

# 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

12 31  
Month Day

SEC 17-A  
FORM TYPE

09 24  
Month Day  
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

457  
Total No. of Stockholders

Total Amount of Borrowings  
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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, 2016
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, 2016

Currency (indicate units, if applicable)

PESO

**Balance Sheet**

	Year Ending DECEMBER 31, 2016	Previous Year Ending DECEMBER 31, 2015
Current Assets	2,096,232,446.00	2,103,361,353.00
Total Assets	9,107,344,314.00	8,544,733,396.00
Current Liabilities	1,828,565,697.00	2,443,353,478.00
Total Liabilities	3,272,977,322.00	3,682,104,404.00
Retained Earnings/ (Deficit)	(760,985,667.00)	(1,097,460,906.00)
Stockholders' Equity	5,834,366,992.00	4,862,628,992.00
Stockholders' Equity - Parent	4,940,346,932.00	4,086,192,880.00
Book Value per Share	1.98	1.64

**Income Statement**

	Year Ending DECEMBER 31, 2016	Previous Year Ending DECEMBER 31, 2015
Operating Revenue	2,062,860,765.00	2,019,858,698.00
Other Revenue	72,484,476.00	81,049,092.00
Gross Revenue	2,135,345,241.00	2,100,907,790.00
Operating Expense	1,362,379,137.00	1,404,374,036.00
Other Expense	301,577,757.00	461,018,951.00
Gross Expense	1,663,956,894.00	1,865,392,987.00
Net Income/(Loss) Before Tax	471,388,347.00	235,514,803.00
Income Tax Expense	152,503,361.00	76,807,708.00
Net Income/(Loss) After Tax	318,884,986.00	158,707,095.00
Net Income Attributable to Parent Equity Holder	289,392,497.00	127,211,459.00



Earnings/(Loss) Per Share (Basic)	0.115	0.051
Earnings/(Loss) Per Share (Diluted)	0.115	0.051

**Other Relevant Information**

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**Financial Ratios**

	Formula	Calendar Year Ended December 31, 2016	Previous Calendar Year December 31, 2015
<b>Liquidity Analysis Ratios:</b>			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	1.15	0.86
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	1.08	0.82
Solvency Ratio	Total Assets / Total Liabilities	2.78	2.32
<b>Financial Leverage Ratios:</b>			
Debt Ratio	Total Debt / Total Assets	0.36	0.43
Debt-to-Equity Ratio	Total Debt / Total Stockholders' Equity	0.56	0.76
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	9.64	5.09
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.56	1.76
<b>Profitability Ratios:</b>			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	0.64	0.67
Net Profit Margin	Net Profit / Sales		0.11
Return on Assets	Net Income before Tax / Total Assets	0.05	0.03
Return on Equity	Net Income before Tax / Total Stockholders' Equity	0.08	0.05
Price / Earnings Ratio	Price Per Share / Earnings Per Common Share	0.115	0.051

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## 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 For this year 2016, we established and publicize the Waterfront Hotels and Casinos brand through an effective and strategic advertising effort in various publications such as glossy, local, inflights magazines. Through this, we can create strong presence and awareness of the new branding - "We're at the Center of it All" and maintain visibility of the corporate brand in various publications.

We also made a strong presence abroad - Bangkok, Japan, Taiwan and Singapore - organized by Tourism Promotions Board and Department of Tourism. Joined with established Asia Pacific's premier M.I.C.E. show which brings together the region's top M.I.C.E. suppliers and key industry players to collectively sell Asia as an exciting and diverse M.I.C.E. destination. Exhibitors and participants have the opportunity to sell, negotiate and secure deals with more than 500 selected buyers and travel managers from regional and international M.I.C.E and corporate travel industries through pre-scheduled appointments.

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	123.88
WMCHI	134.63
DIHCI	118.33
APHC	139.76
WWGI	112.92
WEC	64.87

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 2016, WPI Group has a total of 818 employees that were distributed as follows:

**WCCCHI:**

	<i>Filipinos</i>	<i>Foreigners</i>	<i>Total</i>
Executive	27	5	32
Non-Executive	308	0	308
<b>Total</b>	<b>335</b>	<b>5</b>	<b>340</b>

**WMCHI:**

	<i>Filipinos</i>	<i>Foreigners</i>	<i>Total</i>
Executive	1	0	1
Non-Executive	105	0	105
<b>Total</b>	<b>106</b>	<b>0</b>	<b>106</b>

**DIHCI:**

	<i>Filipinos</i>	<i>Foreigners</i>	<i>Total</i>
Executive	12	0	12
Non-Executive	78	0	78
<b>Total</b>	<b>90</b>	<b>0</b>	<b>90</b>

**APHC:**

	<i>Filipinos</i>	<i>Foreigners</i>	<i>Total</i>
Executive	29	2	31
Non-Executive	202	0	202
<b>Total</b>	<b>231</b>	<b>2</b>	<b>233</b>

**WWGI:**

	<i>Filipinos</i>	<i>Foreigners</i>	<i>Total</i>
Executive	1	0	1
Non-Executive	22	0	22
<b>Total</b>	<b>23</b>	<b>0</b>	<b>23</b>

**WFCI:**

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

**WEC:**

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

<b>Grand Total</b>	<b>810</b>	<b>8</b>	<b>818</b>
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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) and renewal on the agreement shall be in full force and effect from April 1, 2016 to March 31, 2021 all other provision of the CBA are not modified by the foregoing agreement and shall remain between the parties. 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 1, 2011 to March 31, 2016. MAPSA (Manila Pavilion Supervisors' Association) is the one who represented the supervisor during the bargaining, and all agreements were remained the same. No major changes or additions were granted. Supervisors' CBA was signed on November 25, 2016.

### **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.

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

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

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

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

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

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.

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

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

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.

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

□ **Mayo Bonanza, Inc.**

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

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

□ **Waterfront Entertainment Corporation**

WPI has successfully established the country's first ever integrated hotel reservations and booking system featuring a full-service, round-the-clock, 7 days a week Central Reservation Office. This service ranges from systems and solutions specializing in the operations hotel framework. It offers specialize hotel consultancy services to hotel owners, operators, brands, developers, lenders and investors with the support of hand-picked networks of experts covering all elements of the hotel or hospitality business within a global perspective.

□ **Waterfront Food Concepts, Inc.**

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

□ **Waterfront Wellness Group, Inc.**

This new subsidiary is located in the Ground Level of Waterfront Cebu City Casino Hotel occupying 617.53 square meters. Formerly, 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 GIRDI at cost since it intended to dispose such investment in the near future. In November 2000, GIRDI sold all of its property and equipment, inclusive of the hotel facilities and related operating assets and the investment in marketable securities.

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

Waterfront Promotion Ltd. was incorporated on March 6, 1995, under and by virtue of the laws of Cayman Islands to act as the marketing arm for the international marketing and promotion of hotels and casinos under the trade name of Club Waterfront International Limited (CWIL). It is a wholly owned subsidiary of Waterfront Philippines, Inc., a domestic company. Under the agreement with PAGCOR, WPL has been granted the privilege to bring in foreign players under the program in Waterfront Cebu City Hotel and Grand Ilocandia Resort Development Corp. On the other hand,

CWIL is allowed to bring in foreign players in Waterfront Mactan Hotel. In connection to this, the company markets and organizes groups of foreign players as participants to the Philippine Amusement and Gaming Corporation's (PAGCOR) Foreign Highroller Marketing Program. The company also entered into agreements with various junket operators to market the casinos for foreign customers. Under these agreements, the company grants incentive programs to junket operators such as free hotel expenses, free airfares and rolling commissions.

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

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

### ***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 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.

#### *Year 2016*

What sets us apart this year is our renewed and intensified focus on marketing. We have redoubled our efforts to market our brand to our customers and endeavored to meet them where they increasingly spend their time--which is, in this age of digitally-propelled tourism, the online space. We still cater to traditional markets through our offline channels, strengthening partnerships and aggressively forming revenue-generating deals and contracts with significant clients. By being proactive and addressing the consumer market through innovative and creative marketing in multiple touch points and by maximizing online-offline dynamics, we have been able to capture a bigger share of the business, generating increased rooms revenue and F&B revenue.

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

Overall, reflects a keen interest by both local and international markets, with the local market as a uniquely consistent driving force in our hotels--showing that the Waterfront brand has gained significant loyalty among local customers and provides an important revenue stream that can be harnessed further as it creates resilience in the business.

#### *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 online booking facility. The newly redesigned website offers highly efficient online reservations facility that allows customers from all over the world to book real time and receive real time confirmation. This high-speed reservations feature enables the company to fully cater to the online market, whether the purpose is for travel research or convenient booking. All in all the company continue to expand in innovative ways, using technology and new media as a cost effective way to expand its market share, explore new markets and ensure the strength locally and internationally.

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

At Waterfront, we emphasize service that brings people back, and we reinforce this service through site training, among other programs. We are known for our signature warmth, attention to detail and approachability, qualities that our guests of all nationalities cherish during every stay. Whoever encounters the Waterfront experience will be assured of a reliable, consistent and satisfying brand familiarity that leads to loyalty.

Our greatest software, are our People.

## 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**

<b>Location</b>	Corner of United Nations Avenue & Maria Y. Orosa Street in Ermita, Manila
<b>Size</b>	Total land area of 6,500 square meters
<b>Lessor</b>	Cima Realty Philippines Inc.
<b>Terms of lease</b>	Lease is valid until January 2031, renewable for another 20 years
<b>Lease Agreement</b>	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.

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

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

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

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

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

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

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

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

### 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, 2016, the Parent Company is still awaiting SC's decision.

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

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

4.1 During the annual stockholders' meeting held last September 24, 2016, 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 2016-2017. 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 2012, 2013, 2014, 2015 and 2016.

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
<b>2016</b>		
January - March 2016	0.360	0.305
April- June 2016	0.410	0.320
July- September 2016	0.380	0.320
October- December 2016	0.365	0.320

Peso	High	Low
<b>2015</b>		
January - March 2015	0.380	0.310
April- June 2015	0.360	0.305
July- September 2015	0.435	0.320
October- December 2015	0.490	0.350

The price of the stock is P 0.650 and P 0.335 as of March 31, 2017.

- 5.1 The number of stockholders of record as of December 31, 2016 on the Register of Shareholders was 457 but the company is not able to identify the actual number of beneficial owners who are registered under the name of the member companies of the Philippine Stock Exchange (PSE). Common shares outstanding as of December 31, 2016 were 2,498,991,753. There are no sales for the last three years of unregistered securities.

- 5.2 The list of top 20 stockholders of record as of December 31, 2016 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)	575, 545, 174	23.031
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
10	PCD Nominee Corp. (Non-Filipino)	34, 728, 000	1.390
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
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. Osmena	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, 2016 and 2015 together with its financial conditions as of the same period.

**RESULTS OF OPERATIONS (Amounts in P)**

	2016	2015
Revenues	2,135,345,241	2,100,907,790
Less: Costs and Expenses	1,362,379,137	1,404,374,036
Gross Income	772,966,104	696,533,754
Other Expenses (Income)	301,577,757	461,018,951
Net Income (Loss) Before Income Tax	471,388,347	235,514,803
Income Tax Expense (Benefit)	152,503,361	76,807,708
NET INCOME (LOSS)	318,884,986	158,707,905
Earnings (Loss) Per Share	0.115	0.051

**FINANCIAL CONDITION (Amounts in P)**

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

**Calendar Year ended December 31, 2016 as compared with Calendar Year ended December 31, 2015**

**RESULTS OF OPERATION**

*Revenues and Earnings per share*

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

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

*Cost and expenses*

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

**FINANCIAL CONDITION**

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

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

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

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

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

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

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

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

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

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

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

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

**RESULTS OF OPERATION**

*Revenues and Earnings per share*

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

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

*Cost and expenses*

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

**FINANCIAL CONDITION**

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **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. These financial instruments arise directly from operations.

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

##### **Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash in banks, receivables and advances to related parties. - 30 -

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.



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

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

#### **Liquidity Risk**

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

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

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 are sufficient working capital inflows to match repayments of short-term debt.

#### **Market Risk**

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

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

#### **Interest Rate Risk**

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

The Group's financial instrument that is exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375 million loan from SSS, as well as the stock rights offering of the Parent Company. The Parent Company is charging WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan (see Note 13).

#### **Equity Price Risk**

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

The Group is exposed to equity price risk because of its investment in shares of stock of WII which are listed in the PSE totaling to 86,710,000 shares as at December 31, 2016 and 2015.

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

#### **Fair Value of Financial Assets and Liabilities**

The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments. - 33 -

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

The fair value of AFS investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2016 and 2015.

#### **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 2016 and 2015.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2016 and 2015. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity.

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

#### **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, 2016.

## A) Audit and Audit-Related Fees, net of Tax

	FOR THE CALENDAR YEAR ENDED DECEMBER 31,	
	2016	2015
Aggregate Fees Billed for the external audit of the Company's financial statements	3,755,000.00	3,685,000.00

## 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, 2016 are as follows:

Office	Name	Age	Citizenship	Position in Other Listed Companies
Chairman of the Board	Renato B. Magadia	78	Filipino	Director-Phil. Estate Corporation, Chairman of the Board of Metro Alliance Holdings and Equities Corporation, Mercator Holdings and Equities Corporation, 2007-2008 Rotary Governor for district 3930; Vice-Chairman of Acesite (Phils.) Hotel Corp.; Director of Misons Industrial and Development Corp., All Oceans Maritime Agency, Inc., Howden Insurance and Reinsurance Brokers (Phils.), Inc., Cunningham Toplis Philippines, Inc., Metro Combined Logistics Solutions, Inc. and President of The Zuellig Corporation. An active member of Rotary Club of Makati North.
Director	Kenneth T. Gatchalian	40	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	70	Filipino	Owner and Principal Consultant of AML Hotel Consultancy, Management and Technical Services Consultant of Federal Land and owner of Grand Hyatt Projects and Marco Polo Cebu; Director-Philippine Estates Corp., Chairman- Acesite Phils. Hotel Corp, Hotel Management Consultant of the B Hotel Manila, Bellevue Bohol Resort in Panglao, B Hotel Quezon City, Bellevue Baguio (opening in 2018) and Bloomberry Casino Hotels & Resorts; Regional Director of Asia Pacific Top Management International Resources Corp.; Hotel Management Consultant of Double Dragon properties Corporation. President of Legoli Holdings Inc and Arleff Holdings Inc. and President of Phil. Hotel Federation Inc.
Director	Dee Hua T. Gatchalian	68	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	46	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.	52	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.	73	Filipino	Independent Director-Waterfront Philippines, Inc., President & CEO - Philippine Exporters Confederation, Inc. (PHILEXPORT); Honorary Chairman - Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines, Integrated Concepts and Solutions, Inc., Vice-Chairman of Alliance Global, Inc.; Director - International Chamber of Commerce of the Philippines, Manila Exposition Complex, Inc., Lasaltech Academy, BA Securities, Rural Bank of Baguio, GS1.; Gov't Affiliations: Vice-Chairman - Export Development Council; Civic Organizations: Chairman - Rotary Club of Green Meadows, Director - PILAK Foundation, Universal Access Center for Trade Others: Honorary Consul General - Consulate of Romania in the Philippines.
Director	➤ Ruben D. Torres	75	Filipino	Independent Director Waterfront Philippines, Inc., President -BPO Workers Association of

				the Phils.; Senior Partner - Torres Caparas Torres Law Offices; Secretary General-Katipunan ng Manggagawa at Magsasaka ng Pilipinas; Chairman/CEO - Service Exporters Risk Management & Consultancy Co., Towers Corporation and Optimus Medical Care and Trading Corporation.
Director and Treasurer	Elvira A. Ting	56	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	73	Filipino	Director-Philippine Estate Corporation, Wellex Industries, Inc., Forum Pacific, Inc. Acesite (Phils.) Hotel, Managing Partner-Corporate Counsels, Phils., Chairman of Value Management and Options Corp and Corp Secretary of Producers Rural Banking Corp., The Wellex Group, Inc., MRL Gold Phils., Inc., Village Foundation, Shuylkill Assets Strategists (SPV-AMC), Inc., Petrolift Corp.

➤ *Independent Directors*

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

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

<b>Kenneth T. Gatchalian</b>	<b>President</b>
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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 40 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.

<b>Arthur M. Lopez</b>	<b>Director</b>
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Arthur M. Lopez is the Principal Consultant of AML Hotel Consultancy, 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 Management Consultant of B Hotel in Manila, B Hotel Quezon City, Bellevue Bohol Resort in Panglao and Bellevue Baguio(opening in 2018). 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 70 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 19<sup>th</sup> 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, Rotary Club of Manila 10<sup>th</sup> Tourism Awards, Hotel Tourism Category, in recognition of his extraordinary contribution to the promotion and advancement of the tourism industry in the Philippines.

<b>Dee Hua T. Gatchalian</b>	<b>Director</b>
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.	

<b>Reno I. Magadia</b>	<b>Director</b>
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.	

<b>Lamberto B. Mercado, Jr.</b>	<b>Director</b>
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.	

<b>Sergio R. Ortiz-Luis, Jr.</b>	<b>Director</b>
<p>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 &amp; Industry, Employers Confederation of the Philippines as well as Integrated Concepts &amp; 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, Uirang 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 63<sup>rd</sup> Annual Convention and lastly, Bringing the Buy Pinoy Campaign to the Next Level.</p>	

<b>Ruben D. Torres</b>	<b>Director</b>
<p>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 75 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 also the Secretary General of Katipunan ng Manggagawa at Magsasaka ng Pilipinas. He is associated with the Integrated Bar of the Philippines and Philippine Academy of Professional Arbitrators. His former positions include being a Member of the House of Representatives of the 2nd District of Zambales, Executive Secretary of the Office of the President in Malacañang, Secretary of the Department of Labor and Employment. Mr. Torres became an Independent Director of Waterfront Philippines, Inc. since August 2006-present.</p>	

<b>Elvira A. Ting</b>	<b>Director and Treasurer</b>
<p>Ms. Elvira A. Ting earned her Bachelor's Degree in Business Administration major in Management from the Philippine School of Business Administration. She's 56 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.</p>	

#### Executive

<b>Kenneth T. Gatchalian</b> (see above description)	<b>President</b>
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<b>Precilla O. Toriano</b>	<b>Corporate Finance Director</b>
<p>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</p>	

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.

<b>Maria Socorro Cotel</b>	<b>Corporate Planning Director</b>
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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, 2<sup>nd</sup> 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 2016 the Board of Directors' meeting for the election of the Executive Officers was held on last September 24, 2016. The Directors are to serve one year from then. The last annual stockholders' meeting was held at the Waterfront Cebu City Hotel.

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

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

There are no other relationships among the officers listed.

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

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

**Item 10. Executive Compensation**

- 10.1 None of the directors receive compensation for serving as directors of the company.
- 10.2 The aggregate compensation paid to the four.

	Fiscal Year Ending December 31		
	2016	2015	2014
a) Aggregate compensation paid to four most highly compensated executive officers: -estimated	10,713,400.00	10,912,500.00	9,253,326.63
i) Anders Hallden			
ii) Precilla Toriano			
iii) Maria Socorro Coteló			
iv) Lanelle Barba			
b) Aggregate compensation paid to other Officers as a group unnamed -estimated	7,677,142.62	7,311,564.40	8,245,948.12

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 2016 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, 2016, 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)	575,545,174 "r" **	23.031
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

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 \_\_\_\_\_ 2017.

  
**KENNETH T. GATCHALIAN**  
*President/ CEO/COO*

  
**ELVIRA A. TING**  
*Treasurer/CFO*

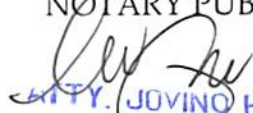
  
**ARTHUR R. PONSARAN**  
*Corporate Secretary*

  
**PRECILLA O. TORIANO**  
*Corporate Finance Director*

APR 18 2017

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_ 2017 affiant(s) exhibiting to me his/their Passport.

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Page No. 70  
Book No. VI  
Series of 2017

NOTARY PUBLIC  
  
NOTARY PUBLIC  
UNTIL DEC. 31, 2018  
PTR NO. 5266148-1/3/2017 PASAY CITY  
IBP NO. 1052058-1/3/2017 PASAY CITY  
COMPLIANCE NO.  
U-0024151-10/25/2016  
ROLL NO. 28/61

# COVER SHEET

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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

### COMPANY NAME

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

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

N O . 1 W A T E R F R O N T D R I V E  
O F F S A L I N A S D R I V E , L A H U G  
C E B U C I T Y , C E B U

Form Type

A F S 1 6

Department requiring the report

Secondary License Type, If Applicable

### COMPANY INFORMATION

Company's email Address

Company's Telephone Number/s

Mobile Number

No. of Stockholders

Annual Meeting (Month / Day)

Fiscal Year (Month / Day)

### CONTACT PERSON INFORMATION

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

Name of Contact Person

Ms. Elvira A. Ting

Email Address

Telephone Number/s

(02) 687-0888

Mobile Number

### CONTACT PERSON'S ADDRESS

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

**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 non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



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

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

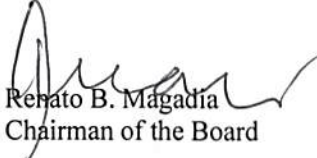
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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


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

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

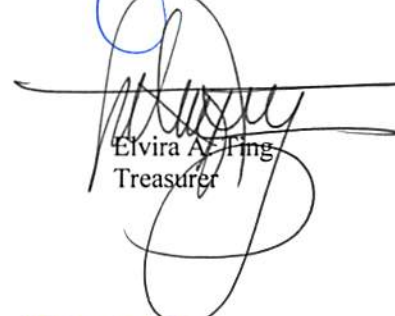
R.G. Manabat & Co., appointed by the stockholders, has audited the financial statements of the company in accordance with the Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:

  
Renato B. Magadia  
Chairman of the Board

  
Kenneth T. Gatchalian  
President

  
Precilla O. Toriano  
Corporate Finance Director

  
Elvira A. Ting  
Treasurer

Signed this APR 17 2017 th day of \_\_\_\_\_ 2017

APR 18 2017

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

**JOEL G. GORDOLA**

Notary Public

Commission expires until December 31, 2017

Adm. No. 189; Roll No. 25103

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

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

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

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

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



REPUBLIC OF THE PHILIPPINES)  
) S.S

CEBU CITY




**TREASURER'S CERTIFICATION**

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

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

APR 17 2017

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

  
**ELVIRA A. TING**  
Treasurer

APR 17 2017

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

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



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



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

## REPORT OF INDEPENDENT AUDITORS

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

### *Opinion*

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

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

### *Basis for Opinion*

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





### *Key Audit Matter*

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

#### *Revenue recognition*

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

#### *The risk*

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

#### *Our response*

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

### *Other Information*

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

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

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

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

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



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

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

#### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

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

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

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



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

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

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

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

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

**R.G. MANABAT & CO.**

TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

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

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-34-2014

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

PTR No. 5904929MD

Issued January 3, 2017 at Makati City

April 11, 2017

Makati City, Metro Manila



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

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

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the Group) as at and for the year ended December 31, 2016, included in this Form 17-A, on which we have rendered our report thereon dated April 11, 2017.

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

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



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

**R.G. MANABAT & CO.**

TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

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

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-34-2014

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

PTR No. 5904929MD

Issued January 3, 2017 at Makati City

April 11, 2017

Makati City, Metro Manila

**WATERFRONT PHILIPPINES, INCORPORATED  
AND SUBSIDIARIES**

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





**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

December 31

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

Forward

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

*See Notes to the Consolidated Financial Statements.*



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

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

Forward

Years Ended December 31

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

See Notes to the Consolidated Financial Statements.

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

**Year Ended December 31**

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

*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										Non controlling Interests (Note 16)	Total Equity
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Retirement Benefits Reserve (Note 18)	Foreign Currency Translation Adjustment	Fair Value Reserve (Note 8)	Deficit	Total				
As at January 1, 2015	P2,498,991,753	P706,364,357	P1,935,665,721	P89,250,289	P24,170,439	P6,222,054	(P1,319,219,643)	P3,941,444,970	P745,115,560	P4,686,560,530		
Total Comprehensive Income for the Year	-	-	-	12,029,970	8,272,530	(2,766,049)	127,211,459	127,211,459	31,495,636	158,707,095		
Net income for the year	-	-	-	12,029,970	8,272,530	(2,766,049)	-	17,536,451	(175,084)	17,361,367		
Other comprehensive income - net of tax effect	-	-	-	12,029,970	8,272,530	(2,766,049)	127,211,459	144,747,910	31,320,552	176,088,462		
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	-	(94,547,278)	-	-	-	94,547,278	-	-	-		
As at December 31, 2015	P2,498,991,753	P706,364,357	P1,841,118,443	P101,280,259	P32,442,969	P3,456,005	(P1,097,460,906)	P4,086,192,880	P776,436,112	P4,862,628,992		

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

Year Ended December 31

	Equity Attributable to Equity Holders of the Parent Company										Total Equity
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Retirement Benefits Reserve (Note 18)	Foreign Currency Translation Adjustment	Fair Value Reserve (Note 8)	Deficit	Total	Non controlling Interests (Note 16)	Total Equity	
As at January 1, 2014	P2,486,991,753	P706,364,357	P2,072,860,019	P37,415,561	P24,042,754	P2,701,628	(P1,469,509,833)	P3,872,866,239	P724,969,226	P4,597,835,465	
Total Comprehensive Income for the Year	-	-	-	55,217,000	127,685	3,520,426	9,713,620	9,713,620	19,301,549	29,015,169	
Net income for the year	-	-	-	55,217,000	127,685	3,520,426	-	58,865,111	844,785	59,709,896	
Other comprehensive income - net of tax effect	-	-	-	-	127,685	3,520,426	9,713,620	66,576,731	20,146,334	88,725,065	
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	-	(137,194,298)	-	-	-	137,194,298	-	-	-	
Change in retirement benefits reserve	-	-	-	(3,382,272)	-	-	3,382,272	-	-	-	
As at December 31, 2014	P2,486,991,753	P706,364,357	P1,935,665,721	P88,250,289	P24,170,439	P6,222,054	(P1,319,219,643)	P3,941,444,970	P745,115,560	P4,686,560,530	

See Notes to the Consolidated Financial Statements.

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

		Years Ended December 31		
	Note	2016	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax expense		P471,388,347	P235,514,803	P57,036,987
Adjustments for:				
Depreciation and amortization	9	255,392,265	333,683,900	398,822,715
Interest expense	8, 13, 22	80,144,299	136,933,256	132,547,184
Net retirement benefits cost	18	20,814,752	40,342,055	32,167,172
Unrealized foreign exchange loss - net		9,243,210	8,272,530	127,685
Impairment losses		3,442,842	2,587,635	1,255,683
Provisions	25	-	(45,575,012)	-
Loss (gain) on disposal of property and equipment		(947,110)	-	344,940
Interest income	4, 8	(39,859,178)	(33,711,906)	(33,679,503)
		799,619,427	678,047,261	588,622,863
Changes in:				
Receivables		(25,188,037)	(16,328,580)	3,309,089
Inventories		1,111,077	(1,482,280)	(2,229,680)
Prepaid expenses and other current assets		(13,420,759)	(26,858,888)	(2,085,898)
Accounts payable and accrued expenses		(14,410,832)	64,127,114	59,410,377
Other current liabilities		(523,576,556)	468,612,863	2,861,776
		224,134,320	1,166,117,490	649,888,527
Interest received		505,729	3,456,946	2,017,555
Retirement contributions paid	18	(21,050,000)	(11,250,000)	(4,000,000)
Benefits paid	18	(9,606,808)	(8,945,198)	(20,286,657)
Income taxes paid		(85,130,822)	(50,947,041)	(73,373,176)
Interest paid		(63,195,329)	(96,477,022)	(132,547,184)
<b>Net cash provided by operating activities</b>		<b>45,657,090</b>	<b>1,001,955,175</b>	<b>421,699,065</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Changes in:				
Due from related parties		99,298,558	30,892,282	49,188,758
Other noncurrent assets		12,710,611	26,002,418	7,981,953
Additions to property and equipment	9	(9,668,747)	(25,043,772)	(128,692,825)
Proceeds from sale of property and equipment		8,928,615	-	-
<b>Net cash provided by (used in) investing activities</b>		<b>111,269,037</b>	<b>31,850,928</b>	<b>(71,522,114)</b>

Forward

	<b>Years Ended December 31</b>			
	<b>Note</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Changes in:				
Loans payable		(P121,030,050)	(P351,776,392)	(P250,675,196)
Other noncurrent liabilities		(4,769,144)	(648,551,702)	(31,619,494)
Net cash used in financing activities		(125,799,194)	(1,000,328,094)	(282,294,690)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>31,126,933</b>	<b>33,478,009</b>	<b>67,882,261</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>173,168,220</b>	<b>139,690,211</b>	<b>71,807,950</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>4</b>	<b>P204,295,153</b>	<b>P173,168,220</b>	<b>P139,690,211</b>

*See Notes to the Consolidated Financial Statements.*

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

**1. Reporting Entity**

Waterfront Philippines, Incorporated (the Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994 as an investment holding company for hotel, leisure, and tourism businesses. The Parent Company is listed in the Philippine Stock Exchange (PSE) and is 46%-owned by The Wellex Group, Inc. (TWGI), an entity registered and domiciled in the Philippines.

The details of the equity interest of the Parent Company in its subsidiaries as at December 31, 2016 and 2015 are as follows:

	Percentage of Ownership	
	Direct	Indirect
<b>Hotels and Resorts</b>		
Waterfront Cebu City Casino Hotel, Incorporated (WCCCHI)	100	-
Waterfront Mactan Casino Hotel, Incorporated (WMCHI)	100	-
Davao Insular Hotel Company, Inc. (DIHCI)	98	-
Acesite (Phils.) Hotel Corporation (APHC)	56	-
Grand Ilocandia Resort and Development, Inc. (GIRDI)	54	-
<b>Real Estate</b>		
CIMA Realty Phil., Inc. (CIMAR)	-	56
<b>Fitness Gym</b>		
Waterfront Wellness Group, Inc. (WWGI)	100	-
<b>International Marketing and Promotion of Casinos</b>		
Mayo Bonanza, Inc. (MBI)	100	-
Waterfront Promotion Ltd. (WPL)	100	-
Club Waterfront International Limited (CWIL)	-	100
<b>Pastries Manufacturing</b>		
Waterfront Food Concepts Inc. (WFC)	100	-
<b>Hotel Management and Operation</b>		
Waterfront Entertainment Corporation (WEC)	100	-
Waterfront Hotel Management Corp. (WHMC)	100	-

All of the above subsidiaries were incorporated and registered in the Philippines except for WPL and its subsidiary, CWIL, which were registered in the Cayman Islands.

Management decided to temporarily cease the operations of MBI, WHMC, WPL, CWIL and GIRDI in 2016, 2014, 2003, 2001, 2000, respectively, due to unfavorable economic conditions.

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



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## 2. Basis of Preparation

### Basis of Accounting

The consolidated financial statements of the Parent Company and its subsidiaries, collectively herein referred to as the Group, have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). They were authorized for issue by the Parent Company's Board of Directors on April 11, 2017.

Details of the Group's accounting policies are included in Note 27.

### Basis of Measurement

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

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

### Functional and Presentation Currency

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

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## 3. Use of Judgments and Estimates

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

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

### Judgments

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

#### *Transactions with Philippine Amusement and Gaming Corporation (PAGCOR)*

The Group has significant transactions with PAGCOR. Under Presidential Decree (PD) No. 1869, otherwise known as the PAGCOR Charter, PAGCOR is exempted from payment of any form of taxes other than the 5% franchise tax imposed on the gross revenue or earnings derived by PAGCOR from its operations under the franchise. The amended Revenue Regulations (RR) No. 16-2005 which became effective in 2006, however, provides that gross receipts of PAGCOR shall be subject to the 12% value-added tax (VAT). In February 2007, the Philippine Congress amended PD No. 1869 to extend the franchise term of PAGCOR for another 25 years but did not include any revocation of PAGCOR's tax exemption privileges as previously provided for in PD No. 1869. In accounting for the Hotel's transactions with PAGCOR, the Group's management and its legal counsel have made a judgment that the amended PD No. 1869 prevails over the amended RR No. 16-2005 (see Note 22).

#### *Operating Lease Commitments - Group as Lessor*

The Group has leased out its commercial spaces to third parties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these commercial spaces and thus, accounts for the contracts as operating leases (see Note 23).

#### *Distinguishing Investment Properties and Owner-occupied Properties*

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

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

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

In consultation with legal counsels, the Group management believes that the compromise agreement executed on December 8, 2015 between APHC and the City of Manila to resolve the tax deficiency assessment filed by the latter against APHC was an adjusting event as at December 31, 2015 as the legal counsels and management have no reasons to believe that the City Council of Manila will not ratify the compromise agreement. Accordingly, APHC recognized the gain on the reversal of the provision it previously setup for the case amounting to P39.73 million which was presented as part of "Others" in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2015 (see Note 25).

### *Provisions and Contingencies*

The Group has received assessments from the Bureau of Internal Revenue (BIR) for deficiency taxes and is also a defendant in various legal cases which are still pending resolutions. The Group's management and legal counsels have made a judgment that the positions of the Group are sustainable and, accordingly, believe that the Group does not have a present obligation (legal or constructive) with respect to such assessments and claims (see Note 24).

### *Classifying Financial Instruments*

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

### *Classifying Receivables from Related Parties*

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

### Estimation Uncertainties

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

#### *Allowance for Impairment Losses on Receivables and Due from Related Parties*

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

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

Allowance for impairment losses on receivables and due from related parties as at December 31, 2016 and 2015 amounted to P83.50 million and P81.21 million, respectively. The total carrying amount of the receivables and due from related parties amounted to P2.11 billion and P2.16 billion as at December 31, 2016 and 2015, respectively (see Notes 5 and 8).

#### ***Net Realizable Value (NRV) of Inventories***

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

The Group's inventories as at December 31, 2016 and 2015 amounted to P28.19 million and P29.30 million, respectively (see Note 6).

#### ***Revaluation of Property and Equipment***

The Group carries certain classes of property and equipment at fair value, with changes in fair value being recognized in other comprehensive income (OCI). The Group engaged independent valuation specialists to assess fair value. Fair value is determined with references to transactions involving properties of a similar nature, location and condition.

The key assumptions used to determine the fair value of properties are provided in Note 9.

#### ***Useful Lives of Property and Equipment***

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

As at December 31, 2016 and 2015, the carrying amount of property and equipment amounted to P6.59 billion and P5.93 billion, respectively (see Note 9).

#### ***Impairment of Nonfinancial Assets***

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

In 2014, the Group recognized impairment losses on its unused VAT and certain property and equipment amounting to P2,995,025 and P662,672, respectively (see Notes 7 and 9).

As at December 31, 2016 and 2015, there is no indication of impairment on the Group's prepaid expenses and other current assets, property and equipment and other noncurrent assets.

*Defined Benefit Plan*

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The discount rate assumption is based on the Philippine Daily Exchange benchmark market yields on government bonds considering average years of remaining working life of the employees as the estimated term of the defined benefit obligation.

As at December 31, 2016 and 2015, the retirement liability amounted to P98.52 million and P117.44 million, respectively. Net retirement benefits cost in 2016, 2015 and 2014 amounted to P20.81 million, P40.34 million and P32.17 million, respectively (see Note 18).

*Taxes*

Deferred tax assets are recognized for financial statement and tax differences to the extent that it is probable that taxable profit will be available against which these differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group recognized deferred tax assets amounting to P41.09 million and P124.05 million as at December 31, 2016 and 2015, respectively, (see Note 19).

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**4. Cash and Cash Equivalents**

This account consists of:

	2016	2015
Cash in banks	P159,803,886	P151,148,111
Short-term placements	26,407,387	19,078,834
Cash on hand	18,083,880	2,941,275
	<b>P204,295,153</b>	<b>P173,168,220</b>

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

Short-term placements earn interest at annual average of 0.13% to 2.88% in 2016 and 2015 and have average maturities ranging from 30 to 35 days for both years.

Related interest income recognized in profit or loss amounted to P2.03 million, P1.98 million and P2.02 million in 2016, 2015 and 2014, respectively.

## 5. Receivables

This account consists of:

	2016	2015
Trade	P248,757,489	P220,585,472
Advances to employees	6,852,387	12,633,611
Others	2,148,399	507,209
	257,758,275	233,726,292
Less allowance for impairment losses on trade receivables	22,311,128	20,024,340
	P235,447,147	P213,701,952

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

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

	2016	2015	2014
Beginning balance	P20,024,340	P17,436,705	P22,553,897
Impairment loss during the year	3,442,842	2,587,635	3,375,366
Write-off during the year	(1,156,054)	-	(4,604,843)
Reversal during the year	-	-	(3,887,715)
Ending balance	P22,311,128	P20,024,340	P17,436,705

## 6. Inventories

This account consists of the following:

	2016	2015
Food and beverage	P16,196,062	P16,372,606
Operating supplies	10,624,757	10,212,945
Engineering and maintenance supplies	1,366,285	2,712,630
	P28,187,104	P29,298,181

The cost of food and beverage charged to profit or loss amounted to P208.72 million, P173.79 million and P164.30 million in 2016, 2015 and 2014, respectively, and is presented as "Food and beverage" account in profit or loss.

In 2014, the Group provided an allowance to write-down the cost of food and beverage and operating supplies to NRV amounting to P562,797 and P542,563, respectively. These inventories were subsequently written off in 2015.

The Group recognized expenses for operating supplies amounting to P28.82 million, P41.30 million and P37.65 million in 2016, 2015 and 2014, respectively, and are presented as "Supplies," which is part of expenses under "Others" account in profit or loss, while the expenses for engineering and maintenance supplies amounting to P48.61 million, P75.63 million and P101.44 million in 2016, 2015 and 2014, respectively, are included under "Repairs and maintenance" account in profit or loss.

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**7. Prepaid Expenses and Other Current Assets**

This account consists of:

	2016	2015
Input value-added tax (VAT)	P43,455,636	P47,233,169
Prepaid taxes	20,769,412	15,799,970
Short-term investment	12,251,466	-
Advances to suppliers	8,311,836	9,090,093
Prepaid expenses	5,001,755	4,245,872
Others	612,860	613,102
	<b>P90,402,965</b>	<b>P76,982,206</b>

In 2014, certain subsidiaries had written off unused VAT amounting to a total of P2,995,025, presented as part of "impairment losses, bad debts written off and provisions" in the statement of profit or loss and other comprehensive income.

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**8. Related Party Transactions**

The Group's related party transactions include transactions with its key management personnel (KMP) and related parties in the table below:

Related Party	Relationship with the Group
TWGI	Ultimate Parent
Pacific Rehouse Corp. (PRC)	Stockholder
Metro Alliance Holdings and Equities Corp. (MAHEC)	Stockholder
Philippine Estates Corporation (PHES)	Stockholder
Crisanta Realty Development Corp. (Crisanta Realty)	Stockholder
Forum Holdings Corporation (FHC)	Stockholder
East Asia Oil & Mining Company, Inc. (East Asia)	Stockholder
Plastic City Industrial Corporation (PCIC)	Under common control
Wellex Industries, Inc. (WII)	Under common control

### Significant Transactions with Related Parties

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

Category/Transaction	Year	Note	Amount of the Transaction	Due from Related Parties		Advances to Subsidiaries*	Due to Subsidiaries*	Terms and Conditions
				Current	Noncurrent			
<b>Stockholders</b>								
▪ TWGI								
Advances, interest and settlement	2016	8a	P24,301	P861,550	P -	P -	P -	Secured; interest-bearing; subject to re-pricing; due in one year subject to renewal; net of allowance for impairment
	2015	8a	13,245	945,471	-	-	-	
▪ PRC								
Advances, interest and settlement	2016	8a	10,415	531,158	-	-	-	Secured; interest-bearing; subject to re-pricing; due in one year subject to renewal
	2015	8a	10,211	520,743	-	-	-	
▪ MAHEC								
Advances, interest and settlements	2015	8a	365,933	-	-	-	-	
▪ Crisanta Realty								
Advances and interest	2016	8a	14,865	7,465	340,197	-	-	Unsecured; interest-bearing; subject to re-pricing; due in five years
	2015	8a	332,797	-	332,797	-	-	
▪ PHES								
Advances and interest	2016	8b	-	92,054	-	-	-	Unsecured; noninterest-bearing; subject to re-pricing; due on demand
	2015	8b	5,700	92,054	-	-	-	
▪ Others								
Advances and interest	2016	8b	-	45,673	-	-	-	Unsecured; noninterest-bearing; subject to re-pricing; due on demand
	2015	8b	776	51,943	-	-	-	
<b>Subsidiaries</b>								
▪ WCCCHI								
Advances and settlement	2016	8c	560,525	-	-	510,821	-	Unsecured; noninterest-bearing; due on demand
	2015	8c	135,053	-	-	560,525	-	
Deposits for future stock subscription	2016	8d	-	-	-	1,000,000	-	Unsecured; noninterest-bearing
	2015	8d	-	-	-	1,000,000	-	
▪ DIHCI								
Advances and settlements	2016	8e	10,257	-	-	-	5,425	Unsecured; noninterest-bearing; due on demand
	2015	8e	5,167	-	-	-	15,682	
▪ APHC								
Advances and settlements	2016	8e	196,967	-	-	-	173,447	Unsecured; noninterest-bearing; due on demand
	2015	8e	43,776	-	-	-	370,414	
▪ GIRDI								
Advances and settlements	2016	8e	1,803	-	-	-	207,838	Unsecured; noninterest-bearing; due on demand
	2015	8e	1,739	-	-	-	209,641	
<i>Forward</i>								



Category/Transaction	Year	Note	Amount of the Transaction	Due from Related Parties		Advances to Subsidiaries*	Due to Subsidiaries*	Terms and Conditions
				Current	Noncurrent			
<b>Subsidiaries</b>								
<b>• WHMC</b>								
Advances and settlement	2016	8c	1,303	-	-	-	-	Unsecured; noninterest-bearing; due on demand
	2015	8c	11,029	-	-	-	-	
<b>• MBI</b>								
Advances and settlement	2016	8c	6,097	-	-	-	-	Unsecured; noninterest-bearing; due on demand
	2015	8c	2,999	-	-	13,241	-	
<b>Deposits for future stock subscription</b>								
	2016	8d	-	-	-	-	-	Unsecured; noninterest-bearing
	2015	8d	-	-	-	35,000	-	
<b>• WWGI</b>								
Advances and settlement	2016	8c	185	-	-	-	-	Unsecured; noninterest-bearing; due on demand
	2015	8c	148	-	-	462	-	
<b>Deposits for future stock subscription</b>								
	2016	8d	-	-	-	-	-	Unsecured; noninterest-bearing
	2015	8d	-	-	-	13,000	-	
<b>• WMCHI</b>								
Advances and settlement	2016	8e	16,039	-	-	-	189,535	Unsecured; noninterest-bearing; due on demand
	2015	8e	163,895	-	-	-	173,496	
<b>• WEC</b>								
Advances and settlement	2016	8c	6,681	-	-	92	-	Unsecured; noninterest-bearing; due on demand
	2015	8c	73	-	-	6,773	-	
<b>• WFC</b>								
Advances and settlement	2016	8c	184	-	-	-	-	Unsecured; noninterest-bearing; due on demand
	2015	8c	153	-	-	57	-	
<b>Deposits for future stock subscription</b>								
	2016	8d	-	-	-	-	-	Unsecured; noninterest-bearing
	2015	8d	-	-	-	6,000	-	
<b>• WPL</b>								
Advances and settlement	2016	8e	283	-	-	-	195,126	Unsecured; noninterest-bearing; due on demand
	2015	8e	212	-	-	-	195,409	
<b>KMP</b>								
<b>• Short-term employee benefits</b>								
	2016		26,681	-	-	-	-	-
	2015		22,153	-	-	-	-	-
<b>• Post-employment benefits</b>								
	2016		6,105	-	-	-	-	-
	2015		11,189	-	-	-	-	-
<b>TOTAL</b>	<b>2016</b>			<b>P1,537,900</b>	<b>P340,197</b>	<b>P1,510,913</b>	<b>P771,371</b>	
<b>TOTAL</b>	<b>2015</b>			<b>P1,610,211</b>	<b>P332,797</b>	<b>P1,635,058</b>	<b>P984,642</b>	

\*Eliminated during consolidation

**a. Interest-bearing Advances to Related Parties**

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

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

Interest receivable from TWGI amounted to P124.86 million and P112.31 million as at December 31, 2016 and 2015, respectively, while interest receivable from PRC amounted to P55.64 million and P45.23 million as at December 31, 2016 and 2015, respectively. Allowance for impairment losses on receivables from TWGI amounted to P61.19 million as at December 31, 2016 and 2015.

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

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

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

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

**b. Noninterest-bearing Advances to Related Parties**

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

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

**c. Advances to Subsidiaries**

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

**d. Deposits to Subsidiaries**

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

**e. Due to Subsidiaries**

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

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

All related party balances, other than those included in the MOU in Note 8a, are expected to be settled in cash. Total interest income on the abovementioned advances amounted to P30.43 million, P31.73 million and P31.66 million in 2016, 2015 and 2014, respectively.

## 9. Property and Equipment

Movements in this account are as follows:

For the Year Ended December 31, 2016									
<i>Measurement Basis:</i>	Land	Land	Leasehold	Hotel	Furniture,	Operating	Transportation	Construction-	Total
	<i>Revalued</i>	<i>Revalued</i>	<i>At Cost</i>	<i>Revalued</i>	<i>Revalued</i>	<i>At Cost</i>	<i>Revalued</i>	<i>At Cost</i>	
Beginning balance	P1,033,652,000	P16,945,425	P65,062,016	P8,250,247,449	P1,035,776,038	P262,185,093	P11,910,643	P -	P10,675,778,664
Additions	-	-	57,787	1,197,169	4,367,230	4,046,561	-	-	9,668,747
Disposals	-	-	(40,266,679)	-	(11,560,462)	-	-	-	(51,827,141)
Retirement	-	-	-	(118,455,021)	(158,924,241)	-	(15,618)	-	(277,394,880)
Appraisal increase	42,628,000	75,720	-	669,549,600	197,963,512	-	2,885,013	-	913,101,845
<b>Ending balance</b>	<b>1,076,280,000</b>	<b>17,021,145</b>	<b>24,853,124</b>	<b>8,802,539,197</b>	<b>1,067,622,077</b>	<b>266,231,654</b>	<b>14,780,038</b>	<b>-</b>	<b>11,269,327,235</b>
<b>Accumulated Depreciation and Amortization</b>									
Beginning balance	-	14,806,679	48,183,253	3,519,561,063	923,751,004	233,941,879	9,902,758	-	4,750,146,636
Depreciation and amortization	-	232,899	3,820,697	187,121,867	40,780,127	22,353,182	1,083,493	-	255,392,265
Disposals	-	-	(34,631,680)	-	(9,213,956)	-	-	-	(43,845,636)
Retirement	-	-	-	(118,455,021)	(158,924,241)	-	(15,618)	-	(277,394,880)
<b>Ending balance</b>	<b>-</b>	<b>15,039,578</b>	<b>17,372,270</b>	<b>3,588,227,909</b>	<b>796,392,934</b>	<b>256,295,061</b>	<b>10,970,633</b>	<b>-</b>	<b>4,684,298,365</b>
<b>Carrying Amount</b>	<b>P1,076,280,000</b>	<b>P1,981,567</b>	<b>P7,480,854</b>	<b>P5,214,311,288</b>	<b>P271,229,143</b>	<b>P9,936,593</b>	<b>P3,809,405</b>	<b>P -</b>	<b>P6,585,028,850</b>
For the Year Ended December 31, 2015									
<i>Measurement Basis:</i>	Land	Land	Leasehold	Hotel	Furniture,	Operating	Transportation	Construction-	Total
	<i>Revalued</i>	<i>Revalued</i>	<i>At Cost</i>	<i>Revalued</i>	<i>Revalued</i>	<i>At Cost</i>	<i>Revalued</i>	<i>At Cost</i>	
Beginning balance	P1,033,652,000	P16,945,425	P63,573,014	P8,197,656,439	P1,021,837,614	P258,087,026	P11,910,643	P47,128,981	P10,650,791,142
Additions	-	-	1,489,002	295,398	13,994,674	2,579,567	-	6,685,133	25,043,772
Retirement	-	-	-	-	(56,250)	-	-	-	(56,250)
Reclassification	-	-	-	52,295,614	-	1,518,500	-	(53,814,114)	-
<b>Ending balance</b>	<b>1,033,652,000</b>	<b>16,945,425</b>	<b>65,062,016</b>	<b>8,250,247,449</b>	<b>1,035,776,038</b>	<b>262,185,093</b>	<b>11,910,643</b>	<b>-</b>	<b>10,675,778,664</b>
<b>Accumulated Depreciation and Amortization</b>									
Beginning balance	-	11,086,263	46,267,913	3,325,665,264	808,969,884	215,610,031	8,939,631	-	4,416,518,986
Depreciation and amortization	-	3,740,416	1,915,340	193,895,799	114,837,370	18,331,848	963,127	-	333,683,900
Retirement	-	-	-	-	(56,250)	-	-	-	(56,250)
<b>Ending balance</b>	<b>-</b>	<b>14,806,679</b>	<b>48,183,253</b>	<b>3,519,561,063</b>	<b>923,751,004</b>	<b>233,941,879</b>	<b>9,902,758</b>	<b>-</b>	<b>4,750,146,636</b>
<b>Carrying Amount</b>	<b>P1,033,652,000</b>	<b>P2,138,746</b>	<b>P16,878,763</b>	<b>P4,730,686,386</b>	<b>P112,025,034</b>	<b>P28,243,214</b>	<b>P2,007,885</b>	<b>P -</b>	<b>P5,925,632,028</b>

The Group engaged an independent firm of appraisers to determine the fair value of certain classes of its property and equipment, specifically hotel buildings and improvements, furniture, fixtures and equipment, land improvements and transportation equipment, which are carried at revalued amounts. Fair value was determined by reference to market-based evidence, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In determining fair value, an estimate was made in accordance with the prevailing prices for materials, equipment, labor, and contractor's overhead and all other costs associated with its acquisition while taking into account the depreciation resulting from physical deterioration, functional and economic obsolescence. The latest revaluation was in July 2016 which resulted to the increase in the gross carrying amount of property and equipment amounting to P913.10 million.

Had the following classes of property and equipment been carried at cost less accumulated depreciation, their carrying amounts would have been as follows:

	2016	2015
Hotel buildings and improvements	P1,946,061,894	P2,036,318,033
Land	650,515,909	650,515,909
Furniture, fixtures and equipment	133,061,735	171,273,171
Land improvements	8,622,705	8,812,451
Transportation equipment	982,809	1,740,289
	<b>P2,739,245,052</b>	<b>P2,868,659,853</b>

Depreciation on cost charged to profit or loss amounted to P161.15 million, P175.36 million and P168.41 million in 2016, 2015 and 2014, respectively. Depreciation on appraisal increase charged to profit or loss amounted to P94.24 million, P158.32 million and P230.41 in 2016, 2015 and 2014, respectively.

In 2014, the Group recognized an impairment loss on certain property and equipment amounting to P662,672 due to damages suffered from the 7.2 magnitude earthquake on October 15, 2013.

The revaluation increment absorbed through depreciation and transferred directly to retained earnings, net of deferred tax effect, amounted to P48.88 million and P94.55 million in 2016 and 2015, respectively. The carrying amount of the revaluation surplus amounting to P2.35 billion and P1.84 billion as at December 31, 2016 and 2015, respectively, is not available for distribution to shareholders.

#### 10. Other Noncurrent Assets

This account consists of:

	2016	2015
Refundable deposits	P15,752,437	P23,743,549
Special project deposits	636,721	196,742
Rent receivable	-	10,522,583
Others	11,588,954	6,225,849
	<b>P27,978,112</b>	<b>P40,688,723</b>

Refundable deposits refer to security deposits on utilities, electricity, rental, returnable containers and others. Special project deposits pertain to deposits granted to contractors in connection with the renovation work of WCCCHI and APHC.

Others represent deposits to service providers such as security and janitorial services.

## 11. Accounts Payable and Accrued Expenses

This account consists of:

	Note	2016	2015
Trade payables		P319,713,743	P382,778,887
Accrued:			
Interest and penalties	13	866,355,691	806,552,522
Salaries, wages and employee benefits		14,319,024	13,460,693
Utilities		11,577,999	11,029,506
Rent		517,815	7,846,575
Other accruals		38,911,795	56,433,516
Local taxes and output VAT		26,340,803	34,716,014
Service charges		5,951,770	5,466,693
Guest deposits		4,556,859	2,131,210
Withholding taxes payable		2,642,044	4,274,541
Service charges withheld		1,826,057	1,562,793
Unclaimed wages		870,886	627,971
Due to contractors		-	2,793,657
Other payables		64,781,405	37,034,868
		<b>P1,358,365,891</b>	<b>P1,366,709,446</b>

Trade payables are noninterest-bearing and are normally on 30-day terms.

Other payables include commissions, sponsorships, gift certificates issued and sundry payables.

## 12. Other Current Liabilities

This account consists of:

	2016	2015
Concessionaires' and other deposits	P20,027,801	P399,136,294
Deferred income	4,616,383	5,871,088
Current portion of advance rental	-	136,544,377
Others	1,000,000	1,000,000
	<b>P25,644,184</b>	<b>P542,551,759</b>

Others represent a P1 million unsecured short-term loan obtained from a local bank in 1996 with interest at prevailing market rate. The proceeds of the loan were used for the working capital requirements of GIRDI. GIRDI is a defendant in a collection case filed by a local bank involving an unsecured short-term loan obtained. While the case is currently inactive and the latest assessment made by the legal counsel is favorable to GIRDI, the payable is still retained until the case is completely dismissed. Management believes that the carrying value of the liability retained in the books as at December 31, 2016 and 2015 sufficiently represents the amount of possible liability that GIRDI may settle in the event that this case will ultimately be activated and decided against GIRDI.

### 13. Loans Payable

This account consists of liabilities to the following:

	2016	2015
Social Security System (SSS)	P375,000,000	P375,000,000
Industrial and Commercial Bank of China Singapore Branch (ICBC)	-	74,735,932
Philippine Business Bank, Inc. (PBB)	-	46,294,118
	P375,000,000	P496,030,050

#### SSS Loan

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

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

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

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

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

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

On June 18, 2004, the RTC of Quezon City issued its first order granting SSS's request and the issuance of a writ of preliminary attachment based on the condition that SSS shall post an attachment bond in the amount of P452.80 million. After the lapse of three (3) months from the issuance of RTC order, no attachment bond was posted. Thus on September 16, 2004 and September 17, 2004, the Parent Company filed a Motion to Set Aside Order of Attachment and Amended Motion to Set Aside Order of Attachment, respectively.

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

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

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

On September 12, 2005, the RTC of Quezon City issued its fourth order approving SSS's property bond in the total amount of P452.80 million. Accordingly, the RTC ordered the corresponding issuance of the writ of preliminary attachment. On November 3, 2005, the Parent Company submitted a Petition for Certiorari before the Court of Appeals (CA) seeking the nullification of the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005. In a Resolution dated February 22, 2006, the CA granted the Parent Company's petition for the issuance of the Temporary Restraining Order to enjoin the implementation of the orders of the RTC of Quezon City specifically on the issuance of the writ of preliminary attachment.

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

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

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

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



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

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

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

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

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

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

Outstanding principal balance of the loan amounted to P375 million as at December 31, 2016 and 2015. Accrued interest and penalties, presented as part of "Accrued interest and penalties" under "Accounts payable and accrued expenses" account in the consolidated statement of financial position, amounted to P866.36 million and P806.55 million as at December 31, 2016 and 2015, respectively (see Note 11).

#### ICBC Loan

On March 27, 1995, the Parent Company entered into a Facility Agreement with ICBC for a US\$15.00 million loan which was restructured several times, the latest of which was on November 12, 2013 after the Parent Company made partial payment of US\$700,000. Net carrying value of the loan as at December 31, 2015 amounted to P74,735,932 (US\$1,584,530). It was fully paid on March 31, 2016.

Total interest paid in 2016, 2015, and 2014 amounted to P1.09 million, P6.76 million and P10.22 million, respectively, and is presented as part of "Interest expense" in the consolidated statement of profit or loss and other comprehensive income.

**PBB Loan**

On April 8, 2014, WMCHI entered into a loan agreement with PBB amounting to P150 million with a stated interest rate fixed at 8% per annum, which was repriced every month and payable in arrears. The loan was exclusively used for the renovation and refurbishment of the Group's hotels in Cebu and Manila. Outstanding balance of the loan as at December 31, 2015 amounted to P46.29 million. It was fully paid on April 29, 2016.

In 2016, 2015 and 2014, interest expense incurred from the ICBC, SSS and PBB loans amounted to P61.13 million, P76.16 million and P113.42 million, respectively, and are recorded as part of "Interest expense" account in the statement of profit or loss and other comprehensive income.

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**14. Other Noncurrent Liabilities**

The account consists of:

	2016	2015
Deposits from concessionaires	P4,548,003	P2,909,354
Accrued rent	2,029,956	2,284,379
Advance rental	-	6,153,370
	<b>P6,577,959</b>	<b>P11,347,103</b>

## 15. Segment Information

The Group's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit - the Hotel operations and the Marketing operations. The Corporate and Others segment includes general and corporate income and expense items. Segment accounting policies are the same as the policies described in Note 27 to the consolidated financial statements.

The following table presents the revenue and profit information regarding industry segments for the years ended December 31, 2016 and 2015 and certain asset and liability information regarding industry segments as at December 31, 2016, 2015 and 2014 (in millions):

	Hotel Operations			Marketing Operations			Corporate and Other Operations			Eliminations			Consolidated		
	2016	2015	2014	2016	2015	2014	2016	2015	2014	2016	2015	2014	2016	2015	2014
<b>TOTAL REVENUES</b>															
External sales	P2,095	P2,023	P1,880	P -	P -	P -	P49	P89	P93	(P9)	(P11)	P -	P2,135	P2,101	P1,973
<b>RESULTS</b>															
Segment results	P646	P132	P147	(P1)	(P1)	(P1)	(P40)	(P24)	(P41)	P -	P254	P55	P605	P361	P160
<b>OTHER INCOME (LOSS)</b>															
Interest expense	(80)	(97)	(128)	-	-	(5)	-	(40)	-	-	-	-	(80)	(137)	(133)
Interest income	1	1	1	-	-	-	39	33	33	-	-	-	40	34	34
Benefit from (provision for) income taxes	(145)	(72)	(25)	-	-	-	(7)	(5)	(3)	-	-	-	(152)	(77)	(28)
Others	(94)	(10)	-	(11)	(10)	(4)	(51)	(2)	-	62	-	-	(94)	(22)	(4)
<b>Total Other Income (Loss)</b>	<b>(318)</b>	<b>(178)</b>	<b>(152)</b>	<b>(11)</b>	<b>(10)</b>	<b>(9)</b>	<b>(19)</b>	<b>(14)</b>	<b>30</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>(286)</b>	<b>(202)</b>	<b>(131)</b>
<b>Net Income (Loss)</b>	<b>P328</b>	<b>(P46)</b>	<b>(P5)</b>	<b>(P12)</b>	<b>(P11)</b>	<b>(P10)</b>	<b>(P59)</b>	<b>(P38)</b>	<b>(P11)</b>	<b>P62</b>	<b>P254</b>	<b>P55</b>	<b>P319</b>	<b>P159</b>	<b>P29</b>
<b>OTHER INFORMATION</b>															
Segment assets	P7,569	P7,032	P7,737	P220	P220	P220	P4,737	P4,929	P5,256	(P3,460)	(P3,760)	(P4,480)	P9,066	P8,421	P8,733
Deferred tax assets	40	120	197	-	-	-	1	4	4	-	-	-	41	124	201
<b>Consolidated Total Assets</b>	<b>P7,609</b>	<b>P7,152</b>	<b>P7,934</b>	<b>P220</b>	<b>P220</b>	<b>P220</b>	<b>P4,738</b>	<b>P4,933</b>	<b>P5,260</b>	<b>(P3,460)</b>	<b>(P3,760)</b>	<b>(P4,480)</b>	<b>P9,107</b>	<b>P8,545</b>	<b>P8,934</b>
Segment liabilities	P2,079	P2,942	P3,776	P64	P62	P60	P2,321	P2,336	P2,465	(P2,530)	(P2,768)	(P3,229)	P1,934	P2,572	P3,072
Deferred tax liabilities	1,339	1,110	1,175	-	-	-	-	-	-	-	-	-	1,339	1,110	1,175
<b>Consolidated Total Liabilities</b>	<b>P3,418</b>	<b>P4,052</b>	<b>P4,951</b>	<b>P64</b>	<b>P62</b>	<b>P60</b>	<b>P2,321</b>	<b>P2,336</b>	<b>P2,465</b>	<b>(P2,530)</b>	<b>(P2,768)</b>	<b>(P3,229)</b>	<b>P3,273</b>	<b>P3,682</b>	<b>P4,247</b>
<b>Other Segment Information</b>															
Capital expenditures	P8	P22	P128	P -	P -	P -	P1	P3	P1	P -	P -	P -	P9	P25	P129
Depreciation and amortization	250	327	391	-	-	-	5	7	8	-	-	-	255	334	399

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## 16. Capital Stock and Noncontrolling Interests

### Capital Stock

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

	Number of common shares	Amount
Authorized capital stock at P1 par value per share	5,000,000,000	P5,000,000,000
Issued and outstanding	2,498,991,753	P2,498,991,753

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

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

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

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

In 2009, the BOD passed a resolution temporarily suspending the implementation of the above proposed increase in the authorized capital stock of the Parent Company. As at December 31, 2016, the Parent Company has no updated plans to increase its authorized capital stock, or to modify any issued shares or to exchange them to another class.

#### Noncontrolling Interests (NCIs)

The details of the Group's material NCIs are as follows (in thousands):

	December 31, 2016		December 31, 2015	
	APHC	GIRDI	APHC	GIRDI
Percentage of NCI	44%	46%	44%	46%
Carrying amount of NCI	P685,239	P198,682	P568,965	P198,654
Net income attributable to NCI	P31,218	P26	P33,039	P24
Other comprehensive income (loss) attributable to NCIs	P85,055	P -	(P156)	P -

The following are the audited condensed financial information of investments in subsidiaries with material NCIs (in thousands):

	December 31, 2016		December 31, 2015	
	APHC	GIRDI	APHC	GIRDI
Total assets	P2,316,169	P471,034	P2,331,982	P471,520
Total liabilities	(699,022)	(39,116)	(977,304)	(39,660)
Net assets	P1,617,147	P431,918	P1,354,678	P431,860
Revenue	P589,238	P1,521	P625,647	P1,477
Net income	P70,470	P57	P74,579	P58
Other comprehensive income	191,999	-	(352)	-
	P262,469	P57	P74,227	P58
Cash flows provided by (used in) operating activities	(P108,587)	P -	P113,405	P -
Cash flows provided by investing activities	199,830	-	49,550	-
Cash flows used in financing activities	(76,500)	-	(160,264)	-
<b>NET INCREASE IN CASH</b>	<b>P14,743</b>	<b>P -</b>	<b>P2,691</b>	<b>P -</b>

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**17. Other Costs and Expenses**

This account consists of:

	2016	2015	2014
Laundry, valet and other hotel services	<b>P82,858,545</b>	P79,973,865	P31,348,157
Taxes and licenses	<b>63,209,790</b>	37,706,467	50,723,091
Supplies	<b>28,820,855</b>	41,296,252	37,649,015
Security and other related services	<b>34,136,908</b>	32,841,759	34,675,944
Insurance	<b>21,855,434</b>	21,543,413	15,477,416
Advertising	<b>17,146,883</b>	17,958,548	11,978,871
Corporate expenses	<b>15,657,090</b>	26,250,954	23,541,281
Representation and entertainment	<b>15,395,969</b>	6,671,351	22,880,146
Data processing	<b>11,827,756</b>	11,685,323	18,936,199
Commissions	<b>11,559,966</b>	11,227,322	9,884,201
Professional fees	<b>11,410,836</b>	10,642,820	8,430,457
Transportation and travel	<b>10,587,514</b>	13,180,135	15,861,257
Fuel and oil	<b>8,498,026</b>	10,899,829	13,934,675
Communications	<b>6,190,749</b>	7,080,404	6,200,659
Guest amenities	<b>3,174,403</b>	3,478,861	1,248,694
Guest and laundry valet	<b>1,598,388</b>	1,249,281	1,072,501
Meeting expenses	<b>1,580,499</b>	193,801	219,325
Trainings and seminars	<b>52,501</b>	30,420	206,810
Uniforms	<b>17,786</b>	1,994,748	397,768
Miscellaneous	<b>7,317,909</b>	15,158,868	15,886,655
	<b>P352,897,807</b>	P351,064,421	P320,553,122

Miscellaneous include recruitment expense and employee association dues.

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**18. Retirement Benefits Cost**

Certain subsidiaries have noncontributory, defined benefit plans covering substantially all of their regular employees with at least five years of continuous service. The benefits are based on percentage of the employee's final monthly salary for every year of continuous service depending on the length of stay. Contributions and costs are determined in accordance with the actuarial studies made for the plans. Net retirement benefits cost recognized in profit or loss for the years ended December 31, 2016, 2015 and 2014 amounted to P20.81 million, P40.34 million and P32.17 million, respectively, and is presented as part of "Personnel costs" account in profit or loss.

The latest independent actuarial valuation of the plan was as at December 31, 2016, which was prepared using the projected unit credit method. The plans are administered by independent trustees with assets held consolidated for the Group.

The plans are registered with the BIR as a tax-qualified plan under Republic Act No. 4917, as amended.

The reconciliation of the present value of the defined benefits obligation and the fair value of plan assets to the recognized retirement benefits liability as presented in the consolidated statement of financial position is as follows:

2016	DBO	FVPA	Asset Ceiling Adjustment	Retirement Benefits Liability
Balance, January 1, 2016	P209,197,676	(P100,815,990)	P8,300,910	P116,682,596
<b>Included in Profit or Loss</b>				
Current service cost	15,091,937	-	-	15,091,937
Net interest income (cost)	11,138,022	(5,865,116)	449,909	5,722,815
	26,229,959	(5,865,116)	449,909	20,814,752
<b>Included in Other Comprehensive Income</b>				
Remeasurement gains (losses) on plan assets:				
1. Actuarial gains (losses) arising from:				
▪ Changes in financial assumptions	(3,859,977)	-	-	(3,859,977)
▪ Changes in demographic assumptions	2,393,590	-	-	2,393,590
▪ Experience adjustments	(12,337,681)	-	-	(12,337,681)
2. Return on plan assets excluding interest income	-	3,960,574	-	3,960,574
3. Effect of asset ceiling	-	-	1,520,819	1,520,819
	(13,804,068)	3,960,574	1,520,819	(8,322,675)
<b>Others</b>				
Contributions paid by the employer	-	(21,050,000)	-	(21,050,000)
Benefits paid from:				
Book reserves	(9,606,808)	-	-	(9,606,808)
Plan assets	(4,750,165)	4,750,165	-	-
Balance, December 31, 2016	P207,266,594	(P119,020,367)	P10,271,638	P98,517,865
2015	DBO	FVPA	Asset Ceiling Adjustment	Retirement Benefits Liability
Balance, January 1, 2015	P203,796,658	(P89,517,698)	P2,806,674	P117,085,634
<b>Included in Profit or Loss</b>				
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
<b>Included in Other Comprehensive Income</b>				
Remeasurement gains (losses) on plan assets:				
4. Actuarial gains (losses) arising from:				
▪ Changes in financial assumptions	(17,044,911)	-	-	(17,044,911)
▪ Changes in demographic assumptions	5,358,214	-	-	5,358,214
▪ Experience adjustments	(17,663,468)	-	-	(17,663,468)
5. Return on plan assets excluding interest income	-	4,195,071	-	4,195,071
6. Effect of asset ceiling	-	-	5,358,112	5,358,112
	(29,350,165)	4,195,071	5,358,112	(19,796,982)
<b>Others</b>				
Contributions paid by the employer	-	(11,250,000)	-	(11,250,000)
Benefits paid from:				
Book reserves	(9,305,910)	360,712	-	(8,945,198)
Balance, December 31, 2015	P209,950,589	(P100,815,990)	P8,300,910	P117,435,509

Personnel costs comprise the following:

	2016	2015	2014
Salaries and wages	P296,403,578	P294,365,171	P329,324,290
Retirement benefits expense	20,814,752	40,342,055	32,167,172
Other employee benefits	19,305,899	20,242,473	19,455,713
	<b>P336,524,229</b>	<b>P354,949,699</b>	<b>P380,947,175</b>

The Group's plan assets consist of the following:

	2016	2015
Investment in government securities	P90,400,862	P77,195,903
Deposit in banks	18,430,283	10,258,780
Debt instruments - government bonds	1,407,398	1,216,952
Investment in other securities and debt instruments	1,076,225	2,259,759
Cash and cash equivalents	879,667	1,046,020
Debt instruments - other bonds	-	316,707
Equity instruments	-	228,253
Other receivables	6,825,932	8,293,616
	<b>P119,020,367</b>	<b>P100,815,990</b>

The principal actuarial assumptions at reporting date are as follows:

	2016	2015
Discount rate	5.43% - 5.49%	5.0% - 5.42%
Salary increase rate	3.0% - 10.0%	3.0% - 10.0%

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

The weighted-average duration of the defined benefit obligation is 12.6 years and 17.1 years as at December 31, 2016 and 2015, respectively.

Maturity analysis of the benefit payments as at December 31 follows:

	2016	2015
Carrying amount	P202,625,066	P209,950,589
Within 1 year	P8,327,180	P7,957,161
Within 1-5 years	121,773,664	133,246,265
Contractual cash flows	<b>P130,100,844</b>	<b>P141,203,426</b>

#### Sensitivity Analysis

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

	2016		2015	
	+1%	-1%	+1%	-1%
Discount rate	(P15,464,129)	P17,620,401	(P246,622)	P2,291,892
Salary increase rate	15,438,990	(13,891,841)	2,244,476	(91,876)



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

These defined benefit plans expose the Group to actuarial risks such as longevity risk, interest rate risk, and market (investment) risk.

**Asset-liability Matching**

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

**Funding Policy**

The Group is not required to pre-fund the future defined benefits payable under the retirement plans before they become due. For this reason, the amount and timing of contributions to the Retirement Fund are at the Group's discretion. However, in the event a benefit claim arises and the retirement fund is insufficient to pay the claim, the shortfall will be paid by the Group directly to the employee-retiree. Hence, there is no expected contribution to the defined benefit plan in 2017.

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**19. Income Taxes**

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

	2016	2015	2014
<b>Recognized in Profit or Loss</b>			
Current tax expense	P116,624,221	P71,347,136	P81,521,865
Deferred tax expense (benefit)	35,879,140	5,460,572	(53,500,047)
	<b>P152,503,361</b>	<b>P76,807,708</b>	<b>P28,021,818</b>
<b>Recognized in OCI</b>			
Deferred tax expense (benefit)	<b>(P276,427,356)</b>	P5,939,095	P22,933,932

The reconciliation of the income tax expense computed at the statutory tax rate to the actual income tax expense shown in profit or loss is as follows:

	2016	2015	2014
Income before income tax	P471,388,347	P235,514,803	P57,036,987
Income tax expense at 30%	P141,416,504	P70,654,441	P17,111,096
Additions to (reductions in) income tax resulting from the tax effects of:			
Unrecognized deferred tax assets during the year	5,734,041	2,067,312	5,643,264
Nondeductible expenses	8,808,202	13,430,934	9,035,802
Loss (income) not subjected to income tax	(3,455,386)	(9,344,979)	1,191,361
Realization of previously unrecognized deferred tax asset on net operating loss carryover (NOLCO)	-	-	(4,959,705)
	<b>P152,503,361</b>	<b>P76,807,708</b>	<b>P28,021,818</b>

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

December 31, 2016	Balance January 1, 2016	Recognized in Profit or Loss	Recognized in OCI	Balance December 31, 2016
<b>Deferred tax liabilities:</b>				
Revaluation surplus on property and equipment	P1,093,657,003	(P28,271,755)	P273,930,553	P1,339,315,801
Rental receivable	11,059,602	(11,059,602)	-	-
Unamortized premium on security deposits	5,251,709	(5,251,709)	-	-
	<b>1,109,968,314</b>	<b>(44,583,066)</b>	<b>273,930,553</b>	<b>1,339,315,801</b>
<b>Deferred tax assets:</b>				
Retirement liability	35,230,653	(3,178,491)	(2,496,803)	29,555,359
Allowance for impairment losses on receivables	5,758,472	526,878	-	6,285,350
Unamortized past service cost	3,176,831	(515,843)	-	2,660,988
Unrealized foreign exchange loss	11,749,805	(10,165,236)	-	1,584,569
Accrued rent expense	703,075	(86,692)	-	616,383
Unearned revenues	433,099	(84,893)	-	348,206
Minimum Corporate Income Tax (MCIT)	517,891	(482,743)	-	35,148
Rent received in advance	64,125,456	(64,125,456)	-	-
NOLCO	2,349,730	(2,349,730)	-	-
	<b>124,045,012</b>	<b>(80,462,206)</b>	<b>(2,496,803)</b>	<b>41,086,003</b>
	<b>P985,923,302</b>	<b>P35,879,140</b>	<b>P276,427,356</b>	<b>P1,298,229,798</b>
<b>December 31, 2015</b>				
<b>Deferred tax liabilities:</b>				
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
	<b>1,175,389,157</b>	<b>(65,420,843)</b>	<b>-</b>	<b>1,109,968,314</b>
<b>Deferred tax assets:</b>				
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
	<b>200,865,522</b>	<b>(70,881,415)</b>	<b>(5,939,095)</b>	<b>124,045,012</b>
	<b>P974,523,635</b>	<b>P5,460,572</b>	<b>P5,939,095</b>	<b>P985,923,302</b>

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

	2016		2015	
	Tax Base	Tax Effect	Tax Base	Tax Effect
NOLCO	P43,559,934	P13,067,980	P49,647,678	P14,894,303
MCIT	725,383	725,383	272,493	272,493
Impairment losses	530,528	159,158	-	-
	<b>P44,815,845</b>	<b>P13,952,521</b>	<b>P49,920,171</b>	<b>P15,166,796</b>

The movements of unrecognized net deferred tax assets of the Group are as follows:

	2016	2015
Balance at beginning of year	<b>P15,166,798</b>	<b>P15,283,191</b>
Unrecognized deferred tax asset during the year:		
NOLCO	<b>3,435,980</b>	1,993,660
MCIT	<b>249,211</b>	80,865
Impairment losses	<b>159,158</b>	-
Previously recognized deferred tax asset derecognized during the year:		
NOLCO	<b>1,597,008</b>	-
MCIT	<b>292,684</b>	-
Expiration of unrecognized deferred tax assets:		
NOLCO	<b>(6,859,313)</b>	(2,080,638)
MCIT	<b>(89,005)</b>	(110,280)
Balance at end of year	<b>P13,952,521</b>	<b>P15,166,798</b>

Details of NOLCO are as follows:

Year Incurred	Expiry Date	NOLCO	Applied		Expired Amount	Remaining Amount
			Prior Years	Current Year		
2016	December 31, 2019	P11,453,268	P -	P -	P -	P11,453,268
2015	December 31, 2018	9,238,502	-	-	-	9,238,502
2014	December 31, 2017	23,141,865	-	(273,701)	-	22,868,164
2013	December 31, 2016	25,099,745	-	(2,235,373)	(22,864,372)	-
2012	December 31, 2015	23,467,809	(16,532,350)	-	(6,935,459)	-
		<b>P92,401,189</b>	<b>(P16,532,350)</b>	<b>(P2,509,074)</b>	<b>(P29,799,831)</b>	<b>P43,559,934</b>

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

Year Incurred	Expiry Date	MCIT	Applied		Expired Amount	Remaining Amount
			Prior Years	Current Year		
2016	December 31, 2019	P249,211	P -	P -	P -	P249,211
2015	December 31, 2018	228,234	-	-	-	228,234
2014	December 31, 2017	247,938	-	-	-	247,938
2013	December 31, 2016	89,005	-	-	(89,005)	-
2012	December 31, 2015	846,792	(736,512)	-	(110,280)	-
		<b>P1,661,180</b>	<b>(P736,512)</b>	<b>P -</b>	<b>(P199,285)</b>	<b>P725,383</b>

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## 20. Earnings Per Share

Earnings per share is computed by dividing the net income for the year by the weighted average number of outstanding shares of common stock during the year.

	2016	2015	2014
Net income attributable to equity holders of the Parent	<b>P287,392,497</b>	P127,211,459	P9,713,620
Weighted number of shares outstanding	<b>2,498,991,753</b>	2,498,991,753	2,498,991,753
Earnings per share - basic and diluted	<b>P0.115</b>	P0.051	P0.004

There are no potentially dilutive shares as at December 31, 2016, 2015 and 2014. Accordingly, diluted earnings per share is the same as basic earnings per share.

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## 21. Financial Instruments – Risk Management and Fair Values

### Risk Management Structure

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

### Risk Management Committee

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

### Financial Risk Management Objectives and Policies

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

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

### Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash in banks, receivables and advances to related parties.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

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

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

The aging analyses of the Group's financial assets as at December 31, 2016 and 2015 are as follows (in thousands):

December 31, 2016	Total	Neither Past Due nor Impaired	Past Due but not Impaired					Impaired
			<30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	
Cash in banks	P159,804	P159,804	P -	P -	P -	P -	P -	P -
Receivables	257,758	173,542	27,253	12,088	8,154	6,055	8,355	22,311
Due from related parties	1,939,282	1,878,097	-	-	-	-	-	61,185
<b>Total</b>	<b>P2,356,844</b>	<b>P2,211,443</b>	<b>P27,253</b>	<b>P12,088</b>	<b>P8,154</b>	<b>P6,055</b>	<b>P8,355</b>	<b>P83,496</b>

December 31, 2015	Total	Neither Past Due nor Impaired	Past Due but not Impaired					Impaired
			<30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	
Cash in banks	P151,148	P151,148	P -	P -	P -	P -	P -	P -
Receivables	233,726	151,284	27,479	12,188	8,222	6,105	8,424	20,024
Due from related parties	2,002,627	1,941,442	-	-	-	-	-	61,185
<b>Total</b>	<b>P2,387,501</b>	<b>P2,243,874</b>	<b>P27,479</b>	<b>P12,188</b>	<b>P8,222</b>	<b>P6,105</b>	<b>P8,424</b>	<b>P81,209</b>

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

Information on the Group's receivables and due from related parties that are impaired as of December 31, 2016 and 2015 and the movement of the allowance used to record the impairment losses are disclosed in Notes 5 and 8 to the consolidated financial statements.

#### Liquidity Risk

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

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

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

The following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2016 and 2015 based on contractual undiscounted payments (in thousands):

December 31, 2016	Total Carrying Amount	Contractual Undiscounted Payments			
		Total	On Demand	Less than 1 Year	1 to 5 Years
Accounts payable and accrued expenses*	P1,329,383	P1,329,383	P866,356	P446,608	P16,419
Loans payable	375,000	375,000	375,000	-	-
Other current liabilities**	1,000	1,000	1,000	-	-
	<b>P1,705,383</b>	<b>P1,705,383</b>	<b>P1,242,356</b>	<b>P446,608</b>	<b>P16,419</b>

\*Excludes local taxes, output VAT and withholding taxes

\*\*Excludes concessionaires' and other deposits, deferred income and advance rental

December 31, 2015	Total Carrying Amount	Contractual Undiscounted Payments			
		Total	On Demand	Less than 1 Year	1 to 5 Years
Accounts payable and accrued expenses*	P1,327,719	P1,327,719	P806,553	P504,731	P16,435
Loans payable	496,030	503,317	375,000	128,317	-
Other current liabilities	1,000	1,000	1,000	399,732	-
	<b>P1,824,749</b>	<b>P1,832,036</b>	<b>P1,182,553</b>	<b>P633,048</b>	<b>P16,435</b>

\*Excludes local taxes, output VAT and withholding taxes

\*\*Excludes concessionaires' and other deposits, deferred income and advance rental

### Market Risk

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

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

### Interest Rate Risk

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

The Group's financial instrument that is exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375 million loan from SSS, as well as the stock rights offering of the Parent Company. The Parent Company is charging WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan (see Note 13).

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of  $\pm 10$  basis point in 2016 and 2015, with corresponding effect in equity. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's loans payable held at the reporting date. All other variables are held constant.

Changes in Interest Rates (in Basis Points)	2016	
	+10	-10
Net income	(P6,004,211)	P6,004,211

Changes in Interest Rates (in Basis Points)	2015	
	+10	-10
Net income	(P5,987,806)	P5,987,806

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

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

#### *Equity Price Risk*

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

The Group is exposed to equity price risk because of its investment in shares of stock of WII which are listed in the PSE totaling to 86,710,000 shares as at December 31, 2016 and 2015.

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

The following table illustrates the sensitivity of the Group's equity to a reasonably possible change in equity price. These changes are considered to be reasonably possible based on past equity price performance of the Group's AFS investment and macroeconomic forecast for 2016 and 2015. This analysis assumes an increase of 10% for 2016 and 2015 and a decrease of 10% for 2016 and 2015 of the equity price of the Group's AFS investment. All other variables are held constant:

	2016		2015	
	10%	-10%	10%	-10%
Equity	P1,177,522	(P1,177,522)	P1,274,637	(P1,274,637)

#### Fair Value of Financial Assets and Liabilities

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

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

The fair value of AFS investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2016 and 2015.

#### Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2016 and 2015.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2016 and 2015. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity.

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

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## **22. Lease Agreements with PAGCOR**

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

APHC also has a lease agreement with PAGCOR covering the Main Area (7,093.05 sq.m.), Expansion Area A (2,130.36 sq.m.), Expansion Area B (3,069.92 sq.m.) and Air Handling Unit Area (402.84 sq.m.) for a total lease area of 12,696.17 sq.m. The lease agreement was last renewed on December 1, 2010 and expired on December 31, 2016.

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



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

Total rental income from the above PAGCOR lease contracts recognized in the statement of profit or loss and other comprehensive income amounted to P720.41 million, P691.99 million and P698.97 million in 2016, 2015 and 2014, respectively.

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### 23. Other Lease Agreements

#### Group as Lessor

##### *Lease Agreements with Concessionaires*

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

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

#### Group as Lessee

##### *Land under Operating Lease*

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

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

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

	2016	2015
Less than one year	P17,741,933	P39,501,609
Between one and five years	60,341,346	164,552,853
More than five years	286,619,044	174,490,144
	<b>P364,702,323</b>	<b>P378,544,606</b>

##### *Lease of Slot Gaming Machines*

In 2007, Dynamo Atlantic Limited (Dynamo), a foreign corporation duly organized, existing and registered at the British Virgin Islands, entered into a Memorandum of Agreement (MOA) with Entertainment Gaming (Philippines), Inc. (EGP), for the lease of electronic gaming machines for installation and operation in Universal Park Mall Building located at Rizal Avenue, Sta. Cruz, Manila. Subsequently, Dynamo executed a deed of assignment in favor of MBI for the full authority and rights over the contract. The MOA was renewed several times, the latest of which was to expire in June 30, 2016.

As a result of the cessation of MBI's business operations effective July 1, 2016, the lease contract was no longer renewed.

Total rent expense for the aforementioned leases amounted to P47.93 million, P66.78 million and P86.74 million in 2016, 2015 and 2014, respectively, and are presented as "Rent" in profit or loss.

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## **24. Commitments and Contingencies**

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

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

On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.30 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

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

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

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

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

- b. APHC has an outstanding assessment with BIR for taxable year 2009 covering disputed assessment on VAT amounting to P42.00 million. A motion for reconsideration and a supplemental memorandum were filed with the BIR on April 15, 2014 and April 16, 2014, respectively. The assessment is pending evaluation by the BIR.

- c. WMCHI has a tax case involving VAT assessment for the taxable year 2006. The case was elevated to the CTA in 2011. In 2012, WMCHI offered its formal evidence to the court. In its decision promulgated on May 31, 2013, the CTA cancelled the VAT assessment in its entirety. The BIR filed a motion for reconsideration that was denied by the CTA in its resolution promulgated on August 16, 2013. The BIR appealed the case to the CTA sitting En Banc on September 20, 2013. On September 15, 2015, the CTA reaffirmed the decision cancelling the VAT assessment.

In March 9, 2016, the BIR filed with the SC its motion for extension of time to file its appeal. As at December 31, 2016, WMCHI is still awaiting the SC's decision.

- d. *Acesite (Phils.) Hotel Corporation versus PAGCOR, et al.*  
The case involved a Petition for Prohibition and Mandamus, with application for the issuance of a Temporary Restraining Order (TRO) and writ of preliminary injunction filed by APHC against PAGCOR and Vanderwood Management Corp. (VMC). APHC filed this case to assail PAGCOR's award to VMC of a procurement project entitled "Lease Space for a Casino Gaming Facility in Manila for a Period of Fifteen (15) Years" under ITB No. 09-16-2014 for being violative of the laws and rules on government procurement.

In a resolution dated June 18, 2015, Branch 36 of the Manila Regional Trial Court (the Court) denied APHC's application for TRO. APHC thereafter filed a "Motion for Reconsideration" on July 6, 2015. The said motion for reconsideration is still pending resolution.

PAGCOR and VMC filed their respective comments/answers to the APHC's petition. Subsequently, VMC filed its "Motion to Admit Attached Supplemental Comment/Answer with Compulsory Counterclaim" (the Motion to Admit) on August 10, 2015. APHC filed an opposition to VMC's Motion to Admit. The Court has yet to resolve VMC's Motion to Admit as at December 31, 2016.

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

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

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## **25. Settlement of Tax Case with the Treasurer of City of Manila**

The case arose from the notice of assessment issued by the Manila City Treasurer's Office on July 13, 2007 demanding APHC to pay for deficiency business tax for the years 2004 to 2006 totaling P45.58 million (including interest and penalties), arising principally from non-declaration for local tax purposes of revenues derived from services in connection with the operation of PAGCOR in APHC's hotel.

After the filing of the protest letters, petitions and appeals, the case was subsequently decided against APHC on January 9, 2014 by the CTA En Banc. Accordingly, APHC recognized a provision for P45.58 million in its books but proceeded to elevate the case to the SC.

On December 8, 2015, APHC executed a compromise agreement with the City of Manila wherein both parties agreed to the following terms: (1) APHC will pay the recomputed tax liability amounting to P5.84 million; and (2) upon ratification of the compromise agreement by the City Council of Manila, APHC shall cause the withdrawal of the the case pending before the SC.

The recomputed tax liability was paid by APHC on December 10, 2015. The provision set up for the amounting to P45.58 million was subsequently reversed in the consolidated statement of financial position and a gain on the reversal of provision amounting to P39.73 million was recognized as part of revenues under "Others" in the consolidated statement of profit or loss and other comprehensive income.

On January 12, 2016, the City Council of Manila passed a resolution ratifying the compromise agreement between the City of Manila and APHC.

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## 26. Event After the Reporting Period

In relation to the Parent Company's case against SSS as discussed in Note 13, on February 27, 2017, a Second Notice to Appear was issued by PMCU-CA directing the representatives of the Parent Company and SSS to appear on February 27, 2017 at about 11 in the morning. However, the representatives of the Parent Company and the SSS again failed to appear. As a result, PMCU-CA will return the records of the case to the CA and the case will proceed unless the parties will request for another setting for mediation.

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## 27. Significant Accounting Policies

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

### Adoption of Amendments to Standards

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

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to Philippine Accounting Standards (PAS) 16 and PAS 38)*. The amendments to *PAS 38 Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The amendments to PAS 16, *Property, Plant and Equipment*, explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset – e.g. changes in sales volumes and prices.

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

#### Basis of Consolidation

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

#### *Subsidiaries*

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

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

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

#### *Accounting for NCI*

NCI represents the portion of profit or loss, OCI and the net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from the Parent Company's equity.

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

#### *Loss of Control*

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

#### *Transactions Eliminated on Consolidation*

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

#### Segment Reporting

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

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

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

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

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

#### Revenue Recognition

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

##### *Rooms*

Room revenue is recognized based on actual occupancy.

##### *Food and Beverage*

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

### ***Rent and Related Income***

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

### ***Other Revenues***

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

### ***Interest Income***

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

### ***Determination of whether the Group is Acting as a Principal or an Agent***

The Group assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Group has primary responsibility for providing the goods and services;
- whether the Group has discretion in establishing prices; and
- whether the Group bears the credit risk.

If the Group has determined it is acting as a principal, the Group recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of costs and expenses. If the Group has determined it is acting as agent, only the net amount retained is recognized as revenue.

The Group assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

### **Cost and Expense Recognition**

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

### **Financial Instruments**

#### ***Financial Assets***

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

#### **(a) Classification**

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. They are included in current assets, except for maturities greater than 12 months after the financial reporting date, in which case, these are classified as noncurrent assets. The Group's cash and cash equivalents, receivables, due from related parties and refundable deposits (presented under "Other noncurrent assets" account in the consolidated statement of financial position) are classified as loans and receivables as at December 31, 2016 and 2015.

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

AFS investment is designated as such or does not qualify to be classified as financial asset at FVPL, HTM investments or loans and receivables. This investment, which is purchased and held indefinitely, may be sold in response to liquidity requirements or changes in market conditions. This only includes equity investments.

**(b) Initial Recognition and Derecognition**

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

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

Financial assets are derecognized when:

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

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

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



**(c) Subsequent Measurement**

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

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

**(d) Determination of Fair Value**

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

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

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

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

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

The Group's AFS investment as at December 31, 2016 and 2015 is based on Level 1. Further information about the assumption made in measuring the recurring fair value of AFS investment is included in Note 8 to the consolidated financial statements.

(e) Impairment

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

Impairment of trade and other receivables financial assets is described in Note 3 to the consolidated financial statements. For those carried at amortized cost, individually significant financial assets are tested for impairment if there are indicators of impairment. Impairment loss is recognized in profit or loss and the carrying amount is reduced through the use of allowance. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

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

*Financial Liabilities*

(a) Classification

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

*Other Financial Liabilities*

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

The Group's financial liabilities categorized under other financial liabilities include interest-bearing loans, accounts payable and accrued expenses, refundable security deposits and related accrued interest.

(b) Initial Recognition and Derecognition

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

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

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

### (c) Subsequent Measurement

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

#### *Offsetting Financial Assets and Liabilities*

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

#### Inventories

Inventories are stated at the lower of cost and NRV. Cost incurred in bringing the inventories to their present location and condition is calculated using the weighted average method.

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

#### Prepaid Expenses

Prepaid expenses represent expenses not yet incurred but are already paid. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequent to initial recognition, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepaid expenses are classified in the consolidated statement of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

#### Property and Equipment

##### *Measurement at Initial Recognition*

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

##### *Measurement Subsequent to Initial Recognition*

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

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

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

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

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

#### *Subsequent Costs*

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

#### *Fair Value Measurement*

The Group's property and equipment as at December 31, 2016 and 2015 is based on level 3. Further information about the assumption made in measuring fair value of property and equipment is included in Note 9 to the consolidated financial statements.

#### *Depreciation and Amortization*

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

The estimated useful lives are as follows:

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

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

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

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

#### Impairment of Nonfinancial Assets

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

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

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

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

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

#### Borrowing Costs

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

## Employee Benefits

### *Short-term Employee Benefits*

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

### *Defined Benefit Plan*

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

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

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

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

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

### Related Parties

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

### Operating Leases - Group as Lessor

Leases in which a significant portion of the risks and rewards of ownership is retained by the Group are classified as operating leases. Initial direct costs incurred in negotiating operating lease are added to the carrying amount of the leased asset and recognized over the leased term on the same basis as rental income. Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease, except for cancellable leases which are recognized at the amount collected or collectible based on the contract provision.

### **Foreign Currency Transactions and Translation**

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

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized under "Foreign currency translation differences for foreign operations" account in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of nonmonetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

During the translation of the financial statement accounts of the foreign subsidiaries wherein accounts are being maintained in U.S. dollar, the differences between the reporting currency and the functional currency are recorded in OCI.

The results and financial position of the foreign subsidiaries are translated into Philippine peso using the following procedures:

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

### **Income Taxes**

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

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

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

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

- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

#### VAT

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Accounts payable and accrued expenses" accounts in the consolidated statement of financial position.

#### Equity

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

Deficit includes accumulated results of operations as reported in the consolidated statement of comprehensive income.

#### Earnings Per Share

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



### Provisions and Contingencies

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

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

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

Contingent assets are not recognized in the consolidated financial statements but are disclosed when the inflow of economic benefits is probable.

### Events After the Reporting Period

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

### New Standards, Amendment to Standards and Interpretations Not Yet Adopted

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

#### *To be Adopted January 1, 2017*

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

- ***Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to PAS 12).*** The amendments clarify that:
  - the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset;
  - the calculation of future taxable profit in evaluating whether sufficient taxable profit will be available in future periods excludes tax deductions resulting from the reversal of the deductible temporary differences;
  - the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and
  - an entity assesses a deductible temporary difference related to unrealized losses in combination with all of its other deductible temporary differences, unless a tax law restricts the utilization of losses to deduction against income of a specific type.

*To be Adopted January 1, 2018*

- ***PFRS 9, Financial Instruments (2014).*** PFRS 9 (2014) replaces PAS 39, *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.
- ***PFRS 15, Revenue from Contracts with Customers,*** replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31, *Revenue – Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

- *Philippine Interpretation IFRIC-22 Foreign Currency Transactions and Advance Consideration*. The amendments clarifies that the transaction date to be used for translation for foreign currency transactions involving an advance payment or receipt is the date on which the entity initially recognizes the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when an entity pays or receives consideration in a foreign currency and recognizes a non-monetary asset or liability before recognizing the related item.

*To be Adopted January 1, 2019*

- PFRS 16, *Leases*, supersedes PAS 17 *Leases* and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE REQUIRED UNDER SRC RULE 68,**  
**AS AMENDED (2011)**

**Schedule of Philippine Financial Reporting Standards (PFRS)**  
**Effective as at December 31, 2016**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
<b>Framework for the Preparation and Presentation of Financial Statements</b> Conceptual Framework Phase A: Objectives and qualitative characteristics				
<b>PFRS Practice Statement Management Commentary</b>				
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>				
✓	First-time Adoption of Philippine Financial Reporting Standards			
✓	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			
✓	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			
✓	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			
✓	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			
✓	Amendments to PFRS 1: Government Loans			
✓	Annual Improvements to PFRS 2009 – 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards – Repeated Application of PFRS 1			
✓	Annual Improvements to PFRS 2009 – 2011 Cycle: Borrowing Cost Exemption			
✓	Annual Improvements to PFRS 2011 – 2013 Cycle: PFRS version that a first-time adopter can apply			
✓	Annual Improvements to PFRS 2014 – 2016 Cycle: Deletion of short-term exemptions for first-time adopters			
<b>PFRS 2</b>				
✓	Share-based Payment			
✓	Amendments to PFRS 2: Vesting Conditions and Cancellations			
✓	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			
✓	Annual Improvements to PFRS 2010 – 2012 Cycle: Meaning of 'vesting condition'			
✓	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			
<b>PFRS 3 (Revised)</b>				
✓	Business Combinations			
✓	Annual Improvements to PFRS 2010 – 2012 Cycle: Classification and measurement of contingent consideration			
✓	Annual Improvements to PFRS 2011 – 2013 Cycle: Scope exclusion for the formation of joint arrangements			

## ANNEX A

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Annual Improvements to PFRS 2012 – 2014 Cycle: Changes in method for disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
	Annual Improvements to PFRS 2012 – 2014 Cycle: 'Continuing involvement' for servicing contracts	✓		
	Annual Improvements to PFRS 2012 – 2014 Cycle: Offsetting disclosures in condensed interim financial statements			✓
PFRS 8	Operating Segments	✓		
	Annual Improvements to PFRS 2010 – 2012 Cycle: Disclosures on the aggregation of operating segments	✓		
PFRS 9	Financial Instruments	✓		
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39			✓
PFRS 9 (2014)	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓

## ANNEX A

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Annual Improvements to PFRS 2014 – 2016 Cycle: Clarification of the scope of the standard			✓
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRS 2010 – 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRS 2011 – 2013 Cycle: Scope of portfolio exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers			✓
PFRS 16	Leases			✓
<b>Philippine Accounting Standards</b>				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements to PFRS 2009 – 2011 Cycle: Presentation of Financial Statements – Comparative Information beyond Minimum Requirements			✓
	Annual Improvements to PFRS 2009 – 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes			✓
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative			✓
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		

## ANNEX A

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses			✓
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements to PFRS 2009 – 2011 Cycle: Property, Plant and Equipment – Classification of Servicing Equipment	✓		
	Annual Improvements to PFRS 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
	Annual Improvements to PFRS 2012 – 2014 Cycle: Discount rate in a regional market sharing the same currency – e.g. the Eurozone			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRS 2010 – 2012 Cycle: Definition of 'related party'	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓

## ANNEX A

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Annual Improvements to PFRS 2014 – 2016 Cycle: Measuring an associate or joint venture at fair value			✓
<b>PAS 29</b>	Financial Reporting in Hyperinflationary Economies			✓
<b>PAS 32</b>	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Annual Improvements to PFRS 2009 – 2011 Cycle: Financial Instruments Presentation – Income Tax Consequences of Distributions			✓
<b>PAS 33</b>	Earnings per Share	✓		
<b>PAS 34</b>	Interim Financial Reporting			✓
	Annual Improvements to PFRS 2009 – 2011 Cycle: Interim Financial Reporting – Segment Assets and Liabilities			✓
	Annual Improvements to PFRS 2012 – 2014 Cycle: Disclosure of information "elsewhere in the interim financial report"			✓
<b>PAS 36</b>	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
<b>PAS 37</b>	Provisions, Contingent Liabilities and Contingent Assets	✓		
<b>PAS 38</b>	Intangible Assets			✓
	Annual Improvements to PFRS 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
<b>PAS 39</b>	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		



## ANNEX A

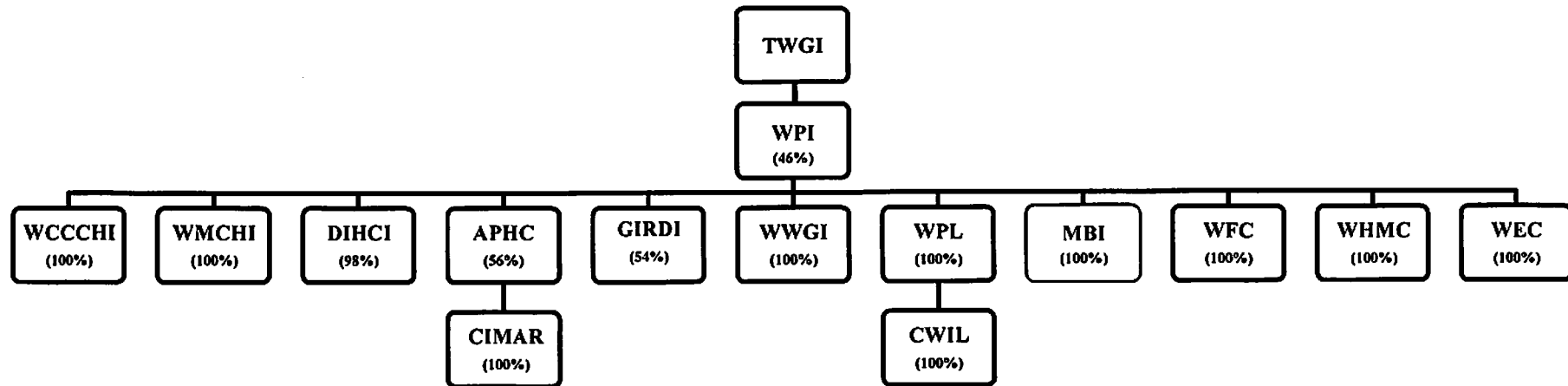
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Annual Improvements to PFRS 2011 – 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)			✓
	Amendments to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
<b>Philippine Interpretations</b>				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
SIC-7	Introduction of the Euro			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓
<b>Philippine Interpretations Committee Questions and Answers</b>				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 – Revenue recognition for sales of property units under pre-completion contracts			✓
PIC Q&A 2006-02	PAS 27.10(d) – Clarification of criteria for exemption from presenting consolidated financial statements			✓
PIC Q&A 2007-01- Revised	PAS 1.103(a) – Basis of preparation of financial statements if an entity has not applied PFRS in full			✓
PIC Q&A 2007-02	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]			✓
PIC Q&A 2007-03	PAS 40.27 – Valuation of bank real and other properties acquired (ROPA)			✓
PIC Q&A 2007-04	PAS 101.7 – Application of criteria for a qualifying NPAE			✓
PIC Q&A 2008-01- Revised	PAS 19.78 – Rate used in discounting post-employment benefit obligations	✓		
PIC Q&A 2008-02	PAS 20.43 – Accounting for government loans with low interest rates under the amendments to PAS 20			✓
PIC Q&A 2009-01	Framework.23 and PAS 1.23 – Financial statements prepared on a basis other than going concern			✓
PIC Q&A 2009-02	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✓
PIC Q&A 2010-01	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✓
PIC Q&A 2010-02	PAS 1R.16 – Basis of preparation of financial statements	✓		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements – Current/non-current classification of a callable term loan			✓
PIC Q&A 2011-01	PAS 1.10(f) – Requirements for a Third Statement of Financial Position			✓
PIC Q&A 2011-02	PFRS 3.2 – Common Control Business Combinations			✓

## ANNEX A

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PIC Q&A 2011-03	Accounting for Inter-company Loans	✓		
PIC Q&A 2011-04	PAS 32.37-38 – Costs of Public Offering of Shares			✓
PIC Q&A 2011-05	PFRS 1.D1-D8 – Fair Value or Revaluation as Deemed Cost			✓
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property – Acquisition of Investment properties – asset acquisition or business combination?			✓
PIC Q&A 2012-01	PFRS 3.2 – Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✓
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✓
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✓
PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013			✓
PIC Q&A 2013-03 (Revised)	PAS 19 – Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✓
PIC Q&A 2015-01	Conforming Changes to PIC Q&As - Cycle 2015			✓
PIC Q&A 2016-01	Conforming Changes to PIC Q&As - Cycle 2016			✓
PIC Q&A 2016-02	PAS 32 and PAS 38 - Accounting Treatment of Club Shares Held by an Entity			✓
PIC Q&A 2016-04	Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-Completion Contracts			✓

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES  
 SUPPLEMENTARY SCHEDULE REQUIRED UNDER SRC RULE 68, AS AMENDED  
 Map of Conglomerate  
 December 31, 2016**



**LEGEND:**

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

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**

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Required Under SRC Rule 68, As Amended (2011)  
December 31, 2016**

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**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**SCHEDULE A - FINANCIAL ASSETS**  
**DECEMBER 31, 2016**  
(Amounts in thousands)

Name of Issuing Entity/Description of Each Issue	Number of shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at December 31, 2015	Income Received and Accrued
<b>Loans and receivables</b>				
Due from The Wellex Group, Inc.	P -	P861,550	P861,550	P12,553
Due from Pacific Rehouse Corp.	-	531,158	531,158	10,415
Due from Crisanta Realty Development Corp.	-	347,662	347,662	-
Due from Philippine Estate Corp.	-	92,054	92,054	-
Due from Others	-	45,673	45,673	-
Cash on hand		18,084	18,084	
Various Banks	-	186,211	186,211	2,030
Various Customers	-	235,447	235,447	-
<b>Available-for-sale investment</b>	<b>86,710</b>	<b>16,822</b>	<b>16,822</b>	<b>-</b>
	<u>P86,710</u>	<u>P2,334,661</u>	<u>P2,334,661</u>	<u>P24,998</u>

See Notes 4, 5 and 8 to the Consolidated Financial Statements.

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS**  
**EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)**  
**DECEMBER 31, 2016**  
**(Amounts in thousands)**

Name and Designation of Debtor	Balance at beginning of the period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of the period
The Wellex Group, Inc.	P945,471	P12,553	P82,330	P -	P861,550	P -	P861,550
Pacific Rehouse Corp.	520,743	10,415	-	-	531,158	-	531,158
Crisanta Realty Development Corp.	332,797	332,797	-	-	7,465	340,197	347,662
Philippine Estate Corp.	92,054	-	-	-	92,054	-	92,054

See Note 8 to the Consolidated Financial Statements.

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED**  
**DURING CONSOLIDATION OF FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

Name and Designation of Debtor	Balance at beginning of the period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of the period
Waterfront Cebu City Casino Hotel, Incorporated	P1,560,525,056	P -	P49,704,549	P -	P1,510,820,507	P -	P1,510,820,507
Mayo Bonanza, Inc.*	48,241,845	-	6,097,771	-	-	-	-
Waterfront Wellness Group, Inc.*	13,462,491	184,292	-	-	-	-	-
Waterfront Food Concepts, Inc.*	6,056,617	-	-	-	-	-	-
Waterfront Hotel Management Corp.*	88,611,186	-	1,303,556	-	-	-	-
Waterfront Entertainment Corporation*	6,773,031	-	6,680,884	-	92,147	-	92,147

\*Allowance for impairment losses were provided on the outstanding balances

See Note 8 to the Consolidated Financial Statements.



**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS**  
**DECEMBER 31, 2016**

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

**Nothing to report**

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**SCHEDULE E - LONG-TERM DEBT**  
**DECEMBER 31, 2016**

Title of Issue and Type of Obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Social Security System Loans Payable	P375,000,000	P375,000,000	P -

See Note 13 to the Consolidated Financial Statements.

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES**  
**DECEMBER 31, 2016**

<u>Name of Affiliates</u>	<u>Balance at beginning of period</u>	<u>Balance at end of period</u>
	P -	P -
	-	-
	P -	P -

Nothing to report

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS**  
**DECEMBER 31, 2016**

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

**Nothing to report**

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**SCHEDULE H - CAPITAL STOCK**  
**DECEMBER 31, 2016**

<u>Description</u>	<u>Number of Shares authorized</u>	<u>Number of shares issued and outstanding</u>	<u>Treasury Shares</u>	<u>Number of shares held by affiliates</u>	<u>Directors, officers and employees</u>	<u>Others</u>
<u>Common shares</u>	<u>5,000,000,000</u>	<u>2,498,991,753</u>	<u>-</u>	<u>-</u>	<u>43,346,430</u>	<u>2,455,645,323</u>

See Note 16 to the Consolidated Financial Statements.



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

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

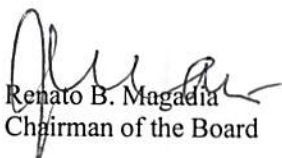
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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


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

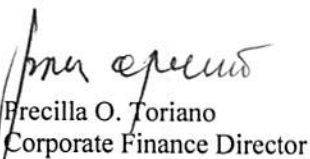
The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.


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

Signed under oath by the following:

  
Renato B. Magadia  
Chairman of the Board

  
Kenneth T. Gatchalian  
President

  
Precilla O. Toriano  
Corporate Finance Director

  
Elvira A. Ping  
Treasurer

Signed this **APR 17 2017**  
th day of \_\_\_\_\_ 2017

**APR 18 2017**

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

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

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




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

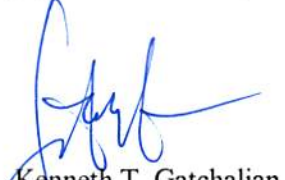
The Management of **Waterfront Philippines, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2016**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

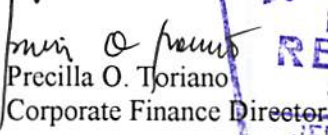
In this regard, the Management affirms that the attached audited financial statements for the year ended **December 31, 2016** and the accompanying Annual Income Tax Return are in accordance with the books and records of **Waterfront Philippines, Inc.**, complete and correct in all material respects.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

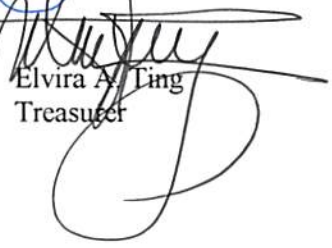
- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) **Waterfront Philippines, Inc.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signed under oath by the following:

  
Renato B. Magadia  
Chairman of the Board

  
Kenneth T. Gatchalian  
President

  
Precilla O. Toriano  
Corporate Finance Director

  
Elvira A. Ling  
Treasurer



Signed this 17th day of APRIL 2017



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

## REPORT OF INDEPENDENT AUDITORS

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

### Report on the Audit of the Separate Financial Statements

#### *Opinion*

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

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

#### *Basis for Opinion*

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





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

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

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

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

### *Auditors' Responsibilities for the Audit of the Separate Financial Statements*

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

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

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



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

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

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

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

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

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

**R.G. MANABAT & CO.**

*Tireso Randy F. Lapidez*

**TIRESO RANDY F. LAPIDEZ**

Partner

CPA License No. 0092183

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

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-34-2014

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

PTR No. 5904929MD

Issued January 3, 2017 at Makati City



April 11, 2017

Makati City, Metro Manila



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Philippines 1226  
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Internet www.kpmg.com.ph  
Email ph-inquiry@kpmg.com.ph

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

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

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

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

**R.G. MANABAT & CO.**

*Tireso Randy F. Lapidez*

**TIRESO RANDY F. LAPIDEZ**

Partner

CPA License No. 0092183

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

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-34-2014

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

PTR No. 5904929MD

Issued January 3, 2017 at Makati City



April 11, 2017  
Makati City, Metro Manila

**WATERFRONT PHILIPPINES, INCORPORATED**

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



**WATERFRONT PHILIPPINES, INCORPORATED**  
**SEPARATE STATEMENTS OF FINANCIAL POSITION**



December 31

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

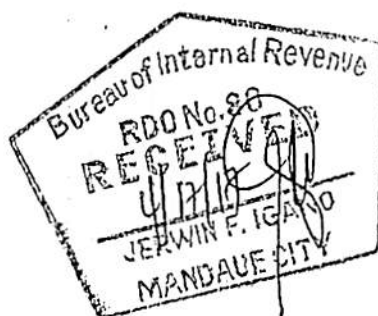
See Notes to the Separate Financial Statements.



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

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

*See Notes to the Separate Financial Statements.*



**WATERFRONT PHILIPPINES, INCORPORATED**  
**SEPARATE STATEMENTS OF CHANGES IN EQUITY**

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

*See Notes to the Separate Financial Statements.*

**WATERFRONT PHILIPPINES, INCORPORATED**  
**SEPARATE STATEMENTS OF CASH FLOWS**

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

*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
<b>Hotels and Resorts</b>		
Waterfront Cebu City Casino Hotel, Incorporated (WCCCHI)	100	-
Waterfront Mactan Casino Hotel, Incorporated (WMCHI)	100	-
Davao Insular Hotel Company, Inc. (DIHCI)	98	-
Acesite (Phils.) Hotel Corporation (APHC)	56	-
Grand Ilocandia Resort and Development, Inc. (GIRDI)	54	-
<b>Real Estate</b>		
CIMA Realty Phil., Inc. (CIMAR) (through direct ownership in APHC)	-	56
<b>Fitness Gym</b>		
Waterfront Wellness Group, Inc. (WWGI)	100	-
<b>International Marketing and Promotion of Casinos</b>		
WPL	100	-
Mayo Bonanza, Inc. (MBI)	100	-
CWIL (through direct ownership in WPL)	-	100
<b>Pastries Manufacturing</b>		
Waterfront Food Concepts, Inc. (WFC)	100	-
<b>Hotel Management and Operation</b>		
Waterfront Hotel Management Corporation (WHMC)	100	-
Waterfront Entertainment Corporation (WEC)	100	-

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

**Office Address**

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

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## 2. Basis of Preparation

### Basis of Accounting

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

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

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

### Basis of Measurement

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

### Functional and Presentation Currency

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

---

## 3. Use of Judgments and Estimates

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

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

### Judgments

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

#### *Provisions and Contingencies*

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

### Estimation uncertainties

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

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

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

Management's judgment is based on the available facts and circumstances, including but not limited to, assessment of the related parties' operating activities, business viability and overall capacity to pay, in providing an allowance against the recorded receivable amount.

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

#### *Useful Lives of Property and Equipment*

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

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

#### *Impairment of Nonfinancial Assets*

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

#### 4. Investments and Advances to Subsidiaries

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

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

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

### Deposits to Subsidiaries

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

### Advances to Subsidiaries

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

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

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

### WCCCHI

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

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

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

### DIHCI

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

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

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

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

### APHC

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

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

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

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

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

### GIRDI

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

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

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

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

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

### MBI

MBI was incorporated and registered with the SEC on November 24, 1995. Its primary purpose is to establish, operate, and manage the business of amusement, entertainment, and recreation facilities for the use of the paying public. MBI entered into an agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) whereby the latter shall operate the former's slot machines outside of casinos in line with PAGCOR's slot machine arcade project.

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

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

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

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

#### WMCHI

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

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

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

#### WWGI

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

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

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

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

#### WFC

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

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

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

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

#### WHMC

WHMC was incorporated and registered with the SEC on March 31, 2003, to engage in the management and operation of hotels, except management of funds, portfolios, securities and other similar assets of the managed entity.

In 2014, management decided to temporarily stop the commercial operations of MBI.

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



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

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

#### WEC

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

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

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

#### WPL and CWIL

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

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

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

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

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

## 5. Related Party Transactions

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

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

### Significant Transactions with Related Parties

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

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

Forward

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

a. Interest-bearing Advances to Related Parties

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

*Nature and Purpose of the Advances*

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

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

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

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

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

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

**b. Noninterest-bearing Advances to Related Parties**

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

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

**c. Due to Related Parties**

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

**d. Advances to Subsidiaries**

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

**e. Deposits to Subsidiaries**

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

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

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

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

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

## 6. Property and Equipment

Movements in this account are as follows:

	For the Year Ended December 31, 2016		
	Leasehold Improvements	Furniture, Fixtures and Equipment	Total
<b>Cost</b>	<b>P4,815,980</b>	<b>P1,767,795</b>	<b>P6,583,775</b>
<b>Accumulated Depreciation</b>			
Beginning balance	3,594,570	1,657,135	5,251,705
Depreciation	212,419	87,803	300,222
<b>Ending balance</b>	<b>3,806,989</b>	<b>1,744,938</b>	<b>5,551,927</b>
<b>Carrying Amount</b>	<b>P1,008,991</b>	<b>P22,857</b>	<b>P1,031,848</b>
	For the Year Ended December 31, 2015		
	Leasehold Improvements	Furniture, Fixtures and Equipment	Total
<b>Cost</b>	<b>P4,815,980</b>	<b>P1,767,795</b>	<b>P6,583,775</b>
<b>Accumulated Depreciation</b>			
Beginning balance	3,382,151	1,557,161	4,939,312
Depreciation	212,419	99,974	312,393
<b>Ending balance</b>	<b>3,594,570</b>	<b>1,657,135</b>	<b>5,251,705</b>
<b>Carrying Amount</b>	<b>P1,221,410</b>	<b>P110,660</b>	<b>P1,332,070</b>

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**7. Accrued Expenses and Other Payables**

This account consists of:

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

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**8. Loan Payable****SSS Loan**

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

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

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

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

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

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

On June 18, 2004, the RTC of Quezon City issued its first order granting SSS's request and the issuance of a writ of preliminary attachment based on the condition that SSS shall post an attachment bond in the amount of P452.80 million. After the lapse of three (3) months from the issuance of RTC order, no attachment bond was posted. Thus on September 16, 2004 and September 17, 2004, the Company filed a Motion to Set Aside Order of Attachment and Amended Motion to Set Aside Order of Attachment, respectively.

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

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

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

On September 12, 2005, the RTC of Quezon City issued its fourth order approving SSS's property bond in the total amount of P452.80 million. Accordingly, the RTC ordered the corresponding issuance of the writ of preliminary attachment. On November 3, 2005, the Company submitted a Petition for Certiorari before the Court of Appeals (CA) seeking the nullification of the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005.

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

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

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

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

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

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

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

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

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

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

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

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

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



## 9. Other General and Administrative Expenses

This account is broken down as follows:

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

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

## 10. Income Taxes

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

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

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

## 11. Right to Provide Venue for Land-based Casinos

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

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

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

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## 12. Equity

### Capital Stock

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

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

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

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

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

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

In 2009, the BOD passed a resolution temporarily suspending the implementation of the above proposed increase in the authorized capital stock of the Company. As at December 31, 2016, the Company has no updated plans to increase its authorized capital stock, or to modify any issued shares or to exchange them to another class.

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

#### Capital Management

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

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

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

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

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### **13. Financial Instruments – Fair Values and Risk Management**

#### Risk Management Structure

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

#### Risk Management Committee

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

#### Financial Risk Management Objectives and Policies

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

#### *Credit Risk*

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

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

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

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

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

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

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

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

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

### Liquidity Risk

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

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

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

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

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

### Fair Value of Financial Instruments

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

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

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

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

#### 14. Bureau of Internal Revenue Assessment

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

On December 8, 2009, the Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.30 million. However, on January 15, 2010, the Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

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

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

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

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

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## 15. Event After the Reporting Period

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

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## 16. Summary of Significant Accounting Policies

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

### Adoption of Amendments to Standards

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

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

### Financial Instruments

#### *Financial Assets*

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

**(a) Classification**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. They are included in current assets, except for maturities greater than 12 months after the financial reporting date, in which case, these are classified as noncurrent assets. The Company's cash, due from related parties and advances to subsidiaries are classified as loans and receivables as at December 31, 2016 and 2015.

**(b) Initial Recognition and Derecognition**

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

Financial assets are derecognized when:

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

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

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

**(c) Subsequent Measurement**

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

**(d) Determination of Fair Value**

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



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

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

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

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

**(e) Impairment**

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

Impairment of advances to and due from related parties financial assets is described in Note 4 and 5 to the separate financial statements. For those carried at amortized cost, individually significant financial assets are tested for impairment if there are indicators of impairment. Impairment loss is recognized in profit or loss and the carrying amount is reduced through the use of allowance. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

***Financial Liabilities***

**(a) Classification**

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

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

This classification includes the Company's loan payable, accrued expenses and other payables and due to related parties.

**(b) Initial Recognition and Derecognition**

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

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

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

**(c) Subsequent Measurement**

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

***Offsetting Financial Assets and Liabilities***

Financial assets and financial liabilities are offset and the net amount reported in the separate statement of financial position when, and only when, the Company currently has a legally enforceable legal right to offset the amounts and intends either to settle them on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented at gross in the separate statement of financial position.

**Investments in Subsidiaries**

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

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

**Property and Equipment**

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

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company. The costs of day-to-day servicing of an asset are recognized as expense in the period in which they are incurred.

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

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

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

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

#### Impairment of Nonfinancial Assets

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

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

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

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

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

#### Revenue Recognition

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

#### *Interest Income*

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

#### *Other Income*

Other Income is recognized when earned.

#### Expense Recognition

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

#### Related Parties

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

#### Income Taxes

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

#### Capital Stock

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

#### Deficit

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

#### Provisions and Contingencies

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

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

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

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

#### Events After the End of the Reporting Date

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

**New Standards, Amendment to Standards and Interpretations Not Yet Adopted**

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

*To be Adopted January 1, 2017*

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

*To be Adopted January 1, 2018*

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

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

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

**A. Withholding Taxes**

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

**B. All Other Taxes (Local and National)**

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

**P249,352**

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**C. Deficiency Tax Assessments**

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

RBKPS006



Philippine Depository &amp; Trust Corp.

PCDUSER1

## OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

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

Business Date 12/29/2016

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
1000000000 5	UPCC SECURITIES CORP. UNIT 1202 TOWER ONE AND EXCHANGE PLAZ AYALA AVENUE, MAKATI CITY Metropolitan Manila 0	Omnibus Without Client 8921174	Tax Identification Number 1	Domestic PHILIPPINES	105,500.00 PH10
1010000000 5	A & A SECURITIES, INC. Rm. 1906 Ayala Ave. Condominium 6776 Ayala Ave. Makati City Metropolitan Manila 1200	Omnibus Without Client 810-54-01	Tax Identification Number 2	Domestic PHILIPPINES	282,700.00 PH10
1020000000 5	ABACUS SECURITIES CORPORATION Unit 2904-A East Tower, PSE Centre Exchange Road. Ortigas Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 634-2105	Tax Identification Number 001-006-900	Domestic PHILIPPINES	46,798,111.00 PH10
1020000000 7	ABACUS SECURITIES CORPORATION Unit 2904-A East Tower, PSE Centre Exchange Road. Ortigas Center Pasig City Metropolitan Manila 1600	Own 634-2105	Tax Identification Number 001-006-900	Domestic PHILIPPINES	1,202,533.00 NWT
1030000000 1	PHILSTOCKS FINANCIAL INC Unit 1101 Orient Square Building Emerald Avenue Ortigas Center, Pasig City Metropolitan Manila 1600	Omnibus Without Client 687-5071 to 74	Tax Identification Number 213-831-103	Foreign PHILIPPINES	3,914,000.00 FMX1



BP ID	BP NAME	ACCOUNT TYPE	ID TY	INVESTOR TYPE	HOLDINGS
ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
10300000000 5	PHILSTOCKS FINANCIAL INC Unit 1101 Orient Square Building Emerald Avenue Ortigas Center, Pasig City Metropolitan Manila 1600	Omnibus Without Client 687-5071 to 74	Tax Identification Number 213-831-103	Domestic PHILIPPINES	61,922,603.00 PH10
10400000000 5	A. T. DE CASTRO SECURITIES CORP. Suite 701, 7/F Ayala Tower I, Exchange Plaza, Ayala Triangle, Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 848-7160 to 65	Tax Identification Number 000-151-360-000	Domestic PHILIPPINES	84,000.00 PH10
10500000000 5	ALL ASIA SECURITIES MANAGEMENT CORP. All Asia Capital Center 105 Pasco de Roxas St. Makat City Metropolitan Manila 1200	Omnibus Without Client 818-3211	Tax Identification Number 6	Domestic PHILIPPINES	202,500.00 PH10
10600000000 5	ALPHA SECURITIES CORP. UNIT 3003, ONE CORPORATE CENTRE, 30TH FLOOR, JULIA VARGAS STREET, COR MERALC AVENUE STREET, ORTIGAS CENTER, PASIG CI Metropolitan Manila 1200	Omnibus Without Client 6546806	Tax Identification Number 000-155-035-000	Domestic PHILIPPINES	1,229,000.00 PH10
10900000000 6	BA SECURITIES, INC. Rm 401-403 CLMC Bldg, 256-259 EDSA Greenhills Mandaluyong City Metropolitan Manila 1550	Settlement 727-5374	Tax Identification Number 10	Domestic PHILIPPINES	753,000.00 NWT
10900000000 14	BA SECURITIES, INC. Rm 401-403 CLMC Bldg, 256-259 EDSA Greenhills Mandaluyong City Metropolitan Manila 1550	Settlement 727-5374	Tax Identification Number 10	Domestic PHILIPPINES	1,000.00 PH10
11000000000 5	AP SECURITIES INCORPORATED Suites 2002/2004, The Peak, 107 Alfaro St., Salcedo Village, Makati City Metropolitan Manila 1227	Omnibus Without Client 8482915	Tax Identification Number 005-037-731-000	Domestic PHILIPPINES	16,316,000.00 PH10

BP ID	BP NAME	ACCOUNT TYPE	ID TY	INVESTOR TYPE	HOLDINGS
ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
11100000000 1	ANSALDO, GODINEZ & CO., INC. 340 Nueva St., Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 242-5127	Tax Identification Number 007-571-837-000	Foreign PHILIPPINES	1,750,000.00 FMX1
11100000000 5	ANSALDO, GODINEZ & CO., INC. 340 Nueva St., Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 242-5127	Tax Identification Number 007-571-837-000	Domestic PHILIPPINES	6,375,700.00 PH10
11200000000 2	AB CAPITAL SECURITIES, INC. 8/F Phinma Plaza 39 Plaza Drive, Rockwell Center Makati City Metropolitan Manila 1200	Settlement 814-5601	Tax Identification Number 13	Foreign PHILIPPINES	575,000.00 FMX1
11200000000 5	AB CAPITAL SECURITIES, INC. 8/F Phinma Plaza 39 Plaza Drive, Rockwell Center Makati City Metropolitan Manila 1200	Omnibus Without Client 814-5601	Tax Identification Number 13	Domestic PHILIPPINES	4,654,900.00 PH10
11200000000 6	AB CAPITAL SECURITIES, INC. 8/F Phinma Plaza 39 Plaza Drive, Rockwell Center Makati City Metropolitan Manila 1200	Settlement 814-5601	Tax Identification Number 13	Domestic PHILIPPINES	10,690,100.00 NWT
11500000000 5	SB EQUITIES, INC. 18/F, Security Bank Centre 6776 Ayala Avenue, Makati City Metropolitan Manila 1226	Omnibus Without Client 8911037	Tax Identification Number 000-152-830-000	Domestic PHILIPPINES	2,661,800.00 PH10
11500000000 6	SB EQUITIES, INC. 18/F, Security Bank Centre 6776 Ayala Avenue, Makati City Metropolitan Manila 1226	Settlement 8911037	Tax Identification Number 000-152-830-000	Domestic PHILIPPINES	95,000.00 NWT
11500000000 18	SB EQUITIES, INC. 18/F, Security Bank Centre 6776 Ayala Avenue, Makati City Metropolitan Manila 1226	Settlement 8911037	Tax Identification Number 000-152-830-000	Foreign PHILIPPINES	500,000.00 RA10

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

BP ID	BP NAME	ACCOUNT TYPE	ID TY	INVESTOR TYPE	HOLDINGS
ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
12300000000 5	BENJAMIN CO CA & CO., INC. Rm. 301 Downtown Ctr Bldg., 516 Quintin Paredes St Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 6345186	Tax Identification Number 000-330-322-000	Domestic PHILIPPINES	103,000.00 PH10
12400000000 5	B. H. CHUA SECURITIES CORPORATION 872 G. Araneta Avenue, Quezon City Metropolitan Manila 1135	Omnibus Without Client 412-3444	Tax Identification Number 000-401-773	Domestic PHILIPPINES	2,266,500.00 PH10
12500000000 5	JAKA SECURITIES CORP. Unit 814, Ayala Tower I Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 8487123	Tax Identification Number 004-500-728-000	Domestic PHILIPPINES	8,659,500.00 PH10
12500000000 7	JAKA SECURITIES CORP. Unit 814, Ayala Tower I Ayala Ave., Makati City Metropolitan Manila 1226	Own 8487123	Tax Identification Number 004-500-728-000	Domestic PHILIPPINES	800,000.00 NWT
12600000000 1	BPI SECURITIES CORPORATION 8/F BPI Head Office Bldg., Ayala Ave., cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 8196535	Tax Identification Number 000-109-309-000	Foreign PHILIPPINES	210,200.00 FMX1
12600000000 5	BPI SECURITIES CORPORATION 8/F BPI Head Office Bldg., Ayala Ave., cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 8196535	Tax Identification Number 000-109-309-000	Domestic PHILIPPINES	11,988,019.00 PH10
12800000000 5	CAMPOS, LANUZA & COMPANY, INC. Unit 2003B East Tower, PSE Center Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1605	Omnibus Without Client 634-6881/87	Tax Identification Number 000-155-524-000	Domestic PHILIPPINES	797,802.00 PH10
12800000000 7	CAMPOS, LANUZA & COMPANY, INC. Unit 2003B East Tower, PSE Center Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1605	Own 634-6881/87	Tax Identification Number 000-155-524-000	Domestic PHILIPPINES	5,500.00 NWT

BP ID	BP NAME	ACCOUNT TYPE	ID TY	INVESTOR TYPE	HOLDINGS
ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
12800000000 18	CAMPOS, LANUZA & COMPANY, INC. Unit 2003B East Tower, PSE Center Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1605	Settlement 634-6881/87	Tax Identification Number 000-155-524-000	Foreign PHILIPPINES	2,800,000.00 RA10
12900000000 5	SINCERE SECURITIES CORPORATION 1203-A East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City Metropolitan Manila 0	Omnibus Without Client 638-3549	Tax Identification Number 000-338-426-000	Domestic PHILIPPINES	531,000.00 PH10
13100000000 5	BDO NOMURA SECURITIES INC 8/F PCIB Tower 2, Dela Costa St., Makati City Metropolitan Manila 1002	Omnibus Without Client 8912028	Tax Identification Number 30	Domestic PHILIPPINES	60,000.00 PH10
13100000000 6	BDO NOMURA SECURITIES INC 8/F PCIB Tower 2, Dela Costa St., Makati City Metropolitan Manila 1002	Settlement 8912028	Tax Identification Number 30	Domestic PHILIPPINES	4,200.00 NWT
13100000048 1	BDO NOMURA SECURITIES INC FAO PCIB SECURITIES CLIENTS 17TH FLOOR BDO EQUITABLE TOWER, 8751, PASEO DE ROXAS, MAKATI CITY Metropolitan Manila STMT-E	Client 688-1200-41115	Tax Identification Number 13100000048	Domestic PHILIPPINES	190,900.00 PH10
13300000000 5	CITISECURITIES, INC. Rm. 2701-B Tektite Tower Center Exchange Rd, Pasig City Metropolitan Manila 1600	Omnibus Without Client 635-5735	Tax Identification Number 000-322-268-000	Domestic PHILIPPINES	7,218,350.00 PH10
13600000000 5	TRITON SECURITIES CORP. 26/F LKG Tower, 6801 Ayala Avenue Makati City Metropolitan Manila 0	Omnibus Without Client 5238311	Tax Identification Number 003-741-374-000	Domestic PHILIPPINES	1,924,450.00 PH10
14000000000 5	IGC SECURITIES INC. Suite 1006, Tower I & Exchange Plaza Ayala Triangle Ayala Avenue Makati City Metropolitan Manila 1200	Omnibus Without Client 816-39-86	Tax Identification Number 38	Domestic PHILIPPINES	2,495,000.00 PH10

BP ID	BP NAME	ACCOUNT TYPE	ID TY	INVESTOR TYPE	HOLDINGS
ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
14100000000 5	CUALOPING SECURITIES CORPORATION Suite 1801 Tytana Centre Condominium Plaza Lorenz Ruiz, Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 241-0262	Tax Identification Number 000-333-333-000	Domestic PHILIPPINES	209,500.00 PH10
14200000000 14	DBP-DAIWA CAPITAL MARKETS PHILIPPINES, INC. 18/F Citibank Tower 8741 Paseo de Roxas Makati Cit Metropolitan Manila 1200	Settlement 813-73-44	Tax Identification Number 004-663-955-000	Domestic PHILIPPINES	2,200.00 PH10
14300000000 5	DAVID GO SECURITIES CORP. UNIT 2702D EAST TOWER, PHILIPPINE STOCK EXCHANGE CENTRE, EXCHANGE ROAD, 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 2	DIVERSIFIED SECURITIES, INC. 5/F PDCP Bank Centre, Herrera cor. Alfaro Sts., Salcedo Village, Makati City Metropolitan Manila 1600	Settlement 634-6630/31	Tax Identification Number 43	Foreign PHILIPPINES	52,000.00 FMX1
14500000000 5	DIVERSIFIED SECURITIES, INC. 5/F PDCP Bank Centre, Herrera cor. Alfaro Sts., Salcedo Village, Makati City Metropolitan Manila 1600	Omnibus Without Client 634-6630/31	Tax Identification Number 43	Domestic PHILIPPINES	842,800.00 PH10
14700000000 5	E. CHUA CHIACO SECURITIES, INC. 113 Renta St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-5145	Tax Identification Number 000-335-991-000	Domestic PHILIPPINES	6,740,600.00 PH10
14700000000 18	E. CHUA CHIACO SECURITIES, INC. 113 Renta St., Binondo, Manila Metropolitan Manila 1006	Settlement 242-5145	Tax Identification Number 000-335-991-000	Foreign PHILIPPINES	15,500.00 RA10



BP ID	BP NAME	ACCOUNT TYPE	ID TY	INVESTOR TYPE	HOLDINGS
ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
14800000000 5	EQUITABLE SECURIITES (PHILS.) INC. 3/F Cacho-Gonzalez Bldg, Aguirre cor. Trasierra St, Legaspi Village Makati City Metropolitan Manila 1229	Omnibus Without Client 810-4801/04	Tax Identification Number 46	Domestic PHILIPPINES	27,200.00 PH10
14900000000 7	EAST WEST CAPITAL CORPORATION 2/F U-Bix Building 1331 Angono St., Makati City Metropolitan Manila 1208	Own 891-98901	Tax Identification Number 000-158-383-000	Domestic PHILIPPINES	400,000.00 NWT
15000000000 5	EASTERN SECURITIES DEVELOPMENT CORPORATION 1701 Tytana Ctr. Bldg, Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-4006/11	Tax Identification Number 000-329-281-000	Domestic PHILIPPINES	2,492,200.00 PH10
15300000000 5	EQUITIWORLD SECURITIES, INC. 807-809 Philippine Stock Exchange Ayala Tower 1, Ayala Avenue Makati City Metropolitan Manila 1226	Omnibus Without Client 848-5401/09	Tax Identification Number 51	Domestic PHILIPPINES	412,300.00 PH10
15400000000 5	EVERGREEN STOCK BROKERAGE & SEC., INC. Suite 606 - 607, 6th Floor, Tower One Phil. Stock Exchange Plaza, Ayala Triangle, Ayala Ave. Makati City Metropolitan Manila 1200	Omnibus Without Client 891-9451	Tax Identification Number 001-483-985	Domestic PHILIPPINES	4,133,300.00 PH10
15400000000 6	EVERGREEN STOCK BROKERAGE & SEC., INC. Suite 606 - 607, 6th Floor, Tower One Phil. Stock Exchange Plaza, Ayala Triangle, Ayala Ave. Makati City Metropolitan Manila 1200	Settlement 891-9451	Tax Identification Number 001-483-985	Domestic PHILIPPINES	66,000.00 NWT
15400000000 7	EVERGREEN STOCK BROKERAGE & SEC., INC. Suite 606 - 607, 6th Floor, Tower One Phil. Stock Exchange Plaza, Ayala Triangle, Ayala Ave. Makati City Metropolitan Manila 1200	Own 891-9451	Tax Identification Number 001-483-985	Domestic PHILIPPINES	9,698.00 NWT

BP ID	BP NAME	ACCOUNT TYPE	ID T.	INVESTOR TYPE	HOLDINGS
ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
15700000000 5	FIRST ORIENT SECURITIES, INC. Unit 1201 Ayala Triangle Tower One Ayala Avenue, Makati City Metropolitan Manila 1226	Omnibus Without Client 891-9240/45	Tax Identification Number 55	Domestic PHILIPPINES	1,242,100.00 PH10
15700000000 7	FIRST ORIENT SECURITIES, INC. Unit 1201 Ayala Triangle Tower One Ayala Avenue, Makati City Metropolitan Manila 1226	Own 891-9240/45	Tax Identification Number 55	Domestic PHILIPPINES	600.00 NWT
15900000000 5	FIRST INTEGRATED CAPITAL SECURITIES, INC Units 1211-1212 Tower I & Exchange Plaza, Ayala Ave. Cor. Paseo de Roxas, Makati City Metropolitan Manila 1200	Omnibus Without Client 759-4320 to 23	Tax Identification Number 57	Domestic PHILIPPINES	44,100.00 PH10
16200000000 1	F. YAP SECURITIES, INC. Unit 2301 PSE Center (East Tower) Exchange Rd., Ortigas Center Pasig City Metropolitan Manila 1603	Omnibus Without Client 635-4126	Tax Identification Number 000-333-165-000	Foreign PHILIPPINES	150,000.00 FMX1
16200000000 5	F. YAP SECURITIES, INC. Unit 2301 PSE Center (East Tower) Exchange Rd., Ortigas Center Pasig City Metropolitan Manila 1603	Omnibus Without Client 635-4126	Tax Identification Number 000-333-165-000	Domestic PHILIPPINES	1,059,000.00 PH10
16700000000 1	AURORA SECURITIES, INC. UNIT 2405A WEST TOWER PHILIPPINE STOCK EXCHANGE CENTRE ORTIGAS, PASIG CITY Metropolitan Manila 1605	Omnibus Without Client 633-5892	Tax Identification Number 002-832-240	Foreign PHILIPPINES	11,000.00 FMX1
16700000000 5	AURORA SECURITIES, INC. UNIT 2405A WEST TOWER PHILIPPINE STOCK EXCHANGE CENTRE ORTIGAS, PASIG CITY Metropolitan Manila 1605	Omnibus Without Client 633-5892	Tax Identification Number 002-832-240	Domestic PHILIPPINES	729,700.00 PH10



BP ID	BP NAME	ACCOUNT TYPE	ID TYPE	INVESTOR TYPE	HOLDINGS
ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
16800000000 5	GLOBALINKS SECURITIES & STOCKS, INC. # 706 Ayala Tower One Ayala Avenue Cor. Paseo de Roxas St. Makati City Metropolitan Manila 1226	Omnibus Without Client 759-4136	Tax Identification Number 65	Domestic PHILIPPINES	1,226,000.00 PH10
16800000000 7	GLOBALINKS SECURITIES & STOCKS, INC. # 706 Ayala Tower One Ayala Avenue Cor. Paseo de Roxas St. Makati City Metropolitan Manila 1226	Own 759-4136	Tax Identification Number 65	Domestic PHILIPPINES	20,400.00 NWT
16900000000 5	JSG SECURITIES, INC. 4th Floor, A&T Building, 244 Escolta Street, Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 2429414	Tax Identification Number 004-578-852-000	Domestic PHILIPPINES	481,650.00 PH10
17000000000 5	GOLDSTAR SECURITIES, INC. 2201-B East Tower, PSE Centre Exchange Rd, Ortiga Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 633-7485/86	Tax Identification Number 000-222-746-000	Domestic PHILIPPINES	204,000.00 PH10
17000000000 14	GOLDSTAR SECURITIES, INC. 2201-B East Tower, PSE Centre Exchange Rd, Ortiga Center Pasig City Metropolitan Manila 1600	Settlement 633-7485/86	Tax Identification Number 000-222-746-000	Domestic PHILIPPINES	461,300.00 PH10
17200000000 5	GUILD SECURITIES, INC. Unit 1215 Tower One & Exchange Plaza Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 8919232	Tax Identification Number 69	Domestic PHILIPPINES	506,100.00 PH10
17400000000 5	HDI SECURITIES, INC. UNIT 2305-B 23/F ORIENT SQUARE BLDG., F. ORTIGAS, JR. ROAD, ORTIGAS CENTRE, PASIG CITY, 1605 Metropolitan Manila 1605	Omnibus Without Client 891-9598	Tax Identification Number 001-670-271-000	Domestic PHILIPPINES	4,233,600.00 PH10

BP ID	BP NAME	ACCOUNT TYPE	ID TYPE	INVESTOR TYPE	HOLDINGS
ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
17400000000 18	HDI SECURITIES, INC. UNIT 2305-B 23/F ORIENT SQUARE BLDG., F. ORTIGAS, JR. ROAD, ORTIGAS CENTRE, PASIG CITY, 1605 Metropolitan Manila 1605	Settlement 891-9598	Tax Identification Number 001-670-271-000	Foreign PHILIPPINES	300,000.00 RA10
17500000000 5	H. E. BENNETT SECURITIES, INC. Rm. 1704 World Trade Exchange Bldg., 215 Juan Lur St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-5733	Tax Identification Number 000-334-004	Domestic PHILIPPINES	170,000.00 PH10
17500000000 7	H. E. BENNETT SECURITIES, INC. Rm. 1704 World Trade Exchange Bldg., 215 Juan Lur St., Binondo, Manila Metropolitan Manila 1006	Own 242-5733	Tax Identification Number 000-334-004	Domestic PHILIPPINES	7,700.00 NWT
17800000000 5	HK SECURITIES, INC. Suite 102 Columbia Tower, Ortigas Ave., Mandaluyong City Metropolitan Manila 1600	Omnibus Without Client 6336991 to 96	Tax Identification Number 75	Domestic PHILIPPINES	9,100.00 PH10
17900000000 5	I. ACKERMAN & CO., INC. Suite 705, Tower I Bldg. PSE Plaza, Ayala Triangle Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 891-9071	Tax Identification Number 76	Domestic PHILIPPINES	30,000.00 PH10
18000000000 5	I. B. GIMENEZ SECURITIES, INC. 3/F NEW ROSARIO ORTIGAS ARCADE, NO. 42, ORTIGAS EXTENSION, ROSARIO, PASIG CITY Metropolitan Manila 1600	Omnibus Without Client 628-0000-325-336	Tax Identification Number 000-329-846-000	Domestic PHILIPPINES	583,097.00 PH10
18100000000 5	INVESTORS SECURITIES, INC, Unit 604-605 Tower One & Exchange Plaza Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1200	Omnibus Without Client 8431210	Tax Identification Number 000-123-697-000	Domestic PHILIPPINES	945,600.00 PH10

BP ID	BP NAME	ACCOUNT TYPE	ID T	INVESTOR TYPE	HOLDINGS
ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
18200000000 5	IMPERIAL, DE GUZMAN, ABALOS & CO., INC. Ground Floor, EDSA Central Square Shaw Boulevard Mandaluyong City Metropolitan Manila 1552	Omnibus Without Client 6332686	Tax Identification Number 000-121-920	Domestic PHILIPPINES	183,800.00 PH10
18300000000 5	INTRA-INVEST SECURITIES, INC. 11/F ACT Tower, 135 Sen. Gil Puyat Ave., Salcedo Vill., Makati City Metropolitan Manila 1200	Omnibus Without Client 8106934	Tax Identification Number 000-162-545-000	Domestic PHILIPPINES	289,400.00 PH10
18700000000 5	ASIAN CAPITAL EQUITIES, INC. 6/F Tower 1 & Exchange Plaza Ayala Ave., cor Pasco de Roxas, Makati City Metropolitan Manila 1226	Omnibus Without Client 8485126	Tax Identification Number 84	Domestic PHILIPPINES	56,100.00 PH10
18800000000 5	J.M. BARCELON & CO., INC. #5 PENNSYLVANNIA STREET, BRGY. MARIAN/ NEW MANILA, QUEZON CITY Metropolitan Manila 1100	Omnibus Without Client 661-8396	Tax Identification Number 000-333-850	Domestic PHILIPPINES	64,000.00 PH10
18800000000 6	J.M. BARCELON & CO., INC. #5 PENNSYLVANNIA STREET, BRGY. MARIAN/ NEW MANILA, QUEZON CITY Metropolitan Manila 1100	Settlement 661-8396	Tax Identification Number 000-333-850	Domestic PHILIPPINES	33,000.00 NWT
19200000000 5	STRATEGIC EQUITIES CORP. Unit 610-611 PSE Plaza, Tower I, Ayala Triangle, Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 759-4055	Tax Identification Number 89	Domestic PHILIPPINES	743,900.00 PH10
19200000000 6	STRATEGIC EQUITIES CORP. Unit 610-611 PSE Plaza, Tower I, Ayala Triangle, Ayala Ave., Makati City Metropolitan Manila 1226	Settlement 759-4055	Tax Identification Number 89	Domestic PHILIPPINES	7,200.00 NWT

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ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
19200000000 14	STRATEGIC EQUITIES CORP. Unit 610-611 PSE Plaza, Tower I, Ayala Triangle, Ayala Ave., Makati City Metropolitan Manila 1226	Settlement 759-4055	Tax Identification Number 89	Domestic PHILIPPINES	156,800.00 PH10
19300000000 5	LARRGO SECURITIES CO., INC. Rm. 202 2/F Rufino Building, Ayala Avenue, Makati City Metropolitan Manila 1226	Omnibus Without Client 8101353	Tax Identification Number 90	Domestic PHILIPPINES	172,000.00 PH10
19500000000 6	LITONJUA SECURITIES, INC. No. 444 T.M. Kalaw Ermita, Manila Metropolitan Manila 1004	Settlement 521-1951/57	Tax Identification Number 92	Domestic PHILIPPINES	7,500.00 NWT
19700000000 5	LOPEZ, LOCSIN, LEDESMA & CO., INC. 405 URBAN BUILDING, SEN. GIL. PUYAT AVEN MAKATI CITY Metropolitan Manila 1226	Omnibus Without Client 8127482	Tax Identification Number 321-000-128-692	Domestic PHILIPPINES	3,300.00 PH10
19800000000 5	LUCKY SECURITIES, INC. Unit 1402-B PSE Center Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 6346747/60	Tax Identification Number 95	Domestic PHILIPPINES	598,500.00 NWT
19900000000 5	LUYS SECURITIES COMPANY, INC. 28/F LKG Tower 6801 Ayala Ave. Makati City Metropolitan Manila 1200	Omnibus Without Client 5231040	Tax Identification Number 96	Domestic PHILIPPINES	15,500.00 PH10
20000000000 5	MANDARIN SECURITIES CORPORATION 28/F LKG Tower 6801 Ayala Ave. Makati City Metropolitan Manila 1200	Omnibus Without Client 523-8311/16	Tax Identification Number 97	Domestic PHILIPPINES	3,022,200.00 PH10
20000000002 1	R&B INSURANCE CORPORATION 28F LKG TOWER, AYALA AVENUE, MAKATI CI Metropolitan Manila	Client 8841155	Commercial Registration Number 15346	Domestic PHILIPPINES	50,000.00 NWT

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ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
20300000000 1	COL Financial Group, Inc. 2401-B EAST TOWER, PSE CENTRE EXCHANGE ROAD, ORTIGAS CENTER PASIG CITY Metropolitan Manila 1605	Omnibus Without Client 635-5735	Tax Identification Number 203-523-208	Foreign PHILIPPINES	1,304,000.00 FMX1
20300000000 5	COL Financial Group, Inc. 2401-B EAST TOWER, PSE CENTRE EXCHANGE ROAD, ORTIGAS CENTER PASIG CITY Metropolitan Manila 1605	Omnibus Without Client 635-5735	Tax Identification Number 203-523-208	Domestic PHILIPPINES	46,699,702.00 PH10
20400000000 14	DA MARKET SECURITIES, INC. Unit 2402-B West Tower, PSE Center Exchange Roac Ortigas Center Pasig City Metropolitan Manila 1600	Settlement 637-42-42	Tax Identification Number 101	Domestic PHILIPPINES	2,224,200.00 PH10
20500000000 5	MERCANTILE SECURITIES CORP. UNIT 804 FORT LEGEND TOWERS 3RD AVENUI COR. 31ST ST. FORT BONIFACIO GLOBAL CITY TAGUIG CITY Metropolitan Manila 1226	Omnibus Without Client 501-8872	Tax Identification Number 000-161-457-000	Domestic PHILIPPINES	1,038,800.00 PH10
20600000000 5	MERIDIAN SECURITIES, INC. Suite 2702B&C Tektite Tower I Ortigas Centre, Pasig City Metropolitan Manila 1600	Omnibus Without Client 634-6931/36	Tax Identification Number 000-338-748-000	Domestic PHILIPPINES	675,700.00 PH10
20800000000 5	MDR SECURITIES, INC. Unit 1806, 8/F Medical Plaza Ortigas Bldg., Pasig Cit Metropolitan Manila 1226	Omnibus Without Client 891-9225	Tax Identification Number 105	Domestic PHILIPPINES	87,900.00 PH10
20900000000 4	DEUTSCHE REGIS PARTNERS, INC. 23/F Tower I, Ayala Triangle, Makati City Metropolitan Manila 1226	Settlement 894-6620	Tax Identification Number 000-594-804-000	Foreign PHILIPPINES	5,300.00 RA02
20900000000 14	DEUTSCHE REGIS PARTNERS, INC. 23/F Tower I, Ayala Triangle, Makati City Metropolitan Manila 1226	Settlement 894-6620	Tax Identification Number 000-594-804-000	Domestic PHILIPPINES	66,000.00 PH10

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ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
20900000010 1	DEUTSCHE REGIS PARTNERS, INC. 23/F Tower I, Ayala Triangle, Makati City Metropolitan Manila 1226	Client 894-6620	Tax Identification Number 485	Foreign PHILIPPINES	1,600,000.00 FTXN
21000000000 5	MOUNT PEAK SECURITIES, INC. #748 C.K. Bldg., Juan Luna St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 241-8043	Tax Identification Number 000-321-831-000	Domestic PHILIPPINES	186,000.00 PH10
21100000000 5	NEW WORLD SECURITIES CO., INC. 215 JUAN LUNA STREET, UNIT 2608 WORLD TRADE EXCHANGE BLDG., BINONDO, MANILA Metropolitan Manila 1006	Omnibus Without Client 2421767	Tax Identification Number 000-327-414-000	Domestic PHILIPPINES	1,341,000.00 PH10
21300000000 5	NIEVES SECURITIES, INC. UNIT 106, G/F TYTANA PLAZA V. TYTANA COR INSULAR STS. PLAZA LORENZO RUIZ, BINONE MANILA CITY Metropolitan Manila 1006	Omnibus Without Client 4777888	Tax Identification Number 000-333-999-000	Domestic PHILIPPINES	200,000.00 PH10
21500000000 5	OPTIMUM SECURITIES CORPORATION No. 11 E. O. Bldg., United St. cor. 2nd St. Bo. Kapitolyo, Pasig City Metropolitan Manila 1650	Omnibus Without Client 631-7831/36	Tax Identification Number 000-287-524-000	Domestic PHILIPPINES	384,750.00 PH10
21700000000 5	RCBC SECURITIES, INC. Unit 1008 Tower I & Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Omnibus Without Client 8485183	Tax Identification Number 000-165-644-000	Domestic PHILIPPINES	556,300.00 PH10
21800000000 5	PAN ASIA SECURITIES CORP. 910 Tower One & Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Omnibus Without Client 8919173	Tax Identification Number 000-135-142	Domestic PHILIPPINES	452,500.00 PH10

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ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
21900000000 5	PAPA SECURITIES CORPORATION GROUND FLOOR, ACE BUILDING, DE LA ROSA CORNER RADA ST., LEGASPI VILLAGE, MAKATI CITY Metropolitan Manila 1200	Omnibus Without Client 817-8433	Tax Identification Number 000-215-520	Domestic PHILIPPINES	5,330,200.00 PH10
22000000000 2	MAYBANK ATR KIM ENG SECURITIES, INC. 17/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Settlement 849-8855	Tax Identification Number 000-168-671-000	Foreign PHILIPPINES	6,933,500.00 FMX1
22000000000 6	MAYBANK ATR KIM ENG SECURITIES, INC. 17/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Settlement 849-8855	Tax Identification Number 000-168-671-000	Domestic PHILIPPINES	14,754,199.00 NWT
22000000000 14	MAYBANK ATR KIM ENG SECURITIES, INC. 17/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Settlement 849-8855	Tax Identification Number 000-168-671-000	Domestic PHILIPPINES	2,561,151.00 PH10
22300000000 5	PLATINUM SECURITIES, INC. Unit 801, Antel Corporate Ctr., 121 Valero St., Salced Village Makati City Metropolitan Manila 1200	Omnibus Without Client 887-11-78	Tax Identification Number 000-532-022	Domestic PHILIPPINES	178,000.00 PH10
22400000000 1	PNB SECURITIES, INC. 3/F PNB Financial Center Roxas Blvd., Pasay City Metropolitan Manila 1300	Omnibus Without Client 526-3466	Tax Identification Number 000-198-201-000	Foreign PHILIPPINES	4,423,000.00 FMX1
22400000000 5	PNB SECURITIES, INC. 3/F PNB Financial Center Roxas Blvd., Pasay City Metropolitan Manila 1300	Omnibus Without Client 526-3466	Tax Identification Number 000-198-201-000	Domestic PHILIPPINES	3,231,260.00 PH10



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ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
22500000000 5	PREMIUM SECURITIES, INC. Unit 1415, Tower 1 & Exchange Plaza Ayala Avenue cor. Paseo de Roxas Makati City Metropolitan Manila 1259	Omnibus Without Client 848-5915/17	Tax Identification Number 121	Domestic PHILIPPINES	1,875,600.00 PH10
22800000000 5	PRYCE SECURITIES, INC. 15/F PRYCE CENTER BUILDING, 1179 CHINO RO AVENUE BAGTIKAN, MAKATI CITY Metropolitan Manila 1226	Omnibus Without Client 816-2426/27	Tax Identification Number 124	Domestic PHILIPPINES	12,366.00 PH10
22900000000 5	SALISBURY BKT SECURITIES CORPORATION Unit 207 Cityland Condominium 10 - Tower 2 6817 H.V. De La Costa St. cor. Ayala Ave. Makati City Metropolitan Manila 1200	Omnibus Without Client 892-88-34	Tax Identification Number 000-598-559-000	Domestic PHILIPPINES	15,300.00 PH10
23000000000 1	QUALITY INVESTMENTS & SECURITIES CORPORATION Suite 1602 Tytana Plaza Oriente St, Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 241-0547	Tax Identification Number 000-333-614-000	Foreign PHILIPPINES	910,000.00 FMX1
23000000000 5	QUALITY INVESTMENTS & SECURITIES CORPORATION Suite 1602 Tytana Plaza Oriente St, Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 241-0547	Tax Identification Number 000-333-614-000	Domestic PHILIPPINES	12,569,800.00 PH10
23000000000 7	QUALITY INVESTMENTS & SECURITIES CORPORATION Suite 1602 Tytana Plaza Oriente St, Binondo Manila Metropolitan Manila 1006	Own 241-0547	Tax Identification Number 000-333-614-000	Domestic PHILIPPINES	173,000.00 NWT
23000000001 1	Asia Insurance (Philippines) Corporation Suite 1602 Tytana Plaza Oriente St, Binondo Manila Metropolitan Manila 1006	Client	Tax Identification Number 530	Domestic PHILIPPINES	31,000.00 NWT



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ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
23100000000 5	R & L INVESTMENTS, INC. 675 Lee St., Mandaluyong City Metropolitan Manila 1501	Omnibus Without Client 7247210/705207	Tax Identification Number 127	Domestic PHILIPPINES	336,000.00 PH10
23300000000 5	R. COYIUTO SECURITIES, INC. 5/F Corinthian Plaza, Paseo de Roxas, Legaspi Village Makati City Metropolitan Manila 0	Omnibus Without Client 811-3064	Tax Identification Number 000-329-417	Domestic PHILIPPINES	3,155,800.00 PH10
23500000000 5	REGINA CAPITAL DEVELOPMENT CORPORATI Unit 806 Tower I & Exchange Plaza Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Omnibus Without Client 848-5482/84	Tax Identification Number 131	Domestic PHILIPPINES	3,322,332.00 PH10
23500000000 6	REGINA CAPITAL DEVELOPMENT CORPORATI Unit 806 Tower I & Exchange Plaza Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Settlement 848-5482/84	Tax Identification Number 131	Domestic PHILIPPINES	205,000.00 NWT
23600000000 5	R. NUBLA SECURITIES, INC. Rm 405 Co Ban Kiat Building II, 231 Juan Luna St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-1596	Tax Identification Number 132	Domestic PHILIPPINES	4,017,100.00 PH10
23700000000 5	AAA SOUTHEAST EQUITIES, INCORPORATED Ground Floor, Fortune Life Building #162 Legaspi St. Legaspi Village Makati City Metropolitan Manila 1229	Omnibus Without Client 816-2918	Tax Identification Number 000-141-894-000	Domestic PHILIPPINES	2,067,700.00 PH10
23700000002 1	FORTUNE GENERAL INSURANCE CORPORATI 4TH/F CITYSTATE CENTRE, 709 SHAW BOULEVARD, PASIG CITY Metropolitan Manila 1600	Client 706-3959	Tax Identification Number 220.	Domestic PHILIPPINES	192,500.00 NWT
23800000000 5	R. S. LIM & CO., INC. 1509 Galvani Street San Isidro, Makati City Metropolitan Manila 1234	Omnibus Without Client 8919670	Tax Identification Number 000-333-915-000	Domestic PHILIPPINES	1,258,400.00 PH10

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ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
23900000000 5	RTG & COMPANY, INC. Unit 602 Tower 1 & Exchange Plaza Ayala Triangle, Makati City Metropolitan Manila 1200	Omnibus Without Client 8919482	Tax Identification Number 000-165-637-000	Domestic PHILIPPINES	475,100.00 PH10
24000000000 5	S.J. ROXAS & CO., INC. Unit 612 Tower One, & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City Metropolitan Manila 0	Omnibus Without Client 848-5065	Tax Identification Number 136	Domestic PHILIPPINES	604,500.00 PH10
24000000002 1	S.J. ROXAS & CO., INC. Unit 612 Tower One, Ayala Triangle, Ayala Avenue, Makati City Metropolitan Manila 0	Client 8485065 TO 69	Tax Identification Number 546	Domestic PHILIPPINES	18,000.00 NWT
24200000000 5	SECURITIES SPECIALISTS, INC. 8/F LTA BLDG 118 PEREA ST LEGASPI VILLAGI MAKATI CITY 1226 Metropolitan Manila 1000	Omnibus Without Client 523-5595	Tax Identification Number 138	Domestic PHILIPPINES	2,200.00 PH10
24300000000 5	FIDELITY SECURITIES, INC. 2103-B PSE Centre, Exchange Road, Ortigas, Pasig City Metropolitan Manila 1600	Omnibus Without Client 6345038	Tax Identification Number 002-836-391-000	Domestic PHILIPPINES	44,500.00 PH10
24600000000 5	SUMMIT SECURITIES, INC. Unit 2102 B/C PSE Center Tektite Tower East Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 6311032 to 37	Tax Identification Number 000-338-985-000	Domestic PHILIPPINES	3,947,300.00 PH10
24700000000 5	STANDARD SECURITIES CORPORATION #34 Jefferson St., GHW, San Juan Metro Manila Metropolitan Manila 00	Omnibus Without Client 8486149	Tax Identification Number 000-333-108	Domestic PHILIPPINES	13,021,800.00 PH10

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ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
24900000000 5	SUPREME STOCKBROKERS, INC UNIT G. GARDEN LEVEL, CORINTHIAN PLAZA PASEO DE ROXAS AVENUE, LEGASPI VILLAGE MAKATI CITY Metropolitan Manila 1226	Omnibus Without Client 5764384	Tax Identification Number 000-166-867-000	Domestic PHILIPPINES	45,350.00 PH10
25100000000 5	TANSENGCO & CO., INC. U-2308 World Trade Exchange Condominium 215 Ju Luna St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 241-7155	Tax Identification Number 146	Domestic PHILIPPINES	1,218,200.00 PH10
25200000000 5	THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP. Rms. 801-802, PSE Tower 1 Ayala Ave., cor. Paseo d Roxas, Ayala Triangle, Makati City Metropolitan Manila 1200	Omnibus Without Client 8486311 to 18	Tax Identification Number 000-149-028-000	Domestic PHILIPPINES	379,700.00 PH10
25300000000 5	TOWER SECURITIES, INC. 1802-C Tektite Tower I Exchange Road, Ortigas Cent Pasig City Metropolitan Manila 1600	Omnibus Without Client 6354448	Tax Identification Number 148	Domestic PHILIPPINES	15,829,100.00 PH10
25400000000 5	TRANS-ASIA SECURITIES, INC. Rm. 601-S, State Centre 333 Juan Luna St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-28-23	Tax Identification Number 149	Domestic PHILIPPINES	105,500.00 PH10
25400000000 7	TRANS-ASIA SECURITIES, INC. Rm. 601-S, State Centre 333 Juan Luna St., Binondo, Manila Metropolitan Manila 1006	Own 242-28-23	Tax Identification Number 149	Domestic PHILIPPINES	100,000.00 NWT
25500000000 5	APEX PHILIPPINES EQUITIES CORPORATION Unit 902, Antel Corporate Center, No. 139 Valero St., Salcedo Vill., Makati City Metropolitan Manila 1227	Omnibus Without Client 527-1555	Tax Identification Number 150	Domestic PHILIPPINES	5,000.00 PH10

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ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
25600000000 5	TRENDLINE SECURITIES CORPORATION Rm. 503 Tytana Plaza Lorenzo Ruiz St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 241-0387	Tax Identification Number 151	Domestic PHILIPPINES	11,200.00 PH10
25700000000 5	TRI-STATE SECURITIES, INC. Unit 1007, 10/F Ayala Triangle Tower I, Ayala Avenue, Makati City Metropolitan Manila 1226	Omnibus Without Client 8485042	Tax Identification Number 000-704-920-000	Domestic PHILIPPINES	55,500.00 PH10
25900000000 5	UCPB SECURITIES, INC. Suite 1612, 16/F Ayala Tower I Exchange Plaza, Ayal Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 8485678	Tax Identification Number 154	Domestic PHILIPPINES	2,726,200.00 PH10
25900000000 6	UCPB SECURITIES, INC. Suite 1612, 16/F Ayala Tower I Exchange Plaza, Ayal Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Settlement 8485678	Tax Identification Number 154	Domestic PHILIPPINES	100,000.00 NWT
26000000000 2	UOB KAY HIAN SECURITIES (PHILS.), INC. UOB Kay Hian Securities (Phils.), Inc. Unit 404 LV Locsin Bldg. 6752 Ayala Avenue, cor. Makati Avenue, 1226, Makati City Metropolitan Manila 1200	Settlement 887-7973	Tax Identification Number 155	Foreign PHILIPPINES	4,220,000.00 FMX1
26100000004 1	E.SECURITIES, INC. ITF VARIOUS CLIENTS 11/F Exportbank Plaza Chino Roces cor Sen. Gil J. Puyat Ave, Makati City Metropolitan Manila 1251	Client	Tax Identification Number 560	Domestic PHILIPPINES	3,300.00 PH10
26300000000 5	VENTURE SECURITIES, INC. Unit 811 Tower One & Exchange Plaza Ayala Triangl Ayala Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 8486505	Tax Identification Number 158	Domestic PHILIPPINES	156,500.00 PH10

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ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
26300000000 6	VENTURE SECURITIES, INC. Unit 811 Tower One & Exchange Plaza Ayala Triangle Ayala Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Settlement 8486505	Tax Identification Number 158	Domestic PHILIPPINES	2,520,400.00 NWT
26600000000 5	VICSAL SECURITIES & STOCK BROKERAGE, IN 658 C. Palanca St., Quiapo, Manila Metropolitan Manila 1001	Omnibus Without Client 7349771	Tax Identification Number 000-089-167-000	Domestic PHILIPPINES	2,631,000.00 PH10
26700000000 1	FIRST METRO SECURITIES BROKERAGE CORP Unit 1515, 15/F Ayala Tower One Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 759-4133/34	Tax Identification Number 003-458-062-000	Foreign PHILIPPINES	50,000.00 FMX1
26700000000 2	FIRST METRO SECURITIES BROKERAGE CORP Unit 1515, 15/F Ayala Tower One Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1226	Settlement 759-4133/34	Tax Identification Number 003-458-062-000	Foreign PHILIPPINES	30,000.00 FMX1
26700000000 6	FIRST METRO SECURITIES BROKERAGE CORP Unit 1515, 15/F Ayala Tower One Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1226	Settlement 759-4133/34	Tax Identification Number 003-458-062-000	Domestic PHILIPPINES	9,480,935.00 NWT
26900000000 1	WEALTH SECURITIES, INC. 2103 PSE Centre, Exchange Road Ortigas Centre, Pas City Metropolitan Manila 1600	Omnibus Without Client 634-5038	Tax Identification Number 000-330-678	Foreign PHILIPPINES	700,000.00 FMX1
26900000000 5	WEALTH SECURITIES, INC. 2103 PSE Centre, Exchange Road Ortigas Centre, Pas City Metropolitan Manila 1600	Omnibus Without Client 634-5038	Tax Identification Number 000-330-678	Domestic PHILIPPINES	6,477,450.00 PH10

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ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
26900000000 7	WEALTH SECURITIES, INC. 2103 PSE Centre, Exchange Road Ortigas Centre, Pas City Metropolitan Manila 1600	Own 634-5038	Tax Identification Number 000-330-678	Domestic PHILIPPINES	5,750.00 NWT
27000000000 1	WESTLINK GLOBAL EQUITIES, INC. 6/F Philippine Stock Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Omnibus Without Client 848-6231	Tax Identification Number 000-334-828	Foreign PHILIPPINES	3,090,000.00 FMX1
27000000000 5	WESTLINK GLOBAL EQUITIES, INC. 6/F Philippine Stock Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Omnibus Without Client 848-6231	Tax Identification Number 000-334-828	Domestic PHILIPPINES	132,162,540.00 PH10
27000000000 6	WESTLINK GLOBAL EQUITIES, INC. 6/F Philippine Stock Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Settlement 848-6231	Tax Identification Number 000-334-828	Domestic PHILIPPINES	13,328,000.00 NWT
27200000000 1	BERNAD SECURITIES, INC. 3/F 1033 M.H. del Pilar St. Ermita, Manila Metropolitan Manila 1000	Omnibus Without Client 5245186	Tax Identification Number 002-919-761	Foreign PHILIPPINES	3,000.00 FMX1
27200000000 5	BERNAD SECURITIES, INC. 3/F 1033 M.H. del Pilar St. Ermita, Manila Metropolitan Manila 1000	Omnibus Without Client 5245186	Tax Identification Number 002-919-761	Domestic PHILIPPINES	307,100.00 PH10
27200000000 6	BERNAD SECURITIES, INC. 3/F 1033 M.H. del Pilar St. Ermita, Manila Metropolitan Manila 1000	Settlement 5245186	Tax Identification Number 002-919-761	Domestic PHILIPPINES	397,000.00 NWT
27300000000 5	WONG SECURITIES CORPORATION 1402-B A. Mabini St., cor. Sta. Monica St., Ermita, Manila Metropolitan Manila 1000	Omnibus Without Client 5217794	Tax Identification Number 000-350-895-000	Domestic PHILIPPINES	44,000.00 PH10



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ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
27500000000 5	YAO & ZIALCITA, INC. Yao & Zialcita, Inc., 5G Vernida I Condominium, 120 Amorsolo St., Legaspi Village, Makati City Metropolitan Manila	Omnibus Without Client 5274019 to 21	Tax Identification Number 170	Domestic PHILIPPINES	2,875,500.00 PH10
27800000000 5	YU & COMPANY, INC. Unit E 1606-B Tektite Tower I Exchange Road, Ortiga Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 634-6248	Tax Identification Number 000-324-373-000	Domestic PHILIPPINES	6,531,000.00 PH10
27900000000 5	BDO SECURITIES CORPORATION 27/F Tower I & Exchange Plaza Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 759-41-44	Tax Identification Number 004-814-885-000	Domestic PHILIPPINES	4,123,000.00 PH10
27900000000 6	BDO SECURITIES CORPORATION 27/F Tower I & Exchange Plaza Ayala Ave., Makati City Metropolitan Manila 1226	Settlement 759-41-44	Tax Identification Number 004-814-885-000	Domestic PHILIPPINES	340,000.00 NWT
28200000000 6	PCCI SECURITIES BROKERS CORP. 3/F PCCI Corporate Centre 118 Alfaro St, Salcedo Village Makati City Metropolitan Manila 1227	Settlement 893-3920	Tax Identification Number 177	Domestic PHILIPPINES	5,457,500.00 NWT
28200000000 14	PCCI SECURITIES BROKERS CORP. 3/F PCCI Corporate Centre 118 Alfaro St, Salcedo Village Makati City Metropolitan Manila 1227	Settlement 893-3920	Tax Identification Number 177	Domestic PHILIPPINES	71,500.00 PH10
28300000000 5	EAGLE EQUITIES, INC. 179 Kaimito St. Valle Verde II, Pasig City Metropolitan Manila 1600	Omnibus Without Client 6363637 to 39	Tax Identification Number 178	Domestic PHILIPPINES	1,063,800.00 PH10
28300000000 7	EAGLE EQUITIES, INC. 179 Kaimito St. Valle Verde II, Pasig City Metropolitan Manila 1600	Own 6363637 to 39	Tax Identification Number 178	Domestic PHILIPPINES	100,000.00 NWT

BP ID	BP NAME	ACCOUNT TYPE	ID TYPE	INVESTOR TYPE	HOL
ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCOD
28500000000 5	GOLDEN TOWER SECURITIES & HOLDINGS, IN 4-B Vernida I Condominium, 120 Amorsolo St., Legaspi Village, Makati City Metropolitan Manila 1229	Omnibus Without Client 8132839	Tax Identification Number 179	Domestic PHILIPPINES	1,73 PH10
28600000000 5	SOLAR SECURITIES, INC. Unit 3002-A East Tower, Phil. Stock Exchange Centre Exchange Road, Ortigas Complex, Pasig City Metropolitan Manila 1605	Omnibus Without Client 6366301	Tax Identification Number 001-949-768-000	Domestic PHILIPPINES	3,317 PH10
28800000000 5	G.D. TAN & COMPANY, INC. Unit 2203-A East Tower, PSE Center Exchange Road Ortigas Center, Pasig City Metropolitan Manila 1600	Omnibus Without Client 6339989	Tax Identification Number 000-121-113-000	Domestic PHILIPPINES	52 PH10
28800000000 7	G.D. TAN & COMPANY, INC. Unit 2203-A East Tower, PSE Center Exchange Road Ortigas Center, Pasig City Metropolitan Manila 1600	Own 6339989	Tax Identification Number 000-121-113-000	Domestic PHILIPPINES	NWT
32800000000 5	DW CAPITAL INC. UNIT 1610-1611 TOWER ONE & EXCHANGE PLAZA, AYALA TRIANGLE, AYALA AVENUE, MAKATI CITY 1226 Metropolitan Manila 0	Omnibus Without Client 8369633	Tax Identification Number 200-262-862-000	Domestic PHILIPPINES	73 PH10
33800000000 8	PHILIPPINE EQUITY PARTNERS, INC. Unit 19C Citibank Tower Citibank Plaza 8741 Paseo Roxas Makati City Metropolitan Manila 1226	Settlement 8145788	Tax Identification Number 213-130-068-000	Domestic PHILIPPINES	NWT
34500000000 5	UNICAPITAL SECURITIES INC. 4F Majalco Bldg Benavidez cor Trasierra Sts Legaspi Vill., Makati City Metropolitan Manila 1200	Omnibus Without Client 750-2030	Tax Identification Number 005-294-264-000	Domestic PHILIPPINES	77 PH10



BP ID	BP NAME	ACCOUNT TYPE	ID T	INVESTOR TYPE	HOLDINGS
ACCOUNT NO.	ADDRESS	TELEPHONE NUMBER	ID NUMBER	COUNTRY	TAXCODE
38800000000 5	ARMSTRONG SECURITIES, INC. Unit 2205-A, 22/F PSE Centre Exchange Road, Ortiga Centre, Pasig City Metropolitan Manila 1600	Omnibus Without Client 6346337 to 39	Tax Identification Number 191	Domestic PHILIPPINES	8,600.00 PH10
38900000000 5	KING'S POWER SECURITIES, INC. RM 1602 FEDERAL TOWER DASMARINAS ST., BINONDO, MANILA Metropolitan Manila 0	Omnibus Without Client	Tax Identification Number 205-495-236	Domestic PHILIPPINES	22,000.00 PH10
CITI1000000 1	CITIBANK N.A. 11/F Citibank Tower Villar corner Valero Sts. Makati City, MM Metropolitan Manila 1200	Own 8947841	Tax Identification Number 946	Foreign PHILIPPINES	300,000.00 FMX1
DEUB1000000 1	DEUTSCHE BANK MANILA-CLIENTS A/C 26/F Ayala Tower One Ayala Triangle, Makati City Metropolitan Manila 1226	Own 8946970	Tax Identification Number DEUB1	Foreign PHILIPPINES	11,000.00 FMX1
DEUB2000007 1	DEUTSCHE BANK AG MANILA BRANCH A/C CLIENTS DEUB20 23F AYALA TOWER ONE AYALA AVE. MAKATI CITY Metropolitan Manila	Client 8946989	Certificate Of Incorporation 000-449-586-000	Domestic PHILIPPINES	1,200,000.00 PH10
HSBC1000000 1	THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT. HSBC Securities Services 12th Floor, The Enterprise Center, Tower I 6766 Ayala Avenue corner Paseo de Roxas Makati City Metropolitan Manila 1200	Own 8145200	Tax Identification Number 951	Foreign PHILIPPINES	22,000.00 FMX1
SCBK1000000 1	STANDARD CHARTERED BANK 6756 Ayala Avenue Makati City Metropolitan Manila 1200	Own 878-2879	Tax Identification Number 957	Foreign PHILIPPINES	810,000.00 FMX1
Total Holdings				:	610,273,174.00

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

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

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

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

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

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

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



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

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

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

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

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