experience adjustments	(14,082,607)	-	-	(14,082,607)
2. Return on plan assets excluding interest income	-	537,425	-	537,425
3. Effect of asset ceiling	-	-	771,881	771,881
	(77,755,749)	537,425	771,881	(76,446,443)
Others				
Contributions paid by the employer	-	(4,000,000)	-	(4,000,000)
Benefits paid from:				
Book reserves	(20,286,657)	-	-	(20,286,657)
Plan assets	(6,349,811)	6,349,811	-	-
	(26,636,468)	2,349,811	-	(24,286,657)
Balance, December 31, 2014	P203,796,658	(P89,517,698)	P2,806,674	P117,085,634

Personnel costs comprise the following:

	2015	2014	2013
Salaries and wages	P294,365,171	P329,324,290	P231,416,185
Retirement benefits expense	40,342,055	32,167,172	36,478,197
Other employee benefits	20,242,473	19,455,713	10,201,457
	P354,949,699	P380,947,175	P278,095,839

The Group's plan assets consist of the following:

	2015	2014
Investment in government securities	P77,195,903	P67,059,287
Deposit in banks	10,258,780	10,435,978
Investment in other securities and debt instruments	2,259,759	1,999,554
Cash and cash equivalents	1,046,020	896,118
Debt instruments - government bonds	1,216,952	863,193
Debt instruments - other bonds	316,707	306,853
Equity instruments	228,253	251,524
Other receivables	8,293,616	7,705,191
	P100,815,990	P89,517,698

The Hotel does not expect to contribute to the plan in 2016 as the balance of the plan assets is sufficient to cover the expected retirement payments.

The principal actuarial assumptions at reporting date are as follows:

	2015	2014
Discount rate	5.0% - 5.42%	4.5% - 4.9%
Salary increase rate	3.0% - 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 17.1 years and 19.7 years as at December 31, 2015 and 2014, respectively.

Maturity analysis of the benefit payments as at December 31 follows:

	2015	2014
Carrying amount	P209,950,589	P203,796,658
Within 1 year	P7,957,161	P7,215,437
Within 1-5 years	133,246,265	132,696,034
Contractual cash flows	P141,203,426	P139,911,471

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:

2015	+1%	-1%
Discount rate	(P246,622)	P2,291,892
Salary increase rate	2,244,476	(91,876)
<hr/>		
2014	+1%	-1%
Discount rate	P167,260	(P24,078)
Salary increase rate	2,533,667	(2,211,345)

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

These defined benefit plans expose the Group to actuarial risks such as longevity risk, interest rate risk, and market (investment) risk.

Asset-liability Matching

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

Funding Policy

The Group is not required to pre-fund the future defined benefits payable under the Retirement 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.

19. Income Taxes

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

	2015	2014	2013
Recognized in Profit or Loss			
Current	P71,347,136	P81,521,865	P53,338,161
Deferred	5,460,572	(53,500,047)	(49,386,050)
	P76,807,708	P28,021,818	P3,952,111
Recognized in OCI			
Deferred	P5,939,095	P22,933,932	P120,863,334

The reconciliation of the income tax amounts computed at the statutory tax rate to the actual income tax expense shown in profit or loss is as follows:

	2015	2014	2013
Income (loss) before income tax	P235,514,803	P57,036,987	(P61,379,405)
Income tax expense (benefit) at 30%	P70,654,441	P17,111,096	(P18,413,822)
Additions to (reductions in) income tax resulting from the tax effects of:			
Changes in unrecognized DTAs	2,067,312	5,643,264	13,620,874
Nondeductible expenses	13,430,934	9,035,802	11,708,416
Loss (income) not subjected to income tax	(9,344,979)	1,191,361	(2,963,244)
Realization of previously unrecognized deferred tax on Net operating loss carryover (NOLCO)	-	(4,959,705)	(113)
	P76,807,708	P28,021,818	P3,952,111

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

December 31, 2015	Balance January 1, 2015	Recognized in Profit or Loss	Recognized in OCI	Balance December 31, 2015
Deferred tax liabilities:				
Revaluation surplus on property and equipment	P1,141,152,565	(P47,495,562)	P -	P1,093,657,003
Rental receivable	22,905,602	(11,846,000)	-	11,059,602
Unamortized premium on security deposits	11,330,990	(6,079,281)	-	5,251,709
	1,175,389,157	(65,420,843)	-	1,109,968,314
Deferred tax assets:				
Rent received in advance	125,872,608	(61,747,152)	-	64,125,456
Retirement liability	35,125,689	6,044,059	(5,939,095)	35,230,653
Unrealized foreign exchange loss	28,184,611	(16,434,806)	-	11,749,805
Allowance for impairment losses on receivables	4,982,181	776,291	-	5,758,472
Unamortized past service cost	2,856,910	319,921	-	3,176,831
NOLCO	1,571,840	777,890	-	2,349,730
Accrued rent expense	1,232,134	(529,059)	-	703,075
Minimum Corporate Income Tax (MCIT)	365,786	152,105	-	517,891
Unearned revenues	673,763	(240,664)	-	433,099
	200,865,522	(70,881,415)	(5,939,095)	124,045,012
	P974,523,635	P5,460,572	P5,939,095	P985,923,302
December 31, 2014				
	Balance January 1, 2014	Recognized in Profit or Loss	Recognized in OCI	Balance December 31, 2014
Deferred tax liabilities:				
Revaluation surplus on property and equipment	P1,206,954,138	(P65,801,573)	P -	P1,141,152,565
Rental receivable	28,644,483	(5,738,881)	-	22,905,602
Unamortized premium on security deposits	17,016,811	(5,685,821)	-	11,330,990
	1,252,615,432	(77,226,275)	-	1,175,389,157
Deferred tax assets:				
Rent received in advance	136,117,643	(10,245,035)	-	125,872,608
Retirement liability	55,695,467	2,364,154	(22,933,932)	35,125,689
Unrealized foreign exchange loss	38,650,300	(10,465,689)	-	28,184,611
Allowance for impairment losses on receivables	6,766,167	(1,783,986)	-	4,982,181
Unamortized past service cost	3,289,177	(432,267)	-	2,856,910
NOLCO	670,612	901,228	-	1,571,840
Accrued rent expense	1,492,618	(260,484)	-	1,232,134
MCIT	2,013,820	(1,648,034)	-	365,786
Unearned revenues	2,820,264	(2,146,501)	-	673,763
Accrued restructuring cost on loan	9,614	(9,614)	-	-
	247,525,682	(23,726,228)	(22,933,932)	200,865,522
	P1,005,089,750	(P53,500,047)	P22,933,932	P974,523,635

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.

	2015		2014	
	Tax Base	Tax Effect	Tax Base	Tax Effect
NOLCO	P49,647,678	P14,894,303	P67,067,592	P20,120,278
Allowance for impairment losses	829,432	248,830	829,432	248,830
Accrued rent expense	556,050	166,815	580,097	174,029
MCIT	277,966	277,966	307,381	307,381
	P51,311,126	P15,587,914	P68,784,502	P20,850,518

Details of NOLCO are as follows:

Year Incurred	Expiry Date	NOLCO	Applied		Expired Amount	Remaining Amount
			Prior Years	Current Year		
2015	December 31, 2018	P9,238,501	P -	P -	P -	P9,238,501
2014	December 31, 2017	23,141,865	-	-	-	23,141,865
2013	December 31, 2016	25,099,745	-	-	-	25,099,745
2012	December 31, 2015	23,467,809	-	-	(23,467,809)	-
		P80,947,920	P -	P -	(P23,467,809)	P57,480,111

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		Expired Amount	Remaining Amount
			Prior Years	Current Year		
2015	December 31, 2018	P232,970	P -	P -	P -	P232,970
2014	December 31, 2017	247,938	-	-	-	247,938
2013	December 31, 2016	6,331,491	(6,016,542)	-	-	314,949
2012	December 31, 2015	846,792	(736,512)	-	(110,280)	-
		P7,659,191	(P6,753,054)	P -	(P110,280)	P795,857

20. Earnings (Loss) Per Share

Earnings (loss) per share is computed by dividing the net income for the year by the weighted average number of outstanding shares of common stock during the year.

	2015	2014	2013
Net income (loss) attributable to equity holders of the Parent	P127,211,459	P9,713,620	(P69,813,828)
Weighted number of shares outstanding	2,498,991,753	2,498,991,753	2,498,991,753
Earnings (loss) per share - basic and diluted	P0.051	P0.004	(P0.028)

There are no potentially dilutive shares as at December 31, 2015, 2014 and 2013. Accordingly, diluted earnings (loss) per share is the same as basic earnings (loss) per share.

21. 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 deposits equivalent to one year rental based on monthly rentals, which amount shall be maintained at all times. The security deposits are recorded as part of "PAGCOR and concessionaires' deposits" account under "Other noncurrent liabilities" in the consolidated statement of financial position (see Note 14).

The lease agreement with WCCCHI is long-term, noncancellable, renewable and is subject to rent escalation. The lease agreements underwent various amendments and renewals. The latest renewal contract was executed by WMCHI and PAGCOR on March 21, 2011 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. The leases shall commence on March 3, 2011 and March 16, 2011, for the Main Area and Slot Machine Expansion Area, respectively. Both leases shall end on August 2, 2016. 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 lease agreement with WMCHI is long-term, noncancellable, renewable and is subject to rent escalation. The lease agreements underwent various renewals. The latest renewal contract executed by WMCHI and PAGCOR was on March 21, 2011. The lease commenced on March 3, 2011 until August 2, 2016 or an extended period of five (5) years and five (5) months. Monthly rental is at P1,772.96 per square meter for the total area of 4,076.24 square meters of the main area and P1,688.53 per square meter for the total area of 1,076 square meters of the chip washing area, all subject to a 5% escalation rate starting on January 3, 2013 and every year thereafter. In addition, PAGCOR shall pay six (6) months advance rental for the main casino area and six (6) months advance rental payment, for the chip washing area, 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 (6) months of the last year of the lease.

APHC also has a lease agreement with PAGCOR which is long-term, noncancellable, renewable and is subject to rent escalation. The lease agreement underwent various renewals. The latest renewal contract, known as the Omnibus Amended Lease Contract (OALC), was executed by APHC and PAGCOR on December 1, 2010.

The OALC covers 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 commences 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. 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 renewal of the contracts, the existing security deposits received by WCCCHI, WMCHI and APHC upon execution of the prior contracts were retained by the aforementioned entities. The amortized cost of the refundable security deposits were determined by calculating the present value of the cash flows anticipated until the end of the lease term using the respective interest rates. The change in the present value and the amortization of the discount is recognized as part of "Interest expense" account in profit or loss and amounted to P20.26 million, P18.95 million and P17.73 million in 2015, 2014 and 2013, respectively. As the deposits do not have an active market, the underlying interest rates were determined by reference to market interest rates of comparable financial instruments.

On October 16, 2014, PAGCOR requested WCCCHI, WMCHI and APHC to apply the outstanding advanced rentals and the security deposits held against its rental payments up to December 31, 2016, the end of the lease contracts.

As at December 31, 2015, negotiations between PAGCOR, WCCCHI, WMCHI and APHC for the renewal or extension of the leases are still on-going.

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

	2015	2014
Less than one year	P526,829,243	P683,449,980
Between one and five years	-	527,585,201
	P526,829,243	P1,211,035,181

Total rent revenue recognized in profit or loss in 2015, 2014 and 2013, amounted to P827.62 million, P815.52 million and P882.79 million, respectively and are presented as "Rent and related income" in profit or loss.

22. 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 under the MCIAA contracts to WCCCHI and WMCHI.

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

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

	2015	2014
Less than one year	P39,501,609	P13,793,443
Between one and five years	164,552,853	61,573,265
More than five years	174,490,144	317,081,534
	P378,544,606	P392,448,242

Equipment under Finance Lease

DIHCI leased equipment for a monthly fee of P125,000 starting November 2005 for 10 years from 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. Depreciation expense recognized in profit or loss related to the leased equipment amounted to P0.81 million in 2015 and P0.98 million in 2014 and 2013.

Reconciliations between the total of future minimum lease payments and their present value as of December 31, 2014 are as follows:

	<i>Note</i>	December 31, 2014		
		Future Minimum Lease Payments	Imputed Finance Charges	Present Value of Future Minimum Lease Payments
Less than one year	12	P1,250,000	P51,404	P1,198,596

The carrying value of the leased asset amounted to nil and P0.81 million as at December 31, 2015 and 2014, respectively (see Note 9).

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.

In 2013, the Hotel has fully paid the finance lease liabilities to PLDT. The net carrying amount of PABX equipment as at December 31, 2015 and 2014 is nil and P5.60 million, respectively (see Note 9).

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 (see Note 21).

Lease Agreements Entered into by MBI

a. *Lease of Office 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 of the non-cancellable operating lease follows:

	2015	2014
Less than one year	P5,443,997	P6,741,925
Between one and five years	-	2,283,555
	P5,443,997	P9,025,480

b. *Lease of Slot Machines to PAGCOR*

On January 31, 2007, Dynamo Atlantic Limited (Dynamo), a foreign corporation duly organized, existing and registered at the British Virgin Islands (represented by the Company), as lessor, entered into a contract of lease with PAGCOR, as lessee, for the lease of the slot machine VIP Club at the Universal Park Mall Building in Sta. Cruz, Manila. Subsequently, Dynamo executed a deed of assignment in favor of MBI for the full authority and rights over the contract.

The lease was renewed several times, the latest of which was on June 30, 2014. The lease retroactively commenced on May 26, 2014 until June 30, 2016 and may be renewed upon mutual agreement by both parties. The lease agreement requires the lessee to pay the lessor a variable monthly rent equivalent to 35% of the slot machines' gross revenues after deducting the player's winnings/prizes and all applicable taxes. The contract specifies that the rental revenues earned from the lease are considered zero-rated transactions and therefore not subject to output VAT.

c. *Lease of Slot Gaming Machines*

On November 13, 2007, Dynamo, represented by MBI, entered into a Memorandum of Agreement (MOA) with Entertainment Gaming (Philippines), Inc. (EGP), for the 10-year lease 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. Subsequently, Dynamo executed a deed of assignment in favor of MBI for the full authority and rights over the contract.

On October 27, 2014, the MOA was renewed by both parties. The lease retroactively commenced on February 18, 2013 until June 30, 2016 and may be renewed for up to five (5) years upon mutual agreement by both parties. The MOA requires MBI to pay rent amounting to 18% of the first P15.00 million, 20% for any amount in excess of P15.00 million but up to P20.00 million, and 23.75% for any amount in excess of P20.00 million. The amended MOA also requires the payment of 9% interest on past due accounts.

Total rent expense for the aforementioned leases amounted to P66.78 million, P86.74 million and P99.06 million in 2015, 2014 and 2013, respectively and are presented as "Rent" in profit or loss.

23. Financial Risk and Capital Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, due from related parties, AFS investment, accounts payable and accrued expenses (except for local taxes and output VAT, withholding taxes and deferred income), other current liabilities, loans payable, and other noncurrent liabilities. 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. There has been no change to the Group's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's 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, 2015 and 2014 are as follows:

December 31, 2015	Total	Neither Past Due nor Impaired	Past Due but not Impaired					Impaired
			<30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	
Receivables	P233,726	P151,284	P27,479	P12,188	P8,222	P6,105	P8,424	P20,024
Due from related parties	2,002,627	1,943,008	-	-	-	-	-	59,619
Total	P2,236,353	P2,094,292	P27,479	P12,188	P8,222	P6,105	P8,424	P79,643

December 31, 2014	Total	Neither Past Due nor Impaired	Past Due but not Impaired					Impaired
			<30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	
Receivables	P217,398	P152,548	P17,081	P16,430	P6,427	P980	P6,495	P17,437
Due from related parties	2,061,203	1,618,169	-	-	-	-	365,933	77,101
Total	P2,278,601	P1,770,717	P17,081	P16,430	P6,427	P980	P372,428	P94,538

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, 2015 and 2014 and the movement of the allowance used to record the impairment losses are disclosed in Notes 5 and 8 to the consolidated financial statements.

Liquidity Risk

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

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained 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, 2015 and 2014 based on contractual undiscounted payments:

December 31, 2015	Total Carrying Amount	Contractual Undiscounted Payments			
		Total	On Demand	Less than 1 Year	1 to 5 Years
Accounts payable and accrued expenses*	P1,327,719	P1,327,719	P457,219	P854,065	P16,435
Loans payable	496,030	503,317	375,000	128,317	-
Other current liabilities	535,681	545,022	145,290	399,732	-
Other noncurrent liabilities	11,347	11,347	-	-	11,347
	P2,370,777	P2,387,405	P977,509	P1,382,114	P27,782

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

December 31, 2014	Total Carrying Amount	Contractual Undiscounted Payments			
		Total	On Demand	Less than 1 Year	1 to 5 Years
Accounts payable and accrued expenses*	P1,254,756	P1,254,756	P1,173,908	P67,652	P13,196
Loans payable	847,806	897,054	375,000	243,821	278,233
Other current liabilities	67,608	75,619	3,980	71,639	-
Other noncurrent liabilities	659,899	659,899	-	-	659,899
	P2,830,069	P2,887,328	P1,552,888	P383,112	P951,328

*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 fixed interest rates of these loans are as follows:

	Annual Interest Rate
SSS	14.5% per annum
PBB	10% and 12% per annum
ICBC	3% 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 2015 and 2014 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 sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax by P523,152 and P1,540,515 in 2015 and 2014, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

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

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 2015 and 2014. 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) Change in interest rates (in basis points)	Income after Income Tax	
	2015	2014
+50	(P3,404)	(P3,139)
-50	3,404	3,139

There is no other impact on the Group's equity other than those already affecting profit or loss in 2015 and 2014.

Foreign Currency Risk

Currency risk arises when transactions are denominated in foreign currencies. As a result of the loan payable from ICBC which is denominated in U.S. Dollar, the Group's consolidated statement of financial position can be affected by movements in this currency. Other than that, the Group does not have any material transactions denominated in foreign currencies as its revenues and costs are substantially denominated in Philippine peso.

The Group monitors and assesses cash flows from anticipated transactions and financing agreements denominated in U.S. Dollar. 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 as at December 31 are as follows:

	2015	
	U.S. Dollar	Philippine Peso
Cash	\$9,423	P443,427
Loan payable	(1,595,900)	(75,272,219)
Net foreign currency-denominated liability	(\$1,586,477)	(P74,828,792)

	2014	
	U.S. Dollar	Philippine Peso
Cash	\$7,411	P330,646
Loan payable	(4,967,900)	(221,652,794)
Net foreign currency-denominated liability	(\$4,960,489)	(P221,322,148)

The following are the significant exchange rates applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2015	2014	2015	2014
U.S. dollar	P47.12	P44.39	P47.06	P44.69

The Group recognized an unrealized foreign currency exchange loss amounting to P8.16 million, P1.53 million and P22.55 million in 2015, 2014 and 2013, respectively, 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 rates and macroeconomic forecasts for 2015 and 2014, with all other variables held constant, of the Group's 2015 and 2014 income after income tax. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items.

The analysis assumes a 10% strengthening and weakening as at December 31, 2015 and 2014, respectively of the Philippine peso against the US dollar exchange rate:

	Strengthening		Weakening	
	10% 2015	10% 2014	-10% 2015	-10% 2014
Net income	P5,226,174	P15,492,550	(P5,226,174)	(P15,492,551)

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 which are listed in the PSE totaling to 86,710,000 shares as at December 31, 2015 and 2014.

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

The following table illustrates the sensitivity of the Group's equity to a reasonably possible change in equity price. These changes are considered to be reasonably possible based on past equity price performance of the Group's AFS investment and macroeconomic forecast for 2015 and 2014. This analysis assumes an increase of 10% for 2015 and 2014 and a decrease of 10% for 2015 and 2014 of the equity price of the Group's AFS investment. All other variables are held constant:

	Increase		Decrease	
	10%	10%	-10%	-10%
	2015	2014	2015	2014
Equity	(P1,274,637)	P1,608,471	(P1,274,637)	(P1,608,471)

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 listed on the PSE as of December 31, 2015 and 2014.

The fair value of other noncurrent liabilities was calculated by discounting expected future cash flows at prevailing market rates.

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 2015 and 2014.

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 2015 and 2014. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity.

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

24. Commitments and Contingencies

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

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

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

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

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

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

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

- b. APHC has outstanding tax assessments from the BIR for taxable years 2014, 2009 and 2006. On March 7, 2014, APHC received a formal assessment notice from BIR for taxable year 2010 amounting to P78.59 million covering deficiency income tax, VAT and EWT. The formal protest was filed by APHC on April 4, 2013 and the assessment is pending evaluation by the BIR.

APHC has an outstanding assessment with BIR for taxable year 2009 for a disputed assessment on VAT amounting to P42.00 million. A motion for reconsideration and a supplemental memorandum were filed with BIR on April 15, 2014 and April 16, 2014, respectively. The assessment is pending evaluation by the BIR.

APHC also has an outstanding tax assessment from the BIR for taxable year 2006. On May 18, 2011, the BIR sent a follow up letter to APHC for various verbal requests for the submission of related schedules and documents. On February 23, 2012, APHC filed a letter of protest and explanation. As of report date, APHC is still contesting the assessment and is awaiting BIR's action.

c. *Tax Case Involving Tax Assessment from the Treasurer of the City of Manila*

The case arose from the notice of assessment issued by the Manila City treasurer's office on July 13, 2007 demanding APHC to pay for deficiency business tax for the years 2004 to 2006 totaling P45.58 million (including interest and penalties), arising principally from nondeclaration for local tax purposes of revenues derived from services in connection with the operation of PAGCOR in APHC's hotel.

After filing of protest letters, petitions and appeals, the case was subsequently decided against APHC on January 9, 2014 by the CTA En Banc who ordered the dismissal of the petition for review filed by APHC and ordered APHC to pay the Manila City treasurer's office for P45.58 million. Accordingly, APHC recognized a provision for the same amount in its books.

On December 8, 2015, APHC executed a compromise agreement with the Manila City treasurer's office wherein both parties agreed to the following terms: (1) APHC will pay the recomputed tax liability amounting to P5.84 million; and (2) upon ratification of the compromise agreement by the City Council of Manila, APHC shall cause the withdrawal of the its case pending before the SC (see Note 25a).

The recomputed tax liability was paid by APHC on December 10, 2015. The provision set up for the amounting to P45.58 million was subsequently reversed in the consolidated statement of financial position and a gain on the reversal of provision amounting to P39.73 million was recognized as part of revenues under "Others" account in profit or loss.

- 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, WMCHI offered its formal evidence to the court. In its decision promulgated on May 31, 2013, the CTA cancelled the VAT assessment in its entirety. The BIR filed a motion for reconsideration that was denied by the CTA in its resolution promulgated on August 16, 2013. The BIR appealed the case to the CTA sitting En Banc on September 20, 2013 where it is awaiting decision by the CTA.

In January 2015, WMCHI received a Letter of Authority from the BIR for the examination of books of accounts and other accounting records for all internal revenue taxes for the period from January 1, 2013 to December 31, 2013. WMCHI has provided the BIR with the required documents and the latter has yet to give its findings (see Note 25b).

- e. WCCCHI has a tax case involving tax deficiency assessment for the taxable year 2006. The case was elevated by WCCCHI to the CTA. The CTA en banc in its decision promulgated on January 30, 2014 affirmed the CTA Second Division decision that cancelled the income tax assessment. The BIR appealed to the SC, and its petition was denied on October 17, 2014. The BIR filed its motion for reconsideration on October 30, 2014; it is still pending decision by the SC as at December 31, 2015.

On October 31, 2014, WCCCHI received and paid an assessment from BIR for tax deficiency taxes for the taxable year 2010 amounting to P5.54 million.

On November 26, 2015, WCCCHI received a formal letter of demand from BIR involving tax deficiency assessment for the taxable year 2012. WCCCHI filed a request for reinvestigation to the BIR.

- f. *Acesite (Phils.) Hotel Corporation versus PAGCOR, et al.*
The case involved a Petition for Prohibition and Mandamus, with application for the issuance of a Temporary Restraining Order (TRO) and writ of preliminary injunction filed by APHC against PAGCOR and Vanderwood Management Corp. (VMC). APHC filed this case to assail PAGCOR's award of VMC of a procurement project entitled "Lease Space for a Casino Gaming Facility in Manila for a Period of Fifteen (15) Years" under ITB No. 09-16-2014 for being violative of the laws and rules on government procurement.

In a resolution dated June 18, 2015, the Regional Trial Court of Manila, Branch 36, (the Court) denied APHC's application for TRO. APHC thereafter filed a "Motion for Reconsideration" on July 6, 2015. The said motion for reconsideration is still pending resolution.

PAGCOR and VMC filed their respective comments/answers to APHC's petition. Subsequently, VMC filed its "Motion to Admit Attached Supplemental Comment/Answer with Compulsory Counterclaim" (the Motion to Admit) on August 10, 2015. APHC filed an opposition to VMC's Motion to Admit. The Court has yet to resolve VMC's Motion to Admit as at December 31, 2015.

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

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

25. Events After the Reporting Period

- a. The City Council of Manila passed a resolution on January 12, 2016 ratifying the compromise agreement between the City of Manila and APHC (see Note 24c).
- b. A preliminary assessment notice dated January 15, 2016 was received by WMCHI from the BIR for deficiency income tax, improperly accumulated earning tax, documentary stamp tax, VAT and EWT for the taxable year 2013 (see Note 24d).

- c. On February 11, 2016, the RTC case filed by SSS was appealed to the Court of Appeals by SSS, assailing the RTC decision in favor of WPI, et al. SSS filed its Appellant's Brief and WPI is to file its Appellees' Brief by April 2016 (see Note 13).
- d. On February 19, 2016, the Parent Company, TWGI, PRC and MAHEC made amendments to the previously issued MOU for the settlement of all outstanding liabilities of TWGI and MAHEC to the Parent Company. The amended MOU states that MAHEC shall no longer be a party to the said MOU, and all references to any obligation or rights that MAHEC shall have under said MOU shall no longer be in force. All other terms and conditions shall remain unchanged (see Note 8a).

26. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Group has adopted the following amendments to standards and Interpretations starting January 1, 2015, and accordingly, changed its accounting policies. The adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements.

- *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.
- *Annual Improvements to PFRSs: 2010 - 2012 and 2011 - 2013 Cycles -* Amendments were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40. 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:
 - *Disclosures on the aggregation of operating segments (Amendment to PFRS 8).* PFRS 8 has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include: a brief description of the operating segments that have been aggregated; and the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics. In addition, this amendment clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- *Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38).* The amendments clarify the requirements of the revaluation model in PAS 16 and PAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset. PAS 16 and PAS 38 have been amended to clarify that, at the date of revaluation: the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset - e.g. restated in proportion to the change in the carrying amount or by reference to observable market data; and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or the accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.
- *Definition of 'related party' (Amendment to PAS 24).* The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g. loans.

Basis of Consolidation

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

Subsidiaries

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

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

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

Accounting for NCI

NCI represents the portion of profit or loss, OCI and the net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the Parent Company's equity.

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

Loss of Control

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

Transactions Eliminated on Consolidation

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

Segment Reporting

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

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

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

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

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

Revenue Recognition

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

Rooms

Room revenue is recognized based on actual occupancy.

Food and Beverage

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

Rent and Related income

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

Other Revenues

Other revenues are recognized upon execution of service or as contracted.

Interest Income

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

Cost and Expense Recognition

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

Financial Instruments

Financial Assets

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

(a) Classification

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. They are included in current assets, except for maturities greater than 12 months after the financial reporting date, in which case, these are classified as noncurrent assets. The Group's cash and cash equivalents, receivables, due from related parties and refundable deposits (presented under "Other noncurrent assets" account in the consolidated statement of financial position) are classified as loans and receivables as at December 31, 2015 and 2014.

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

AFS investment is designated as such or does not qualify to be classified as financial asset at FVPL, HTM investments or loans and receivables. This investment which is purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. It includes 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 are derecognized when:

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

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

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

(c) Subsequent Measurement

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

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

(d) Determination of Fair Value

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

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

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

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

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

The Group's AFS investment as at December 31, 2015 and 2014 is based on Level 1. Further information about the assumption made in measuring the recurring fair value of AFS investment is included in Note 8c to the consolidated financial statements.

(e) Impairment

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

Impairment of trade and other receivables financial assets is described in Note 3 to the consolidated financial statements. For those carried at amortized cost, individually significant financial assets are tested for impairment if there are indicators of impairment. Impairment loss is recognized in profit or loss and the carrying amount is reduced through the use of allowance. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

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

Financial Liabilities

(a) Classification

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

Other Financial Liabilities

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

The Group's financial liabilities categorized under other financial liabilities include interest-bearing loan with ICBC, SSS, PBB, 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 and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented at gross in the consolidated statement of financial position.

Inventories

Inventories are stated at the lower of cost and NRV. Cost incurred in bringing the inventories to their present location and condition is calculated using the weighted average method.

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

Prepaid Expenses

Prepaid expenses represent expenses not yet incurred but are already paid. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequent to initial recognition, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepaid expenses are classified in the consolidated statement of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

Property and Equipment

Measurement at Initial Recognition

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

Measurement Subsequent to Initial Recognition

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

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

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

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

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

Subsequent Costs

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

Fair Value Measurement

The Group's property and equipment as at December 31, 2015 and 2014 is based on level 2. Further information about the assumption made in measuring fair value of property and equipment is included in Note 9 to the consolidated financial statements.

Depreciation and Amortization

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

The estimated useful lives are as follows:

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

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

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

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

Impairment of Nonfinancial Assets

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

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

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

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

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

Borrowing Costs

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

Employee Benefits

Short-term Employee Benefits

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

Defined Benefit Plan

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

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

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

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

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

Related Parties

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

Operating Leases - Group as Lessor

Leases in which a significant portion of the risks and rewards of ownership is retained by the Group are classified as operating leases. Initial direct costs incurred in negotiating operating lease are added to the carrying amount of the leased asset and recognized over the leased term on the same basis as rental income. Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease, except for cancellable leases which are recognized at the amount collected or collectible based on the contract provision.

Finance Leases - Group as Lessee

Finance leases which transfers to the Group 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 OCI.

The results and financial position of the foreign subsidiaries are translated into Philippine peso using the following procedures:

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

Income Taxes

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

A 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.

VAT

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of “Prepaid expenses and other current assets” or “Accounts payable and accrued expenses” accounts in the consolidated statement of financial position.

Equity

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

Deficit includes accumulated results of operations as reported in the consolidated statement of comprehensive income.

Earnings (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; when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The amount to be recognized as provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

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

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

Contingent assets are not recognized in the consolidated financial statements but are disclosed when the inflow of economic benefits is probable.

Events After the Reporting Date

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

New or Revised Standards and Amendments to Standards Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2015. However, the Group has not applied the following new or amended standards in preparing these consolidated financial statements. The Group is still assessing the potential impact on its consolidated financial statements.

To be Adopted January 1, 2016

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16 and PAS 38)*. The amendments to *PAS 38 Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated,' or when the intangible asset is expressed as a measure of revenue.

The amendments to *PAS 16 Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset – e.g. changes in sales volumes and prices.

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

To be Adopted January 1, 2018

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

To be Adopted January 1, 2019

- ***PFRS 16 Leases*** supersedes ***PAS 17 Leases*** and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

Pending approval of local adoption of PFRS 15 Revenue from Contracts with Customers

- ***PFRS 15 Revenue from Contracts with Customers*** replaces ***PAS 11 Construction Contracts***, ***PAS 18 Revenue***, ***IFRIC 13 Customer Loyalty Programmes***, ***IFRIC 18 Transfer of Assets from Customers*** and ***SIC-31 Revenue - Barter Transactions Involving Advertising Services***. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

However, the FRSC has yet to issue/approve this new revenue standard for local adoption pending completion of a study by the Philippine Interpretations Committee on its impact on the real estate industry.



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

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated and Subsidiaries
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, 2015, included in this Form 17-A, on which we have rendered our report dated March 21, 2016.

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

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

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

R.G. MANABAT & CO.


TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

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

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-34-2014

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

PTR No. 5320750MD

Issued January 4, 2016 at Makati City

March 21, 2016

Makati City, Metro Manila

**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, 2015**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		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			✓
	Annual Improvements to PFRSs 2011 – 2013 Cycle: PFRS version that a first-time adopter can apply			✓
	PFRS 2	Share-based Payment		
Amendments to PFRS 2: Vesting Conditions and Cancellations				✓
Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions				✓
Annual Improvements to PFRSs 2010 – 2012 Cycle: Meaning of 'vesting condition'				✓
PFRS 3 (Revised)	Business Combinations			✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Classification and measurement of contingent consideration			✓
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Scope exclusion for the formation of joint arrangements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
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			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Changes in method for disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: 'Continuing involvement' for servicing contracts	✓		
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Offsetting disclosures in condensed interim financial statements			✓
PFRS 8	Operating Segments	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Disclosures on the aggregation of operating segments	✓		
PFRS 9	Financial Instruments	✓		
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39			✓
PFRS 9 (2014)	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Associate or Joint Venture			
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Scope of portfolio exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
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			✓
	Amendments to PAS 1: Disclosure Initiative			✓
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Property, Plant and Equipment – Classification of Servicing Equipment			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Discount rate in a regional market sharing the same currency – e.g. the Eurozone			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Definition of 'related party'	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
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			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Disclosure of information "elsewhere in the interim financial report"			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
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	✓		

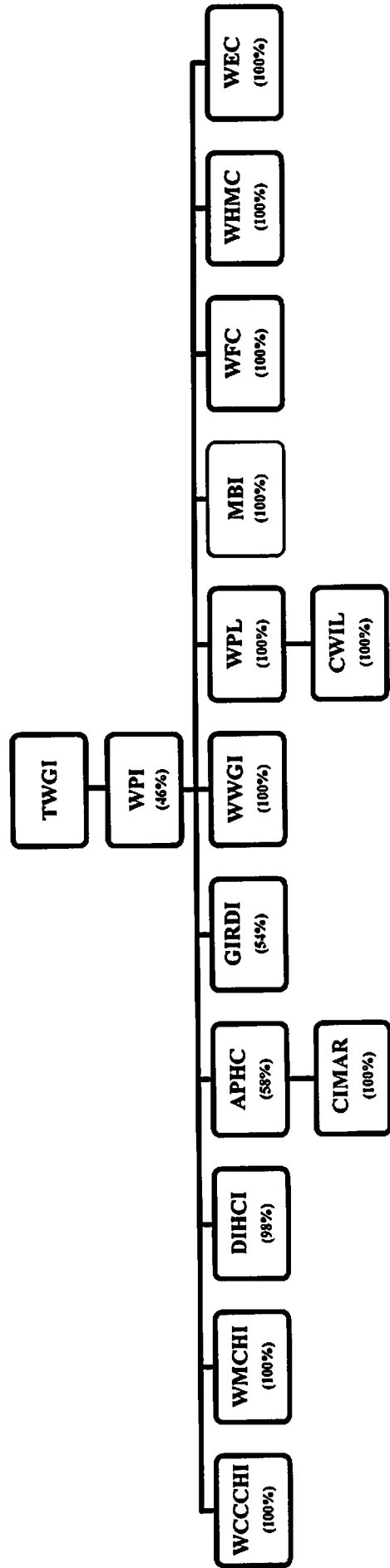
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Financial Assets			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 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			✓
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	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 2007-02	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]			✓
PIC Q&A 2007-03	PAS 40.27 – Valuation of bank real and other properties acquired (ROPA)			✓
PIC Q&A 2007-04	PAS 101.7 – Application of criteria for a qualifying NPAE			✓
PIC Q&A 2008-01- Revised	PAS 19.78 – Rate used in discounting post-employment benefit obligations	✓		
PIC Q&A 2008-02	PAS 20.43 – Accounting for government loans with low interest rates under the amendments to PAS 20			✓
PIC Q&A 2009-01	Framework.23 and PAS 1.23 – Financial statements prepared on a basis other than going concern			✓
PIC Q&A 2009-02	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✓
PIC Q&A 2010-01	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✓
PIC Q&A 2010-02	PAS 1R.16 – Basis of preparation of financial statements	✓		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements – Current/non-current classification of a callable term			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	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 2013-02	Conforming Changes to PIC Q&As - Cycle 2013			✓
PIC Q&A 2013-03 (Revised)	PAS 19 – Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✓

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER SRC RULE 68, AS AMENDED**

Map of Conglomerate
December 31, 2015



LEGEND:

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

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

Table of Contents

Supplementary Schedules of Annex 68-E
Required Under SRC Rule 68, As Amended (2011)
December 31, 2015

	<u>Page</u>
A. Financial Assets	<u>2</u>
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates).	<u>3</u>
C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<u>4</u>
D. Intangible Assets - Other Assets - <i>(nothing to report)</i>	<u>5</u>
E. Long-term Debt	<u>6</u>
F. Indebtedness to Related Parties - <i>(nothing to report)</i>	<u>7</u>
G. Guarantees of Securities of Other Issuers - <i>(nothing to report)</i>	<u>8</u>
H. Capital Stock	<u>9</u>

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2015
(Amounts in thousands)

Name of Issuing Entity/Description of Each Issue	Number of shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at December 31, 2015	Income Received and Accrued
Loans and receivables				
Due from The Wellex Group, Inc.	P -	P945,471	P945,471	P14,202
Due from Pacific Rehouse Corp.	-	520,743	520,743	10,211
Due from Metro Alliance Holdings and Equities Corp.	-	-	-	7,319
Due from Crisanta Realty Development Corp.	-	332,797	332,797	-
Due from Philippine Estate Corp.	-	92,054	92,054	-
Due from Others	-	51,943	51,943	-
Various Banks	-	173,168	173,168	1,980
Various Customers	-	213,702	213,702	-
Available-for-sale investment	86,710	18,209	18,209	-
	P86,710	P2,329,878	P2,329,878	P33,712

See Notes 4, 5 and 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)
DECEMBER 31, 2015
(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.	P958,716	P80,372	P93,617	P-	P945,471	P-	P945,471
Pacific Rehouse Corp.	510,532	10,211	-	-	520,743	-	520,743
Metro Alliance Holdings and Equities Corp.	365,933	-	365,933	-	-	-	-
Crisanta Realty Development Corp.	-	332,797	-	-	-	332,797	332,797
Philippine Estate Corp.	97,754	-	5,700	-	92,054	-	92,054

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2015

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	P1,695,577,677	P -	P135,052,622	P -	P1,560,525,056	P -	P1,560,525,056
Mayo Bonanza, Inc.	45,241,545	3,000,300	-	-	48,241,845	-	48,241,845
Waterfront Wellness Group, Inc.	13,316,035	13,462,491	13,316,035	-	13,462,491	-	13,462,491
Waterfront Food Concepts, Inc.	5,910,161	6,056,617	5,910,161	-	6,056,617	-	6,056,617
Waterfront Hotel Management Corp.	99,941,654	-	11,330,468	-	88,611,186	-	88,611,186
Waterfront Entertainment Corporation	6,699,803	6,773,031	6,699,803	-	-	-	6,773,031

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2015

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

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2015

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 Loans Payable	P220,073,599	P74,735,932	P -
Social Security System Loans Payable	P375,000,000	P375,000,000	P -
Philippine Business Bank Loans Payable	P252,732,843	P46,294,118	P -

See Note 13 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2015

<u>Name of Affiliates</u>	<u>Balance at beginning of period</u>	<u>Balance at end of period</u>
	P-	P-
	-	-
	P-	P-

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2015

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, 2015

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

See Note 16 to the Consolidated Financial Statements.

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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

W	A	T	E	R	F	R	O	N	T	P	H	I	L	I	P	P	I	N	E	S	,						
I	N	C	O	R	P	O	R	A	T	E	D	A	N	D	S	U	B	S	I	D	I	A	R	I	E	S	

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

I	P	T	B	u	i	l	d	i	n	g	.	P	r	e	-	D	e	p	a	r	t	u	r	e			
A	r	e	a	.	M	a	c	t	a	n	C	e	b	u	.												
I	n	t	e	r	n	a	t	i	o	n	a	l	A	i	r	p	o	r	t	.							
L	a	p	u	-	L	a	p	u	C	i	t	y	.	C	e	b	u	.									

Form Type

A	F	S	1	5
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Department requiring the report

--

Secondary License Type, if Applicable

--

COMPANY INFORMATION

Company's email Address

--

Company's Telephone Number/s

--

Mobile Number

--

No. of Stockholders

--

Annual Meeting (Month / Day)

--

Fiscal Year (Month / Day)

--

CONTACT PERSON INFORMATION

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

Name of Contact Person

Ms. Elvira A. Ting

Email Address

--

Telephone Number/s

(02) 687-0888

Mobile Number

--

CONTACT PERSON'S ADDRESS

--

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

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

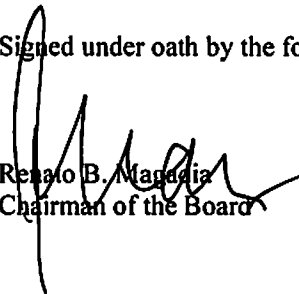
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

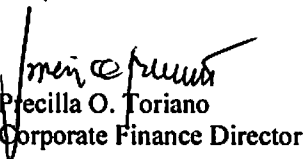
The management of **Waterfront Philippines, Inc.** is responsible for the preparation and fair presentation of the consolidated financial statements as at and for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

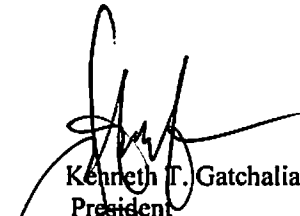
The Board of Directors reviews and approves the financial statements and submits the same to the Stockholders of the Company.

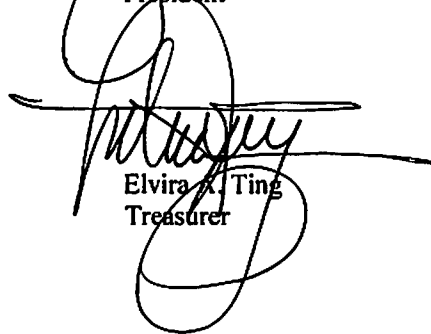
R.G. Manabat & Co., the independent auditor and appointed by the Stockholders, has audited the financial statements of the Company in accordance with Philippines Standards on Auditing and in its reports to the Stockholders of the Company, has expressed its opinion on the fairness of presentation upon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

Signed under oath by the following:


Renato B. Magadia
Chairman of the Board


Precilla O. Toriano
Corporate Finance Director

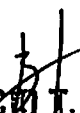

Kenneth T. Gatchalian
President


Elvira A. Ting
Treasurer

04 APR 2016

Signed this ___th day of _____ 2016

DOC. NO. 287
PAGE NO. 16
BOOK NO. 27
SERIES OF 2016


ATTY. BONIFACIO T. DEGAMO JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2016
IBP NO. 10084-1/5/16
PTR NO. 6601897-1/5/16
ROLL OF ATTORNEYS NO. 31311
ACCELT. OF COMPLIANCE # 00112
NOTARIAL COMMISSION NO. 68-15
TIN # 043-406-557-002

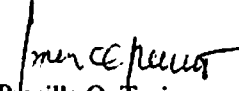
**STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

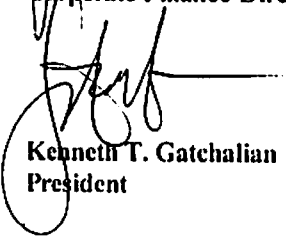
The Management of **Waterfront Philippines Inc.** the "Company" is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2015. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2015 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

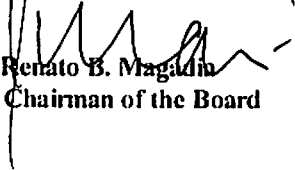
- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

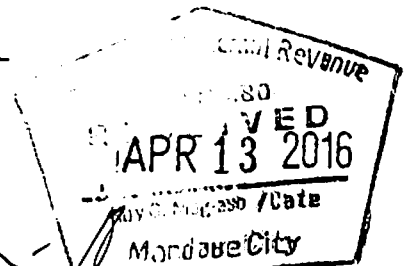
Signed under oath by the following:


Precilla O. Toriano
Corporate Finance Director


Kenneth T. Gatchalian
President


Elvia A. Ting
Treasurer


Renato B. Magadio
Chairman of the Board





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

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

Branches: Subic · Cebu · Bacolod · Iloilo

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

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

We have audited the accompanying separate financial statements of Waterfront Philippines, Incorporated (the Company) as at and for the year ended December 31, 2015, on which we have rendered our report dated March 21, 2016.

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

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

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

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-34-2014

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

PTR No. 5320750MD

Issued January 4, 2016 at Makati City

March 21, 2016
Makati City, Metro Manila



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

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Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
E-Mail ph-inquiry@kpmg.com

Branches: Subic · Cebu · Bacolod · Iloilo

REPORT OF INDEPENDENT AUDITORS

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

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Waterfront Philippines, Incorporated (the Company), which comprise the separate statements of financial position as at December 31, 2015 and 2014, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for each of the three years in the period ended December 31, 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate financial statements.

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

APR 13 2016
Ray G. Mag-250 / Date
Mandaue City



Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2015 and 2014, and its unconsolidated financial performance and its unconsolidated cash flows for each of the three years in the period ended December 31, 2015, in accordance with Philippine Financial Reporting Standards.

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

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

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

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

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-34-2014

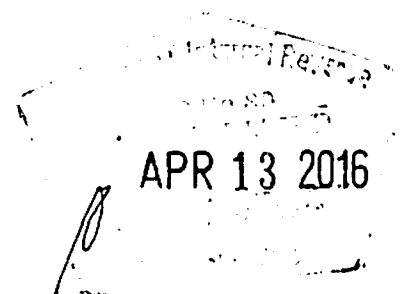
Issued October 15, 2014; valid until October 14, 2017

PTR No. 5320750MD

Issued January 4, 2016 at Makati City

March 21, 2016

Makati City, Metro Manila



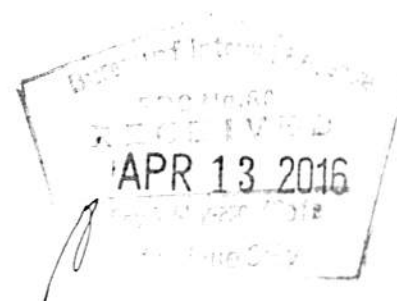
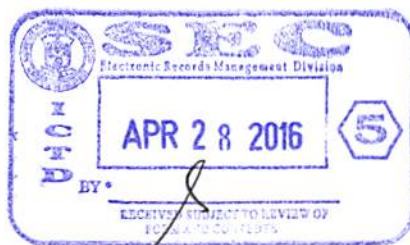
WATERFRONT PHILIPPINES, INCORPORATED

**SEPARATE FINANCIAL STATEMENTS
December 31, 2015 and 2014**

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	<i>Note</i>	2015	2014
ASSETS			
Current Assets			
Cash		P72,050	P590,924
Due from related parties - net	5	1,339,056,384	1,714,462,520
Total Current Assets		1,339,128,434	1,715,053,444
Noncurrent Assets			
Due from related parties - net of current portion	5	332,797,180	-
Investments and advances to subsidiaries	4	2,727,149,479	3,112,502,212
Property and equipment - net	6	1,332,070	1,644,463
Other noncurrent assets		2,539,000	2,539,000
Total Noncurrent Assets		3,063,817,729	3,116,685,675
		P4,402,946,163	P4,831,739,119
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	7	P806,857,885	P746,909,938
Due to related parties	5	964,641,529	1,169,097,401
Loan payable	8	375,000,000	375,000,000
Income tax payable		4,435,160	4,258,224
Total Current Liabilities		2,150,934,574	2,295,265,563
Equity			
Capital stock	12	2,498,991,753	2,498,991,753
Additional paid-in capital		706,364,357	706,364,357
Deficit		(953,344,521)	(668,882,554)
Total Equity		2,252,011,589	2,536,473,556
		P4,402,946,163	P4,831,739,119

See Notes to the Separate Financial Statements.



WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	<i>Note</i>	2015	2014	2013
REVENUES				
Interest income	5	P31,731,471	P31,661,948	P31,962,597
Other income		610,761	-	-
		32,342,232	31,661,948	31,962,597
GENERAL AND ADMINISTRATIVE EXPENSES				
Impairment losses	4	253,666,551	55,304,334	44,762,320
Accretion expense	5	40,456,234	-	-
Transportation and travel		9,103,852	9,660,619	8,444,824
Supplies		1,945,270	1,749,847	2,023,371
Representation and entertainment		1,615,962	8,315,434	2,122,156
Professional fees		1,547,800	1,756,100	2,529,097
Data processing expenses		973,059	849,998	783,998
Annual meeting expenses		187,687	185,365	2,388,596
Taxes and licenses		183,750	494,333	960,262
Others	9	2,688,874	2,454,986	2,978,690
		312,369,039	80,771,016	66,993,314
INCOME (LOSS) BEFORE INCOME TAX				
		(280,026,807)	(49,109,068)	(35,030,717)
INCOME TAX EXPENSE	10	4,435,160	4,258,224	3,487,363
NET INCOME (LOSS)		(P284,461,967)	(P53,367,292)	(P38,518,080)
TOTAL COMPREHENSIVE LOSS		(P284,461,967)	(P53,367,292)	(P38,518,080)

See Notes to the Separate Financial Statements.

APR 13 2016
 Mandaua City

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF CHANGES IN EQUITY

	<i>Note</i>	Years Ended December 31		
		2015	2014	2013
CAPITAL STOCK	<i>12</i>	P2,498,991,753	P2,498,991,753	P2,498,991,753
ADDITIONAL PAID-IN CAPITAL		706,364,357	706,364,357	706,364,357
DEFICIT				
Balance at beginning of year		(668,882,554)	(615,515,262)	(576,997,182)
Net income (loss) for the year		(284,461,967)	(53,367,292)	(38,518,080)
Balance at end of year		(953,344,521)	(668,882,554)	(615,515,262)
		P2,252,011,589	P2,536,473,556	P2,589,840,848

See Notes to the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	<i>Note</i>	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		(P280,026,807)	(P49,109,068)	(P35,030,717)
Adjustments for:				
Impairment losses	4	253,666,551	55,304,334	44,762,320
Accretion expense	5	40,456,234	-	-
Depreciation	6	312,393	312,393	312,393
Interest income	5	(31,731,471)	(31,661,948)	(31,962,597)
		(17,323,100)	(25,154,289)	(21,918,601)
Changes in:				
Other noncurrent assets		-	-	22,550
Accrued expenses and other payables		59,947,947	55,623,732	60,330,771
		42,624,847	30,469,443	38,434,720
Interest received		-	-	-
Income tax paid		(4,258,224)	(3,487,363)	(4,756,400)
Net cash provided by operating activities		38,366,623	26,982,080	33,678,320
CASH FLOWS FROM A FINANCING ACTIVITY				
Net advances to related parties	4, 5	(38,885,497)	(27,338,213)	(33,315,444)
NET INCREASE (DECREASE) IN CASH		(518,874)	(356,133)	362,876
CASH AT BEGINNING OF YEAR		590,924	947,057	584,181
CASH AT END OF YEAR		P72,050	P590,924	P947,057

See Notes to the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED
NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Reporting Entity

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

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

	Percentage of Ownership	
	Direct	Indirect
Hotels and Resorts		
Waterfront Cebu City Casino Hotel, Incorporated (WCCCHI)	100	-
Waterfront Mactan Casino Hotel, Incorporated (WMCHI)	100	-
Davao Insular Hotel Company, Inc. (DIHCI)	98	-
Acesite (Phils.) Hotel Corporation (APHC)	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
Pastries Manufacturing		
Waterfront Food Concepts, Inc. (WFC)	100	-
Hotel Management and Operation		
Waterfront Hotel Management Corporation (WHMC)	100	-
Waterfront Entertainment Corporation (WEC)	100	-

*Through direct ownership in APHC.

The Company's percentages of ownership for the above subsidiaries are the same in 2015, 2014 and 2013.

Office Address

The registered office of the 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 separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards issued by the International Accounting Standards Board. PFRSs consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations issued by the Financial Reporting Standards Council.

In full compliance with PAS 27, *Consolidated and Separate Financial Statements*, the Company has prepared consolidated financial statements for the same periods in which it consolidates all investments in subsidiaries in accordance with the said standard. Such consolidated financial statements provide information about the economic activities of the group of which the Company is the parent.

Users of these separate financial statements should read them together with the consolidated financial statements as of and for the year ended December 31, 2015 in order to obtain full information on the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company and its subsidiary as a whole. The consolidated financial statements can be obtained from the SEC and from the website of the PSE (www.pse.com.ph).

The separate financial statements of the Company were approved and authorized for issue by the Board of Directors (BOD) on March 21, 2016.

Basis of Measurement

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

Functional and Presentation Currency

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

Use of Estimates and Judgments

The preparation of separate financial statements in conformity 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 and disclosure of contingent assets and contingent liabilities. 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 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 amount recognized in the separate financial statements are described in Note 3 to the separate financial statements.

3. Accounting Estimates and Judgments

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

Judgments

Tax Assessments and Legal Claims

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

Classifying Receivables from Related Parties

The Company exercises judgment in classifying the receivables from related parties as under current assets or noncurrent assets based on the expected realization of the receivables. The Company takes into account the credit rating and other financial information about the related parties to assess their ability to settle the Company's outstanding receivables. Related party receivables that are expected to be realized within twelve months after the reporting period or within the Company's normal operating cycle are considered current assets.

Estimates

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

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

Allowance for impairment losses on advances to and due from related parties amounted to P88.61 million and P59.62 million as at December 31, 2015, respectively, and P99.94 and P77.10 million as at December 31, 2014, respectively (see Notes 4 and 5).

Estimating Useful Lives of Property and Equipment

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

Impairment of Nonfinancial Assets

The Company's policy on estimating the impairment of nonfinancial assets is discussed in Note 16. The Company assesses at each reporting date whether there is an indication that the carrying amount of nonfinancial assets may be impaired or that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

Allowance for impairment losses on investment in subsidiaries as at December 31, 2015 amounted to P253.79 million and P0.13 million as at December 31, 2014 (see Note 4).

4. Investments and Advances to Subsidiaries

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

	2015				2014			
	Acquisition Cost	Advances (Note 5d)	Deposit to Subsidiaries	Total	Acquisition Cost	Advances (Note 5d)	Deposit to Subsidiaries	Total
WCCCHI	P13,800	P560,525	P1,000,000	P1,574,325	P13,800	P695,578	P1,000,000	P1,709,378
DIHCI	584,363	-	-	584,363	584,363	-	-	584,363
APHC	479,228	-	-	479,228	479,228	-	-	479,228
GIRDI	253,667	-	-	253,667	253,667	-	-	253,667
WHMC	125	88,611	-	88,736	125	99,640	-	99,765
MBI	25	13,241	35,000	48,266	25	10,242	35,000	45,267
WWGI	625	462	13,000	14,087	625	316	13,000	13,941
WMCHI	13,800	-	-	13,800	13,800	-	-	13,800
WEC	125	6,773	-	6,898	125	6,700	-	6,825
WFC	125	57	6,000	6,182	125	210	6,000	6,335
	1,345,883	669,669	1,054,000	3,069,552	1,345,883	812,686	1,054,000	3,212,569
Less allowance for impairment losses:								
WHMC	125	88,611	-	88,736	125	99,942	-	100,067
GIRDI	253,667	-	-	253,667	-	-	-	-
	P1,092,091	P581,058	P1,054,000	P2,727,149	P1,345,758	P712,744	P1,054,000	P3,112,502

Deposits to Subsidiaries

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

Advances to Subsidiaries

Advances to subsidiaries mainly represent funds provided to support subsidiaries' daily operations and to finance the construction and completion of certain hotel projects. As discussed in Note 9 to the separate financial statements, these include interest charges incurred on loans obtained from the Social Security System (SSS).

The advances to subsidiaries in 2015 are renegotiated and repriced based on the agreement entered by the Company and subsidiaries in 2014.

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

WCCCHI

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

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

	2015	2014
Total current assets	P200,796	P179,897
Total assets	2,915,096	3,053,286
Total current liabilities	949,441	897,678
Total liabilities	2,285,426	2,496,948
Revenue	892,979	828,223
Net income (loss)	64,317	(2,096)

DIHCI

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

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

	2015	2014
Total current assets	P104,991	P76,212
Total assets	631,596	617,357
Total current liabilities	52,319	41,332
Total liabilities	190,831	182,520
Revenue	176,529	166,306
Net income (loss)	7,289	(114)

APHC

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

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

	2015	2014
Total current assets	P476,045	P493,565
Total assets	2,331,983	2,466,812
Total current liabilities	487,384	382,730
Total liabilities	977,305	1,186,361
Revenue	625,647	567,560
Net income	74,579	45,878

GIRDI

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

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

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

	2015	2014
Total assets	P471,520	P471,778
Total liabilities	39,660	39,975
Revenue	1,477	1,485
Net income	58	76

MBI

MBI was registered with the SEC on November 24, 1995. Its primary purpose is to establish, operate, and manage the business of amusement, entertainment, and recreation facilities for the use of the paying public. MBI entered into an agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) whereby the latter shall operate the former's slot machines outside of casinos in line with PAGCOR's slot machine arcade project.

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

	2015	2014
Total current assets	P10,604	P12,599
Total assets	27,049	31,958
Total current liabilities	31,755	34,198
Total liabilities	67,508	69,778
Revenue	62,449	66,438
Net loss	(2,639)	(4,653)

WMCHI

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

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

	2015	2014
Total current assets	P288,879	P437,841
Total assets	1,166,889	1,348,487
Total current liabilities	203,605	117,350
Total liabilities	370,708	614,783
Revenue	328,219	297,144
Net income	60,954	20,209

WWGI

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

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

	2015	2014
Total current assets	P2,990	P2,873
Total assets	10,879	11,028
Total current liabilities	14,850	13,447
Total liabilities	30,102	28,826
Revenue	13,808	12,926
Net loss	(1,560)	(2,375)

WFC

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

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

	2015	2014
Total current assets	P6,016	P7,400
Total assets	6,156	7,462
Total liabilities	40,113	36,918
Revenue	3,822	4,833
Net loss	4,502	(6,159)

WHMC

WHMC was incorporated and registered with the SEC on March 31, 2003, to engage in the management and operation of hotels, except management of funds, portfolios, securities and other similar assets of the managed entity.

In 2013, due to accumulated losses which resulted to a capital deficiency of P106.89 million, the Company have provided an allowance for impairment losses on its investment in and advances to WHMC in the amount of P0.13 million and P44.64 million, respectively.

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

	2015	2014
Total current assets	P1,041	P3,204
Total assets	1,041	9,255
Total current liabilities	122,475	130,557
Total liabilities	122,475	130,557
Revenue	-	24,935
Net loss	(132)	(14,409)

WEC

WEC was incorporated under the laws of the Republic of the Philippines and registered with the SEC on August 13, 2003. WEC's primary purpose is to engage in the business of producing and co-producing of concerts and shows.

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

	2015	2014
Total current assets	P14,801	P13,807
Total assets	15,095	14,137
Total current liabilities	7,876	8,678
Total liabilities	8,194	9,077
Revenue	8,802	8,802
Net income	1,772	666

WPL

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

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

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

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

	2015	2014
Total assets	\$4,665	\$4,929
Total liabilities	1,313	1,352
Net loss	(224)	(509)

5. Related Party Transactions

Identity of Related Parties

Aside for the Company's subsidiaries as enumerated in Notes 1 and 4, the table below shows the relationships with other related parties:

Related Party	Relationship with the Company
TWGI	Ultimate Parent
Pacific Rehouse Corp. (PRC)	Stockholder
Metro Alliance Holdings and Equities Corp. (MAHEC)	Stockholder
Philippine Estates (PHES)	Stockholder
Crisanta Realty Development Corp. (Crisanta Realty)	Stockholder

Balances and Transactions with Related Parties

Balances and transactions with Related Parties are presented below in thousands ('000s):

Category/Transaction	Year	Note	Amount of the Transaction	Outstanding Balance			Terms and Conditions
				Due from Related Parties	Due to Related Parties	Investments and Advances to Subsidiaries	
Stockholders							
• TWGI							
- Advances, interest and settlement	2015	5a	(P13,984)	P724,310	P -	P -	Secured; interest-bearing; due in one year subject to renewal; subject to re-pricing; net of allowance for impairment
	2014		(32,519)	738,294	-	-	
• PRC							
- Advances, interest and settlement	2015	5a	10,211	520,743	-	-	Secured; interest-bearing; due in one year subject to renewal; subject to re-pricing
	2014		10,010	510,532	-	-	
• MAHEC							
- Advances and interest	2015	5a	(365,933)	-	-	-	Secured; interest-bearing; subject to re-pricing; due in one year subject to renewal; net of allowance for impairment
	2014		7,175	365,933	-	-	
• Crisanta Realty							
- Advances	2015	5a	332,797	332,797	-	-	Unsecured; interest-bearing; subject to re-pricing; due in five years
	2014		-	-	-	-	
• PHES							
- Advances	2015	5b	(5,700)	92,054	-	-	Unsecured; noninterest-bearing; due on demand; subject to re-pricing
	2014		3,700	97,754	-	-	
• Others							
- Advances and interest	2015	5b	-	1,949	-	-	Unsecured; noninterest-bearing; subject to re-pricing; due on demand
	2014		-	1,949	-	-	
Subsidiaries							
• WCCCHI							
- Advances and settlement	2015	5d	(135,053)	-	-	560,525	Unsecured; noninterest-bearing; due on demand
	2014		(66,674)	-	-	695,578	
- Deposit	2015	5e	-	-	-	1,000,000	Unsecured; noninterest-bearing
	2014		-	-	-	1,000,000	

Forward

Category/Transaction	Year		Amount of the Transaction	Outstanding Balance			Terms and Conditions
				Due from Related Parties	Due to Related Parties	Investments and Advances to Subsidiaries	
▪ DIHCI							
- Advances and settlement	2015	5c	P5,167	P -	P15,682	P -	Unsecured; noninterest-bearing; due on demand
	2014		(10,516)	-	10,515	-	
▪ APHC							
- Advances and settlement	2015	5c	(43,776)	-	370,414	-	Unsecured; noninterest-bearing; due on demand
	2014		(103,416)	-	414,190	-	
▪ GIRDI							
- Advances and settlement	2015	5c	(1,739)	-	209,641	-	Unsecured; noninterest-bearing; due on demand
	2014		4,883	-	211,380	-	
▪ WHMC							
- Advances and settlement	2015	5d	(11,029)	-	-	88,611	Unsecured; noninterest-bearing; due on demand
	2014		10,365	-	-	99,640	
▪ MBI							
- Advances and settlement	2015	5d	2,999	-	-	13,241	Unsecured; noninterest-bearing; due on demand
	2014		6,507	-	-	10,242	
- Deposit	2015	5c	-	-	-	35,000	Unsecured; noninterest-bearing
	2014		-	-	-	35,000	
▪ WWGI							
- Advances and settlement	2015	5d	146	-	-	462	Unsecured; noninterest-bearing; due on demand
	2014		172	-	-	316	
- Deposit	2015	5c	-	-	-	13,000	Unsecured; noninterest-bearing
	2014		-	-	-	13,000	
▪ WMCHI							
- Advances and settlement	2015	5c	(163,895)	-	173,496	-	Unsecured; noninterest-bearing; due on demand
	2014		(37,403)	-	337,391	-	
▪ WEC							
- Advances and settlement	2015	5d	73	-	-	6,773	Unsecured; noninterest-bearing; due on demand
	2014		353	-	-	6,700	
▪ WFC							
- Advances and settlement	2015	5d	(153)	-	-	57	Unsecured; noninterest-bearing; due on demand
	2014		170	-	-	210	
- Deposit	2015	5c	-	-	-	6,000	Unsecured; noninterest-bearing
	2014		-	-	-	6,000	
▪ WPL							
- Advances and settlement	2015	5c	(212)	-	195,409	-	Unsecured; noninterest-bearing; due on demand
	2014		(263)	-	195,621	-	
TOTAL	2015			P1,671,853	P964,642	P1,723,669	
TOTAL	2014			P1,714,462	P1,169,097	P1,866,686	

a. Interest-bearing Advances to Related Parties

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

Nature and Purpose of the Advances

The advances granted to TWGI and PRC are substantially used to finance the acquisition or development of real properties for the Company. TWGI paid P108.6 million in 2015 and P252.3 in 2014 while PRC paid nil in 2015 and 2014.

Interest charged to TWGI and PRC in 2015 and 2014 was 2%. Interest receivable from TWGI amounted to P112.31 million and P98.11 million as at December 31, 2015 and 2014, respectively while interest receivable from PRC amounted to P45.23 million and P35.02 million as at December 31, 2015 and 2014, respectively. Allowance for impairment loss on receivables from TWGI amounted to P59.62 million as at December 31, 2015 and 2014.

The advances amounting to P221.2 million granted to MAHEC in 2004 by the Company bore 4% interest. The advances were used as an additional fund infusion in acquiring the petrochemical plant of Bataan Polyethylene Corporation, through Polymax Worldwide Limited (Polymax), MAHEC's wholly owned subsidiary, and NPC Alliance Corp., a special purpose entity created by Polymax.

The increase in the advances to MAHEC was due to the yearly accrual of interest. Allowance for impairment loss on receivables from MAHEC amounted to nil and P17.48 million as at December 31, 2015 and 2014, respectively. Interest charged to MAHEC in 2015 and 2014 was 2%. Interest receivable from MAHEC amounted to P48.00 million and nil as at December 31, 2015 and 2014, respectively.

On February 5, 2015, the Company, APHC, TWGI, PRC and MAHEC entered into a Memorandum of Understanding (MOU) whereby the parties agreed that the outstanding balance of the advances from TWGI, PRC and MAHEC will be settled using parcels of land owned by PRC. Subject to the other specific terms of the MOU, the settlement shall be effective upon completion of titling of the subject property, which is currently ongoing, will be completed by PRC. The advances to MAHEC was fully paid through cash settlement as at December 31, 2015 (see Note 15b).

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

b. Non Interest-bearing Advances to Related Parties

The Company has non-interest bearing, collateral free advances to PHES and other stockholders with no fixed term of repayment. The said advances are due and demandable at anytime.

The collectability of the aforementioned due from related parties is unconditionally recognized and guaranteed by a stockholder of the Company, representing the majority shareholders.

- c. In the ordinary course of business, the Company obtains noninterest-bearing, collateral-free cash and non-cash advances from related parties for working capital purposes, as well as to finance the construction of its hotel projects. The above advances are due and demandable at anytime.
- d. Advances to Subsidiaries (see Note 4)
These mainly represent funds provided to support subsidiaries' daily operations and to finance the construction and completion of certain hotel projects. These include interest charges on loans (see Note 8).
- e. Deposits to Subsidiaries (see Note 4)
These represent amounts set aside that will be used as subscription payments by the Company once the planned increase in the authorized capital stock of the subsidiaries materialized.

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

Total interest income on the abovementioned advances amounted to P31.73 million, P31.66 million and P31.96 million in 2015, 2014 and 2013, respectively.

6. Property and Equipment

Movements in this account are as follows:

	For the Year Ended December 31, 2015		
	Leasehold Improvements	Furniture, Fixtures and Equipment	Total
Cost			
Beginning balance	P4,815,980	P1,767,795	P6,583,775
Additions	-	-	-
Ending balance	4,815,980	1,767,795	6,583,775
Accumulated Depreciation			
Beginning balance	3,382,151	1,557,161	4,939,312
Depreciation	212,419	99,974	312,393
Ending balance	3,594,570	1,657,135	5,251,705
Carrying Amount	P1,221,410	P110,660	P1,332,070

	For the Year Ended December 31, 2014		
	Leasehold Improvements	Furniture, Fixtures and Equipment	Total
Cost			
Beginning balance	P4,815,980	P1,767,795	P6,583,775
Additions	-	-	-
Ending balance	4,815,980	1,767,795	6,583,775
Accumulated Depreciation			
Beginning balance	3,169,732	1,457,187	4,626,919
Depreciation	212,419	99,974	312,393
Ending balance	3,382,151	1,557,161	4,939,312
Carrying Amount	P1,433,829	P210,634	P1,644,463

7. Accrued Expenses and Other Payables

This account is broken down as follows:

	Note	2015	2014
Accrued interest and penalties - SSS loan	8	P806,313,585	P746,435,530
Others		544,300	474,408
		P806,857,885	P746,909,938

8. Loan Payable

SSS Loan

On October 28, 1999, the Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

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

On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

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

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

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

On June 18, 2004, the RTC of Quezon City issued its first order granting SSS's request and the issuance of a writ of preliminary attachment based on the condition that SSS shall post an attachment bond in the amount of P452.8 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 Company filed a Motion to Set Aside Order of Attachment and Amended Motion to Set Aside Order of Attachment, respectively.

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

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

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

On September 12, 2005, the RTC of Quezon City issued its fourth order approving SSS's property bond in the total amount of P452.80 million. Accordingly, the RTC ordered the corresponding issuance of the writ of preliminary attachment. On November 3, 2005, the Company submitted a Petition for Certiorari before the Court of Appeals (CA) seeking the nullification of the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005.

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

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

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

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

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

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

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

In the absence of a formal restructuring agreement, the entire outstanding loan balance amounted to P375.00 million based on principal amount plus accrued interest and penalties amounted to P806.31 million and P746.44 million as at December 31, 2015 and 2014, respectively, presented as "Accrued interest and penalties - SSS loan" under "Accrued expenses and other payables" (see Note 7).

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

As at December 31, 2015, SSS has not yet appealed or filed a motion for reconsideration (see Note 15a).

9. Other General and Administrative Expenses

This account is broken down as follows:

	<i>Note</i>	2015	2014	2013
Utilities		P1,371,129	P1,248,694	P1,063,837
Depreciation	6	312,393	312,393	312,393
Directors' fees		200,000	300,000	200,000
Security		45,040	345,315	473,350
Fines and penalties		-	-	126,571
Others		760,312	248,584	802,539
		P2,688,874	P2,454,986	P2,978,690

10. Income Taxes

The Company's current income tax expense in 2015, 2014 and 2013 represents regular corporate income tax (RCIT) being the higher amount compared to minimum corporate income tax (MCIT). The MCIT is computed at 2% of gross taxable income as defined under the income tax regulations.

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

	2015	2014	2013
Income (loss) before income tax	(P280,026,807)	(P49,109,068)	(P35,030,717)
Provision for (benefit from) income tax	(P84,008,042)	(P14,732,720)	(P10,509,215)
Tax effects of:			
Nondeductible expenses	88,443,202	18,990,944	13,996,578
	P4,435,160	P4,258,224	P3,487,363

11. Right to Provide Venue for Land-based Casinos

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

The agreements involve lease by PAGCOR of certain hotel spaces to be used as venue for PAGCOR's casino operations. The agreements are usually for a period of five years and are renewable upon the agreement of all concerned parties.

12. Equity

Capital Stock

Details of capital stock as at December 31, 2015 and 2014 are as follows:

	2015		2014	
	Number of Shares	Amount	Number of Shares	Amount
Authorized capital stock:				
Common shares at P1 par value each	5,000,000,000	P5,000,000,000	5,000,000,000	P5,000,000,000
Issued and outstanding	2,498,991,753	P2,498,991,753	2,498,991,753	P2,498,991,753

On July 20, 2007, the BOD resolved to increase the authorized capital stock of the Company to P10 billion with 10 billion shares at par value of P1.00 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 Company's stockholders owning at least two-thirds of the outstanding capital stock during the annual stockholders' meeting held on August 25, 2007.

In 2009, the BOD passed a resolution temporarily suspending the implementation of the above proposed increase in the authorized capital stock of the Company in abeyance. As at December 31, 2015 and 2014, there is no update on the status of the proposed increase in the authorized capital stock of the Company.

Capital Management

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

The primary objective of the Company's capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Company's overall strategy remains unchanged for 2015, 2014 and 2013.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to its shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2015, 2014 and 2013.

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

13. Financial Risk and Capital Management Objectives and Policies

Risk Management Structure

BOD

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

Risk Management Committee

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

Financial Risk Management Objectives and Policies

The Company's financial instruments comprise of cash, due from and to related parties, advances to subsidiaries, accrued expenses and other payables, and loan payable. The main purpose of these financial instruments is to raise finances for the Company's operations.

The main risks arising from the financial instruments of the Company are credit risk and liquidity risk. The Company's management reviews and approves policies for managing each of these risks. These are summarized below.

Credit Risk

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

The Company's credit risk is primarily attributable to its cash, due from related parties, and advances to subsidiaries. Exposure to credit risk arises from defaulting third parties, with a maximum exposure equal to carrying amount of the financial assets. The Company has adopted stringent procedure in extending credit terms to customers and in monitoring its credit risk.

As at December 31, the Company's maximum exposure to credit risk, without considering the effects of any collateral, credit enhancements and other credit risk mitigation techniques are as follows:

	<i>Note</i>	2015	2014
Cash		P72,050	P590,924
Advances to subsidiaries - net	4	581,059,039	712,745,221
Deposits for future stock subscription	4	1,054,000,000	1,054,000,000
Due from related parties - net	5	1,671,853,564	1,714,462,520
		P3,306,984,653	P3,481,798,665

Except for the impaired due from related parties amounting to P59.62 million which is fully covered by allowance for impairment and its advances to WHMC which is covered by allowance for impairment losses amounting to P88.61 million, management believes that all its financial assets are of standard grade and of good credit quality. Standard grade financial assets are those past due but not impaired receivables and with fair collection status. This category includes credit grades 4-5. The standard grade category includes those for which collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a considerable length of time.

As at December 31, the aging analyses of the Company's financial assets are as follows (in thousands):

2015	Total	Neither Past Due nor Impaired	Past Due but not Impaired				
			<30 Days	31-60 Days	61-90 Days	>90 Days	Impaired
Cash	P72	P72	P -	P -	P -	P -	P -
Advances to subsidiaries	669,669	581,058	-	-	-	-	88,611
Deposits for future stock subscription	1,054,000	1,054,000	-	-	-	-	-
Due from related parties	1,671,853	430,718	-	-	-	1,181,516	59,619
	P3,395,594	P2,065,848	P -	P -	P -	P1,181,516	P148,230

2014	Total	Neither Past Due nor Impaired	Past Due but not Impaired				
			<30 Days	31-60 Days	61-90 Days	>90 Days	Impaired
Cash	P591	P591	P -	P -	P -	P -	P -
Advances to subsidiaries	812,686	712,714	-	-	-	-	99,942
Deposits for future stock subscription	1,054,000	1,054,000	-	-	-	-	-
Due from related parties	1,714,462	73,507	-	-	-	1,563,853	77,102
	P3,581,739	P1,840,842	P -	P -	P -	P1,563,853	P177,044

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

Information on the Company's due from related parties that are impaired as at December 31, 2015 and 2014 is disclosed in Note 5 to the separate financial statements.

Liquidity Risk

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

The Company monitors and maintains a level of cash deemed adequate by the management to finance the Company'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.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following table summarizes the maturity profile of the Company's financial liabilities (in thousands) as at December 31, 2015 and 2014, based on contractual undiscounted payments:

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

2014	Total Carrying Amount	Contractual Undiscounted Payments				
		Total	On Demand	Less than 1 Year	1 to 5 Years	> 5 Years
Accrued expenses and other payables	P746,910	P746,910	P746,910	P -	P -	P -
Loan payable	375,000	375,000	375,000	-	-	-
Due to related parties	1,169,097	1,169,097	1,169,097	-	-	-
	P2,291,007	P2,291,007	P2,291,007	P -	P -	P -

Fair Value of Financial Instruments

The following tables summarize the carrying amounts and fair values of the Company's financial assets and liabilities as at December 31, 2015 and 2014 (in thousands):

	2015		2014	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Assets				
Loans and receivables:				
Cash	P72	P72	P591	P591
Advances to subsidiaries - net	581,058	581,058	712,744	712,744
Deposits for future stock subscription	1,054,000	1,054,000	1,054,000	1,054,000
Due from related parties - net	1,671,853	1,671,853	1,714,462	1,714,462
	P3,306,983	P3,306,983	P3,481,797	P3,481,797

	2015		2014	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Liabilities				
Other financial liabilities:				
Accrued expenses and other payables	P806,858	P806,858	P746,910	P746,910
Loan payable	375,000	375,000	375,000	375,000
Due to related parties	964,642	964,642	1,169,097	1,169,097
	P2,146,500	P2,146,500	P2,291,007	P2,291,007

The valuation techniques used to measure fair value are based upon observable and unobservable inputs. PFRS 13 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of measurement date. The three levels are defined as follows:

- Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carrying amount of cash, due from related parties, advances to subsidiaries, guarantee deposits, accrued expenses and other payables, loans payable and due to related parties approximate their fair values due to relatively short term maturities of the financial instruments.

14. Bureau of Internal Revenue Assessment

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

On December 8, 2009, the Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.30 million. However, on January 15, 2010, the Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

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

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

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

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

15. Events After the Reporting Period

- a. On February 11, 2016, the RTC case filed by SSS was appealed to the Court of Appeals by SSS, assailing the RTC decision in favor of the Company, et al. SSS filed its Appellant's Brief and the Company is to file its Appellees' Brief by April 2016 (see Note 8).
- b. On February 19, 2016, the Company, TWGI, PRC and MAHEC made amendments to the previously issued MOU for the settlement of all outstanding liabilities of TWGI and MAHEC to the Company. The amended MOU states that MAHEC shall no longer be a party to the said MOU, and all references to any obligation or rights that MAHEC shall have under said MOU shall no longer be in force. All other terms and conditions shall remain unchanged (see Note 5a).

16. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these separate financial statements.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Company has adopted the following amendments to standards and Interpretations starting January 1, 2015, and accordingly, changed its accounting policies. The adoption of these amendments to standards did not have any significant impact on the Company's separate financial statements.

- *Annual Improvements to PFRSs: 2010 - 2012 and 2011 - 2013 Cycles* - Amendments were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40. The following are the said improvements or amendments to PFRSs, none of which has a significant effect on the separate financial statements of the Company:
 - *Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)*. The amendments clarify the requirements of the revaluation model in PAS 16 and PAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset. PAS 16 and PAS 38 have been amended to clarify that, at the date of revaluation: the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset - e.g. restated in proportion to the change in the carrying amount or by reference to observable market data; and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or the accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.

- *Definition of 'related party' (Amendment to PAS 24).* The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g. loans.

Revenue Recognition

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

Interest Income

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

Other Income

Other Income is recognized when earned.

Expense Recognition

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

Financial Instruments

Financial Assets

The Company 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) Available-for-sale (AFS) financial assets. The Company's classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Company only holds financial assets classified as loans and receivables.

(a) Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. They are included in current assets, except for maturities greater than 12 months after the financial reporting date, in which case, these are classified as noncurrent assets. The Company's cash, due from related parties and advances to subsidiaries are classified as loans and receivables as at December 31, 2015 and 2014.

Cash includes cash in banks and is stated at face value.

(b) Initial Recognition and Derecognition

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

Financial assets are derecognized when:

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

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

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

(c) Subsequent Measurement

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

(d) Determination of Fair Value

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

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

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

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

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

(e) Impairment

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

Impairment of advances to and due from related parties financial assets is described in Note 4 and 5 to the separate financial statements. For those carried at amortized cost, individually significant financial assets are tested for impairment if there are indicators of impairment. Impairment loss is recognized in profit or loss and the carrying amount is reduced through the use of allowance. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

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

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

This classification includes the Company's loan payable, accrued expenses and other payables and due to related parties.

(b) Initial Recognition and Derecognition

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

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

(c) Subsequent Measurement

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

Offsetting Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the separate statement of financial position 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 realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented at gross in the separate statement of financial position.

Investments in Subsidiaries

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

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

Property and Equipment

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

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company. The costs of day-to-day servicing of an asset are recognized as expense in the period in which they are incurred.

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

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

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

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

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 an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

Impairment of Nonfinancial Assets

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

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

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

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

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

Related Parties

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

Income Taxes

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

A deferred tax asset (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.

Capital Stock

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

Deficit

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

Provisions and Contingencies

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

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

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

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

Events After the End of the Reporting Date

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

New or Revised Standards and Amendments to Standards Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2015. However, the Company has not applied the following new or amended standards in preparing these separate financial statements. The Company is still assessing the potential impact on its separate financial statements.

To be Adopted January 1, 2016

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16 and PAS 38).* The amendments to *PAS 38 Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated,' or when the intangible asset is expressed as a measure of revenue.

The amendments to *PAS 16 Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset - e.g. changes in sales volumes and prices.

- *Equity Method in Separate Financial Statements (Amendments to PAS 27).* The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries.
- *Disclosure Initiative (Amendments to PAS 1)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:
 - Information should not be obscured by aggregating or by providing immaterial information.
 - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.
 - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.
 - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

To be Adopted January 1, 2018

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

To be Adopted January 1, 2019

- *PFRS 15 Revenue from Contracts with Customers* replaces PAS 11 *Construction Contracts*, PAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue - Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

However, the FRSC has yet to issue/approve this new revenue standard for local adoption pending completion of a study by the Philippine Interpretations Committee on its impact on the real estate industry.

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

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRSs. The following are the tax information required for the taxable year ended December 31, 2015:

A. Withholding Taxes

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

B. All Other Taxes (Local and National)

<i>Other taxes paid during the year recognized under "Taxes and licenses" account under General and Administrative Expenses</i>	
License and other fees	P183,750

C. Deficiency Tax Assessments

As at December 31, 2015, the Company is still awaiting SC's decision on its appeal related to the VAT assessment.

COVER SHEET

A S 0 9 4 - 8 6 7 8

SEC Registration Number

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

(Company's Full Name)

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

O F F S A L I N A S D R I V E L A H U G

C E B U C I T Y

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

MS. IRISH CHARA LAWAS

Contact Person

(02) 559-0130

Company Telephone Number

1 2 3 1

Month Day

ACGR

FORM TYPE

0 9 1 2

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

468

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM – ACGR
ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year **2015**

2. **Waterfront Philippines, Inc.**
Exact Name of Registrant as Specified in its Charter

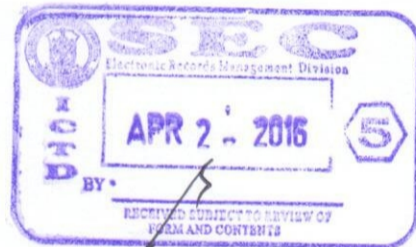
3. **No. 1 Waterfront Drive Off Salinas Drive Lahug, Cebu City**
Address of Principal Office Postal Code

4. SEC Identification Number **AS094-8678**
5. [] (SEC Use Only)

6. BIR Tax Identification Number **080-003-978-254**

7. **02-032-559-0130**
Issuer's Telephone Number, including area code

8.
Former name or former address, if changed from the last report



A. BOARD OF DIRECTORS

1) Board of Directors

Number of Directors per Articles of Incorporation	9
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Actual number of Directors for the year	9
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(a) Composition of the Board

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	Date last elected (if ID, state the number of years served as ID)	No. of years served as director
Renato B. Magadia	Chairman of the Board	2004	11
Kenneth T. Gatchalian	President/Director	2001	14
Elvira A. Ting	Treasurer/Director	2000	15
Reno I. Magadia	Director	2005	10
Arthur M. Lopez	Director	2000	15
Dee Hua T. Gatchalian	Director	2004	11
Lamberto B. Mercado	Director	2003	12
- Sergio R. Ortiz-Luis, Jr.	Independent Director	2006	9
- Ruben D. Torres	Independent Director	2006	9

*All Directors were last elected and elected during the Annual Stockholder's Meeting on September 12, 2015.

*Nominators were coming from the stockholders.

(b) Corporate Governance

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

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

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

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

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

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

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

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

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

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

(ix) The Board has created committees, namely: the Nomination Committee, Compensation & Remuneration Committee, and the Audit Committee.

(x) The Nomination Committee, composed of 3 voting directors (one is independent), is in charge of the screening of the candidates for a seat in the Board of Directors in accordance to the qualifications set in the Manual. Said Committee has also considered the disqualifications specifically enumerated.

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

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

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

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

(xv) The Audit Committee has been composed of three members, one of whom is independent. The said Committee has reviewed all financial reports against compliance with both the internal financial management policy and pertinent accounting standards. The Committee has also reviewed management policies on financial management, audit plans, interface with the internal and external auditors. The Committee has also developed a financial

management system that ensured the integrity of internal control activities throughout the Company.

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

(xvii) The External Auditor was chosen by the Board and approved by the stockholders upon recommendations of the Audit Committee.

(xviii) The Internal Auditor reporting directly to the Audit Committee provided reasonable assurance that the key organizational and procedural controls were effective, appropriate and complied.

(xix) The Manual for Corporate Governance has been made available to discerning stockholders during office hours of Waterfront Philippines, Inc.

(xx) The reports required for the Manual were prepared and submitted to the Commission.

(xxi) All material information that could potentially affect shares was publicly disclosed in accordance with the rules of the Philippine Stock Exchange and the Commission. The Annual Reports were properly disseminated to the stockholders.

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

Other Matters

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

(ii) The Compliance Officer was deemed to have appeared before the Securities and Exchange Commission upon summons but since there was none; said Officer was not compelled to.

(iii) For Waterfront Philippines, Inc. being a holding company and limited in terms of physical office space with only a few people holding key functions, it was enough that a few copies were available for inspection by all of its few employees.

(iv) The company did not issue any additional shares during the year to make use of the preemptive right for the stockholders.

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

(vi) The right to dividends has always been in mind of the Company but in the year 2015 no dividends have been issued due to financial status of the Company.

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

(c) Vision and Mission

Since 1999 up to present, the Board has consistently reviewed the vision and mission but has not changed any of the following contents.

Mission:

To provide equal opportunities and fair treatment to all employees for growth and advancement. To pursue relentlessly a means to capture and augment business with the highest level of integrity in the pursuit of profitability. To carry out company plans and programs with the highest degree of professionalism. To spearhead community based projects for the development of the tourism industry. To reach out to every customer with utmost passion, dedication and excellence

Vision:

To be the leader in the Tourism Industry committed to provide the gracious Filipino hospitality towards total customer satisfaction.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group (within the Group)

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Renato B. Magadia	Acesite (Phils.) Hotel Corp.	Vice-Chairman/Director
Kenneth T. Gatchalian	Waterfront Cebu City Casino Hotel Inc. Waterfront Mactan Casino Hotel Inc. Waterfront Insular Hotel Davao Inc. Waterfront Promotions Limited Mayo Bonanza, Inc. Grand Ilocandia Resort Development Inc. Acesite Phils. (Hotel) Inc.	President/Director
Elvira A. Ting	Waterfront Cebu City Casino Hotel Inc. Waterfront Mactan Casino Hotel Inc. Waterfront Insular Hotel Davao Inc. Waterfront Promotions Limited Mayo Bonanza, Inc. Grand Ilocandia Resort Development Inc. Acesite Phils. (Hotel) Inc.	Treasurer/Director
Reno I. Magadia	NA	NA
Arthur M. Lopez	Acesite (Phils.) Hotel Corp.	Chairman/Independent Director
Dee Hua T. Gatchalian	Acesite (Phils.) Hotel Corp.	Director
Lamberto B. Mercado, Jr.	Acesite (Phils.) Hotel Corp. Waterfront Food Concepts, Inc. Waterfront Hotel Management Corp. Waterfront Wellness Group Inc.	Director
- Sergio R. Ortiz-Luis, Jr.	NA	NA
- Ruben D. Torres	NA	NA

(ii) Directorship in the Other Listed Companies

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Renato B. Magadia	Metro Alliance Holdings	NA
Kenneth T. Gatchalian	Wellex Industries Inc. Phil. Estates Corp. Forum Pacific Inc.	Director Director Director
Elvira A. Ting	Wellex Industries Inc. Phil. Estates Corp. Forum Pacific Inc.	Director President/CEO Director
Reno I. Magadia	NA	NA
Arthur M. Lopez	Phil. Estates Corp.	NA
Dee Hua T. Gatchalian	Wellex Industries Inc. Phil. Estates Corp.	EVP-Finance&Admin Director
Lamberto B. Mercado, Jr.	Phil. Estates Corp. Metro Alliance Holdings Forum Pacific Inc.	Director Director Director
- Sergio R. Ortiz-Luis, Jr.	Phil. Estates Corp.	Director
- Ruben D. Torres	NA	NA

(iii) Relationship within the Company and its Group

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

(iii) Relationship within the Company and its Group

Multiple Board Seats

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities. The Chief Executive Officer ("CEO") and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve shall not be compromised.

Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.

(e) Shareholding in the Company

Members of the Company's Board of Directors who directly and indirectly own shares in the company:

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

2) Chairman and CEO

(a) Chairman and CEO

Chairman of the Board - Renato B. Magadia
 CEO / President - Kenneth T. Gatchalian

(b) Roles, Accountabilities and Deliverables

Chairman of the Board - The Chairman of the Board of directors shall preside at the meetings of the Directors and the shareholders. He shall also exercise such powers and perform duties as the Board of directors may assign to him.

President / CEO - The President, who shall be a Director, shall be the Chief Executive Officer of the corporation and shall also have an administration and direction of the day-to-day business affairs of the corporation. He shall exercise the following functions:

- (i) To preside at the meetings of the Board of directors and of the shareholders in the absence of the Chairman or Vice-Chairman of the Board of Directors;
- (ii) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;
- (iii) To have general supervision and management of the business affairs and property of the corporation;
- (iv) To ensure that the administrative and operational policies of the corporation are carried out under his supervision and control;
- (v) Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries;
- (vi) To oversee the preparation of the budgets and the statement of accounts of the corporation;
- (vii) To prepare such statements and reports of the corporation as may be required of him bylaw;

- (viii) To present the corporation at all functions and proceedings;
- (ix) To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors;
- (x) To make reports to the Board of Directors and shareholders;
- (xi) To sign certificates of share;
- (xii) To perform such other duties as are incident to his office or are entrusted to him by the

Board of Directors

The President may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer (s), subject always to his supervision and control.

3) Plans of the Board of Directors for the succession of the CEO/ Managing Director/ President and the top key management positions.

Under Section 8 Article III of Amended By-Laws, any vacancy occurring in the Board of Directors other than by removal by the shareholders or by expiration of term, may be filled by the vote of at least a majority of the remaining director, if still constituting a quorum, otherwise, the vacancy must be filled by the shareholders at a regular or at any special meeting of shareholders called for the purpose.

4) Other Executive, Non-Executive and Independent Auditors

4.1 Responsibilities, Duties and Functions of the Board

(i) General Responsibility

It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders. The Board shall formulate the Corporation's vision, mission, strategic objectives, and policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

(ii) Duties and Functions

To ensure a high standard of best practice for the Corporation and its stockholders, the Board shall conduct itself with honesty and integrity in the performance of among others the following duties and functions:

- a) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, appoint competent, professional, honest and highly motivated management officers, and adopt an effective succession planning program for Management.
- b) Provide sound strategic policies and guidelines to the Corporation on major capital expenditures, establish programs that can sustain its long-term viability and strength, and periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.

- c) Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices.
- d) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation. If feasible, the Corporations' CEO or chief financial officer shall exercise oversight responsibility over this program.
- e) Identify the sectors in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- f) Adopt a system of check and balance within the Board; conduct a regular review of the effectiveness of such system to ensure the integrity of the decision making and reporting processes at all times; and continuously review the Corporation's internal control system in order to maintain its adequacy and effectiveness.
- g) Identify key risk areas and performance indicators and monitor these factors with the diligence to enable the Corporation to anticipate and prepare to possible threats to its operational and financial viability.
- h) Formulate and implement policies and procedure that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company , joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- i) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- j) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and third parties, including the regulatory authorities.
- k) Meet at such times or frequency as may be needed; record the minutes of such meetings; encourage and give due consideration to independent views during board meetings.
- l) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
- m) Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer shall act as Compliance Officer.

4.2 Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director shall act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness. He shall also exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.

A director shall observe the following norms of conduct:

(i) Conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation.

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.

(ii) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.

A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend actively participate in the Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

(iii) Act judiciously.

Before deciding in any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request classification.

(iv) Exercise independent judgment.

A director should view each problem or situation objectively, if a disagreement with other directors arises he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. He should support plans and ideas that he thinks beneficial to the Corporation.

(v) Have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.

A director should also keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness.

(vi) Observe confidentiality.

A director should keep secure and confidential all no-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

The Secretary – The Secretary must be a resident and a citizen of the Philippines, He shall be the custodian of and shall maintain the corporate books and record and shall be the recorder of the corporation's formal actions and transactions. He shall have the following specific powers and duties:

(i) To record or see to the proper recording of the minutes and transactions of all meetings of the Directors and the shareholders and to maintain minute books of such meetings in the form and manner required by law;

(ii) To keep or cause to be kept record books showing the details required by law with respect to the share certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred;

(iii) To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;

(iv) To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;

(v) To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;

(vi) To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulation;

(vii) To act as the inspector at the election of Directors and as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote. The Secretary may assign the exercise or performance of any or all of the foregoing duties, powers and functions to any other person or persons, subject always to his supervision and control.

(viii) To act as the inspector at the election of Directors and as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote. The Secretary may assign the exercise or performance of any or all of the foregoing duties, powers and functions to any other person or persons, subject always to his supervision and control.

(ix) To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

The Assistant Secretary - In the absence or disability of the Secretary, the Assistant Secretary shall act in his place and perform his duties. The Secretary may, subject always to his supervision and control, delegate any or all of his powers, duties and functions to the Assistant Secretary. The Assistant Secretary shall also perform such other duties as may, from time to time, be assigned to him by the Board of Directors of the President.

The Treasurer - The Treasurer of the corporation shall be its chief fiscal officer and the custodian of its funds, securities and property. The Treasurer shall have the following duties:

(i) To keep full and accurate accounts of receipts and disbursements in the books of the corporation;

(ii) To have custody of, and be responsible for, all the funds, securities and bonds of the corporation;

(iii) To deposit in the name and to the credit of the corporation, in such bank as may be designated from time to time by the Board of Directors, all the moneys, funds, securities, bonds, and similar valuable effects belonging to the corporation which may come under his control;

(iv) To render an annual statement showing the financial condition of the corporation and such other financial reports as the Board of Directors, the Chairman or the President may, from time to time require.

(v) To prepare such financial reports, statements, certifications and other documents which may, from time to time, be required by government rules and regulations and to submit the same to the proper government agencies;

(vi) To exercise such powers and perform such duties and functions as may be assigned to him by the President.

The Compliance Officer - The Board shall appoint a Compliance Officer who shall report directly to the Chair of the Board. He shall perform the following duties:

(i) Monitor compliance by the Corporation with this Manual and the rules and regulations of regulatory agencies and if any violations are found, report the matter to the Board and the recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;

(ii) Appear before the Commission when summoned in relation to compliance with the Code; and

(iii) Issue a certification, countersigned by the President, every January 30th of the year on the extent of the Corporation's compliance with the Code of Corporate Governance for the completed year and, if there are any deviations, explain the reason for such deviation.

The Independent Directors - should always attend Board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.

Internal Control Responsibility of the Board

The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the Corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information system, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules regulations and contracts.

(i) The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:

- (ii) Definition of the duties responsibilities of the CEO who is ultimately accountable for the Corporation's organizational and operational controls;
- (iii) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
- (iv) Evaluation of proposed senior management appointments;
- (v) Selection and appointment of qualified and competent management officers; a
- (vi) Review of the Corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
- (vii) The scope and particulars of the systems of the effective organizational and operational controls may consider the following factors; nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness information technology; and extent of regulatory compliance.
- (viii) The Corporation may establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

Board Committees

The Board shall constitute the proper committees to assist it in good corporate governance.

- (i) The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee shall be an independent director. The Audit Committee shall have the following functions:
 - a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
 - b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk and risk management activities.
 - c) Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
 - d) Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it;

- e) Prior to the commencement of the audit , discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- g) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
- h) Review the reports submitted by the internal and external auditors;
- i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
- Any change/s in accounting polices and practices
 - Major judgment areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with tax, legal and regulatory requirements.
- j) Coordinate monitor and facilitate compliance with laws and rules and regulations;
- k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as external auditor or will pose as a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report;
- l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.

The Audit Committee shall ensure that; in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

(ii) The Board may also organize the following committees:

- a) A Nomination Committee, which may be composed of at least three (3) members and one of whom should be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;
- b) A Compensation or Remuneration Committee which may be composed of at least three (3) members and one of whom should be an independent director, to establish a formal transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent and the business environment in which it operates.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

In the year 2015, Philip Frugere was replaced by Jimmy Boyles due to resignation and Gaye Maureen Cenabre was replaced by Lanelle Cristina Barba due to death of the latter.

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Qualifications of Directors

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications which include, among others, the following:

- (i) College education or equivalent academic degree;
 - ii) Practical understanding of the business of the corporation;
 - (iii) Membership in good standing in relevant industry, business or professional organizations;
- and
- (iii) Previous business experience.

Disqualification of Directors

Permanent Disqualification

The following shall be grounds for the permanent disqualification of a director:

(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

(iv) Any person who has been adjudged by final judgment or order of the

Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;

(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;

(vi) Any person judicially declared as insolvent;

(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts violations or misconduct enumerated in sub-paragraphs

(viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

Temporary Disqualification

A Director may be temporarily disqualified for any of the following reasons:

(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations code and its Implementing Rules and Regulations. The disqualification shall be in effects as long as the refusal persists.

(ii) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.

(iii) Dismissal or termination for cause as director of any corporation covered by the Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.

(iv) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.

(v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Voting Result of the last Annual General Meeting:

Name of Director	Position	Votes Received
Renato B. Magadia	Chairman of the Board	Majority
Kenneth T. Gatchalian	President/Director	Majority
Elvira A. Ting	Treasurer/Director	Majority
Reno I. Magadia	Director	Majority
Arthur M. Lopez	Director	Majority
Dee Hua T. Gatchalian	Director	Majority

Lamberto B. Mercado, Jr.	Director	Majority
* Sergio R. Ortiz-Luis, Jr.	Independent Director	Majority
* Ruben D. Torres	Independent Director	Majority

A temporarily disqualified director shall, within (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

6. Orientation and Educational Program

(a) Disclose details of the company's orientation program for new directors, if any.

If necessary, funds shall be allocated by the Chief Executive officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.

A director shall, before assuming such, be required to have attended a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

(b) State any in-house training and external courses attended by Directors and Senior Management for the past three (3) years and continuing education programs for directors: programs, seminars and roundtables attended during the year.

Arthur M. Lopez

Good Governance at the Asian Institute of Management (AIM).

Dee Hua T. Gatchalian

Corporate Governance and Risk Management
Basic Course on Corporate Governance

Precilla O. Toriano (Compliance Officer)

In 2010 she was sent to Singapore to attend the Strategic & Sustainable Cost Control Training and the year after that, 2011, she also attended the Financial Modeling Seminar held in Singapore. 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".

* In 2015, the rest of the Directors and Senior management have attended also various trainings, seminars and invites to further enhance leadership, management and good governance.

B) CODE OF BUSINESS CONDUCT & ETHICS

Company's policies affecting on the following business conduct or ethics affecting directors, senior management and employees:

All staff of Waterfront Philippines Inc. is subject to this code of conduct. Any breach of the code will give rise to disciplinary and/or criminal prosecution. Any staff member who has any doubt, propriety or any course of action or who finds that his interest are or may be in conflict with that of the company should seek the advice of the Hotel Manager. Any queries regarding the contents of this Code of Conduct should be directed to the President or Executive Vice President of Waterfront Hotel Management.

(a) Conflict of Interest

Directors / Senior Management

Provides that having interests opposed to those of the Company constitutes grounds for incompatibility for appointment as director and, if applicable, triggers the director's duty to resign from office. Such articles also provide that competence to hold office as director is a requirement for appointment as director of the Company, and expressly lay down the duty of directors to resign when their continuance in office on the Board of Directors may, for any reason, jeopardize directly, indirectly or through their related persons, the faithful and diligent performance of their duties in furtherance of the corporate interest.

For such purposes, it shall be deemed that a director lacks or, if applicable, has ceased to possess, competence where the conflict of interest situation is, or may reasonably be expected to be, of a nature that constitutes a structural and permanent conflict between the director and the Company or the companies forming part of the Group.

Conflicts of interest shall be governed by the rules set:

a) **Communication:** the director must give notice to the Board of Directors, in the person of the Chairman or the Secretary of the Board of Directors, of any conflict of interest in which the director is involved.

b) **Abstention:** the director shall leave the meeting during the deliberation and voting on those matters in which the director is affected by a conflict of interest, and shall not be counted in the number of members attending for purposes of the calculation of a quorum and majorities.

c) **Transparency:** in the Annual Corporate Governance Report, the Company shall report any cases of conflict of interest in which the directors have been involved during the financial year in question and of which the Company is aware by reason of notice given thereto by the director affected by such conflict or by any other means.

In addition, "in the case of customary and recurring transactions in the ordinary course of business, it shall be sufficient for the Board of Directors to give prior generic approval of the kind of transaction and of the conditions for performance thereof".

Employees

As regards the other officers and employees, the Code of Ethics applies to all professionals within the Group, regardless of rank, and dedicates a specific section to conflicts of interest.

Authority

The authority to sign purchases, contracts, sales, discounts, and the like given to some staff, is subject to the limitations specified and determined by the management. No purchases or contracts shall be signed by a single person. It is to be countersigned by another authorized person. No member or staff shall conclude or induce such purchase, contracts, discounts, or similar transactions with himself, with members of his immediate family or with companies of which he or his family has interests.

Borrowings

You and the members of your immediate family in behalf of the hotel are prohibited from borrowing or receiving credit, advances, or loans from third parties on an abnormally favored arrangement unless approved by the Hotel general Manager.

In dealing with this issue, the Code provides that “professional decisions must be based on the best defense of the interests of the Group and must not be influenced by personal or family relationships or other personal interests of Group professionals”.

The Code of Ethics provides that written notice must be given to an immediate superior of the existence or possible existence of a conflict of interest. The superior shall notify the Human Resources Division, which shall have and maintain a register covering this type of situation and may, if it deems it appropriate, forward the notice or refer the inquiry in question to the Compliance Unit.

Personal And Outside Business

As provided in employment contract, the employee is prohibited from holding directorship or assuming advisory or executive roles in other companies or establishments in your personal capacity without the written approval of the company. Where approval is obtained, such personal and outside business should not be allowed to interface or interfere with your duties, responsibilities, and obligations as an employee of the company.

You are not allowed to use the company’s time and facilities for your personal and outside business. Where business begins to encroach on your work, you should discuss the matter with the Management.

(b) Conduct of Business and Fair Dealings

All directors, senior management and employees must accept responsibility for maintaining and enhancing the Company’s reputation for integrity and fairness in its business dealings.

In its everyday business transactions the Company must be seen to be dealing evenhandedly and honestly with all its consumers, customers, suppliers, employees, contractors, governments & regulators and others with whom the Company has a relationship.

Anyone should not offer to bribe or similar consideration to any person or company in order to obtain business for the company. Any commission paid, payments made, favorable terms conceded or other advantages given by you in the conduct of the company’s business shall be in accordance with the company’s policies on such matters as determined and outlined by the company. This type of transactions should be promptly put in writing.

As much as possible, you should transact or consummate all purchases and contracts directly with the supplier and manufacturer and not with agents or brokers unless the latter render tangible service to the company. Request the supplier or manufacturer to disclose the identity of the broker agent should there be any.

Any discount, commission or any favor/advantage in any form obtained while transacting business shall be reverted back to the company and not your personal benefit. Directors, managers and others with supervisory responsibility have a duty to ensure that employees and contractors under their supervision are aware of and comply with this policy. Violation of this policy may subject the individual to disciplinary action, including dismissal and cessation of contract.

(c) Receipts of gifts from third parties

Gifts and entertainment - The Group and employees of the Company must ensure that they deal with customers, suppliers and other business relationships in a way that avoids their independent judgment on behalf of the Company being influenced by personal advantage, or any appearance that this may be the case.

(d) Compliance with Laws and Regulations Directors / Senior Management

To strictly observe and implement the provisions of the Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's directors, officers staff, in case of violation of the provision of this Manual:

- Minor violation- written reprimand on the violator up to suspension for the office: the duration of the suspension shall depend on the gravity of the violation.
- Major violation-suspend from office up to maximum penalty of removal from office.

A major violation of the Corporate Governance Manual by any member of the board of the Corporation shall be sufficient from removal from leadership.

The **Compliance officer** shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the impossible penalty for such violation, for further review and approval of the Board.

Employees

All employees are required to comply with the Code of Employees Behavior and are personally responsible for doing so. It is the responsibility of the Board of Waterfront Philippines Inc. to ensure, so far as is reasonably practicable, that the principles and ethical values embodied in this Code are communicated to all colleagues of the Company.

The Company provided legends for the guidance of all concerns:

WW - Written Warning
7S - 7 days suspension
15S - 15 days suspension
30S - 30 days suspension
D - Dismissal

Special Provisions:

1. Any offense not included in the established Code will be treated on a case to case basis. An employee may, therefore, be subjected to disciplinary action for misconduct favorable to the interest of the Company/Guest other than those listed.
2. The Company reserves the right to impose a heavier or lighter penalty than what is specified in the preceding pages for a particular offense if the damage caused and the aggravating and or mitigating circumstances attending to its commission warrant it.
3. The imposition of any of the preceding penalties is without prejudice to the filing of appropriate criminal and / or civil actions by the parties concerned.

AMENDMENTS:

The Company may from time to time, change any of these rules and regulations, in the form of issued memoranda in which revisions, additions and / or deletions shall be made effective ten (10) days from the date of the circulation and publication in the Bulletin Boards.

The employees must update themselves and fully understand the changes. Ignorance of the rules and regulations of the Company is never an excuse to be exempted from the imposition of the disciplinary action whenever a violation is committed. Each employee must therefore note the amendments in the blank spaces of the Employee Handbook.

(e) Respect for Trade Secrets / Use of Non-Public Information

Observe confidentiality. A director should observe the confidentiality of non-public information acquired by reason of his position as director. He should not disclose any information to any other person without the authority of the Board. Protecting confidential information - employees must ensure that confidential information is preserved and protected. Confidential information is that which is not generally known outside the Company and either gives or could give the Company a competitive advantage or disadvantage, or could lead to the loss of an existing competitive advantage, if it became known to others or became known in the public domain. This kind of information may not be revealed to anyone outside of the Company or Group unless an appropriate confidentiality agreement is in place and such disclosure is necessary for business purposes. Employees are required to respect these confidentiality provisions even after their employment with the Company comes to an end.

Violation of this rule will be dealt accordingly.

(f) Use of Company Funds, Assets and Information

Authorities - the existence of an agreed authorities structure is an essential requirement for establishing an effective financial and operational control environment. All business units are required to establish and maintain appropriate levels of authority to cover all items of asset value or expenditure and all transactions which need to be subject to management approval.

Integrity of company financial records - the books and records of the Company must accurately reflect the nature of the underlying transactions and no undisclosed or unrecorded liabilities or assets shall be established or maintained. Books and records must be maintained in all respects according to law and the accounting principles, policies and procedures that the Company has adopted. The Company will not evade tax obligations and all taxable benefits which employees may receive will be listed and declared for tax purposes.

Protecting confidential information - employees and contractors must ensure that confidential information is preserved and protected. Confidential information is that which is not generally known outside the organization and either gives or could give the Company a competitive advantage or disadvantage, or could lead to the loss of an existing competitive advantage, if it became known to others or became known in the public domain. This kind of information may not be revealed to anyone outside of the organization unless an appropriate confidentiality agreement is in place and such disclosure is necessary for business purposes. Employees and contractors are required to respect these confidentiality provisions even after their employment with the Company comes to an end.

(g) Employment & Labor laws & Policies

There are many laws and regulations applicable to the Company's business. All employees, BOD, officers and contractors must be aware of and observe all laws and regulations governing their activities. Some specific areas of legal and regulatory attention include: health & safety; anti-bribery laws, employment and work place practices; protection of the environment; competition; intellectual property; and, the payment of taxes and social security. Compliance with the Company's internal operating policies and procedures is of equal importance.

(h) Disciplinary Action

Directors, managers and others with supervisory responsibility have a duty to ensure that employees and contractors under their supervision are aware of and comply with the policy. Violation of the policies may subject the individual to disciplinary action, including dismissal and cessation of contract or even civil/criminal cases.

The Company also provided "LEGENDS" for everybody's guidance.

(i) Whistle Blower

In order to sustain the longevity and sustainability of the company, ones must protect its assets. Thus, whistle blowing is created to report any anomalies, correct SOPs and to prevent any bigger problems. The Corporate Internal Auditors are the assigned group to do such audit and send the final reports to designated body. Whenever needed, the Company provides a confidential "whistle blower" hotline or mailbox that employees may use to report any violation of the Company's policies.

(j) Conflict Resolution

The principles, requirements and guidelines are incorporated into the Code of Business Conduct. All employees and contractors are required to comply with this Code and are personally responsible for doing so. It is the responsibility Company to ensure, so far as is reasonably practicable, that the principles and ethical values embodied in the Code is communicated to all colleagues of the Company. Employees at all levels will be required to certify, annually, that they understand the code and that they (and those they supervise who do not have a Company email address) are in full compliance with this Code for the operations for which they have responsibility. On the annual basis by Internal Audit, the Board monitors the findings of this certification. All findings will be communicated through email or memos. Any severe cases will go through panel hearing.

Related Party Transactions

(a) Policies and Procedures

The Board of Directors of Waterfront Philippines Inc., (the "Company"), acting upon the recommendation of its Corporate Governance and Nominating Committee (the "Committee"), has adopted the following policy with regard to Related Party Transactions, as defined below.

Policy

Related Party Transactions, which are limited to those described in this policy, shall be subject to the approval or ratification by the Committee in accordance with this Policy.

Background

Our Code of Ethics, which applies to all employees and directors, provides that all conflicts of interest should be avoided. Pursuant certain regulations of Securities and Exchange Commission ("SEC"), certain transactions between the issuer and certain related persons need to be disclosed in our filings with the SEC. In addition, certain transactions between the Company and our directors and officers may need to be approved by our Board of Directors or a duly authorized committee of the Board. Finally, SEC rules and standards require our Board to assess whether relationships or transactions exist that may impair the independence of our outside directors.

This Policy is intended to provide guidance and direction on Related Party Transactions.

"Related Party" means any of the following:

- * a director (which term when used herein includes any director nominee),
- * an executive officer,
- * a person known by the Company to be the beneficial owner of more than 5% of the Company's common stock (a "5% stockholder"),
- * or a person known by the Company to be an immediate family member of any of the foregoing. "Immediate family member" means a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such director, executive officer, nominee for director or beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee for director or beneficial owner.

Review and Approval of Related Party Transactions

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.

At each of its meetings, the Committee will be provided with the details of each new, existing or proposed Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, and the benefits to the Company and to the relevant Related Party.

In determining whether to approve a Related Party Transaction, the Committee will consider, among other factors, the following factors to the extent relevant to the Related Party Transaction:

- whether the terms of the Related Party Transaction are fair to the Company and on the same basis as would apply if the transaction did not involve a Related Party;
- whether there are business reasons for the Company to enter into the Related Party Transaction;
- whether the Related Party Transaction would impair the independence of an outside director; and
- whether the Related Party Transaction would present an improper conflict of interests for any director or executive officer of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or Related Party, the direct or indirect nature of the director's, executive officer's or Related Party's interest in the transaction and the

ongoing nature of any proposed relationship, and any other factors the Committee deems relevant.

Any member of the Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction, but may, if so requested by the Chairperson of the Committee, participate in some or all of the Committee's discussions of the Related Party Transaction. Upon completion of its review of the transaction, the Committee may determine to permit or to prohibit the Related Party Transaction.

A Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

Accounting for Inter-company Loans

This provides guidance on how should an interest free or below market rate loan between group companies be accounted for in the separate/ stand-alone financial statements of the lender and the borrower (i) on the initial recognition of the loan; and (ii) during the periods to repayment.

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.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Name of Stockholder of Record	No. of Shares	%
The Wellex Group, Inc.	1, 143, 466, 800	45.757
PCD Nominee Corporation (Filipino)	580, 678, 174	23.236
Silver Green Investment LTD	180, 230, 000	7.212
Chesa Holdings, Inc.	175, 924, 000	7.040
Tybalt Investment LTD	135, 010, 000	5.403

No conflict of interest involved.

(ii) Mechanism

The Company is committed to proactively encouraging its group and employees to demonstrate responsible business behavior and high standards of business conduct. Hence, safety measures were also provided to avoid such. All senior officers are required to disclosed any businesses that they currently have and thus, declaring this through SEC reports. The Company also has independent auditors to objectively solve the issue for the Group. In addition the Company also provided Corporate Internal Auditors, to see whether SOPs' are followed. These auditors conduct quarterly audit or even less.

Family, Commercial and Contractual Relations

(a) Family Relationship

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

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

There is no voting trust holder of 5% or more.

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

There are no other relationships among the officers listed.

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

Name of Stockholder of Record	No. of Shares	%
The Wellex Group, Inc.	1, 143, 466, 800	45.757
PCD Nominee Corporation (Filipino)	580, 678, 174	23.236
Silver Green Investment LTD	180, 230, 000	7.212
Chesa Holdings, Inc.	175, 924, 000	7.040
Tybalt Investment LTD	135, 010, 000	5.403

(c) Shareholder agreements that may impact on the control, ownership and strategic direction of the company.

There are no arrangements that may result in a change in control of the registrant.

6) Alternative Dispute Resolution

This Policy resolution of most disputes. The process may vary depending on the nature or circumstances of the dispute.

Step 1 : Prevention

Conflict avoidance

Open consultation between the parties can help prevent the onset of disputes. Meetings should allow affected parties to explain details, express points of view, confine issues and resolve differences in an atmosphere conducive to conciliation or negotiation.

Early consultation of the Company's development projects with stakeholders may help avoid parties becoming locked into inflexible positions of conflict and prevent their developing into full-scale disputes.

Contract clauses

Mandatory inclusion and incorporation of ADR options and provisions in contracts entered into by the Company will ensure the use of such options and assist in determining whether ADR is appropriate for specific disputes.

Step 2 : Negotiation

Step 3 : Third Party Assistance

>Mediation

>Conciliation

>Expert determination

Step 4 : Third Party Decision through Arbitration

Workplace Conflicts

The Company shall adopt and employ policies that maintain and promote a productive and healthy working environment. Potential disputes shall be identified and settled, at the earliest stage possible and at the lowest possible organizational level before these develop into full blown disputes thus avoiding a formal and adversarial process. Thus, "The Code of Employee Behavior" was created to guide the employees of the company.

Legal Management

The Legal Department shall protect the Company from unnecessary litigation to the best of its ability. Subject to the assent of the other party, it shall incorporate ADR clauses in contracts. In monitoring the Company's legal obligations and rights, it shall review information and cases for possible use of ADR processes at the earliest stage of a conflict as possible and to find appropriate neutrals for the resolution of conflict.

C. BOARD MEETINGS & ATTENDANCE

1) Meetings Schedule

* February 02, 2015

* February 18, 2015

* February 25, 2015

* March 24, 2015

* August 03, 2015

* August 26, 2015

* September 12, 2015

* September 28, 2015

* November 25, 2015

2) Attendance of Directors

Name of Director	Position	Votes Received
Renato B. Magadia	Chairman of the Board	100%
Kenneth T. Gatchalian	President/Director	100%
Elvira A. Ting	Treasurer/Director	100%
Reno I. Magadia	Director	100%
Arthur M. Lopez	Director	100%
Dee Hua T. Gatchalian	Director	100%

Lamberto B. Mercado, Jr.	Director	100%
* Sergio R. Ortiz-Luis, Jr.	Independent Director	100%
* Ruben D. Torres	Independent Director	100%

* Election is held every Annual Stockholders Meeting. For the year 2015, it was conducted on September 12, 2015. * There were 8 scheduled meetings for the year and all directors attended on it.

3) Separate meeting for non-executive directors without the presence of any executive. NONE

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members?

Under Section 24 of the Corporation Code, cumulative voting is allowed in the election of Directors. Thus, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected. In all regular or special meeting of shareholders, majority of the outstanding capital stock must be present to constitute a quorum or else meeting shall be adjourned until requisite amount of stock shall be present.

5) Access to Information

Right to Information

4.1) The Shareholders shall be provided, upon request, with periodic reports which disclose relevant personal and professional information about the directors and officers and certain other matters such as their holdings of the Company's shares dealings with the Company, relationships among the directors and key officers, and the aggregate compensation of directors and officers as required under the pertinent rules of the PSE and the Commission.

4.2) The Minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate purpose in accordance with the By-laws.

4.3) The minority shareholders shall have access to relevant information relating to matters for which the management is accountable for and those relating to matters for which the management shall include such information and if not included, then the majority shareholders shall be allowed to propose to include such matters in the agenda of the stockholder's meeting.

a) Number of days is board papers prepared in advance for board of meetings provided to the board.

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their meetings. They should supply informations on a timely manner. Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members

shall be given independent access to Management and the Corporate Secretary. The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents. The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the Corporation's expense.

b) Do board members have independent access to Management and Corporate Secretary?

Directors should also have a separate and independent access to the Corporate Secretary. The role of the Corporate Secretary should be clearly defined and should include responsibility for ensuring that Board procedures are being followed and that applicable rules and regulations are complied with. The Corporate Secretary should attend all Board meetings.

The Board should have a procedure for disclosures, either individually or as a group in the furtherance of their duties, to take independent professional advice, if necessary, at the corporation's expense.

The Corporate Secretary

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the corporation. He should -

- (i) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation;
- (ii) Be loyal to the mission, vision and objectives of the Corporation;
- (iii) Work fairly and objectively with the Board, Management and stockholders;
- (iv) Have appropriate administrative and interpersonal skills;
- (v) If he is not at the same time the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- (vi) Have a working knowledge of the operations of the Corporation;
- (vii) Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- (viii) Attend all Board meetings, except when justifiable causes such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- (ix) Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- (x) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Manual.

Committee Procedures

Executive

The Board may create an executive committee of such number as the Board shall determine who shall hold office for (1) one year and/ or until their respective successors shall be designated, provided that the majority of the executive committee shall be members of the Board. The Executive committee shall adopt its own rules of procedure and shall keep regular minutes of its proceedings. The executive committee, during the intervals between the meetings of the Board, possess and may exercise powers of the Board which can lawfully delegated in the management and direction of the affairs of the corporation in all cases in which specific directions shall not been given by the Board. All actions by the executive committee shall be reported to the Board at its meeting next succeeding such action, and shall be subject to revision and alteration by the Board, provided that no rights of third parties shall be affected by any such revision or alteration.

Audit Committee

Shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience.

The chair of the Audit Committee shall be an independent director. The Audit Committee shall have the following functions:

- a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk and risk management activities.
- c) Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- d) Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- e) Prior to the commencement of the audit , discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- g) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
- h) Review the reports submitted by the internal and external auditors;

i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting polices and practices
- Major judgment areas
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with tax, legal and regulatory requirements.

j) Coordinate monitor and facilitate compliance with laws and rules and regulations;

k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as external auditor or will pose as a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report;

l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that; in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties. The Board may also organize the following committees:

a) A **Nomination Committee**, which may be composed of at least three (3) members and one of whom should be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;

b) A **Compensation or Remuneration Committee** which may be composed of at least three (3) members and one of whom should be an independent director, to establish a formal transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent and the business environment in which it operates.

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

7) Change/s in existing policies

All material information/policies about the Corporation which could adversely affect its viability or the interests of the stockholders shall be publicly and timely disclosed. Such information shall include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.

D. REMUNERATION MATTERS

Remuneration of CEO, Directors and Officers

The levels of remuneration of the Corporation should be sufficient to be able to attract and retain and services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

The Corporation may establish formal and transparent procedures for the development of a policy on executive remuneration or determination remuneration levels for individual directors and officers depending on the particular needs of the Corporation. No director shall participate in deciding his remuneration. The Corporation's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top (4) management officers during the preceding fiscal year.

To protect the funds of the Corporation, the Commission may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

None of the Directors receive compensation for serving as Directors of the Company. The President has no remuneration benefit.

The members of the Board of Director are elected for a term of one year. Director per diem is at a rate of Php8, 000.00 (net of 10% ewt) per board meeting including independent directors. Except for the Chairman and the CEO, Directors, are not entitled to compensation package. Except as herein mentioned, no director received bonuses or profit sharing plans for the years ended 31 December 2015 and December 2014 and December 2013.

The aggregate paid to the (4) four most highly compensated

	Fiscal Year Ending December 31		
	2015	2014	2013
a) Aggregate compensation paid to four most highly compensated executive officers: - estimated	10,912,500.00	9,253,326.63	9,740,343.82
i) Jimmy H. Boyles			
ii) Precilla Toriano			
iii) Maria Socorro Cotelo			
iv) Lanelle Cristina Barba			

b) Aggregate compensation paid to other Officers as a group unnamed - estimated	7,311,564.40	8,245,948.12	7,853,283.92
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Stock Rights, Options, Warrants and Other Benefits

To date WPI has not issued any options or implemented any option scheme to its directors and officers. The Company has no immediate plan with regard to any bonus, profit sharing, pension/retirement plan granting of extension of any option, warrant or right to purchase any securities.

Amendments of Incentive Programs

There was none as to amendments and discontinuation of any incentive programs.

5) REMUNERATION OF MANAGEMENT

Aggregate Compensation paid to the highly compensated executive	Principal Position	Total Remuneration
officers		
Jimmy H. Boyles	General Manager	10,912,500.00
Precilla Toriano	Corporate Finance Director	
Maria Socorro Cotelo	Corporate Planning Director	
Lanelle Barba	Corporate Peers Resources and	
	Development Director	

B. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Executive has 4 executive directors and 1 independent director.

Audit has 2 executive directors and 1 independent director.

Nomination has 2 executive directors and 1 independent director.

Remuneration has 2 executive directors and 1 independent director.

Its powers, functions and responsibilities were discussed in page 14 and 15.

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings	No. of Meetings	%	Length of Service in the Committee
			Held	Attended		
Chairman	Renato B. Magadia	September 12, 2015	9	9	100%	11
Member (ED)	Kenneth T. Gatchalian	September 12, 2015	9	9	100%	14
Member (ED)	Elvira A. Ting	September 12, 2015	9	9	100%	15
Member (ID)	Arthur M. Lopez	September 12, 2015	9	9	100%	15
Member	Lamberto B. Mercado Jr.	September 12, 2015	9	9	100%	12

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings	No. of Meetings	%	Length of Service in the Committee
			Held	Attended		
Chairman	Arthur M. Lopez	September 12, 2015	9	9	100%	15
Member (ED)	Dee Hua T. Gatchalian	September 12, 2015	9	9	100%	11
Member (ID)	Sergio R. Ortiz-Luis Jr.	September 12, 2015	9	9	100%	9

Disclose the profile or qualifications of the Audit Committee members.

Sergio R. Ortiz-Luis, Jr.	Director
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He has degrees of Bachelor of Arts and Bachelor of Science in Business Administration from De La Salle University; PhD Humanities from Central Luzon State University, and PhD Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology. He is the President and CEO of Philippine Exporters Confederation, Inc. An Honorary Chairman of Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines as well as Integrated Concepts & Solutions, Inc. He is the Vice Chairman of Alliance Global, Inc., Export Development Council. He is a Director of Manila Exposition Complex, Inc., Lasaltech Academy, Philippine Estate Corporation, BA Securities, Rural Bank of Baguio, PILAK Foundation, and Universal Access Center for Trade and Philippine International Training Corporation. He is a Council Adviser Member of Philippine Foundation, Inc., a Founding Director of International Chamber of Commerce of the Philippines and GS1. He is also a member of the Board of Advisers of Southville International School and Colleges. He is a commissioner of Patrol 117, a Financing Champion of National Competitiveness Council and a Private Sector Representative of Bamboo Council. He is also a Chairman of Rotary Club of Green Meadows Foundation and also a Chairman of Council of Advisers Eastern Police District. He is the Past President of Rotary Club of Green Meadows Quezon City RI District 3780; a Board of Advisers Member of Council of Advisers Philippine National Police, a senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary and a member of the League of Corporate Foundation. He is the Honorary Consul General of Consulate of Romania in the Philippines, a Treasurer of Consular Corps of the Philippines and an Honorary Adviser of International Association of Education for World Peace. Some awards that he received were International Peace Award for Economic Development in 2005, Most Outstanding Citizen of Nueva Ecija in the Field of Business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006 and Presidential Merit Award Medal in 2007. He became an Independent Director of Waterfront Philippines, Inc. since August 2006-present. This 2014, he attended Exporter's Partner in Gearing

the Country for the AEC Markets of the World 2, Technology Innovation and Entrepreneurship as Competitive Strategies PHILAAS 63rd Annual Convention and lastly, Bringing the Buy Pinoy Campaign to the Next Level.

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

Arthur M. Lopez	Director
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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 Jin Jiang Inn Ortigas, Jin Jiang Inn Makati, Hotel 101 Manila, Injap Tower Iloilo, Hotel 101 Fort; Hotel Advisor/Director Bellevue Hotel and the B Hotel and the Bellevue Bohol Resort in Panglao, Hotel Advisor of Cathay International Resources Corp., Hotel Technical Services Adviser and Management Consultant of Hotel of Asia Inc. 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. He was the Management and Technical Services Consultant of Federal Land's Grand Hyatt Manila project and assisted in the negotiation of the management and technical services agreement with Hyatt Hotels. Pre-opening Management and Technical Services Consultant Bloomberry Casino Hotels and Resorts/Solaire Hotel and Casino. He was elected as Chairman of Acesite (Phil's.) Hotel Corp., since 2004-present. He is 69 years old and a Masters Degree holder in Business Administration from the University of Santo Tomas. He's been a director of Waterfront Philippines, Inc. since October 2000-present. In 21st September 2013, he received the Certificate of Recognition in the Field of Business Management BSC Management 1968, "in grateful appreciation for giving pride, honor and prestige to UST College Alumni Foundation as well as living the true Thomasian legacy". He was one of the UST Commerce Outstanding Alumni 2013 in the field of Business Management given in 19th September 2013. This was in recognition of his having shown professional excellence, exemplary moral and Christian conduct in his chosen field, living the true Thomasian legacy. On 2014, he attended the basic course on Corporate Good Governance.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Arthur M. Lopez	September 12, 2015	9	9	100%	15
Member (ED)	Lamberto B. Mercado Jr.	September 12, 2015	9	9	100%	12
Member (ID)	Ruben D. Torres	September 12, 2015	9	9	100%	9

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Arthur M. Lopez	September 12, 2015	9	9	100%	15
Member (ED)	Renato B. Magadia	September 12, 2015	9	9	100%	11
Member (ED)	Kenneth T. Gatchalian	September 12, 2015	9	9	100%	14

(e) Others (Specify)

NONE

3) Changes in Committee Members

No changes in committee membership that occurred during the year.

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Appointment of External Auditors

The board will recommend KPMG R.G. Manabat and Co. , as the Corporate External Auditor for the year 2015.

Appointment of External Counsel

For the year 2015 the board will recommend Corporate Counsels, Philippines as the Legal Counsel of the Company.

Ratification of the acts of the Board of Directors and Management Acts of Management and resolutions of the Board including:

- To appoint and constitute BOD Trust and Investment Group as our Stock Transfer Agent to issue shares of the company in scrip less or uncertificated form in accordance with Section 43 of the Securities Regulation Code and to link our database to the EDR(Electronic Direct Registration) system of Pastra Net. Inc.
- Renewal of licenses with government agencies/offices and other contracts and designation of the authorized signatories.
- All other administrative matters concerning Waterfront Philippines, Inc..

5) Committee Program

C. RISK MANAGEMENT SYSTEM

1) Background

Risk Management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risks can come from uncertainty in financial markets, project failures (at any phase in design,

development, production, or sustainment life-cycles), legal liabilities, credit risk, accidents, natural causes and disasters as well as deliberate attack from an adversary, or events of uncertain or unpredictable root-cause.

The strategies to manage risk typically include transferring the risk to another party, avoiding the risk, reducing the negative effect or probability of the risk, or even accepting some or all of the potential or actual consequences of a particular risk. Certain aspects of many of the risk management standards have come under criticism for having no measurable improvement on risk, whether the confidence in estimates and decisions seem to increase.

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.

The Group's management reviews and approves policies for managing each of these risks as often as possible or yearly.

2) Risk Policy and Control Set Up

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Purpose

The Company recognizes the importance of managing risk in the business to sustain growth.

The purpose of this policy is to ensure that:

- (i) appropriate systems are in place to identify the material risks facing the Company;
- (ii) the potential financial impact of identified risks is ascertained;
- (iii) appropriate controls and strategies are adopted to manage exposure to those risks;
- (iv) appropriate responsibilities are delegated to control identified risks effectively;
- (v) any material changes to the Company's risk profile are disclosed in accordance with the Company's continuous disclosure policy.

2. Responsibility & Accountability

Board

The Board is responsible for the management of risk in the Company. The Board will report annually to the market that management has reported on the Company's management of risk.

Audit Committee

The Audit, Compliance and Risk Management Committee provides assistance to the Board in fulfilling its risk management responsibilities as set out in the Committee Charter.

Managing Director

The Managing Director is required and is delegated authority by the Board to:

- (i) design and implement a risk management and internal control system to manage the Company's material business risks;
- (ii) review and approve the risk profile of the Company;
- (iii) review and approve the controls and strategies implemented for the management of identified risks;
- (iv) allocate 'risk owners' to implement controls and strategies;
- (v) require reporting by 'risk owners' on the performance of controls and strategies to manage risks;
- (vi) review annually the Company's financial capacity to absorb risk and approving appropriate exposure limits;
- (vii) report to the Board on whether risks are being managed effectively. The Managing Director is accountable to the Board, through regular reporting to the Audit Committee and the Board.

Risk Owners are accountable to the Managing Director for:

- (i) the development, implementation, maintenance and review of appropriate controls and strategies to manage allocated risks;
- (ii) reporting to the Managing Director on controls and strategies.

Risk Management

Is accountable to the Managing Director to facilitate and co-ordinate risk management activities by Risk Owners.

Employees

All employees are responsible for taking all reasonable and practicable steps to perform their responsibilities delegated under this policy and related procedures.

Key risks

The key risks currently under management by the Company in accordance with this Policy and the RM Framework are as follows:

- (i) Professional Liability.
- (ii) Law Reform- the Company is exposed to regulatory reform its practice areas and as an incorporated legal practice.
- (iii) Acquisition & Growth- there is a risk that the Company may not achieve its strategic objectives to grow the business through acquisitions and diversification and expansion of practice areas, alternatively such growth objectives may not realize the forecast profits.
- (iv) Recruitment & Retention- there is a risk that the Company may not be able to recruit or retain suitably qualified or experienced people to achieve strategic objectives.
- (v) Competition- there is a risk that the Company will not be in a position to continue to compete effectively with current or future competitors.
- (vi) Reputation & Intellectual Property- there is a risk that the Company's reputation may for providing high quality legal services and access to justice for clients may be damaged. There is a risk of unauthorized use of the Company's intellectual property.
- (vii) Information Systems and Operational Risk- there is a risk that of catastrophic information system failure or other operational failure or malfunction.
- (viii) Employee Misconduct.
- (ix) Governance Failure.
- (x) Economic Risk, Market Conditions, Liquidity and Investment Returns.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

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 non-current 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 non-trade 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 a sufficient working capital inflow to match repayments of short-term debt.

Market Risk

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

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.

Foreign Currency Risk

Currency risk arises when transactions are denominated in foreign currencies.

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.

(c) Minority Shareholders**Stockholders' Rights and Protection of Minority Stockholders' Interests**

A) The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:

- (i) Right to vote on all matters that require their consent or approval;
- (ii) Pre-emptive right to all stock issuances of the Corporation;
- (iii) Right to inspect corporate books and records;
- (iv) Right to information;
- (v) Right to dividends; and
- (vi) Appraisal right.

B) The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the bylaws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.

D. INTERNAL AUDIT AND CONTROL

1) Internal Control System

There are many definitions of internal control, as it affects the various constituencies of an organization in various ways and at different levels of aggregation.

Under the COSO Internal Control-Integrated Framework, a widely-used framework in not only the United States but around the world, internal control is broadly defined as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: a) Effectiveness and efficiency of operations; b) Reliability of financial reporting; and c) Compliance with laws and regulations.

Internal control as having five components:

1. Control Environment-sets the tone for the organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control.
 2. Risk Assessment-the identification and analysis of relevant risks to the achievement of objectives, forming a basis for how the risks should be managed
 3. Information and Communication-systems or processes that support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities
 4. Control Activities-the policies and procedures that help ensure management directives are carried out.
 5. Monitoring-processes used to assess the quality of internal control performance over time..
- Discrete control procedures or controls are defined by the SEC as: "...a specific set of policies, procedures, and activities designed to meet an objective. A control may exist within a designated function or activity in a process. A control's impact...may be entity-wide or specific to an account balance, class of transactions or application. Controls have unique characteristics. Controls within a process may consist of financial reporting controls and operational controls (that is, those designed to achieve operational objectives).

More generally, setting objectives, budgets, plans and other expectations establish criteria for control. Control itself exists to keep performance or a state of affairs within what is expected, allowed or accepted. Control built within a process is internal in nature. It takes place with a combination of interrelated components – such as social environment effecting behavior of employees, information necessary in control, and policies and procedures. Internal control structure is a plan determining how internal control consists of these elements.

The concepts of corporate governance also heavily rely on the necessity of internal controls. Internal controls help ensure that processes operate as designed and that risk responses (risk treatments) in risk management are carried out. In addition, there needs to be in place circumstances ensuring that the aforementioned procedures will be performed as intended: right attitudes, integrity and competence, and monitoring by managers.

The Group's management reviews and approves policies for managing each of these risks as often as possible or yearly.

2) Internal Audit

Role, Scope and Internal Audit Function

Everyone in an organization has responsibility for internal control to some extent. Virtually all employees produce information used in the internal control system or take other actions needed

to affect control. Also, all personnel should be responsible for communicating upward problems in operations, noncompliance with the code of conduct, or other policy violations or illegal actions. Each major entity in corporate governance has a particular role to play:

Management: The Chief Executive Officer (the top manager) of the organization has overall responsibility for designing and implementing effective internal control. More than any other individual, the chief executive sets the "tone at the top" that affects integrity and ethics and other factors of a positive control environment. The chief executive fulfills this duty by providing leadership and direction to senior managers and reviewing the way they're controlling the business. Senior managers, in turn, assign responsibility for establishment of more specific internal control policies and procedures to personnel responsible for the unit's functions. In a smaller entity, the influence of the chief executive, often an owner-manager, is usually more direct. In any event, in a cascading responsibility, a manager is effectively a chief executive of his or her sphere of responsibility. Of particular significance are financial officers and their staffs, whose control activities cut across, as well as up and down, the operating and other units of an enterprise.

Board of Directors: Management is accountable to the board of directors, which provides governance, guidance and oversight. Effective board members are objective, capable and inquisitive. They also have knowledge of the entity's activities and environment, and commit the time necessary to fulfill their board responsibilities. Management may be in a position to override controls and ignore or stifle communications from subordinates, enabling a dishonest management which intentionally misrepresents results to cover its tracks. A strong, active board, particularly when coupled with effective upward communications channels and capable financial, legal and internal audit functions, is often best able to identify and correct such a problem.

Auditors: The internal auditors and external auditors of the organization also measure the effectiveness of internal control through their efforts. They assess whether the controls are properly designed, implemented and working effectively, and make recommendations on how to improve internal control. They may also review Information technology controls, which relate to the IT systems of the organization. There are laws and regulations on internal control related to financial reporting in a number of jurisdictions. To provide reasonable assurance that internal controls involved in the financial reporting process are effective, they are tested by the external auditor (the organization's public accountants), who are required to opine on the internal controls of the company and the reliability of its financial reporting.

Audit Committee: The role and the responsibilities of the audit committee, in general terms, are to:

- (a) Discuss with management, internal and external auditors and major stakeholders the quality and adequacy of the organization's internal controls system and risk management process, and their effectiveness and outcomes, and meet regularly and privately with the Director of Internal Audit;
- (b) Review and discuss with management and the external auditors and approve the audited financial statements of the organization and make a recommendation regarding inclusion of those financial statements in any public filing. Also review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet issues in the organization's financial statements;
- (c) Review and discuss with management the types of information to be disclosed and the types of presentations to be made with respect to the Company's earning press release and financial information and earnings guidance provided to analysts and rating agencies;

- (d) Confirm the scope of audits to be performed by the external and internal auditors, monitor progress and review results and review fees and expenses. Review significant findings or unsatisfactory internal audit reports, or audit problems or difficulties encountered by the external independent auditor. Monitor management's response to all audit findings;
- (e) Manage complaints concerning accounting, internal accounting controls or auditing matters;
- (f) Receive regular reports from the Chief Executive Officer, Chief Financial Officer and the Company's other Control Committees regarding deficiencies in the design or operation of internal controls and any fraud that involves management or other employees with a significant role in internal controls; and
- (g) Support management in resolving conflicts of interest. Monitor the adequacy of the organization's internal controls and ensure that all fraud cases are acted upon.

Personnel Benefits Committee: The role and the responsibilities of the personnel benefits, in general terms, are to:

- (a) Approve and oversee administration of the Company's Executive Compensation Program;
- (b) Review and approve specific compensation matters for the Chief Executive Officer, Chief Operating Officer (if applicable), Chief Financial Officer, General Counsel, Senior Human Resources Officer, Treasurer, Director, Corporate Relations and Management, and Company Directors;
- (c) Review, as appropriate, any changes to compensation matters for the officers listed above with the Board; and (d) Review and monitor all human-resource related performance and compliance activities and reports, including the performance management system. They also ensure that benefit-related performance measures are properly used by the management of the organization.

Operating Staff: All staff members should be responsible for reporting problems of operations, monitoring and improving their performance, and monitoring non-compliance with the corporate policies and various professional codes, or violations of policies, standards, practices and procedures. Their particular responsibilities should be documented in their individual personnel files. In performance management activities they take part in all compliance and performance data collection and processing activities as they are part of various organizational units and may also be responsible for various compliance and operational-related activities of the organization.

Staff and junior managers may be involved in evaluating the controls within their own organizational unit using a control self-assessment.

(a) Audit Control Policies and Procedures

Duties and Responsibilities of the Audit Committee

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

throughout the Company through a step-by-step procedures and policies handbook that will be used by the entire organization.

The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the Corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Management shall provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders. Management shall formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- (i) The extent of its responsibility in the preparation of the financial statements of the Corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- (ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation should be maintained;
- (iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
- (iv) The Corporation should consistently comply with the financial reporting requirements of the Commission;
- (v) The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards. The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the Corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the Corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Corporation to the external auditor before its submission.

If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

Independent Public Accountants

The external auditor of Waterfront Philippines, Inc. (WPI) for the most recently completed calendar year ending December 2015 is KPMG R.G. Manabat and Co., under Mr. Tireso Randy F. Lapidez, Partner in-charge, and they are being recommended by the board of directors for the approval of stockholders for this coming year. The firm also audited the Company's previous calendar year.

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

(b) Mechanisms and Safeguards

The quality of the **audit opinion** is a vital element in maintaining confidence in financial reporting. A key element is that the audit opinion should be free from bias. If the auditors are to achieve this, they must be objective in reaching their opinion. This requires independence of mind from the company being audited. In addition, particularly in respect of listed and other public interest companies, they need to consider external perception of independence.

The approach places the onus on the auditor to consider the particular circumstances and assess whether safeguards can be implemented to reduce threats to independence to an acceptable level. Accordingly, oversight by the audit committee takes on added importance.

In broad outline the approach consists of three elements:

- **fundamental principles** – principles which must always be observed by the auditor: integrity, objectivity, competence, performance and courtesy. The key fundamental principle in the case of auditor independence is objectivity;
- **identification and consideration of the threats to independence** – the auditor must conscientiously consider, before taking on audit or other work, whether the work involves threats which would impede observance of the fundamental principles. Actual threats need to be considered, and so do situations that might be perceived as threats by a reasonable and informed observer even if they are not actual threats; and.
- **consideration of safeguards** – where threats to independence exist, the auditor must put in place safeguards that eliminate them or reduce them to clearly insignificant levels. If unable to implement fully adequate safeguards, the auditor must not carry out the work.

The provision of **non-audit services** will often result in the audit team obtaining information regarding the audit client's business and operations that is helpful in relation to the audit engagement. The greater the knowledge of the audit client's business, the better the audit team will understand the audit client's procedures and controls, and the business and financial risks that it faces. The provision of such services may, however, create threats to the

independence of the firm, a member of the audit firm's network (network firm) or the members of the audit team, particularly with respect to perceived threats to independence. Consequently, it is necessary to evaluate the significance of any threat created by the provision of such services. In some cases, it may be possible to eliminate or reduce the threat created by application of safeguards. In other cases, no safeguards are available to reduce the threat to an acceptable level.

In general terms, the aim of guidance in this area is to ensure that in providing a nonaudit service, external auditors do not:

- audit their own work;
- make management decisions for the company;
- create a mutuality of interest; or
- find themselves in the role of advocate for the company

During the audit, management requests and receives significant input regarding such matters as accounting principles and financial statement disclosure, the appropriateness of controls and the methods used in determining the stated amounts of assets and liabilities. Technical assistance of this nature is appropriate to promote the fair presentation of the financial statements. Similarly, the audit process may involve assisting an audit client in resolving account reconciliation problems, analyzing and accumulating information for regulatory reporting, providing assistance and advice in respect of the preparation of consolidated financial statements (provided this does not involve origination of transactions), suggesting disclosure items, proposing adjusting journal entries and providing assistance and advice in the preparation of local statutory accounts of subsidiary entities. These services are considered to be a normal part of the audit process and do not, under normal circumstances, threaten independence provided management takes the decisions.

In general, where auditors provide assistance relating to the accounting records or financial statements provided they do not take management decisions, the threats can be reduced to an acceptable level through the application of safeguards. However, due to the perception of auditor involvement in this area, the rules make a distinction on listed interest clients:

Audit clients that are listed or other public interest entities

Because of the greater importance of the perceived threat to auditor independence with such entities, with limited exceptions an audit firm should not provide accounts preparation services to listed or other public interest entities which are audit clients.

The guidance allows the provision of such services only where they fall within the normal statutory audit mandate, or where there is a genuine emergency situation. In addition, work of a technical, mechanical or informative nature may be undertaken for subsidiaries if the fees earned from the services are immaterial. All services are subject to the general prohibition on taking management decisions.

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Article 9: Commitment to Good Corporate Governance

The Corporations shall establish and implement their corporate governance rules in

accordance with the Code of Corporate Governance. The rules shall be embodied in a manual that can be used as reference by the members of the Board and Management. The manual should be submitted to the Commission for its evaluation to enable the Commission to determine its compliance with the Code of Corporate Governance taking into consideration the nature, size and scope of the business of the Corporation. The manual shall be made available for inspection by any shareholder at reasonable hours on business days.

The Chairman and the CEO attest to the company's full compliance with Securities and Exchange Commission and in addition, proper instruction are delegated to senior management and employees for their guidance and reference.

E. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

Customer welfare - Refers to the individual benefits derived from the consumption of goods and services. In theory, individual welfare is defined by an individual's own assessment of his/her satisfaction, given prices and income. Exact measurement of consumer welfare therefore requires information about individual preferences. As a hotel industry, excellent service must be given to clients as well as satisfaction. In order to be updated with the things that the hotel has to improve including the services, the hotel incorporated the "Guest Comment Services". This will lead the team to innovate, develop rooms and improve services.

Supplier/contractor selection practice - All suppliers of the company undergoes an accreditation process before any transaction is made with said supplier. The supplier must submit all necessary documents and comply with the company's rules and regulations. This will serve as guidelines to

(a)ensure that all properties have the same accredited suppliers for all standard hotel amenities, (b)ensure good buy/price of supplies through volume purchases and (c) to ensure good supply, quantity and quality-wise of goods and services.

Environmentally friendly value-chain - Aside from gaining profit, the company is also concern about the environment. The company makes sure that we have proper segregation of garbage and proper disposal at the same time.

Community interaction - The company makes it possible to reach the community as a sort of givingback and spirit of sharing. Yearly, the company conducted feeding to less fortunate or giving bundles of joy.

Anti-corruption programmes and procedures - This was design to make sure that all peers are under one goal. Anti corruption programs and procedures are discussed earlier. Aside from quarterly audit on standard operating procedures if being followed, the company also adds whistle blowing.

Safeguarding creditor's rights - It is the policy of the company to ensure that we have proper control over credit granting and receivable and to prevent potential losses. All credit lines granted to clients must be within the contract to protect both parties.

Performance-enhancing mechanisms for employee participation Safety, health and Welfare
To further ensure everybody's safety, a committee has been organized to establish safety procedures and regulations for everyone's protection.

The success of the safety program developed is dependent upon your total cooperation and

participation. Everybody must report any unsafe act or condition to the department head for immediate action. Thus, the company also is providing some safety rules to be observed strictly.

Company’s rewards and compensation

The company offers special rewards to employees with proven records of their diligence, reliability, dependability, professional integrity, and for their contributions towards the growth of the company.

Company’s procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour.

The Corporate Internal Auditors are the assigned group to do such audit and send the final reports to designated body. Whenever needed, the Company provides a confidential “whistle blower” hotline or mailbox that employees may use to report any violation of the Company’s policies.

Any unethical behavior will be under investigation by the panel and will have to undergo due process.

F. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	% of Class
Common	The Wellex Group, Inc. 22nd Flr Citibank Tower Paseo de Roxas, Makati City <i>TWGI is the holding company and major stockholder of WPI.</i>	The Wellex Group, Inc. 22nd Flr Citibank Tower Paseo de Roxas, Makati City) <i>· Represented by Miss Elvira A. Ting, who is a nominee of said company. Directors & Officers are William T. Gatchalian, Dee Hua T. Gatchalian, Kenneth T. Gatchalian, Arthur R. Ponsaran & Yolanda T. de La Cruz</i>	Filipino	1,143,466,800	45.757
Common	PCD Nominee Corporation (Fil.) 37/F Tower I, The Enterprise Center	Various Clients	Filipino	580,678,174	23.236

	6766 Ayala Ave., Paseo de Roxas, Makati City <i>(PCD Nominee is not related to WPI)</i>				
Common	Silver Green Investments LTD. Commence Overseas LTD. Commence Chambers P.O Box 2200, Road Town Tortola, BVI	As of the date of this definitive report the authorized person to vote is not yet known.	Non Filipino	180,230,000	7.212
Common	Chesa Holding, Inc Unit 401 Joy bldg., No.6 Joy St, Grace Village Brgy. Balingasa	As of the date of this definitive report the authorized person to vote is not yet known.	Filipino	175,924,000	7.04
Common	Tybalt Investment LTD Scotia Ctr 4/F P.O 2804 George Town Grand Cayman Island British West Indies	As of the date of this definitive report the authorized person to vote is not yet known.	Filipino	135,010,000	5.403

There is no voting trust holder of 5% or more.

There are no persons holding a certain class of stocks under a voting trust or similar agreement.

There are also no arrangements that may result in a change in control of the registrant.

2) Does the Annual Report disclose the following:

Key risks	√
Corporate objectives	√
Financial performance indicators	√
Non-financial performance indicators	√
Dividend policy	√
Details of whistle-blowing policy	√
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	√
Training and/or continuing education programme attended by each director/commissioner	√
Number of board of directors/commissioners meetings held during the year	√
Attendance details of each director/commissioner in respect of meetings held	√
Details of remuneration of the CEO and each member of the board of	

directors/commissioners	√
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3) External Auditor's fee

Name of Auditor	Audit Fee	Non-Audit Fee
KPMG R.G. Manabat and Co.	3,685,000.00	OPEX - 15% of Audit Fee

4) Medium of Communication

At Waterfront, we promote open communications at all levels. We use:

a) Notice Boards

- This displays interesting and up-to-date information.

b) Employee Newsletter

- An in-house newsletter will be produced to keep you informed of the happenings in the Waterfront group. The Editorial Committee is responsible for the production of the newsletter and all employees are invited to submit articles, photographs, and any other items of interest for publication.

c) Daily Briefings

- Conducted at the beginning of every duty shift. The purpose of these briefings is to keep you up-dated on urgent and last minute happenings.

d) Divisional/Departmental Meetings

- Respective departments or divisions discuss departmental issues and ensure coordination amongst department heads.

e) General Employee Meeting/ Assembly

- Held once or twice a year where employees and management can discuss and exchange ideas and information on general issues.

f) Open Door Policy

- If you have any personal or work-related problems, you are encouraged to bring these up anytime with your Supervisor or Department Head or Human Resources Manager or General Manager himself.

g) Suggestion Box

- This is for people who find it difficult to talk with Admin.

h) Personal Records

- This is to update your records for emergency purposes.

5) Date of release of audited financial report.

Audited FS shall be released after final meeting has done with the audit client and after all Important issues are being tackled but must be before April 15 which is BIR's deadline.

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	√
Financial statements/reports (current and prior years)	√
Materials provided in briefings to analysts and media	√
Shareholding structure	√
Group corporate structure	√
Downloadable annual report	√
Notice of AGM and/or EGM	√

Company's constitution (company's by-laws, memorandum and articles of association)	√

7) Disclosure of RPT

When RPTs are involved, these processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders:

Protection of Minority Stockholders Interests are as follows:

a) Voting Rights

- Right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporate Code.

b) Pre-emptive Right

- All stockholders shall have this right, unless the same is denied in the Articles of Incorporation or an amendment thereto.

c) Power of Inspection

- All stockholders are allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation code and shall be furnished with annual reports, including financial statements, without costs or restrictions.

d) Right to Information

- The minority shareholders shall have access to relevant information relating to matters for which the management is accountable for and those relating to matters for which the management shall include such information and if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of the stockholder's meeting.

e) Right to Dividends

- Shareholders must have the right to receive dividends.

f) Appraisal Right

- Right to dissent and demand payment of the fair value of their shares in the manner provided under Section 82 of the Corporation code.

It shall be the duty of the directors to promote shareholders rights, remove impediments to the Exercise of the shareholder's rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholder's voting right and solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meeting and/or voting in person.

G. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Stockholders representing more than 2/3 of the issued and outstanding stock of the Corporation
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	A pyramid certification system Has been established, based on the identification of the persons responsible for each business and corporate function at each
Description	subsidiary, who certify the information on their respective areas of responsibility prior to the overall certification performed by the Chairman & chief executive officer, the chief operating officer, and the director of Administration and Control.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

All rights of the stockholders' laid down in the Corporation Code must be exercise in any meetings may it be annual or special.

Dividends

The right to dividends has always been in mind of the Company but since 2004 no dividends have been issued due to financial status of the Company.

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings. The shareholders had been granted the right to propose the holding of a meeting, right to propose items in the agenda, but to date none has been communicated to the management of the Company regarding such proposals.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

Prior to Annual Stockholders' Meeting, notices and definitive reports will be distributed to all stockholders for them to be guided during the meeting. All questions are also entertained during the meeting and can be addressed directly to the Chairman or CEO.

a. Date of sending out notices:

August 20, 2015 - Distribution of notice of stockholders' meeting, definitive information statement, proxy form and management report which is at least fifteen (15) business days from the date of the annual stockholders' meeting (SRC Rule 20.3, C iv) and at least two (2) weeks prior to the annual stockholders' meeting (Art. II, Sec. 4, By-laws).

b. Date of the Annual/Special Stockholders' Meeting:

September 12, 2015

State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

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

During the meeting, no significant questions being raised by the stockholders and minority.

Results of Annual Stockholder's Meeting.

The President, Mr. Kenneth T. Gatchalian, reported on the highlights of the Company's financial and operational performance for the year 2013, as reflected in the Annual Report, the Audited Financial Statements and the Information Statement, copies of which have been earlier given to the stockholders. Mr. Gatchalian presented the highlights of the performance of the various Waterfront Hotels for the year 2013, to wit: He said that Philippine tourist arrivals are consistent with the overall worldwide trend, which shows a renewed interest in travel despite a recovering but relatively slow global economy. According to the Department of Tourism (DOT) record, nearly 4.7 million tourists visited the country in 2013. The figure is up by 9.56% from 2012. South Koreans accounted for 25% of tourist arrivals, making them the top international source market, next overall to local guests. Japan and China followed closely. However, there was a notable decline in Taiwanese arrivals, which dropped 35% due to the Taipei-Manila conflict over a Taiwanese fisherman who was shot in Philippine waters. In 2013, the prevailing lack of resolution over the hostage-taking incident in Manila resulted in continuing negative press from the Hong Kong government, with diplomatic tensions signaling an all-time high when Hong Kong threatened to ban Philippine government officials' passports. The year also heralded heightened tensions in the West Philippine Sea, with China's territorial claims causing instability in the region. The Greater China Region (China-Hong Kong-Taiwan) used to be one of the main feeder markets (ranked second), but political and territorial disputes have hampered access to this market.

The Company is therefore approaching the current business climate with cautious optimism. The GDP and tourism numbers are up, but it is too soon to tell whether this new positive growth is sustainable. It has yet to reflect encouraging developments. Despite the challenges in 2013, the Company's performance remains steady. Gross revenue is at PhP1.98 billion. Because of cost-efficiency measures, the Company was able to reduce costs and expenses to 4% from PhP1.52 billion in 2012 to PhP1.46 billion in 2013; thus, giving the Group to edge out a greater GOP compared to last year, up 9% from PhP476.06 million to PhP517.6 million. On October 15, 2013, the group suffered damages on property and equipment due to the 7.2 magnitude earthquake. These losses were recognized for both Waterfront Cebu City Hotel & Casino and Waterfront Airport Hotel & Casino resulting to a net loss of PhP65.33 million versus last year's net income of PhP9.01 million. Consolidated room revenue is at PhP548.22 million this year, comprising 28% of hotel gross revenue. Average occupancy is at 56% with group average room rate at PhP2361, an increase of 11% from 2012's ARR of PhP2,131, revenue per available room (RevPAR) is at PhP1,308 this year. F&B revenue is at PhP499.75 million. Positively, there has been an overall growth of 13% in consolidated rent income across all properties, from PhP777.98 million in 2012 to PhP882.79 million in 2013. Waterfront Cebu City Hotel and Casino accounts for 40% of total revenues this year, while Manila Pavilion Hotel brings in a 29% share. Waterfront Airport Casino and Hotel generates 16% of revenue; Waterfront Insular Hotel Davao provides 8% and G Hotel brings in 2%. Moving forward, the Company will continue to use proven strategies to increase performance. It will continue to enhance its product in order to boost guest satisfaction.

Overall GSI this year is 4.41 (out of 5; 5 being the highest rating), considered a "high good" rating in the industry. The recently renovated Waterfront Cebu City Hotel & Casino lobby is delivering positive results: food covers increased by 4.86%; Lobby Lounge revenue is up by 28.28% and the average check has jumped by 22.33%. The biggest product improvement in 2013 is the Manila Pavilion Hotel (MPH) renovation. MPH has just completed the next phase of its PhP500 million project, which is the renovation of the Deluxe Rooms. Along with the refreshed Ambassador Club Rooms and Suites, Executive Suites and Premier Rooms and Suites, the Deluxe

category adds to the new look and feel of the hotel, contributing significantly to guest satisfaction and allowing it to be more competitive in the Manila Bay area. Currently, the renovated rooms and suites, all redesigned by internationally acclaimed architect Sonia Santiago- Olivares, make up 50% of the total room inventory at MPH. With better design and amenities in the MPH property, it will be able to charge more per room and therefore increase revenue. The Company expects the rise in revenue to be reflected in the following year, but it is already beginning to express a significant trend in the 2013 figures. Average Room Rate (ARR) made the biggest leap in the group with a 49% growth rate, from PhP1,447 in 2012 to PhP2,159 in 2013. RevPAR is up by 31%, from PhP730 in 2012 to PhP958 in 2013. The third phase of the MPH renovation program which started in June 2014 has a total project cost of PhP152 million. This time the renovation will involve the Superior Rooms and banquet facilities, to be designed by the prestigious A. Ilustre and Associates architectural firm.

On the soft side, WPI continues to train the Peers according to the highest standards. This is done nationwide and across all properties. The group achieved a Training Index of 122.35 hours per person for 2013, exceeding the target of 70 hours per person by 75%.

The Company constantly finds ways to streamline costs. It focuses on its largest cost centers, manpower and electricity cost. The most recent improvement is the acquisition of brand new state-of-the-art chillers from Cofely International. The old chillers were inefficient with 50% energy wastage. The new chillers are 100% energy efficient, releasing commensurate output with very little wastage. This tremendous increase in energy efficiency is certain to produce big savings.

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

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

In the coming years, the Company will maintain its lead and harness its online potential by revamping its webpage, adding more capabilities to it and by enhancing its online web sweep. The Company is planning to innovate by introducing new online products, and ways to reach its customer through the web. The Company believes that as the world gets more connected it can harness the potential of technologically enhanced service systems. The online and offline systems must become more integrated and efficient so they are able to properly interact with the market and become more profitable through innovation and efficiency.

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

After clarifications made on various matters raised from the floor, the stockholders, on motion duly made and seconded, approved the 2013 Annual Report and the accompanying Audited Financial Statements of the Corporation as of December 31, 2013.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The stockholders present or represented were furnished with copies of the minutes of the annual stockholders' meeting held on September 12, 2015. On motion duly made and seconded, the stockholders approved the minutes of the annual stockholders' meeting held on September 12, 2015

REPORT TO THE STOCKHOLDERS

The President, Mr. Kenneth T. Gatchalian, reported on the highlights of the Company's financial and operational performance for the year 2014, as reflected in the Annual Report, the

RATIFICATION OF THE ACTS OF THE BOARD AND MANAGEMENT

The Chairman asked for the approval and ratification the approval and ratification of the acts of the Board and Management for the year ended December 31, 2014 as well as the contracts and transactions entered into by the Corporation for the same period.

On motion duly made and seconded, the stockholders unanimously approved the following resolution:

"RESOLVED, That all acts of the Board of Directors and Management for the year ended December 31, 2014 as well as contracts and transactions entered into by the Corporation for the same period, all as reflected in the minutes of the meetings of the Board of Directors and the board committees, the Annual Report and the Financial Statements, be approved and ratified."

ELECTION OF DIRECTORS

Proceeding with the agenda, the Chairman entertained nominations for directors to serve for the term 2014-2015. The following were nominated and elected directors:

Mr. Renato B. Magadia
Mrs. Dee Hua Gatchalian
Mr. Kenneth T. Gatchalian
Mr. Reno Magadia
Atty. Lamberto B. Mercado, Jr
Ms. Elvira A. Ting
Mr. Arthur M. Lopez - Independent Director
Mr. Sergio R. Ortiz-Luis, Jr. - Independent Director
Atty. Ruben D. Torres - Independent Director

APPOINTMENT OF EXTERNAL AUDITOR

The Chairman informed the stockholders that the next item in the agenda was the designation of the Corporation's external auditor. Upon motion duly made and seconded, the following resolution was approved:

"RESOLVED, that the accounting firm of KPMG R.G. Manabat & Co. is hereby designated as the Corporation's external auditors for the year 2014-2015."

APPOINTMENT OF EXTERNAL COUNSEL

On motion duly made and seconded, the following resolution was approved:

“RESOLVED, that Corporate Counsels, Philippines Law Offices and Gancayco, Balasbas Law Offices be, as they are hereby, designated external counsel of the Corporation.”

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders’ Meeting regulations during the most recent year and the reason for such modification:

The Chairman said the next item in the agenda is the approval of the amendment of the Articles of Incorporation, more specifically the amendment of Article THIRD concerning the specific principal office address of the Corporation from “Cebu City, Philippines” to “No. 1 Waterfront Drive Off Salinas Drive, Lahug, Cebu City, Philippines”.

On motion duly made and seconded, the stockholders, representing at least two thirds of the total issued and outstanding capital stock of the Corporation, approved the following resolution:

“RESOLVED, that Article THIRD of the Articles of Incorporation of the Corporation be amended to read as follows:

“THIRD: The place where the principal office of the Corporation is to be established is at No. 1 Waterfront Drive Off Salinas Drive, Lahug, Cebu City, Philippines”.

(f) Stockholders’ Attendance

(i) Details of Attendance in the Annual and Special Stockholders’ Meeting Held:

Type of Meeting	Names of Board Members / Officers Present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH Attendance
Annual	Renato B. Magadia Kenneth T. Gatchalian Elvira A. Ting Reno I. Magadia Arthur M. Lopez Dee Hua T. Gatchalian Lamberto B. Mercado, Jr. * Sergio R. Ortiz-Luis, Jr. * Ruben D. Torres	September 12, 2015	By Hands	18%	None	100%
Special	Renato B. Magadia Kenneth T. Gatchalian Elvira A. Ting Reno I. Magadia Arthur M. Lopez Dee Hua T. Gatchalian Lamberto B. Mercado, Jr.	February 02, 2015 February 18, 2015 February 25, 2015 March 24, 2015 August 03, 2015 August 26, 2015 September 12, 2015	By Hands	100%	None	100%

	* Sergio R. Ortiz-Luis, Jr.	September 28, 2015			
	* Ruben D. Torres	November 25, 2015			

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

The Assistant Corporate Secretary does the responsibility

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

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

(g) Proxy Voting Policies

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

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting. Distribution of notice of stockholders' meeting, definitive information statement, proxy form and management report which is at least fifteen (15) business days from the date of the annual stockholders' meeting (SRC Rule 20. 3, C iv) and at least two (2) weeks prior to the annual stockholders' meeting (Art. II, Sec. 4, By-laws).

Notices for regular or special meetings of shareholders may be sent by the Secretary by personal delivery or by mailing the notice two (2) weeks prior to the date of the meeting to each shareholder of record at his last known post office address or by publishing the notice in the newspaper of national circulation. The notice must contain the necessary details or purposes for which the meeting is called.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	468
Date of Actual Distribution of Definitive Information Statement and Management	

Report and Other Materials held by market participants/certain beneficial owners	August 20,2015
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	August 20, 2015
State whether CD format or hard copies were distributed	CD
If yes, indicate whether requesting stockholders were provided hard copies	Complied

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	√
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	√
The auditors to be appointed or re-appointed.	√
An explanation of the dividend policy, if any dividend is to be declared.	√
The amount payable for final dividends.	√
Documents required for proxy vote.	√

H. INVESTORS RELATIONS PROGRAM

Communication activities will seek to leverage the company's extensive experience, expertise, and knowledge products so that they have greater impact. Recognition for these contributions will help position the Group as a key reference point for perspectives on Philippine development issues and support its leadership role. Communication activities will be geared towards increasing awareness (i) of financial, technical and intellectual soundness; (ii) its contribution to development in the country.

Visibility without credibility, however, will not enhance the company's reputation, and care will need to be taken to ensure that communication is soundly based on evidence and results. Communications will also need to address identified misperceptions about the company. Communication will therefore need to carefully segment and target messages.

Internal Communications

- Meetings, speeches, management meetings, messages to staff and memoranda to staff;
- Notices and all mediums stated at employees handbook., which serves as the central platform for disseminating information to staff.
- E-Marketing which is all over lobby area.

External Communication

External communication activities have also expanded in recent years, as management has considered it important to increase awareness of the company's activities among key stakeholders.

These target groups have included regional and non-regional member country government authorities, investors, the private sector, grassroots communities, civil society organizations, universities, researchers, and the media, as well as the general public.

The main products include:

- The external website,
- Press releases
- Publications, provides support regarding graphic design, layout, printing, promotion, information disclosure registration.
- Media relations, in particular, in support of presidential speeches and major events.

Mergers, Consolidations, Acquisitions and Similar Matters

As of 2015, Waterfront Philippines, Inc. has no plans to merge, and consolidate with other company, to acquire other company's securities, to acquire any other going business or of the assets thereof, to sell or transfer any substantial part of its assets and to liquidate or dissolve the Company.

I. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Apart from the financial side and operational, the Company also creates programs to respond to social needs. Partaking in Earth hour, feeding to our least fortunate neighbors, bundles of joy and even reaching out to fellow Filipinos under state of calamity. Religious activities were also inculcated to enriched spiritual needs.

J. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

CEO Evaluation

The Compensation/Human Resources Committee of the Board annually evaluates the performance of the CEO. The Corporate Governance/ Nominating Committee make recommendations to the Board with respect to CEO succession.

The Corporate Governance/Nominating Committee is also responsible to ensure that processes are in place for management development and succession.

Annual Performance Evaluation of the Board

The Board annually conducts a self-evaluation using a process approved by the Corporate Governance/Nominating Committee. The Audit, Corporate Governance/Nominating, Compensation/ Human Resources and Finance Committees are each required by their written charters to conduct annual self-evaluations.

K. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees.

To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's directors, officers staff, in case of violation of the provision of this Manual:

- Minor violation- written reprimand on the violator up to suspension for the office: the duration of the suspension shall depend on the gravity of the violation.
- Major violation-suspend from office up to maximum penalty of removal from office..

A major violation of this Manual by any member of the board of the Corporation shall be sufficient from removal from leadership.

The compliance officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the impossible penalty for such violation, for further review and approval of the Board.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 2016.

SIGNATURES

[Signature]
RENATO B. MAGADIA
 CHAIRMAN OF THE BOARD

[Signature]
KENNETH T. GATCHALIAN
 PRESIDENT

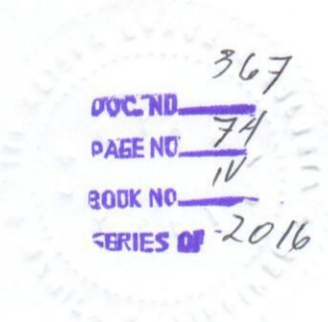
[Signature]
ELVIRA A. TING
 TREASURER

[Signature]
ARTHUR R. LOPEZ
 INDEPENDENT DIRECTOR

[Signature]
PRECILLA O. TORIANO
 COMPLIANCE OFFICER

SUBSCRIBED AND SWORN to before me this _____ day of APR 28 2016
 2016, affiant(s) exhibiting to me their _____, as follows:

NAME	NO.	DATE OF ISSUE	PLACE OF ISSUE
Renato B. Magadia	05064644	January 06, 2016	Makati City
Kenneth T. Gatchalian	09685279	January 14, 2016	Valenzuela City
Elvira A. Ting	09685065	January 11, 2016	Valenzuela City
Precilla O. Toriano	02266374	February 04, 2016	Cebu City
Arthur R. Lopez	05062747	January 05, 2016	Makati City



[Signature]
ATTY. ALYSHA GRACE M. ZULUETA
 NOTARY PUBLIC-MANILA
 COMM. NO. 2016-045 UNTIL DEC. 31, 2017
 PTR. NO. 4930793, 1/7/16-MLA.
 BP LIFETIME-011076-6/19/12
 ROLL NO. 60529-MCLE V-0005229
 UNIT 70, 7F, MER CONDO, 1200
 J. BOCOBO ST. ERMITA MLA.