

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. Irish Chara Lawas
Contact Person

(02) 559-0130
Company Telephone Number

1 2 3 1
Month Day

1 7 - Q 1
FORM TYPE

0 8 1 8
Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

4 9 0
Total No. of Stockholders

Total Amount of Borrowings

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

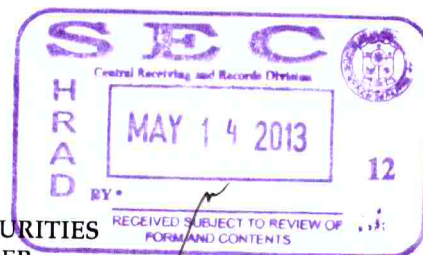
Remarks = pls. use black ink for scanning purposes.

9.5.14.2013
ROSEHELLE V. TAMPUCAO

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, 2013
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

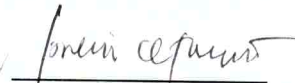

Corporate Secretary

Date

05/14/2013

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

Signature and Title


Compliance Officer/ Director for Finance

Date

05/14/2013

	CONSOLIDATED					
	Unaudited		Unaudited		Audited	
	March 31, 2013		March 31, 2012		December 31, 2012	
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	P	100,354,224	P	76,078,884	P	76,723,180
Trade and Other Receivables-net		405,140,490		382,798,311		165,119,561
Inventories		34,427,235		31,937,171		29,840,571
Due from affiliated companies-current portion		1,930,183,933		1,842,953,175		2,176,371,031
Prepaid Expenses and Other Current Assets		9,672,897		13,983,049		27,161,233
Total Current Assets		2,479,778,779		2,347,750,590		2,475,215,576
Noncurrent Assets						
Receivables from Acesite (BVI)		-		-		-
Due from affiliated companies-noncurrent portion		-		253,653,680		-
Goodwill		-		142,819,150		-
Property and equipment-net		5,921,902,228		6,485,041,467		6,461,224,021
Available-for-sale Investments		26,013,000		22,978,150		26,013,000
Deferred Tax Assets		95,192,804		115,253,244		278,522,670
Other noncurrent assets		32,970,688		122,140,211		130,421,834
Total Noncurrent Assets		6,076,078,720		7,141,885,902		6,896,181,525
Total Assets	P	8,555,857,499	P	9,489,636,492	P	9,371,397,101
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and accrued expenses	P	1,173,133,658	P	1,653,675,102	P	1,276,945,998
Loans Payable-current portion		375,000,000		825,157,196		689,128,747
Income tax payable		9,093,083		48,347,023		14,313,966
Contract Payable		-		86,260,000		-
Mortgage Loan payable		299,798,636		-		-
Other current liabilities		305,876,917		11,387,710		14,083,208
Total Current Liabilities		2,162,902,294		2,624,827,031		1,994,471,919
Noncurrent Liabilities						
Loans Payable-noncurrent portion		603,125,000		512,500,000		700,000,000
Deferred tax liabilities		855,855,307		1,075,075,779		1,214,757,909
Other noncurrent liabilities		496,046,182		694,667,252		1,057,275,213
Total Noncurrent Liabilities		1,955,026,489		2,282,243,031		2,972,033,122
Total Liabilities		4,117,928,783		4,907,070,062		4,966,505,041
Equity Attributable to Equity Holders of the Parent Company						
Capital Stock		2,498,991,753		2,498,991,753		2,498,991,753
Additional paid-in capital		706,364,357		706,364,357		706,364,357
Revaluation increment in property and equipment		1,982,306,439		2,085,457,808		1,982,306,439
Unrealized valuation loss on AFS investments		7,982,267		6,329,331		7,982,267
Foreign currency translation adjustment		35,801,255		37,654,614		35,801,255
Deficit						
Appropriated		140,000,000		130,000,000		140,000,000
Unappropriated		(1,620,944,568)		(1,604,207,350)		(1,652,630,785)
Total Stockholders Equity		3,750,501,503		3,860,590,513		3,718,815,286
Non-controlling Interest		687,427,213		721,975,917		686,076,774
Total Liabilities & Stockholders Equity	P	8,555,857,499	P	9,489,636,492	P	9,371,397,101

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME -UNAUDITED
For the Quarter Ended March 31, 2013

"Annex-A"
Page 2 of 4

	CONSOLIDATED					
	Unaudited		Unaudited		Audited	
	Jan-Mar 2013		Jan-Mar 2012		December 31, 2012	
REVENUES						
Hotel	P	453,427,854	P	475,954,951	P	1,951,660,279
Nonhotel		30,099,754		34,197,026		19,132,964
Interest and other income		11,679,204		6,629,902		28,472,703
Subtotal		495,206,812		516,781,879		1,999,265,946
OPERATING EXPENSES						
Hotel		303,288,583		323,417,735		1,174,511,444
Nonhotel		29,013,514		30,568,019		350,192,702
Subtotal		332,302,097		353,985,754		1,524,704,146
INCOME BEFORE FIXED FINANCIAL AND OTHER CHARGES		162,904,715		162,796,125		474,561,800
FIXED, FINANCIAL AND OTHER CHARGES						
Depreciation and amortization		81,670,440		73,250,666		323,723,574
Interest Expense		50,166,694		37,443,064		162,940,594
Interest Income		(66)		(335)		(41,274,304)
Others		(2,065,111)		(4,441,411)		(17,083,188)
Subtotal		129,771,958		106,251,984		428,306,676
INCOME BEFORE INCOME TAX		33,132,756		56,544,141		46,255,124
PROVISION FOR INCOME TAX						
Current		96,100		-		38,566,769
Deferred		-		-		-
INCOME (LOSS) BEFORE SHARE OF MINORITY INTEREST		33,036,656		56,544,141		7,688,355
SHARE OF MINORITY INTEREST		1,350,439		13,245,534		14,938,019
NET INCOME(LOSS)		31,686,217		43,298,607		(7,249,664)
OTHER COMPREHENSIVE INCOME						
Foreign currency translation differences for foreign operations		-		-		(11,853,359)
Net change in fair value of available-for-sale financial assets		-		-		3,034,850
Total		-		-		(8,818,509)
TOTAL COMPREHENSIVE INCOME	P	33,036,656	P	56,544,141	\$	(1,130,154)
EARNINGS (LOSS) PER SHARE		P0.013		P0.017		(P0.003)

*There are no dilutive potential shares as of March 31, 2013 and 2012

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY-UNAUDITED
As of March 31, 2013

"Annex-A"
Page 3 of 4

	CONSOLIDATED					
	Unaudited		Unaudited		Audited	
	March 31, 2013		March 31, 2012		December 31, 2012	
CAPITAL STOCK						
Balance, beginning of the period	P	2,498,991,753	P	2,498,991,753	P	2,498,991,753
Issuance of shares		-		-		-
Balance, end of period		2,498,991,753		2,498,991,753		2,498,991,753
Additional Paid-in Capital		706,364,357		706,364,357		706,364,357
Revaluation Surplus in Property and Equipment						
Balance, beginning of the period		1,982,306,439		2,085,457,808		2,085,457,808
Derecognition of land held under finance lease due to acquisition of a subsidiary		-		-		(6,763,234)
Transfer of revaluation surplus absorbed through depreciation for the year-net of income tax effect		-		-		(96,388,135)
Balance, end of the period		1,982,306,439		2,085,457,808		1,982,306,439
Unrealized Valuation Gain (Loss) on AFS Investment						
Balance, beginning of the period		7,982,267		6,329,331		6,329,331
Valuation Loss taken into equity during the year		-		-		1,760,213
Effect of the increase in non-controlling interest due to sale of an interest in a subsidiary		-		-		(107,277)
Balance, end of the period		7,982,267		6,329,331		7,982,267
Foreign Currency Translation						
Balance, beginning of the period		35,801,255		37,654,614		37,654,614
Translation adjustment during the year		-		-		(1,853,359)
Balance, end of the period		35,801,255		37,654,614		35,801,255
Deficit						
Appropriation for renovation and business expansion		140,000,000		130,000,000		140,000,000
Unappropriated:						
Balance beginning of the year		(1,652,630,785)		(1,647,505,957)		(1,741,769,256)
Transfer of revaluation surplus absorbed through depreciation for the year net of tax effect		-		-		96,388,135
Net Income (Net Loss)		31,686,217		43,298,607		(7,249,664)
Balance, end of the period		(1,620,944,568)		(1,604,207,350)		(1,652,630,785)
Total deficit		(1,480,944,568)		(1,474,207,350)		(1,512,630,785)
Total Equity Attributable to Equity Holders of the Parent Company	P	3,750,501,503	P	3,860,590,513	P	3,718,815,286

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS-UNAUDITED
As of March 31, 2013

"Annex-A"
Page 4 of 4

	CONSOLIDATED					
	Unaudited		Unaudited		Audited	
	March 31, 2013		March 31, 2012		December 31, 2012	
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	P	33,036,656	P	56,544,141	P	46,255,124
Adjustments for:						
Depreciation and amortization		81,670,440		73,250,666		323,723,574
Interest expense		50,166,694		37,443,064		162,940,594
Loss on sale on acesite shares		-		-		9,169,071
Retirement benefit costs		-		-		44,306,329
Provision for impairment losses on receivable		-		-		796,995
Unrealized foreign exchange gain		(2,065,111)		(4,441,411)		(21,172,420)
Loss on disposal of property and equipment		-		-		88,605
Interest income		(9,994,661)		(6,629,902)		(41,274,304)
Operating income before working capital changes		152,814,018		156,166,558		524,833,568
Decrease (increase) in:						
Receivables		(240,020,929)		(210,136,329)		(746,305)
Inventories		(4,586,664)		4,781,085		6,877,685
Prepaid expenses and other current assets		17,488,336		4,781,855		(10,973,124)
Increase (decrease) in:						
Accounts payable and accrued expenses		(101,747,229)		447,304,715		78,280,229
Other current liabilities		424,809,144		(752,029)		10,628,902
Cash generated from operations		248,756,676		402,145,855		608,900,955
Interest received		9,994,661		6,629,902		196,478
Income taxes paid		(5,316,983)		(5,406,171)		(102,418,152)
Retirement plan contributions paid		-		-		(19,467,600)
Interest paid		(50,166,694)		(37,443,064)		(151,871,417)
Net cash provided by (used in) operations		203,267,660		365,926,522		335,340,264
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of property and equipment		457,651,353		(28,281,519)		(262,303,663)
Investment in subsidiary		203,019,736		-		(22,819,071)
payment of contract payable		-		-		(86,260,000)
Proceeds from sale of an equity interest in subsidiary		-		-		13,650,000
Proceeds from sale of property and equipment		-		-		135,200
Decrease (increase) in other non-current assets		280,781,012		246,121,258		67,210,101
Net cash provided by (used in) investing activities		941,452,101		217,839,739		(290,387,433)
CASH FLOWS FROM FINANCING ACTIVITIES						
Increase(decrease) in loans payable		(314,128,747)		(42,298,554)		30,976,955
Decrease in due from related parties		246,187,098		(31,026,127)		(44,985,501)
Increase (decrease) in other non-current liabilities		(1,053,147,068)		(513,319,019)		(19,824,067)
Payment of obligation under finance lease		-		-		(1,500,000)
Net cash used in financing activities		(1,121,088,717)		(586,643,700)		(35,332,613)
Decrease in translation adjustment for the year		-		-		(11,853,361)
Net increase (decrease) in cash and cash equivalents		23,631,044		(2,877,439)		(2,233,143)
Cash and cash equivalents at beginning of year		76,723,180		78,956,323		78,956,323
Cash and cash equivalents at end of year	P	100,354,224	P	76,078,884	P	76,723,180

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:

	Percentage of Ownership	
	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)	58	-
Grand Ilocandia Resort and Development, Inc. (GIRDI)	54	-
<i>Real Estate:</i>		
CIMA Realty Phils. Inc.		58
<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 Corporation (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 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 operates 10 F&B outlets, including a hotel coffees hop, a Japanese restaurant, an Italian restaurant and a poolside snack bar. The hotel has a fully functional business center paired with flat-screen computers, internet access and private boardrooms.

The hotel's lobby renovation 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.

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.

Flambé

Dubbed as the dessert on fire, this sizzling treat is sure to please foodies all around! The Lobby Lounge currently has a total variety of five (5) flambé selections - Vanilla and Passion Fruit Crêpe, Apple-Mango Tango, Pineapple Passion, Crêpe Suzette, Sweet Surprise. One variety is available per day. Guests can enjoy the flambé of the day at these times, 10:30 AM until 1:00 AM.

Afternoon

Guests can now relive the splendor and grace of the old English days with the Lobby Lounge's Tea 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.

Hot Chocolate

Delight your senses with our variety of sweets! Lobby Lounge serves hot chocolate using only the finest local chocolate and hot milk. Choose from a selection of Orange, Vanilla, Plain or Spiced Chocolate.

Waterfront's patrons can definitely expect even more grandeur with the addition of other facilities. 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. (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

The hotel is every guest's gateway to the diverse, colorful and rich cultural heritage of Davao City. Discover the rich cultural heritage of Davao which stems from the different groups and tribes that populated the area throughout its history and be astonished of artworks in the hotel lobby where it showcases pieces of artifacts featuring the various object d'art from the different tribes and historical periods. These range from tribal handicrafts, instruments, pottery, jars and vases. Most of the sculptures and carvings dated from the ancient times.

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.

This 2013, launched the renovation of the Manila Pavilion Hotel amid rising competition from new and international hotel brands set to open in the Philippines. It recently completed the second phase of its renovation covering 223 upper floor rooms and suites. Aside from its two-category Deluxe Rooms, Executive Rooms and Premier Suites, the hotel introduced a new set of Ambassador Club rooms and two new Presidential Suites to enhance the hotel's position in the corporate market. The redevelopment will continue for 250 Superior Rooms and Suites at the lower floors, as well as for the upgrade of function rooms and food and beverage facilities. The room themes were developed to maximize guest satisfaction to generate repeat bookings and keep room maintenance costs to minimum levels.

A landmark in Manila, the Manila Pavilion is situated close to a mix of historic sites, major ports and various entertainment hubs. It also houses the Casino Filipino Pavilion on the first three floors of the hotel.

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.

Waterfront Wellness Group, Inc. (formerly W Citigyms and Wellness Corp.) 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.

Waterfront Hotel Management Corp. 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, WHMC 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 enumerated in Note 1. 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 assts 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, 2013 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:

	March 2013	March 2012
Trade	123,634,066	120,546,713
Others	301,754,603	285,206,324
	425,388,670	405,753,037
Less allowance for doubtful accounts	-20,248,180	-22,954,726
Total	405,140,490	382,798,311

3. Inventories

This account consists of:

	March 2013	March 2012
Food and Beverage	17,864,824	15,424,589
Operating Supplies	13,847,278	13,737,963
Others	2,715,133	2,770,619
Total	34,427,235	31,933,171

4. Related Party Transactions

These are interest bearing advances to MAHEC, TWIGI, PRC and FORUM subject for re-pricing and yearly renewal.

5. Accounts Payable and Accrued Expenses

This account consists of:

	March 2013	March 2012
Trade	233,642,963	276,286,883
Accrued Expenses	621,560,424	945,708,398
Others	317,930,270	431,679,821
Total	1,173,133,658	1,653,675,102

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 WIL, 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. As of the date of this report, management is still negotiating with ICBC for the rescheduling of payments of the APHC's overdue loan principal installments totaling US\$7.36 million.

PBB

On June 10, 2011, WCCCHI entered into a term loan agreement with PBB amounting to P300 million for the purpose of taking out the remaining balance of the loan with COSCO Holdings, Inc. The loan matures in two (3) years, inclusive of a one-year grace period on principal payments. The loan bears interest at 12% per annum and is secured by a Mutual Trust Indenture (MTI) covering the Hotel at a minimum of 200% cover, an assignment of PAGCOR rentals and assignment of leasehold rights. Subsequently, all the proceeds of the loan were advanced to WPI for the payment of the COSCO loan

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

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

	March 2013	March 2012
Net Income (Loss)	31,686,217	43,298,607
Weighted Average Number of Shares Outstanding	2,498,991,753	2,498,991,753
Earnings (Loss) per share	0.013	0.017

There are no dilutive potential shares as of March 31, 2013 and 2012.

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., 5th Floor Junket Area 2,336 sq. m. The monthly rent for each area is P1, 772.96 per sq. m., and for the 5th 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 5th Floor Junket Area is continued by the Lessee, the parties shall agree on the monthly rent and the duration of the lease for the said area.

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.

Land under Finance Lease

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

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

As disclosed in Note 11, APHC executed a MOA with CIMAR to amicably settle all pending cases and controversies between the two parties. As part of the amicable settlement with ALB and CIMAR, the existing accrued interest on the lease liability of APHC to CIMAR prior to acquisition date formed part of (netted from) the total net consideration when the APHC acquired CIMAR (see Note 11). Moreover, the land and the corresponding lease liability were derecognized in 2011 as the consequence of the acquisition of CIMAR and the cancellation of the finance lease liability. This resulted to the reduction of the "Revaluation surplus in property and equipment" and of the "Non-controlling interest."

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

Equipment under Finance Lease

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

10. Commitments and Contingencies

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.

In settlement of the 2006 deficiency tax assessment, the Parent Company paid subsequent to reporting date the amount of P1.5 million.

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

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

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

RESULTS OF OPERATIONS

	Jan-March 20123	Jan-March 2012
Revenues	495,206,812	516,781,879
Less: Costs and Expenses	332,302,097	353,985,754
Net Income (Loss) Before Fixed Financial and Other Charges	162,904,715	162,796,125
Less: Fixed Financial and Other Charges (Dep'n and Amort'n, and Interest)	129,771,958	106,251,984
Income (Loss) before Income Tax	33,132,756	56,544,141
Income Tax Expense (Benefit)	96,100	-
Income (Loss) before Share in Minority Interest	33,036,656	56,544,141
Share of Minority Interest	1,350,439	13,245,534
Net Income (Loss)	31,686,217	43,298,607
Earnings (loss) Per share	0.013	0.017

FINANCIAL CONDITION

	March 2013	March 2012
Assets		
Current assets	2,479,778,779	2,347,750,590
Non-current Assets	6,076,078,720	7,141,885,902
Total Assets	8,555,857,499	9,489,636,492
Liabilities and Stockholders' Equity		
Current Liabilities	2,295,917,729	2,624,827,031
Non-current Liabilities	1,822,011,054	2,282,243,031
Total Stockholders' Equity	3,750,501,503	3,860,590,513
Minority Interest	687,427,213	721,975,917
Total Liabilities and Stockholders' Equity	8,555,857,499	9,489,636,492

RESULTS OF OPERATIONS

Period ended March 31, 2013 compared to Period Ended March 31, 2012.

Income Statement

Hotel and other subsidiaries gross revenues for the 1st quarter is Php495 million compared the 1st quarter last year of Php517 million; a decrease of 4.17%. The reason of the decrease in revenue is due to the rapid rising of city hotels. WCCCHI's net revenue lowered by 26.82%. and operating expenses Decreased by 6.13%

Seasonality or Cyclicity of Interim Operations

1ST QUARTER

The occupancy for the two (2) hotels, WCCCHI and WMCHI, are high during the months of January and February because of the celebration of the Feast of Sto. Niño better, renowned as the "Sinulog" as well as the celebration of the Chinese New Year. Many visitors come to Cebu during this time just to witness and participate in the festivities. Sinulog is one of the city's main pull for tourists as well as other locals. The celebration of the Chinese New Year also added to the Company's revenues. As we all know, the country'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. In spite the boostful celebration, these numbers of people were divided among hotels that grow like mushroom here in Cebu. In addition, Manila Pavilion's on-going renovation has affected the number of guests coming in.

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

TOP FIVE (5) PERFORMANCE INDICATORS

	Jan-Mar 2013	Jan-Mar 2012
Occupancy Percentage	65.70%	68%
Average Room Rates	2,234.62	2,143.64
Food Covers	62,243.60	67,943
Average Food Checks	352.16	350.90
Average Food Costs	37%	34%

Occupancy Percentage

The occupancy percentage grew down by 2.3% as compared to 1st 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 4.2% higher compared to 1st quarter last year; this mainly due to room promotions offered by WCCCHI and WMCHI to compete with the newly open 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 8.4% compared to the 1st 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 0.36% compared to 1st 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 3% 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 decreased by 23.53% for the first quarter of 2013 as compared to previous year of the same quarter while operating expenses decreased by 6.13%. Such decreased resulted to a net income of P32 million, which is 26.82% lower compared to last year same quarter.

Earnings per share this quarter is a (P0.013) while same quarter last year was (P0.017).

Fixed Financial and Other Charges

Total fixed financial and other charges for this quarter is 13% higher 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 higher by 34% as compared to the 1st quarter last year.

FINANCIAL CONDITION

Cash and Cash Equivalents

Cash and cash equivalents as of the 1st quarter of this year is Php100 million compared to 1st quarter of Php76 million; an increased of 32%. 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 and prompt collection of receivables from corporate clients.

Receivables

Receivables for the period increased by 6% from P383 million 1st quarter last year to P405 million 1st 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 P34million this year while last year was P32 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 5% 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 subject for annual re-pricing and renewal.

Property, Plant and Equipment

There is a decrease of 9% on this account. This is mainly due to depreciation.

Accounts Payable and Accrued Expenses

This account has decreased by 29%. 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 a decrease of 26% or Php359 million on this account. This comprises loans from Phil. Business Bank, Social Security System and Industrial Commercial Bank of China. Series of payments were made to fulfill its obligation to settle the account.

Other Non current Liabilities

There is a decrease of 29% of this account from 695 million to 496 million. The account comprises rent received in advance< PAGCOR and retirement benefits.

Key Variable and Other Qualitative and Quantitative Factors:

- a. Any known Trends, Events or Uncertainties-(material impact on liquidity)-NONE
- b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- c. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- d. The Group is not subject to externally-imposed capital requirements.
- e. From continuing operations, the Company is not exposed to any significant elements of income or loss except for those already affecting profit or loss.
- f. There are no significant elements of income or loss that did not arise from the issuer's continuing operations other than those already affecting profit or loss.

Financial Risk Management

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

Credit Risk

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

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

Liquidity Risk

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

Market risk

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

Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk changes in market interest rates relates primarily to the interest-bearing loans from PNB, SSS, PAGCOR and ICBC. The other financial instruments of the Group are either short-term, noninterest-bearing or with fixed rates 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.

Foreign Currency Risk

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

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

Price Risk

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

The Group is not exposed to commodity price risk.

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

Fair Value of Financial Assets and Liabilities

The carrying amounts of cash and cash equivalents, receivables, due from related parties - current portion, accounts payable and accrued expenses, loans payable - current and other current liabilities approximate their fair values as these have short-term maturities and are considered due and demandable.

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

ADDITIONAL REQUIREMENT (SRC Rule 68)

A schedule showing financial soundness indicators in two comparative periods:

CURRENT / LIQUIDITY RATIO

Current Ratio	2013	2012
Current Assets	2,479,778,779.00	2,347,750,590.00
Current Liabilities	2,162,902,294.00	2,624,827,031.00
Ratio	1.147	0.894

Quick Ratio	2013	2012
Cash + Accounts Receivable + Short Term Marketable Securities	505,494,714.00	458,877,195.00
Current Liabilities	2,162,902,294.00	2,624,827,031.00
Ratio	0.234	0.175

Cash Ratio	2013	2012
Cash + Short Term or Marketable Securities	100,354,224.00	76,078,884.00
Current Liabilities	2,162,902,294.00	2,624,827,031.00
Ratio	0.046	0.029

SOLVENCY RATIO

Current Liabilities to Equity Ratio	2013	2012
Current Liabilities	2,162,902,294.00	2,624,827,031.00
Total Equity	3,750,501,503.00	3,860,590,513.00
Ratio	0.577	0.680

Total Liabilities to Equity Ratio	2013	2012
Total Liabilities	4,117,928,783.00	4,907,070,062.00
Total Equity	3,750,501,503.00	3,860,590,513.00
Ratio	1.098	1.271

Fixed Assets to Equity Ratio	2013	2012
Fixed Assets	5,921,902,228.00	6,485,041,467.00
Total Equity	3,750,501,503.00	3,860,590,513.00
Ratio	1.579	1.680

Asset to Equity Ratio	2013	2012
Total Assets	8,555,857,499.00	9,489,636,492.00
Total Equity	3,750,501,503.00	3,860,590,513.00
Ratio	2.281	2.458

INTEREST COVERAGE RATIO

Interest Coverage Ratio	2013	2012
Net Income Before Tax + Interest Expense	83,299,450.00	93,987,205.00
Interest Expense	50,166,694.00	37,443,064.00
Ratio	1.660	2.510

PROFITABILITY RATIO

Return on Sales (Profit Margin) Ratio	2013	2012
Net Income After Taxes	33,036,656.00	56,544,141.00
Net Sales	485,212,216.00	516,781,879.00
Ratio	0.068	0.109

Return on Assets (ROA) Ratio	2013	2012
Net Income After Taxes	33,036,656.00	56,544,141.00
Total Assets	8,555,857,499.00	9,489,636,492.00
Ratio	0.0039	0.006

Return on Equity	2013	2012
Net Income After Taxes	33,036,656.00	56,544,141.00
Total Equity	3,750,501,503.00	3,860,590,513.00
Ratio	0.009	0.015

WATERFRONT PHILIPPINES, INCORPORATED & SUBSIDIARIES
SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE FOR SEC REPORTING
As of March 31, 2013

Trade Receivables	0-30 days	31-60 days	61-90 days	91-120 days	121 days over	TOTAL
Waterfront Cebu City Hotel & Casino	14,397,857.00	8,314,084.00	245,117.00	31,312.00	1,905,738.00	24,894,108.00
Waterfront Airport Hotel & Casino	10,418,537.96	6,800.00	4,800.00	-	139,370.21	10,569,508.17
Waterfront Insular Hotel Davao	6,522,457.97	3,152,649.92	1,130,217.01	1,233,131.40	4,929,126.70	16,967,583.00
Manila Pavilion Hotel	12,116,569.25	5,287,553.69	820,463.06	952,627.35	11,013,895.56	30,191,108.91
G-Hotel	2,331,139.82	82,690.00	96,395.00	87,100.00	402,522.77	2,999,847.59
Total	45,786,562.00	16,843,777.61	2,296,992.07	2,304,170.75	18,390,653.24	85,622,155.67