

# COVER SHEET

A S 0 9 4 - 8 6 7 8

S.E.C. Registration Number

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

(Company's Full Name)

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

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

Ms. Connie Francisco

Contact Person

(02) 687-0888

Company Telephone Number

1 2

Month

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Day

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FORM TYPE

0 8

Month

1 4

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

5 0 5

Total No. of Stockholders

Domestic

Foreign

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended March 31, 2012
2. Commission identification number AS 094-8678
3. BIR Tax Identification No D80-003-978-254-NV
4. Exact name of issuer as specified in its charter: WATERFRONT PHILIPPINES, INC.
5. PHILIPPINES  
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
7. No.1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City 6000  
Address of issuer's principal office Postal Code
8. (032) 232- 6888  
Issuer's telephone number, including area code
9. NOT APPLICABLE  
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA  
Title of each Class Number of shares of common stock outstanding  
and amount of debt outstanding  
Common Shares- P 1.00 par value Issued- 2,498,991,753
11. Are any or all of the securities listed on a Stock Exchange?  
Yes [] No [ ]  
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:  
Philippine Stock Exchange Common
12. Indicate by check mark whether the registrant:
  - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)  
Yes [] No [ ]
  - (b) has been subject to such filing requirements for the past ninety (90) days.  
Yes [] No [ ]

**PART I--FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

Please refer to Annex A.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

Please refer to Annex B.

**PART II--OTHER INFORMATION**

**NONE.**

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: ***Waterfront Philippines, Inc.***

Issuer ***Atty. Arthur R. Ponsaran***

Signature and Title

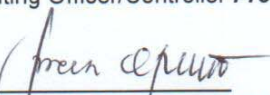
  
\_\_\_\_\_  
***Corporate Secretary***

Date

\_\_\_\_\_

Principal Financial/Accounting Officer/Controller ***Precilla O. Toriano***

Signature and Title

  
\_\_\_\_\_  
***Compliance Officer/ Director for Finance***

Date

\_\_\_\_\_

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION-UNAUDITED  
As of March 31, 2012

"Annex-A"  
Page 1 of 4

	CONSOLIDATED					
	Unaudited		Unaudited		Audited	
	March 31, 2012		March 31, 2011		December 31, 2011	
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	P	76,078,884	P	96,634,465	P	78,956,323
Trade and Other Receivables-net		382,798,311		287,662,740		172,661,982
Inventories		31,937,171		31,462,286		36,718,256
Due from affiliated companies-current portion		1,842,953,175		389,506,269		462,148,879
Prepaid Expenses and Other Current Assets		13,983,049		41,507,365		18,764,904
<b>Total Current Assets</b>		<b>2,347,750,590</b>		<b>846,773,125</b>		<b>769,250,344</b>
<b>Noncurrent Assets</b>						
Receivables from Acesite (BVI)		-		650,000,000		-
Due from affiliated companies-noncurrent portion		253,653,680		1,249,433,336		1,603,431,849
Goodwill		142,819,150		-		142,819,150
Property and equipment-net		6,485,041,467		6,625,375,587		6,530,010,614
Available-for-sale Investments		22,978,150		6,156,410		22,978,150
Deferred Tax Assets		115,253,244		103,363,436		285,882,779
Other noncurrent assets		122,140,211		29,631,800		197,631,935
<b>Total Noncurrent Assets</b>		<b>7,141,885,902</b>		<b>8,663,960,569</b>		<b>8,782,754,477</b>
<b>Total Assets</b>	P	<b>9,489,636,492</b>	P	<b>9,510,733,694</b>	P	<b>9,552,004,821</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Accounts payable and accrued expenses	P	1,653,675,102	P	1,706,158,664	P	1,210,811,796
Loans Payable-current portion		825,157,196		1,271,091,633		867,455,750
Income tax payable		48,347,023		24,837,109		53,753,194
Contract payable		86,260,000		-		86,260,000
Other current liabilities		11,387,710		72,647,915		12,139,739
<b>Total Current Liabilities</b>		<b>2,624,827,031</b>		<b>3,074,735,321</b>		<b>2,230,420,479</b>
<b>Noncurrent Liabilities</b>						
Loans Payable-noncurrent portion		512,500,000		-		512,500,000
Deferred tax liabilities		1,075,075,779		1,115,656,548		1,246,567,529
Other noncurrent liabilities		694,667,252		408,521,553		1,036,494,522
<b>Total Noncurrent Liabilities</b>		<b>2,282,243,031</b>		<b>1,524,178,101</b>		<b>2,795,562,051</b>
<b>Total Liabilities</b>		<b>4,907,070,062</b>		<b>4,598,913,422</b>		<b>5,025,982,530</b>
<b>Equity Attributable to Equity Holders of the Parent Company</b>						
Capital Stock		2,498,991,753		2,498,991,753		2,498,991,753
Additional paid-in capital		706,364,357		706,364,357		706,364,357
Revaluation increment in property and equipment		2,085,457,808		2,157,127,747		2,085,457,808
Unrealized valuation loss on AFS investments		6,329,331		(4,204,901)		6,329,331
Foreign currency translation adjustment		37,654,614		38,915,992		37,654,614
Deficit						
Appropriated		130,000,000		130,000,000		130,000,000
Unappropriated		(1,604,207,350)		(1,311,696,620)		(1,647,505,957)
<b>Total Stockholders Equity</b>		<b>3,860,590,513</b>		<b>4,215,498,328</b>		<b>3,817,291,906</b>
<b>Non-controlling Interest</b>		<b>721,975,917</b>		<b>696,321,943</b>		<b>708,730,385</b>
<b>Total Liabilities &amp; Stockholders Equity</b>	P	<b>9,489,636,492</b>	P	<b>9,510,733,694</b>	P	<b>9,552,004,821</b>

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF INCOME -UNAUDITED  
For the Quarter Ended March 31, 2012

"Annex-A"  
Page 2 of 4

	CONSOLIDATED					
	Unaudited		Unaudited		Audited	
	Jan-Mar 2012		Jan-Mar 2011		December 31, 2011	
<b>REVENUES</b>						
Hotel	P	475,954,951	P	472,262,503	P	1,941,434,489
Nonhotel		34,197,026		30,713,893		22,201,594
Interest and other income		6,629,902		7,048,102		31,933,475
<b>Subtotal</b>		<b>516,781,879</b>		<b>510,024,497</b>		<b>1,995,569,558</b>
<b>OPERATING EXPENSES</b>						
Hotel		323,417,735		306,349,834		1,176,293,454
Nonhotel		30,568,019		28,425,914		251,520,426
<b>Subtotal</b>		<b>353,985,754</b>		<b>334,775,748</b>		<b>1,427,813,880</b>
<b>INCOME BEFORE FIXED FINANCIAL AND OTHER CHARGES</b>		<b>162,796,125</b>		<b>175,248,749</b>		<b>567,755,678</b>
<b>FIXED, FINANCIAL AND OTHER CHARGES</b>						
Depreciation and amortization		73,250,666		72,587,744		275,316,747
Interest Expense		37,443,064		41,082,829		89,458,540
Interest Income		(335)		(3,031)		(27,039,062)
Others		(4,441,411)		-		203,798,797
<b>Subtotal</b>		<b>106,251,984</b>		<b>113,667,542</b>		<b>541,535,022</b>
<b>INCOME BEFORE INCOME TAX</b>		<b>56,544,141</b>		<b>61,581,207</b>		<b>26,220,656</b>
<b>PROVISION FOR INCOME TAX</b>						
Current		-		-		111,197,142
Deferred		-		-		(82,561,515)
<b>INCOME (LOSS) BEFORE SHARE OF MINORITY INTEREST</b>		<b>56,544,141</b>		<b>61,581,207</b>		<b>(2,414,971)</b>
<b>SHARE OF MINORITY INTEREST</b>		<b>13,245,534</b>		<b>7,659,108</b>		<b>18,073,476</b>
<b>NET INCOME (LOSS)</b>		<b>43,298,607</b>		<b>53,922,099</b>		<b>(20,488,447)</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
Foreign currency translation differences for foreign operations		-		-		(1,261,378)
Net change in fair value of available-for-sale financial assets		-		-		16,821,740
Total		-		-		15,560,362
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>P</b>	<b>56,544,141</b>	<b>P</b>	<b>61,581,207</b>	<b>P</b>	<b>13,145,391</b>
<b>EARNINGS (LOSS) PER SHARE</b>		<b>P0.017</b>		<b>P0.022</b>		<b>(P0.008)</b>

\*There are no dilutive potential shares as of March 31, 2012 and 2011

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY-UNAUDITED  
As of March 31, 2012

"Annex-A"  
Page 3 of 4

	CONSOLIDATED					
	Unaudited		Unaudited		Audited	
	March 31, 2012		March 31, 2011		December 31, 2011	
<b>CAPITAL STOCK</b>						
Balance, beginning of the period	P	2,498,991,753	P	1,945,934,653	P	2,498,991,753
Issuance of shares		-		553,057,100		-
<b>Balance, end of period</b>		<b>2,498,991,753</b>		<b>2,498,991,753</b>		<b>2,498,991,753</b>
<b>Additional Paid-in Capital</b>		<b>706,364,357</b>		<b>706,364,357</b>		<b>706,364,357</b>
<b>Revaluation Surplus in Property and Equipment</b>						
Balance, beginning of the period		2,085,457,808		2,157,127,747		2,508,260,998
Derecognition of land held under finance lease due to acquisition of a subsidiary		-		-		(333,068,732)
Transfer of revaluation surplus absorbed through depreciation for the year-net of income tax effect		-		-		(89,734,458)
<b>Balance, end of the period</b>		<b>2,085,457,808</b>		<b>2,157,127,747</b>		<b>2,085,457,808</b>
<b>Unrealized Valuation Gain (Loss) on AFS Investment</b>						
Balance, beginning of the period		6,329,331		(4,204,901)		(4,204,901)
Valuation Loss taken into equity during the year		-		-		9,924,827
Effect of the increase in non-controlling interest due to sale of an interest in a subsidiary		-		-		609,405
<b>Balance, end of the period</b>		<b>6,329,331</b>		<b>(4,204,901)</b>		<b>6,329,331</b>
<b>Foreign Currency Translation</b>						
Balance, beginning of the period		37,654,614		38,915,992		38,915,992
Translation adjustment during the year		-		-		(1,261,378)
<b>Balance, end of the period</b>		<b>37,654,614</b>		<b>38,915,992</b>		<b>37,654,614</b>
<b>Deficit</b>						
<b>Appropriation for renovation and business expansion</b>						
Unappropriated:						
Balance beginning of the year		(1,647,505,957)		(1,365,618,719)		(1,716,751,968)
Transfer of revaluation surplus absorbed through depreciation for the year net of tax effect		-		-		89,734,458
Net Income (Net Loss)		43,298,607		53,922,099		(20,488,447)
<b>Balance, end of the period</b>		<b>(1,604,207,350)</b>		<b>(1,311,696,620)</b>		<b>(1,647,505,957)</b>
<b>Total deficit</b>		<b>(1,474,207,350)</b>		<b>(1,181,696,620)</b>		<b>(1,517,505,957)</b>
<b>Total Equity Attributable to Equity</b>						
<b>Holders of the Parent Company</b>	P	<b>3,860,590,513</b>	P	<b>4,215,498,328</b>	P	<b>3,817,291,906</b>

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS-UNAUDITED  
As of March 31, 2012

"Annex-A"  
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	CONSOLIDATED					
	Unaudited		Unaudited		Audited	
	March 31, 2012		March 31, 2011		December 31, 2011	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Income before income tax	P	56,544,141	P	61,581,207	P	26,220,656
Adjustments for:						
Depreciation and amortization		73,250,666		72,587,744		275,316,747
Interest expense		37,443,064		41,082,829		89,458,540
Loss on sale on acesite shares		-		-		40,537,836
Retirement benefit costs		-		-		21,746,702
Provision for impairment losses on receivable		-		-		97,136,612
Unrealized foreign exchange gain		(4,441,411)		(38,915,992)		(1,661,043)
Interest income		(6,629,902)		7,048,102		(27,039,062)
<b>Operating income before working capital changes</b>		<b>156,166,558</b>		<b>143,383,890</b>		<b>521,716,988</b>
Decrease (increase) in:						
Receivables		(210,136,329)		6,274,911		16,657,215
Inventories		4,781,085		(6,047,259)		(3,380,618)
Prepaid expenses and other current assets		4,781,855		(32,453,902)		610,620
Increase (decrease) in:						
Accounts payable and accrued expenses		447,304,715		333,324,092		61,312,768
Other current liabilities		(752,029)		(440,145,436)		3,693,750
Cash generated from operations		402,145,855		4,336,296		600,610,723
Interest received		6,629,902		7,048,102		363,192
Income taxes paid		(5,406,171)		24,837,109		(80,747,152)
Retirement plan contributions paid		-		(6,500,000)		(17,505,000)
Interest paid		(37,443,064)		(41,082,829)		(84,249,071)
<b>Net cash provided by (used in) operations</b>		<b>365,926,522</b>		<b>(11,361,322)</b>		<b>418,472,692</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Acquisitions of property and equipment		(28,281,519)		-		(97,525,553)
Investment in subsidiary		-		-		(21,565,000)
Proceeds from sale of an equity interest in subsidiary		-		-		14,100,000
Proceeds from sale of property and equipment		-		-		41,884
Decrease (increase) in other non-current assets		246,121,258		(52,587,497)		(50,439,050)
<b>Net cash provided by (used in) investing activities</b>		<b>217,839,739</b>		<b>(52,587,497)</b>		<b>(155,387,719)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Increase(decrease) in loans payable		(42,298,554)		(342,111,812)		18,369,631
Decrease in due from related parties		(31,026,127)		(4,970,635)		(491,967,851)
Increase (decrease) in other non-current liabilities		(513,319,019)		236,804,000		199,791,499
Payment of obligation under finance lease		-		-		(1,500,000)
<b>Net cash used in financing activities</b>		<b>(586,643,700)</b>		<b>(110,278,447)</b>		<b>(275,306,721)</b>
Decrease in translation adjustment for the year		-		(10,120,719)		(1,261,378)
Net increase (decrease) in cash and cash equivalents		(2,877,439)		43,579,365		(13,483,126)
Cash and cash equivalents at beginning of year		78,956,323		53,055,100		92,439,449
<b>Cash and cash equivalents at end of year</b>	P	<b>76,078,884</b>	P	<b>96,634,465</b>	P	<b>78,956,323</b>

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

**Organization and Status of the Business**

*Corporate Information*

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

The Parent Company and the following subsidiaries were incorporated in the Philippines, except for Waterfront Promotion Ltd (WPL) and Club Waterfront Limited (CWIL), which were registered in the Cayman Islands. The details of the equity interest of the Parent Company are shown below:

	<u>Percentage of Ownership</u>	
	Direct	Indirect
<i>Hotels and resorts:</i>		
Waterfront Cebu City Casino Hotel, Inc. (WCCCHI)	100	-
Waterfront Mactan Casino Hotel, Inc. (WMCHI)	100	-
Davao Insular Hotel Company, Inc. (DIHCI)	98	-
Acesite (Philis.) Hotel Corporation (APHC)	59	-
Grand Ilocandia Resort and Development, Inc. (GIRDI)	54	-
<i>Real Estate:</i>		
CIMA Realty Phils. Inc.		59
<i>Fitness gym:</i>		
W Citigyms & Wellness, Inc. (W Citigym)	100	-
<i>International marketing and promotion of casinos:</i>		
Waterfront Promotion Ltd. (WPL)	100	-
Mayo Bonanza, Inc. (MBI)	100	-
Club Waterfront International Limited (CWIL)	-	100
<i>Pastries manufacturing:</i>		
Waterfront Food Concepts, Inc. (WFC)	100	
<i>Hotel management and operation:</i>		
Waterfront Management Corprotion (WMC)	100	-

**Hotels**

**Waterfront Cebu City Casino Hotel Inc. (WCCCHI)** was incorporated on September 23, 1994. It started commercial operations in January 1998.

This hotel is conveniently located in the center of Cebu and is within easy reach from the financial district, shopping malls, golf courses and Mactan's renowned beach resorts.



Waterfront Cebu City Hotel & Casino has 561 elegantly designed and well-appointed guest rooms and suites. The 18th Floor is the Waterfront Ambassador Club with a two floor Club Lounge exclusive for Ambassador Floor guests. Waterfront Ambassador Club guests enjoy butler service, complimentary business services and a business boardroom fit for a group of up to 8 people, equipped with a built-in LCD projector, a roll-up screen, PA and recording system, a local area network (LAN) and a poly communication system. The 2<sup>nd</sup> floor lounge is outfitted with 3 computer stations, where guests can avail of complimentary WIFI access, flat-screen television entertainment, an array of lifestyle and business magazines as well as newspapers and board games. The hotel offers a 10,000-square meter convention center, which is the largest convention center in the Visayas and Mindanao, and is designed to adapt to multiple types of events. The convention center is equipped with 10 function rooms, 2 executive board rooms, and 2 Grand Ballrooms, each seating 4,000 people. It has played host to a myriad of national as well as regional events, conventions and conferences.

Waterfront Cebu operates 10 F&B outlets, including a hotel coffee 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 hotel's lobby renovation has started last year, 2011 and will be launched July this year. The cost of the renovation is around Php120 million. Designed by no less than Steven J. Leach, Jr. + Associates [Consultants] Incorporated (SL+A Manila), which is a part of the world-renowned Steven Leach Group, the inspiration for the lobby's new look is based on two main objectives; first, to transform the existing single dimension grand lobby into a multi-dimensional lifestyle-concept space that will enhance the guests' experience when dining and lounging in the lobby; and second, to improve traffic patterns, through the construction of larger check-in areas and through maximizing the Lobby's three entrances.

Waterfront Cebu City Hotel and Casino's massive, high-ceilinged lobby has always been its principal attraction in fact it is touted as the largest hotel lobby in Visayas-Mindanao area. Spanning 22 meters wide, 96 meters in long and 35 meters high and crisscrossed by hundreds of people each day, the hotel's grand lobby sets the whizzing pulse for the hotel and dictates its overall ambiance.

**Waterfront Mactan Casino Hotel, Inc. (WMCHI)** was incorporated on September 23, 1994. Located right across the Mactan Cebu International Airport, it features 164 rooms and suites, 4 food-and-beverage outlets and a Casino Filipino facility. It has the advantage of proximity to the Mactan International Airport. It has the largest number of rooms among airport hotels. WMCHI has made Cebu the only city in Southeast Asia that offers casino facilities to transients while waiting for their flights.

It is just a 3-minute drive to the industrial zone of Cebu, and a 15-minute drive to the beaches of Mactan Island. This hotel is just a short 30-minute drive from Cebu City's shopping and financial districts. The hotel has 164 well-appointed guest rooms and suites. The hotel has an Ambassador Club floor which consists of 14 Ambassador Rooms and 6 Ambassador Suites. The suites are designed with the business travelers in mind and are equipped with a work desk, dual telephone lines for broadband internet access. The business center is equipped with secretarial services and board rooms that cater to business meetings. Its computer area is outfitted with flat screen computers subdivided with modular partitions.

The hotel operates 4 F&B outlets including Uno, the Lobby Lounge, and Café Fortuna. The hotel's convention center consists of three function rooms and a boardroom. Both are equipped with audio-visual equipment. Function rooms can accommodate groups of up to 200 in banquet style. For guests who wish to hold events outdoors, the Veranda is a spacious open area that can accommodate as much as 250 people.

**DIHCI** was incorporated on July 3, 1959 and is currently operating under its trade name "Waterfront Insular Hotel Davao".

Waterfront Insular Hotel is a resort hotel overlooking the Davao Gulf. It is 20 minutes away from downtown Davao City. The hotel holds a superior position over other hotels in the city in terms of space and location.

With a greater area than any other hotel facility in the city, it is unmatched in servicing large business meetings, conventions, and exhibit groups. The hotel consists of four low-rise buildings of 158 guest rooms and suites. Every room opens to a lanai overlooking a lush garden, the blue waters of the Davao Gulf or a scenic coconut grove. The hotel has 5 restaurants. The hotel's function rooms suit different event requirements: 1 Grand Ballroom that can accommodate up to 400 persons, 3 boardrooms that can accommodate 30 persons each, and the Kalaw function room that can accommodate groups of up to 150 persons. The Tent in the hotel's garden is also popular for bigger celebrations

**Acesite (Phils.) Hotel Corporation (APHC)** was incorporated on October 10, 1952 and commenced commercial operations in March 1968. It is currently operating under its trade name Manila Pavilion Hotel.

Situated in the heart of Manila, this property is opposite the Rizal National Park and is close to the historic walled city of Intramuros. It was acquired by WPI in June 24, 2004. This property is a few minutes away from the Philippine International Convention Center, World Trade Center and the Cultural Center of the Philippines. The Ninoy Aquino International Airport is 11 kilometers away while the Makati Central Business District is only 6 kilometers away.

The hotel has 534 rooms and suites. All rooms have individually controlled central air conditioning, private bathroom with bath tub and shower, multi-channel radio, color TV with cable channels and internet connections.

The hotel has 5 food and beverage outlets that serve an international selection of culinary cuisines from European, to Chinese, Malaysian, and Cantonese. The hotel also has a music lounge and a lobby café that serves light meals and has an extensive pastry and deli counter.

Other guest services and facilities include a chapel, swimming pool, gym, business center, and a valet-service basement car park. Concessionaires and tenants include a spa, photography services, transportation services, travel agency and flower shop.

In addition, Casino Filipino -Pavilion, owned and operated by PAGCOR, occupies parts of the first five floors of the building. PAGCOR covers approximately 13,000 square meters of gaming and administrative area within the hotel structure. Casino Filipino - Pavilion is the highest earning location of PAGCOR in the country and accounts for a large percentage of PAGCOR's total gaming revenue.

**GIRDI** was incorporated on December 18, 1990 to engage in the hotel and resort business.

In November 2000, all of the property and equipment of GIRDI, including the hotel facilities and other operating assets, as well as its investment in marketable securities, were transferred to a third party. With this transfer, GIRDI ceased its involvement in the hotel and resort business. Management is currently looking for new business opportunities for GIRDI and intends to continue operating GIRDI as a going concern entity.

**Mayo Bonanza, Inc. (MBI)**, a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI) was registered with the Securities and Exchange Commission on November 24, 1995. Its primary purpose is to establish, operate, and manage the business of amusement entertainment, and recreation facilities for the use of the paying public.

MBI has been appointed by Atlantic Dynamo of the British Virgin Islands as its agent in the Philippines. Atlantic Dynamo has a contract with PAGCOR under which it will lease space and slot machines to PAGCOR for the operation of VIP slot machine arcades. MBI shall provide space and machines to PAGCOR, while PAGCOR operates the slot machine arcade.

WPI's entry into the VIP slot machine arcade market space is in line with PAGCOR's growth strategy. The first such VIP slot machine arcade was opened by MBI in Sta. Cruz, Manila. The 1,200 square meter area is located at the Universal Mall along Rizal Avenue.

The slot machines are supplied by Elixir Gaming Technologies, which is part of the Melco Group of Hong Kong. This partnership is both strategic and operational in nature. It is strategic because they are a big operator in Macau. Operationally, WPI is at an advantage because the Melco Group creates its own slot machines and does their own game programming.

**WPL, CWIL** On March 23, 1995, WPL became a wholly-owned subsidiary following its acquisition by the Company from Waterfront Amusement and Gaming Limited. WPL and its wholly-owned subsidiary, CWIL were primarily established for the international marketing and promotion of hotels and casinos. In 2003, these companies have been temporarily laid inoperative in response to a general slow down in the economy. Management, however, commits to resume operations when better business opportunities present themselves in the future.

**W Citigym & Wellness, Inc.** was incorporated and registered with the Securities and Exchange Commission on January 26, 2006, to engage in, conduct and carry on the general business of sporting and other recreational activities. The facilities of W Citigym include a fitness gym with the top-of-the line equipments and amenities. The Company also offers in-house massage for guests staying in Waterfront Cebu City Casino Hotel, Inc.

**Waterfront Food Concepts** was incorporated and registered with the Securities and Exchange Commission on January 26, 2004, to engage in the operation of restaurants and food outlets, manufacture, baked and unbaked desserts, breads and pastries supplies to in-store bakeries, coffee shops and food service channels. WFC supplies the pastries and desserts offered by WCCHI and WMCHI food outlets, as well as its local customers.

**WMC** was registered with the Securities and Exchange Commission on March 31, 2003 to engage in the management and operation of hotels, except management of funds, portfolios, securities, and other similar assets of the managed entity. In November 2006, WMC started its commercial operations by managing the hotel operations of G-hotel Manila by Waterfront.

The G-Hotel Manila is a boutique hotel located at the heart of Manila fronting Roxas Boulevard. It is easily accessible from major thoroughfares. The hotel is approximately a twenty-minute drive from the Ninoy Aquino International Airport and is minutes away from the Makati Central Business District. With its residential chic appeal, G-Hotel Manila provides a comfortable backdrop for both business and pleasure in the metropolis. Combining both world-class services with posh modern minimalism, G-Hotel Manila serves a unique balance of substance and style in a trendy boutique hotel.

The hotel has 50 rooms consisting of 10 suites rooms and 40 deluxe rooms, which offer 24-hour personalized butler service. The hotel operates two outlets namely, the Café Noir which is the hotel's coffee shop which offers Asian fusion menu and the Mirage, the hotel's pool bar. Its function room, the Promenade, can cater to 250 people banquet style offering a marvelous view of the Manila Bay.

The hotel's business center is equipped with flat screen computers, fax machines, telecommunications facilities and travel booking assistance.

**WEC**, was registered with the Securities and Exchange Commission on August 13, 2003 and successfully established the country's first ever integrated hotel reservations and booking system featuring a full-service, round-the-clock, 7 days a week Central Reservation Office last October 2009. This service ranges from systems and solutions specializing in the operations hotel framework. It offers specialize hotel consultancy services to hotel owners, operators, brands, developers, lenders and investors with the support of hand-picked networks of experts covering all elements of the hotel or hospitality business within a global perspective.

#### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Parent Company, as well as those of its subsidiaries. Subsidiaries are those companies in which the Group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has the power to exercise control over the operations of these companies. All subsidiaries have been fully consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All significant inter-company balances and transactions have been eliminated in the consolidated financial statements.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

#### **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 expense that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Group's BOD, the chief operating decision maker (CODM) of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the Group's BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

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

The Group's businesses are operated and organized according to the nature of business provided, with each segment representing a strategic business unit, namely the Hotel and Marketing 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. The following specific recognition criteria must 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.

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

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

**Other Operating Departments**

Revenue from other operating departments is recognized upon execution of service or as contracted.

**Interest Income**

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

**Earnings (Loss) Per Share**

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

**1. Cash and Cash Equivalents**

Included in cash and cash equivalents as of March 31, 2012 and 2011, are composed mainly of cash deposited in various banks and short-term placements that earn an annual interest of 2% with an average maturity date of 30 days.

**2. Receivables**

This account consists of:

	<b>March 2012</b>	<b>March 2011</b>
Trade	P120,546,713	P133,744,539
Others	285,206,324	180,464,876
	<b>405,753,037</b>	<b>314,209,416</b>
Less: allowance for doubtful accounts	(22,954,726)	(26,546,675)
<b>Total</b>	<b>P382,798,311</b>	<b>P287,662,740</b>

**3. Inventories**

This account consists of:

	<b>March 2012</b>	<b>March 2011</b>
Food and Beverage	P15,424,589	P15,677,768
Operating Supplies	13,737,963	12,316,187
Others	2,770,619	3,468,332
<b>Total</b>	<b>P31,937,171</b>	<b>P31,462,287</b>

**4. Related Party Transactions**

These are interest bearing advances to MAHEC, TWIGI, PRC and FORUM.

## 5. Accounts Payable and Accrued Expenses

This account consists of:

	March 2012	March 2011
Trade	P276,286,883	P333,304,736
Accrued Expenses	945,708,398	946,042,089
Others	431,679,821	426,811,839
<b>Total</b>	<b>P1,653,675,102</b>	<b>P1,706,158,664</b>

## 6. Loans Payable

This account consists of:

### SSS Loan

On October 28, 1999, the Parent Company also obtained a five-year term loan from SSS amounting to P375 million originally due on October 29, 2004.

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

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

### ICBC Loan

The Company had committed an event of default with respect to the payment of its US\$15 million loan with the ICBC - Singapore Branch, which matured on 31 March 1998. On 03 June 2003, the loan was restructured by ICBC which stipulated six semi-annual installments payment of principal and interest until April 2006. In July 2004, the new management of the Company requested for a reprieve on loan principal payments due for the period, which the Company suggested to be placed at the end of the term of the Amended Agreement. The outstanding principal balance as of 31 March 2012 is US\$8.430 million. Management is still negotiating with ICBC for a rescheduling of payments on the Company's remaining principal balances.

### PBB

On June 10, 2011 and December 19, 2012, WCCCHI and WMCHI, respectively entered into a loan agreement with PBB amounting to Php300 million each with interest fixed at 12% per annum.

**7. The earnings per share is computed as follows:**

	<b>March 2012</b>	<b>March 2011</b>
Net Income	P43,298,607	P53,922,099
Weighted Average Number of Shares Outstanding	2,498,991,753	2,498,991,753
<b>Earnings per share</b>	<b>P0.017</b>	<b>P0.022</b>

There are no dilutive potential shares as of March 31, 2012 and 2011.

**8. Lease Agreement with Philippine Amusement and Gaming Corporation ("PAGCOR")**

On December 1, 2010, PAGCOR and APHC amended the lease contract, otherwise known as the Omnibus Amended Lease Contract (OALC) extending the lease term and expanding the lease area. The OALC shall cover the Main Area (7,093.05 sq. m.), Expansion Area A (2,130.36 sq. m.), Expansion Area B (3,069.92 sq. m.) and Air Handling Unit (AHU) Area (402.84 sq. m.) for a total lease area of 12,696.17 square meters. The lease agreement is until December 16, 2016.

The monthly rent to be applied on the leased areas are as follows: Main Area shall be P2, 621.78 per square meter, Expansion Area A shall be P1,248.47 per square meter, Expansion Area B shall be P1,600 per square meter and the AHU Area shall be free of rent. Annual escalation rate of 5% shall be applied on the third and fourth year of the lease. The Amended Lease Contract is until December 30, 2016, and may be renewed, in accordance with the law, at the option of the Lessee under such terms and conditions as may be agreed upon by the parties.

On March 21, 2011, WCCCHI and WMCHI renewed their respective Lease Contracts with PAGCOR, in order to consolidate, simplify, reconcile and update the terms and conditions of the contract of lease and its amendments. The Lease Contract shall cover a total area of 13,677.08 sq. m., for WCCCHI, particularly described as follows: Main Area 8,123 sq. m., Slot Machine Expansion Area 883.38 sq. m., Mezzanine 2,335 sq. m., 5<sup>th</sup> Floor Junket Area 2,336 sq. m. The monthly rent for each area is P1, 772.96 per sq. m., and for the 5<sup>th</sup> Floor Junket Area the rent is free for a period of one (1) year from the execution of the Lease Contract. In the event that the lease over the 5<sup>th</sup> Floor Junket Area is continued by the Lessee, the parties shall agree on the monthly rent and the duration of the lease for the said area.

For WMCHI the Lease Contract shall cover a total area of 5,152.24 sq. m consisting of Main Casino Area of 4,076.24 sq. m., and a Chip Washing Area of 1,076 sq. m. The monthly rent for the Main Casino Area is P 1,772.96 per sq. m. and for the Chip Washing Area is P1, 688.53 per sq. m.

The monthly rent for the Leased Premises is Value Added Tax (Vat) exclusive, zero-rated transactions. Starting on January 3, 2013 and every year thereafter, the monthly rent for the Main Area, Slot Machine Expansion Area, Mezzanine, Main Casino Area and the Chip Washing Area for both WCCCHI and WMCHI, shall be adjusted by five (5%) on year after the lease thereon is continued by the Lessee and every year thereafter. The Lease Contracts for both WCCCHI and WMCHI is until August 2, 2016, and may be renewed, in accordance with the law, at the option of the Lessee under such terms and conditions as may be agreed upon by the parties.

## **9. Other Lease Agreements**

### **Land under Operating Lease**

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

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

## **10. Commitments and Contingencies**

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

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 P3.2 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.

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



**MANAGEMENT DISCUSSION AND ANALYSIS**  
**OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

Below are the results of operations of the Parent Company and its subsidiaries, for the period ending March 31, 2012 and 2011 together with its financial conditions as of the same period:

**RESULTS OF OPERATIONS**

	Jan-Mar 2012	Jan-March 2011
<b>Revenues</b>	<b>P516,781,879</b>	<b>P510,024,497</b>
Less: Operating Expenses	353,985,754	334,775,748
<b>Income Before Fixed Financial and Other Charges</b>	<b>162,796,125</b>	<b>175,248,749</b>
Less: Fixed Financial and Other Charges	106,251,984	113,667,542
<b>Income before Income Tax</b>	<b>56,544,141</b>	<b>61,581,207</b>
Income Tax Expense	--	--
<b>Income before Share in Minority Interest</b>	<b>56,544,141</b>	<b>61,581,207</b>
Share of Minority Interest	(13,245,534)	(7,659,108)
<b>Net Income</b>	<b>P43,298,607</b>	<b>P53,922,099</b>
<b>Earnings Per Share</b>	<b>P0.017</b>	<b>P0.022</b>

**FINANCIAL CONDITIONS**

	March 2012	March 2011
<b>Assets</b>		
Current Assets	P2,347,750,590	P846,773,125
Non-current Assets	7,141,885,902	8,663,960,569
<b>Total Assets</b>	<b>P9,489,636,492</b>	<b>P9,510,733,694</b>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities	P2,624,827,031	3,074,735,321
Non-current Liabilities	2,282,243,031	1,524,178,101
Total Stockholders' Equity	3,860,590,513	4,215,498,328
Minority Interest	721,975,917	696,321,943
<b>Total Liabilities and Stockholders' Equity</b>	<b>P9,489,636,492</b>	<b>P9,510,733,694</b>

## RESULTS OF OPERATIONS

**Period ended March 31, 2012 compared to Period Ended March 31, 2011.**

### Income Statement

Hotel and other subsidiaries gross revenues for the 1<sup>st</sup> quarter is Php517 million compared with the 1<sup>st</sup> quarter last year of Php510 million; an increase of 1.4%. The reason why the increase in revenue is only very minimal is that WCCCHI's lobby is under renovation. WCCCHI's revenue grew only by 0.01%. Operating expenses increased by 5.7%; this is mainly due to the increase in energy cost such as electricity, fuel and water.

### *Seasonality or Cyclicity of Interim Operations*

#### 1<sup>ST</sup> QUARTER

The occupancy for the two (2) hotels, WCCCHI and WMCHI, are high during the months of January and February because of the celebration of the Feast of Sto. Niño better, renowned as the "Sinulog" as well as the celebration of the Chinese New Year. Many visitors come to Cebu during this time just to witness and participate in the festivities. Sinulog is one of the city's main pull for tourists as well as other locals. The celebration of the Chinese New Year also added to the Company's revenues. As we all know, the country's full of Chinese nationalities and businessmen that celebrating their new year would really be an advantage to the hotels in terms of revenues. The month of March tends to be a slow one for all the hotels. The occupancy percentage depends on the bookings of rooms and functions scheduled by convention organizers, government agencies and tour-group bookings.

The company and the management itself continue to navigate to a position of incontestable strength and market leadership. To go beyond outside traditional markets and develop new revenue streams. And further enhance measures to decrease its operating cost without sacrificing the need and satisfaction of its guest/clients.

### TOP FIVE (5) PERFORMANCE INDICATORS

	<b>Jan-Mar 2012</b>	<b>Jan-Mar 2011</b>
Occupancy Percentage	68%	65%
Average Room Rates	2,143.64	2,164.37
Food Covers	67,943	74,341
Average Food Checks	350.90	340.65
Average Food Costs	34%	32%

### **Occupancy Percentage**

The occupancy percentage grew by 5% as compared to 1<sup>st</sup> quarter last year. Occupancy percentage is computed by dividing the total number of rooms sold over the total number of rooms available for sale.

### **Average Room Rate**

Average room rate is 0.96% lower compared to 1<sup>st</sup> quarter last year; this mainly due to room promotions offered by WCCCHI and WMCHI to compete with the newly opened hotels in Cebu that offered promo rates. Average room rate is computed by dividing the net rooms revenue over the total number of rooms sold.

### **Food Covers**

Food covers this quarter decreased by 8.6% compared to the 1<sup>st</sup> quarter last year. This is mainly because there were fewer functions and conventions this time. Food covers pertains to the number of guests that availed of the restaurants services.

### **Average Food Check**

The average food check or average consumption per guest this quarter grew by 3.01% compared to 1<sup>st</sup> quarter last year. Average Food Check is derived by dividing the total food and beverage revenue by total food covers.

### **Average Food Cost**

The average food cost increased by 6.2% from previous year of the same quarter. This is mainly due to the fewer functions and conventions this quarter compared to the same quarter last year. Average Food Cost is computed by dividing the total food and beverage revenue by total food cost.

### **Revenues and Earnings per Share**

Revenues increased by 1.3% for the first quarter of 2012 as compared to previous year of the same quarter while operating expenses increased by 5.7%. Such increase in revenues and increase in operating expenses resulted to a net income of P43 million, which is 19.7% lower compared to last year same quarter.

Earnings per share this quarter is P0.017 while same quarter last year was P0.022.

### **Fixed Financial and Other Charges**

Total fixed financial and other charges for this quarter is 7% lower compared to same quarter last year. This account includes the depreciation and interest expenses from the loans from the banks.

Interest Expense this quarter is lower by 9% compared to the 1<sup>st</sup> quarter last year.

## **FINANCIAL CONDITION**

### **Cash and Cash Equivalents**

Cash and cash equivalents as of the 1<sup>st</sup> quarter of this year is Php76 million compared to 1<sup>st</sup> quarter of Php97 million; a decrease of 22%. The reason for this is that the company has tried to avail of the prompt payment discount offered by some suppliers whenever there is an excess fund.

### **Receivables**

Receivables for the period increased by 33% from P287 million 1<sup>st</sup> quarter last year to P383 million 1<sup>st</sup> quarter this year. The increase was attributable to the higher sales volume but on account basis. The company continues to monitor the credit sales and strictly followed the 30 days credit term.

### **Inventories**

Inventory for this quarter is more or less the same as last year's-- Php31.94 million this year while last year was Php31.46 million. Best effort was exerted to maintain the inventories on a very reasonable level. The company was nimble enough to react quickly to changes in customer demand and do it with little inventory to prevent a long lead times in-order to minimize cost.

### **Due from related parties-current portion**

This account has increased by 373% from last year's first quarter. This also represents interest bearing advances with MAHEC, TWGI, PRC and FHI at a rate of two percent (2%) per annum. Advances to TWGI, PRC and FHI are expected to be fully settled by 2015, while MAHEC is expected to pay in full before 2015.

### **Property, Plant and Equipment**

There is a decrease of 2% on this account. This is mainly due to depreciation.

### **Accounts Payable and Accrued Expenses**

This account has decreased by 3.1%. The reason for this is that the company has tried to avail of the prompt payment discount offered by some suppliers whenever there is an excess fund.

### **Loans Payable**

There is an increase of 5.2% or Php66 million on this account. This is due to the additional loan from Phil. Business Bank. This account also pertains to the loans from Social Security System and Industrial Commercial Bank of China. The loan from COSCO Prime Holdings has been fully paid.

### **Financial Risk Management**

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, due from related parties, AFS investments, accounts payable and accrued expenses, other current liabilities, due to related parties, loans payable, and other noncurrent liabilities. The main purpose of these financial instruments is to raise finances for the Group's operations. The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

#### **Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and non-trade receivables. The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Other than certain receivables and due from related parties which were provided with an allowance for impairment losses, there is no other significant concentration of credit risk in the Group.

**Liquidity Risk**

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

**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.

**WATERFRONT PHILIPPINES, INCORPORATED & SUBSIDIARIES**  
**SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE**  
**As of March 31, 2012**

	0-30 days		31-60 days		61-90 days		91-120 days		121 days over		TOTAL	
<b>Trade Receivables</b>												
Waterfront Cebu City Hotel & Casino	P	18,713,039	P	3,435,129	P	95,413	P	5,100	P	6,070,555	P	28,319,236
Waterfront Airport Hotel & Casino		(1,009,895)		1,199,109		910,602		1,522,494		8,209,755		10,832,065
Waterfront Insular Hotel Davao		7,707,117		523,414		1,102,476		751,515		3,644,323		13,728,844
Manila Pavilion Hotel		20,401,310		6,838,894		370,335		(95,219)		9,948,743		37,464,064
G-Hotel		1,676,629		198,255		136,178		(1,755)		411,930		2,421,237
<b>Total</b>	<b>P</b>	<b>47,488,201</b>	<b>P</b>	<b>12,194,802</b>	<b>P</b>	<b>2,615,003</b>	<b>P</b>	<b>2,182,134</b>	<b>P</b>	<b>28,285,305</b>	<b>P</b>	<b>92,765,446</b>