COVER SHEET

AS094-8678

SEC Registration Number

WATERFRONT PHILIPPINES, INC.

(Company's Full Name)

NO. 1 WATERFRONT DRIVE

OFF SALINAS DRIVE LAHUG

CEBU CITY

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

MS. IRISH CHARA LAWAS

Contact Person

(02) 559-0130

Company Telephone Number

12	31	SEC 20IS PRELIMINARY	10	19
Month	*Day*	FORM TYPE	*Month*	*Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

436

Total No. of Stockholders

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

WATERFRONT
PHILIPPINES

September 25, 2019

Dear Stockholder:

Please be advised that the annual meeting of the stockholders of WATERFRONT PHILIPPINES, INC. (the "Corporation"), will be held on Saturday, October 19, 2019 at 10:00 a.m. at the Mediterranean Room, 2nd Floor, Waterfront Cebu City Casino Hotel Inc., Salinas Drive, Lahug, Cebu City for the purpose of transacting the following business:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Previous Stockholders' Meeting
4. Report to the Stockholders for the Year 2018
5. Ratifications of the Acts of the Board and Management
6. Election of Directors for 2019-2020
7. Appointment of External Auditor
8. Appointment of External Counsel
9. Other matters
10. Adjournment

The record date for the purpose of determining the stockholders who are entitled to vote in said stockholders' meeting is September 24, 2019. The stock and transfer book will be closed from September 25, 2019 to October 19, 2019.

If you are not attending, you may submit a proxy instrument to the office of the Corporate Secretary of this Corporation at the address below. Corporate stockholders are requested to attach to the proxy instrument, their respective board resolutions in support of their proxies.

On the day of the meeting, you or your proxy are hereby requested to bring this notice and any form of identification with picture and signature (e.g. driver's license, SSS ID, company ID, etc.) to facilitate registration.

ARTHUR R. PONSARAN
Corporate Secretary
Unit 3104, 31st Floor
Antel Global Corporate Centre
#3 Dona Julia Vargas Avenue
Ortigas Center, Pasig City

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
SEP 06 2019
3:00 PM
MARKET REGULATION DEPT.
BY: TIME:

1. Check the appropriate box:

   [/] Preliminary Information Statement

   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter WATERFRONT PHILIPPINES, INCORPORATED

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

4. SEC Identification Number AS-0994-8678

5. BIR Tax Identification Code D80-003-978-254-NV

6. No.1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City — 6000
   Address of principal office — Postal Code

7. Registrant's telephone number, including area code
   (02) 559-0130

8. October 19, 2019 at 10:00 a.m. at Waterfront Cebu City Casino Hotel, Inc. Lahug, Cebu City
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders: September 24, 2019

10. *In case of Proxy Solicitations:*

    Name of Person Filing the Statement/Solicitor: ____________________

    Address and Telephone No.: ____________________

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares - P1.00 par value	2,498,991,753

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes _X_ No ____

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
    Philippine Stock Exchange - Common shares

PART I.

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

a.) The annual meeting of the stockholders of Waterfront Philippines, Incorporated is scheduled to be held on October 19, 2019 at 10:00 a.m. at the Waterfront Cebu City Casino Hotel, Inc. Lahug, Cebu City. The complete mailing address of the principal office of the registrant is No.1 Waterfront Drive, Off Salinas Drive Lahug, Cebu City.

b.) Approximate date on which the Information Statement is first to be sent or given to security holders: September 27, 2019.

Item 2. Dissenter's Right of Appraisal

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided under Section 81 of the Corporation Code, under any of the following circumstances:

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

- In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition, of all or substantially all of the corporate property and assets as provided in the Corporation Code; and

- In case of merger or consolidation.

Under Section 81 and 82 of the Corporation Code, stockholders who dissent to certain corporate actions are given the right appraisal as provided in the Corporation Code. Among others, appraisal rights are available to dissenters in case the corporation invests its funds in another corporation or business for any purpose other than its primary purpose. The appraisal right may be exercised by any stockholder who shall have voted against the corporate action, by making a written demand on the corporation within (30) days after the date on which the vote was taken for the payment of the fair value of his shares.

"Indication whether there is any matter to be taken up which will give rise to the exercise of the dissenter's right of appraisal-there is none.

Item 3. Interest of Certain Persons in or Opposition to Matter to be Acted Upon

1. Other than election to office, no director or officer has any substantial interest in any matter to be acted upon during the Annual Meeting of stockholders on October 19, 2019.

2. No director intends to oppose any action to be taken at the said meeting.

Item 3. Interest of Certain Persons in or Opposition to Matter to be Acted Upon

Other than election to office, no director or officer has any
substantial interest in any matter to be acted upon during the Annual Meeting of stockholders on October 19, 2019.

No director intends to oppose any action to be taken at the said meeting.

B. CONTROL AND OTHER INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

The number of shares outstanding and entitled to vote in the stockholders' meeting is 2,498,991,753 shares as of August 31, 2019. The record date for purposes of determining stockholders entitled to vote is **September 24, 2019**. Stockholders are entitled to cumulative voting in the election of directors, as provided by the Corporation Code.

Under Section 24 of the Corporation Code, cumulative voting is allowed in the election of Directors. Thus, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Security Ownership of Certain Record and Beneficial Owners and Management. There is no change in control of the registrant since the beginning of the last calendar year.

Item 4. Security Ownership of Certain Record and beneficial Owners:
(As of August 31, 2019)

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

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	% of Class
Common	The Wellex Group, Inc. 35th Flr One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas *TWGI is the holding company and major stockholder of WPI.*	The Wellex Group, Inc. 35th Flr One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City • *Represented by Miss Elvira A. Ting, who is a nominee of said company. Directors & Officers are William T. Gatchalian, Dee Hua T. Gatchalian, Kenneth T. Gatchalian, Arthur R. Ponsaran & Yolanda T. de La Cruz*	Filipino	1,128,466,800	45.157%
Common	PCD Nominee Corporation (Fil.) 37/F Tower I, The Enterprise Center 6766 Ayala Ave., Paseo de Roxas, Makati City *(PCD Nominee is not related to WPI)*	Various Clients	Filipino	608,861,673	24.364%

Common	Silver Green Investments LTD. Commence Overseas LTD. Commence Chambers P.O Box 2200, Road Town Tortola, BVI	As of the date of this definitive report the authorized person to vote is not yet known.	Non Filipino	180,230,000	7.212%
Common	Chesa Holding, Inc Unit 401 Joy bldg., No.6 Joy St, Grace Village Brgy. Balingasa	As of the date of this definitive report the authorized person to vote is not yet known.	Filipino	175,924,000	7.040%
Common	Tybalt Investment LTD Scotia Ctr 4/F P.O 2804 George Town Grand Cayman Island British West Indies	As of the date of this definitive report the authorized person to vote is not yet known.	Filipino	135,010,000	5.403%

Natural persons authorized to vote the shares of Silver Green Investments LTD., Chesa Holding, Inc. and Tybalt Investment LTD cannot be identified until the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney-in-fact.

None on the listed above do foreigners own directly or indirectly of more than 5% of any class of the Company's voting securities. PCD Nominee (Non-Filipino) constitutes only a 1.326%.

Security Ownership of Management
(As of August 31, 2019)

Title Of Class	Name of beneficial Owner	Amount and nature of Beneficial Ownership	Citizenship	% of Class
Common	Renato B. Magadia	200 direct	Filipino	0.000
Common	Kenneth T. Gatchalian	30,000,100 direct	Filipino	1.200
Common	Weslie T. Gatchalian	30,000,000 direct	Filipino	1.200
Common	Arthur M. Lopez	1 direct	Filipino	0.000
Common	Elvira A. Ting	10, 000, 009 direct	Filipino	0.400
Common	Lamberto B. Mercado, Jr.	100 direct	Filipino	0.000
Common	Arthur R. Ponsaran	110 direct	Filipino	0.000
Common	Dee Hua T. Gatchalian	350,000 direct	Filipino	0.014
Common	Reno I. Magadia	10,000 direct	Filipino	0.000
Common	Sergio R. Ortiz-Luis Jr.	110 direct	Filipino	0.000
Common	Ruben D. Torres	1,000 direct	Filipino	0.000
	Total Beneficial Ownership	70,361,630		2.814

There is no voting trust holder of 5% or more.
There are no persons holding a certain class of stocks under a voting trust or similar agreement. There are also no arrangements that may result in a change in control of the registrant.

Item 5. Directors and Executive Officers

Nominees for Election as Members of the Board of Directors:
(Final as Pre-screened by NOMELEC)

Name	Position	Age	Citizenship
Renato B. Magadia	Chairman of the Board	80	Filipino
Elvira A. Ting	Treasurer/Director	58	Filipino
Lamberto B. Mercado, Jr.	Director	54	Filipino
➢ Sergio R. Ortiz-Luis, Jr.	Independent Director	75	Filipino

➢ Ruben D. Torres	Independent Director	77	Filipino
Reno I. Magadia	Director	48	Filipino
➢ Arthur M. Lopez	Independent Director	72	Filipino
Kenneth T. Gatchalian	President/Director	42	Filipino
Dee Hua T. Gatchalian	Director	70	Filipino
Arthur R. Ponsaran	Corporate Secretary	75	Filipino

They are in the final list of nominees as pre-screened by NOMELEC. They are being nominated by Ms. Elvira Ting, all of whom are not related with her.

Independent Directors should possess all the qualifications and none of the disqualifications to serve as such as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations.

Nominations Committee

Chairman	- Arthur M. Lopez	-Independent Director
Member	- Ruben D. Torres	-Independent Director
Member	- Lamberto B. Mercado, Jr.	

The Company has complied with the Guidelines on the Nomination and Election of the Independent Directors as outlined in SRC Rule 38.

Directors and Executive Officers:

a) There are 10 seats in the Board of Directors. The term of office of each member is one year.
b) The current members of the Board of Directors are now as follows:

Office	Name	Age	Citizenship	Position in Other Listed Companies
Chairman of the Board	Renato B. Magadia	80	Filipino	Director-Phil. Estate Corporation, Chairman of the Board of Metro Alliance Holdings and Equities Corporation, Mercator Holdings and Equities Corporation, 2007-2008 Rotary Governor for district 3930; Vice-Chairman of Acesite (Phils.) Hotel Corp.; Director of Misons Industrial and Development Corp., All Oceans Maritime Agency, Inc., Howden Insurance and Reinsurance Brokers (Phils.), Inc., Cunningham Toplis Philippines, Inc., Metro Combined Logistics Solutions, Inc. and President of The Zuellig Corporation. An active member of Rotary Club of Makati North.
Director	Kenneth T. Gatchalian	42	Filipino	Director-Wellex Industries Inc.; President & CEO of Acesite (Phils.) Hotel 2007-present; President and Chief Executive Officer of Philippine Estates Corporation 2010-2011; Director-Forum Pacific Inc.
Director	➢ Arthur M. Lopez	72	Filipino	Owner and Principal Consultant of AML Hotel Consultancy, Pre-Opening Consultant of Emerald Hotel and Casino, Mactan, Cebu City and Azumar Siargao Resort, Corporate Hotel Management Consultant and Director Bellevue Hotels & Resorts, Hotel Management and Development Consultant Wydham Garden, Chairman - Philippines Estates Corporation,

				Chairman- Acesite Phils. Hotel Corp., and President of Phil. Hotel Owners Association Inc.
Director	Dee Hua T. Gatchalian	70	Filipino	Director- Philippine Estates Corporation, Acesite (Philippines) Hotel Corporation; EVP-Finance and Admin The Wellex Group, Inc., & Plastic City Corporation. Chairperson of Jesus Our Life Ministries, Inc.
Director	Reno I. Magadia	48	Filipino	Managing Director- Misons Industrial & Development Corp., Metro Combined Logistics Solutions, Inc.; Director – Metro Alliance Holdings and Equities Corp. Vice-President and Director of Mercator Filter Manufacturing Corporation.
Director	Lamberto B. Mercado, Jr.	54	Filipino	Director-The Wellex Group, Inc., Metro Alliance Holdings & Equities Corp., Forum Pacific, Inc. Director- Acesite (Phils.) Hotel 2004-present
Director	➢ Sergio R. Ortiz-Luis, Jr.	75	Filipino	Independent Director-Waterfront Philippines, Inc., President & CEO - Philippine Exporters Confederation, Inc. (PHILEXPORT); Honorary Chairman - Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines, Integrated Concepts and Solutions, Inc., Vice-Chairman of Alliance Global, Inc.; Director – International Chamber of Commerce of the Philippines, Manila Exposition Complex, Inc., Lasaltech Academy, BA Securities, Rural Bank of Baguio, GSI.; Gov't Affiliations: Vice-Chairman – Export Development Council; Civic Organizations: Chairman - Rotary Club of Green Meadows, Director – PILAK Foundation, Universal Access Center for Trade Others: Honorary Consul General – Consulate of Romania in the Philippines.
Director	➢ Ruben D. Torres	77	Filipino	Independent Director Waterfront Philippines, Inc., President –BPO Workers Association of the Phils..; Senior Partner – Torres Caparas Torres Law Offices; Secretary General-Katipunan ng Manggagawa at Magsasaka ng Pilipinas; Chairman/CEO - Service Exporters Risk Management & Consultancy Co., Towers Corporation and Optimus Medical Care and Trading Corporation.
Director and Treasurer	Elvira A. Ting	58	Filipino	President & CEO – Philippine Estates Corporation; Director-Wellex Industries, Inc., Forum Pacific, Inc., Orient Pacific Corporation, Crisanta Realty and Development Corporation, Recovery Development Corporation, The Wellex Group, Inc., Plastic City Industrial Corporation.
Corporate Secretary	Arthur R. Ponsaran	75	Filipino	Director-Philippine Estate Corporation, Wellex Industries, Inc., Forum Pacific, Inc. Acesite (Phils.) Hotel, Managing Partner-Corporate Counsels, Phils., Chairman of Value Management and Options Corp and Corp

				Secretary of Producers Rural Banking Corp., The Wellex Group, Inc., MRL Gold Phils., Inc., Village Foundation, Shuylkill Assets Strategists (SPV-AMC), Inc., Petrolift Corp.

Key Officers

Name	Office	Age	Citizenship
Kenneth T. Gatchalian	President	42	Filipino
Precilla O. Toriano	Corporate Finance Director	49	Filipino
Maria Socorro R. Cotelo	Corporate Planning Director	42	Filipino
Lanelle Cristina M. Barba	Corporate Peers Resources and Development Director	39	Filipino

On the year 2016, Ms. Ma. Theresa S. Fernandez resigned without any disagreements on any proposed action of the Board.

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

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

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

Kenneth T. Gatchalian	**President**

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

Arthur M. Lopez	**Director**

Hotel management consultant specializing in general hotel management consultancy services, marketing, hotel design development/technical services, gaming, hotel feasibility study, pre and post hotel opening management services, asset management/owner's representative, food and beverage concept and service, mergers and acquisitions, travel and tours, theme parks and third party management and branding. The Owner and Principal Consultant of AML Hotel Consultants. Hotel Management and Development Consultant – Double Dragon Properties Corporation (PSE listed) - Hotel of Asia Inc. – Jin Jiang Ortigas, Jin Jiang Inn Makati, Injap Tower Iloilo, Hotel 101 Manila (500 rooms), Hotel 101 Fort project (600 rooms, under construction); Hotel 101 Bohol (250 rooms, under construction); Hotel Management and Development Consultant – Bellevue Bohol Resort, The Bellevue Hotel Manila, The B Hotel Manila, B Hotel Quezon City; Bellevue Baguio (under construction) opening in 2018; Bellevue Bohol Resort extension (140 rooms) opening 2019. Hotel Management and Development Consultant – Wydham Garden (Wellworth Properties and Development Corporation) Quezon City (200 rooms) opening in 2020 and in a resort hotel in Mactan, Cebu City (300 rooms) opening in 2021. The Chairman - Philippine Estates Corporation (PSE listed) and Acesite Philippines Hotel Corporation, owner of Manila Pavilion Hotel (PSE listed). Director – Waterfront Hotels and Casinos (PSE listed) – Waterfront Cebu City Hotel & Casino, Manila Pavilion Hotel & Casino, Waterfront Airport Hotel & Casino and Waterfront Insular Hotel Davao. President – Philippine Hotel Owners Association, Inc. (PHOAI) – the largest group of hotel owners and developers in the Philippines. Holds a Bachelor of Science degree in Commerce, major in Management, and a Master's Degree in Business Administration (MBA), both from the University of Santo Tomas in the

Philippines. He completed a Tourism Management course at the East-West Center, University of Hawaii, Honolulu, Hawaii and Cornell University, Ithaca, New York, USA.

Dee Hua T. Gatchalian	Director

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

Reno I. Magadia	Director

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

Lamberto B. Mercado, Jr.	Director

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

Sergio R. Ortiz-Luis, Jr.	Director

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

Business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006 and Presidential Merit Award Medal in 2007. He became an Independent Director of Waterfront Philippines, Inc. since August 2006-present. In 2014, he attended Exporter's Partner in Gearing the Country for the AEC Markets of the World 2, Technology Innovation and Entrepreneurship as Competitive Strategies PHILAAS 63rd Annual Convention and lastly, Bringing the Buy Pinoy Campaign to the Next Level.

Ruben D. Torres	**Director**

Mr. Ruben Torres graduated in the University of the Philippines with a degree of Bachelor of Arts (Political Science) after which, he finished the degree of Bachelor of Laws at the same university. Presently he is also the President of BPO Workers Association of the Philippines and Senior Partner of Torres Caparas Torres Law Office. He is also the Secretary General of Katipunan ng Manggagawa at Magsasaka ng Pilipinas. He is associated with the Integrated Bar of the Philippines and Philippine Academy of Professional Arbitrators. His former positions include being a Member of the House of Representatives of the 2nd District of Zambales, Executive Secretary of the Office of the President in Malacañang, Secretary of the Department of Labor and Employment. Mr. Torres became an Independent Director of Waterfront Philippines, Inc. since August 2006-present.

Elvira A. Ting	**Director and Treasurer**

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

Executive

Kenneth T. Gatchalian	**President**

(see above description)

Precilla O. Toriano	**Corporate Finance Director**

Ms. Toriano joined Waterfront in September 10, 2001 as Asst. Financial Controller of Waterfront Cebu City Casino Hotel. After five (5) months, she became the Financial Controller before she was promoted as Corporate Finance Director for the group. Before joining Waterfront, she has already been working with the group; she worked as Internal Auditor at Air Philippines Corp. and eventually transferred to The Wellex Group, Inc. to join the Corporate Internal Audit team, which paved the way for her coming in the Waterfront Hotels and Casinos. She is a CPA by profession; she graduated at the University of the East with a degree of Bachelor of Science in Business Administration Major in Accounting. She took up MBA units in the Polytechnic University of the Philippines. After graduation, she worked as an accounting staff at Liberty Corrugated Boxes Manufacturing, Inc. Then, she moved to Control Management Inc. as an Internal Auditor. After which, she worked for Philippine Remnants Corp. as an Accounting Manager. She had several trainings in the following fields: Managerial Leadership and Decision Making Skills, the Basics of Management Audit, Supervisory Effectiveness, Accounting and BIR Regulations, Accounting and Bookkeeping Audit, Operations Audit, Living and Working in Balance, Management Development Program, Accounting & Administrative Control, and Lean Six Sigma. In 2005, she acquired a Certification in Financial Management for Hotels at Cornell University School of Hotel Administration, in New York USA focusing on High Performance Financial Management For Hotels Operations, Hospitality Financial Management & Operations Decision Making, and Fraud Controls for Managers. She attended the CFO Congress 2007 at Malaysia. In 2010, she was sent to Singapore to attend the Strategic & Sustainable Cost Control Training. She attended the Financial Modeling Seminar in Singapore in 2011. In the year 2012 in June-July, she was sent by the company to New York to attend the Management Development Program at Cornell University thus granting her the "Certification in Strategic Management". On June 2015, she took the 3-day MBA for Chief Finance Officers held in Kuala Lumpur, Malaysia. Attended Corporate Governance on August 15, 2018.

Maria Socorro R. Cotelo	**Corporate Planning Director**

Ms. Cotelo is the Corporate Planning Director for Waterfront Hotels & Casinos. She joined Waterfront in 2003 as Sales Accounts Manager before she moved to help establish Revenue Management in the company from there she continued to work in the Corporate Planning Division undertaking Standardization, Business Development, Reservation & Distribution and Corporate Information Technology. She earned her Bachelor's Degree in Economics at the University of San Carlos and took up masteral units for the same course before pursuing her Bachelor of Laws from SouthWestern University, Cebu City. After completing her Bachelor of Laws, she worked for the Davide, Calderon, and Tolentino Law office in 2002 and as part-time instructor for the University of San Carlos, Economics Department. She had significant training in Hotel Management and Distribution Systems and attended Revenue Management seminars specifically on Pricing, Travel distribution and technology, Project Management, Branding, and Selling Skills workshops. Her speaking engagement to two of these international seminars & forums under the Travel Distribution Summit Asia in 2008 and 2009 include topics on Revenue Management in Tough times and Integrating Sales and Marketing in Revenue Management. She completed her Certification in Revenue Management at Cornell University, New York in 2011 with focus on hotel and restaurant revenue management, strategic pricing, demand management, strategic marketing and financial management. As part of SEC Compliance, she completed the seminar on Corporate Governance on August 15, 2018.

Lanelle Cristina M. Barba	**Corporate Peers' Resources and Development Director**

Ms. Barba, joined Waterfront on June 2006–April 2008 as Employee/Labor Relations Officer in Waterfront Pavilion Hotel and Casino, and was appointed as Peers Resources' and Development Director of the same property on April 30, 2008. Currently, she is the Corporate Peers' Resources and Development Director of Waterfront Hotels and Casinos. She earned her Bachelor's Degree in Elementary Education at the University of Santo Tomas. Prior joining with Waterfront, she is the HR Officer of Asia Select Inc. and Research Analyst under Employee Relations and Benefits Division of Metrobank. She was sent to various trainings and seminars and in 2009, she was sent to Nanyang University, Singapore to attend the PDP 2009 Building the Human Capital Base: Essential HR Practices for Managers. In 2011 to Bangkok, Thailand for HR Audit training. On August 15, 2018, she completed the seminar on Corporate Governance.

Significant Employees

There are no employees of the Company who is not an Executive Officer but expected to make significant contribution to the business of the Company.

Family Relationship

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

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

There are no other relationships among the officers listed.

Involvement in Certain Legal Proceedings

As of August 31, 2019, none of the directors and officers/nominees was involved in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceedings, or been subjected to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities or commodities or banking activities, nor found in an action by any court or administrative bodies to have violated a securities and commodities law.

Certain Relationship and Related Transactions

	Relationship to the Issuer	Nature of Advances	Amount of Advances
The Wellex Group, Inc. (TWGI)	Ultimate Parent	Unsecured; interest-bearing; subject to re-pricing; due in one year subject to renewal	2018 – P 1,244,705,000 2017 - P 882,189,000
Pacific Rehouse Corporation (PRC)	Stockholder	Unsecured; interest-bearing; subject to re-pricing; due in one year subject to renewal	2018 – P 552,617,000 2017 – P 541,781,000
Philippine Estate (PHES)	Stockholder	Unsecured; non-interest bearing; due on demand	2018 – P 104,554,000 2017 - P 104,554,000
Crisanta Realty	Stockholder	Unsecured; interest-bearing; subject to re-pricing; due in 5 years	2018 - P 356,003,000 2017 – P 347,928,000

See notes 8 on Consolidated FS 2018

Term of Office

The Directors of WPI are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until they're respective successors have been elected and qualified. Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have been qualified.

Item 6. Compensation of Directors and Executive Officers

None of the Directors receive compensation for serving as Directors of the Company.

The aggregate paid to the Five

Aggregate Compensation paid to the 5 highly compensated executive officers	Principal Position	Year	Salary (P)	Bonus (P)	Other annual compensation
Precilla O. Toriano	Corporate Finance Director	2018 2017	11,811,523.50 11,249,070.00	None None	None None
Maria Socorro R. Cotelo	Corporate Planning Director	2016 2015	10,713,400.00 10,912,500.00	None None	None None
Ms. Lanelle M. Barba	Corporate Peers' Resources and Development Director				
Anders Goran Helge Hallden	General Manager				
Rex Benhur M. Caballes	Hotel Manager				

The President has no remuneration benefit.

Compensation Plan of Directors

The members of the Board of Director are elected for a term of one year. Director per diem are at a rate of Php8,000.00 (net of 20% ewt) per board meeting. Except for the Chairman and the CEO, Directors, are not entitled to compensation package. Except as herein mentioned, no director received bonuses or profit sharing plans for the years ended 31 December 2017 and December 2016.

Item 7. Independent Public Accountants

The external auditor of Waterfront Philippines, Inc. (WPI) for the most recently completed calendar year ending December 2018 is KPMG R.G. Manabat and Co., previously KPMG Manabat Sanagustin and Co., under Mr. Tireso Randy F. Lapidez, Partner in-charge, and they are being recommended by the board of directors for the approval of stockholders for this coming year. The firm also audited the Company's previous calendar year.

The company is in compliance with SRC Rule 68, Paragraph 3(b)(iv) .

There were no changes in and disagreements with the accountants nor with the current accounting firm relating on accounting and financial disclosure.

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

Audit Committee

The Board is authorized to create an Audit Committee, composed of at least three (3) directors, at least one (1) of whom shall be an independent director. Each member of the Audit Committee shall have adequate understanding, at least, or competence at most, of the company's financial management systems and environment. The Audit Committee shall have the functions, powers and authorities as may be prescribed by the Board, or as provided in the Corporation's Manual of Corporate Governance, and as may be prescribed by applicable law and regulations.

Duties and Responsibilities of the Audit Committee

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

Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Company through a step-by-step procedures and policies handbook that will be used by the entire organization.

The Board constituted the following committees:

Audit Committee

Chairman	-	Sergio R. Ortiz-Luis, Jr	- Independent Director
Member	-	Arthur M. Lopez	- Independent Director
Member	-	Dee Hua T. Gatchalian	

Audit and Audit-Related Fees

	FOR THE CALENDAR YEAR ENDED DECEMBER 31,	
	2018	*2017*
Aggregate Fees Billed for the external audit of the Company's financial statements	3,826,000.00	3,770,000.00

The Company has complied with the requirements of the Rotation of External Auditors as outlined in SRC Rule No.68, Paragraph 3(b)(iv)

Item 8. Compensation Plans

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

The Company has no immediate plan with regard to any bonus, profit sharing, pension/retirement plan granting of extension of any option, warrant or right to purchase any securities.

C. ISSUANCE AMD EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

As of August 31, 2019, Waterfront Philippines, Inc. has no plans yet to increase its authorized capital stock.

Item 10. Modification or Exchange of Securities

Waterfront Philippines, Inc. has no plans to modify any of each authorized and issued securities or to exchange them to another class.

ADDITIONAL REQUIREMENTS AS TO CERTAIN ISSUES AND ISSUER

As of December 31, 2018 the company has a net worth of P5.94 billion and is not planning to issue unsecured bond for 2019.

Properties

The Company, being a holding company, has no real properties under its name. Properties under WPI are under the ownership or lease holdings of the respective subsidiaries. WPI is renting an office in the City of Manila.

Information and terms of the rent/lease are as follows:

Location	7th Flr Manila Pavilion Hotel U.N. Avenue corner Maria Y Orosa St. Ermita Manila
Size	538.7 square meters with parking spaces
Terms of Rent	From October 1, 2011 to December 31, 2021 (10 years); renewable within 90 days before the lease period expires permissible by the laws of the Philippines.
Rental	On the office spaces: Php 250,000 per month with an escalation of 5% per year.

WCCCHI and *WMCHI* have separate contracts of lease for the use of parcels of land in the province of Cebu.

WCCCHI Land Lease:

Location	Former airport site at Lahug in Cebu City
Size	Approximately 4.6 hectares
Lessor	Mactan Cebu International Airport Authority
Terms of Lease	50 years with an option for renewal for another 25 years, permissible by the laws of the Philippines
Lease Agreement	Fixed rental per month of Php 11.00 per square meter or a total amount per annum of Php 6,072,000.00 + Percentage rental of 2% of the annual Gross Revenue as defined under the Land Lease Agreement

WMCHI Land Lease:

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

DIHCI Wholly Owned:

Location	Lanang, Davao City	
Size	Approximately 12.29 hectares but with foreshore area of 4.3 hectares	
	Title	Area (In Sq. Meters)
	TCT 0-255*	2,997
	0-256*	404
	0-256*	304
	0-257*	113
	0-258*	50
	0-259*	404
	T-10250*	44,511
	T-10250*	47,320
	T-10251*	2,091
	T-102510*	2,043
	T-10252*	1,133
	T-10252*	300
	T-10252*	300
	T-10252*	1,580
	T-10252*	643
	T-10254*	500
	T-10254*	400
	T-10303-A*	304
	T-10303*	108
	T-30874*	223
	T-10264*	18,959
	T-10379*	140
	T-0303-A	4,319

ACESITE Land Lease

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

Legal Proceedings

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

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

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

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

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

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

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

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

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

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

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a resolution issued by the CA, resolved to submit the appeal for decision.

As at the report date, there have been no updates on the matter.

BIR Assessment

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

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

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

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

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only.

As at December 31, 2017, the Parent Company is still awaiting the SC's decision.

On May 02, 2018, the legal counsel served copies of the reply in the case pending before the Court of Tax Appeals.

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

Item. 11. Financial and Other Information

The consolidated financial statements are filed as part of this FORM SEC 20IS, attached hereto and marked as "Annex A."

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

As of August 31, 2019 Waterfront Philippines, Inc. has no plans to merge, and consolidate with other company, to acquire other company's securities, to acquire any other going business or of the assets thereof, to sell or transfer any substantial part of its assets and to liquidate or dissolve the Company.

Item 13. Acquisition or Disposition of Property

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

Item 14. Restatements of Accounts

The Consolidated Financial Statements of Waterfront Philippines, Inc. has been prepared in accordance with Philippine Financial Reporting Standards (PFRS). In particular there have no restatements of Accounts.

D. Other Matters

Item 15. Action with Respect to Reports

1. Annual report for the year ending December 31, 2018 will be presented to the stockholders for approval.

2. Minutes of the 2018 Annual Stockholders' Meeting will also be presented to the security holder for approval.

3. Interim Report as of June 30, 2019 will be presented to the security holder for information regarding the actual situation of the business.

Item. 16. Matters Not Required to be Submitted-NONE

Item 17. Amendments of Charter, By-Laws & Other Documents

a. Except for the amendments that the Corporation has made to its by-laws, Article III, Board of Directors, Sections 3-7, as per Board of Directors meeting held on September 1, 2004 and Stockholders' meeting held on September 4, 2004, And it was filed and approved with SEC last September 6, 2005. Since then there is no other amendments made by the corporation.

b. On May 25, 2012, the application for the increase in Acesite (Phils.) Hotel Corp.'s authorized capital stock, one of Waterfront Philippines Inc.'s subsidiaries, from P310 million to P1.21 billion was approved by SEC. Accordingly, the Company distributed the 250% stock dividends or 246,248,212 shares on July 19, 2012 for stockholders of record as of June 25, 2012.

The Board of Directors and the stockholders of Acesite (Phils.) Hotel Corporation approved on June 11, 2009 and July 2, 2009, respectively, the increase of the authorized capital from P1, 210,000,000.00 to P2, 010,000,000.00 via stock rights offering at an entitlement ratio of 0.58:1.

In a special meeting held last July 14, 2014, the Board of Directors approved the amendment of the entitlement ratio from 0.58:1 to 1:1.

The proceeds will be used for the renovations of rooms, facilities, repair and replacement of equipment and working capital.

c. In a special meeting also held last July 14, 2014, the Board of Directors approved the proposal to increase the authorized capital stock of Waterfront Mactan Casino Hotel, Inc, one of Waterfront Philippines Inc.'s subsidiaries, from P13, 800,000.00 to P500, 000,000.00, which increase will be paid-up via declaration of stock dividends in the amount of P262, 200,000.00.

d. Waterfront Philippines Inc.'s principal office address is located at No.1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City as amended in the Articles of Incorporation on December 19, 2001.

Item 18. Other Proposed Action

For the coming Stockholders meeting on October 19, 2019 at Waterfront Cebu City Hotel, these are the following proposed action to be taken:

a. Approval of Minutes of the previous stockholders meeting.

b. Presentation of the Annual Report and Audited Financial Statements for the calendar year 2018 and during the meeting a copy of the 2nd quarterly report for 2019 will be furnished to the stockholders.

c. Election of the board of directors for the ensuing term:
   - Mr. Renato B. Magadia
   - Mr. Kenneth T. Gatchalian
   - Ms. Elvira A. Ting
   - Ms. Dee Hua T. Gatchalian
   - Mr. Arthur R. Ponsaran
   - Mr. Lamberto B. Mercado, Jr.
   - Mr. Reno I. Magadia
   - Mr. Arthur M. Lopez
   - Mr. Sergio R. Ortiz-Luis, Jr.
   - Mr. Ruben D. Torres

d. Appointment of External Auditors
   The board will recommend KPMG R.G. Manabat & Co., previously KPMG Manabat Sanagustin and Co., as the Corporate External Auditor for the year 2019.

e. Appointment of External Counsel
   For the year 2019, the Board will recommend Corporate Counsels, Philippines as the Legal Counsel of the Company.

f. Ratification of the acts of the Board of Directors and Management

   Acts of Management and resolutions of the Board including:

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

Other than the above mentioned proposed actions there are no other matters that the Board of Directors intends to present or have the reason to believe others will present at the meeting.

Item 19. Voting Procedures

The vote of stockholders representing at least majority of the issued and outstanding capital stock entitled to vote is required.

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

Every stockholder entitled to vote at any meeting of the stockholders may so vote in person or by proxy, provided that the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney-in-fact. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. The instrument authorizing a proxy to act must be in the hands of the Secretary not later than forty-eight (48) hours before the time for the meeting axe (Article II, Sec. 7 of the By-Laws). Voting shall be by raising hands and need not be by ballot, the Corporate Secretary shall duly count any action authorized upon the vote of the majority of the votes cast, except in the election of directors, which shall be on the basis of cumulative voting hitch.

It is being noted that all items in the agenda shall be voted majority of the stockholders.

THE COMPANY'S ANNUAL REPORT ON SEC FORM 17 A WILL BE PROVIDED WITHOUT CHARGE UPON WRITTEN REQUEST OF ANY SHAREHOLDERS OF RECORD ENTITLE TO NOTICE OF AND VOTE OF AT THE MEETING, AT THE DISCRETION OF THE MANAGEMENT, A CHARGE MAY BE MADE FOR EXIBITS, PROVIDED SUCH CHARGE IS LIMITED TO REASONABLE EXPENSES INCURRED BY THE REGISTRANT IN FURNISHING SUCH EXHIBITS. Such written request may be directed to our Corporate Secretary, Atty. Arthur R. Ponsaran, with Office Address at unit 3104 31st floor Antel Global Corporate Center # 03 Doña Julia Vargas, Ortigas Center Center Pasig City.

PART II

"WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED NOT TO SEND A PROXY."

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Cebu on September 6, 2019.

By: ______________________
(Signature)

Precilla O. Toriano/Corporate Finance Director
(Printed Name / Title)

Financial and Other Information

Management Discussion and Analysis (See Annex I)
Financial Statements (See Annex II)
Changes In and Disagreements with Accounts on Accounting and Financial Disclosure-NONE.

MANAGEMENT REPORT

ANNEX 1

The year 2018 ushered in unexpected challenges for our company. The main obstacle we have had to face was a fire incident at the Manila Pavilion which happened in the first quarter—in March—affecting the group's performance for the rest of the year.

However, the Waterfront group, coming into the year with unbridled optimism and the drive to improve our company, dealt with these challenges unfazed, with the sense of purpose to bring our company into a new state of resilience, achievement and purpose.

Using these challenges as a springboard, we realigned our operations to focus on our strengths in our provincial properties and leverage our competitive advantages in terms of service, strategic location and overall quality in order to bring about positive results and achieve milestones in productivity and profitability.

While the year was decidedly one of mixed results, our provincial hotels came through as its star performers, bringing the positive momentum and revenue we needed to rebalance our operations and set new standards of achievement. The performance of our provincial hotels proves our unwavering ability to persist through any predicament, and even exceed our own expectations by breaking performance records.

Our flagship property, Waterfront Cebu City Hotel and Casino (WCCHC), broke monthly revenue records this year. Waterfront Airport Hotel and Casino (WAHC) and Waterfront Insular Hotel Davao (WIHD) each delivered unprecedented monthly figures that set new revenue highs for the group.

Our provincial properties continue to demonstrate the level of robustness of our company as a whole, anchoring its stability and proving to be dependable assets as we move the company forward. Waterfront Cebu City Hotel and Casino (WCCHC) continues to outperform previous records in gross revenue—once again with gross earnings past the billion-peso level this year. WCCHC generated PHP 1.12 billion in 2018, an increase of 6.29% from PHP 1.05 billion in 2017. Rooms revenue increased by 11.46% from PHP 359.42 million in 2017 to PHP 400.61 million in 2018. F&B income likewise increased, from PHP 348.54 million the past year to PHP 400.19 million currently—a positive variance of 14.82%. GOP in 2018 is PHP 420.29 million and net income is PHP 152.82 million. One must note that the preceding figures include revenue generated from PAGCOR rental.

The year 2018 produced the highest monthly revenue streak in the history of WCCHC for both Rooms and F&B. Nine (9) out of twelve (12) months in the year generated the highest Rooms Revenue streak, and a succession of seven (7) out of twelve (12) months in the year also produced the highest F&B revenue records. The year also recorded one of the highest-ever single monthly Rooms Revenue for the hotel—in February 2018, WCCHC achieved PHP 36.7 million in Rooms Revenue produced in a ten-year span. The month of December 2018 recorded the highest monthly F&B revenue in the hotel's history with PHP 49.5 million generated. It is important to note that these figures are non-inclusive of casino rental or PAGCOR-generated income. YTD total hotel revenue also surpassed records—this year it is at PHP 837.7 million. These are stellar achievements worth celebrating.

Waterfront Airport Hotel and Casino (WAHC) remains a strategic asset with an increasingly valuable contribution to the group's portfolio. In 2018, WAHC generated PHP 424.03 million in gross revenue, up 3.92% from 2017's PHP 408.02 million. The property also demonstrated a considerable increase in Rooms

Revenue with PHP 170.73 million in current income, a double-digit increase of 9.07% versus PHP 156.53 million in the past year. F&B revenue also increased from PHP 77.52 million in 2017 to PHP 80.44 million in 2018—a growth of 3.76%. GOP is at PHP 195.15 million and net income is PHP 100.01 million.

WAHC also had an impressive year in terms of its month-on-month performance. The hotel generated the highest Rooms Revenue streak for a straight twelve (12) months. The year's total Rooms Revenue at PHP 170.73 million is a record for the hotel in history. The top three (3) performing months in terms of Rooms Revenue are August 2018 with PHP 15.25 million, followed by July 2018 at PHP 15.13 million and May 2018 at PHP 14.94 million.F&B revenue performance is also worth noting for WAHC. This year, five (5) out of twelve (12) months recorded the highest F&B revenue in the hotel's history at PHP 80.44 million.

Total revenue, inclusive of casino-generated (PAGCOR) income was the highest for the hotel by far in its history at PHP 424.70 million. Nine (9) out of the twelve (12) months in the year produced the highest month-on-month streak in WAHC's history.

Waterfront Insular Hotel Davao (WIHD) also demonstrated a stellar and notable performance this year. Gross Revenue rose by 22.50%, from PHP 196.63 million in 2017 to PHP 240.88 million in 2018. Rooms revenue is up by 20.75%, from PHP 84.62 million in the past year to PHP 102.18 million currently. F&B revenue increased 24.04% from PHP 106.98 million in 2017 to PHP 132.70 million in 2018. Net income of the property increased from PHP 12.09 million in 2017 to PHP 15.76 million this year—a positive variance of 30.36%. GOP is at PHP 34.44 million—up19.46% versus 2017's PHP 28.83 million.

WIHD recorded milestones in terms of annual and monthly performance, similar to our other provincial properties. The year 2018 registered the hotel's largest revenue to date at PHP 241.60 million. December 2018 was the highest monthly revenue to date in the history of WIHD at PHP 26.42 million.

In terms of Rooms Revenue, 2018 was a significant year. Eleven (11) months out of twelve (12) the hotel enjoyed its highest-earning streak ever, with March in particular breaking records as the highest-earning period in history at PHP 9.30 million. F&B likewise had a very profitable streak—ten (10) out of twelve (12) months recorded some of the highest month-on-month revenue in the hotel's history with December setting a record revenue of PHP 16.90 million.

Waterfront continues to invest in the improvement of each of its provincial properties. Our capital expenditures this year have focused on preventive and operational maintenance, ensuring that our hotels are in their best shape and operating order.

One of our main priorities this year has been to invest in IT-related capabilities and the expansion of our online accessibility, marketing support and reach. We have also invested in internal systems that create more efficiency in our operations.

Our Waterfront website has been refreshed, to reflect the newly updated branding and to improve user experience. Alongside the site, our mobile app has also been refreshed to be more user-friendly and current.

We have adopted the Human Resource Total Solutions (HRTS) system for the company. A web-based solution, it includes HR records, timekeeping, payroll, recruitment, training and appraisal modules. It is accessible by all employees, with functionality that includes filing and approval on their individual portals using e-formats to save on paper cost and speed up response times.

The Manila Pavilion Hotel (MPH) experienced one of its most difficult years, because of the fire that occurred last March 2018. Prior to the event of the fire in March, the hotel recorded PHP 62.73 million in gross revenue. In the brief span prior to March, it earned PHP 30.74 million in Rooms Revenue, PHP 15.19 million in F&B, PHP 8.24 million in rent and related income and PHP 8.57 million in other income.

Several improvement projects were implemented in the property that unfortunately succumbed to the accident included valuable IT infrastructure such as the GPON (Gigabit Passive Optical Network)—a cabling infrastructure project that set up fiber-optic cables in every guest room in a multi-point concept capable of enabling WiFi, telephone, video and other room automation . The PABX upgrade project was a software implementation that uses hybrid technology to enable both analog and VOIP phone capabilities. The pre-requisite of this project was to upgrade the hotel trunk lines from analog to SIP which runs on an IP-based telephone line. A GPON infra-reliant WiFi enhancement project was also implemented that used the In-Room Access Point to eliminate dead spot signal issues in guest rooms and includes all public areas and the poolside. To complement the WiFi enhancement, an additional bandwidth of 50MB was added.

All in all, these are technologies that will greatly improve guest experience, speed up the internet in all areas, and bring our hotels to a new level of modernity and efficiency. The same technologies are going to be implemented as the standard across all our hotels.

While the many efforts to upgrade MPH were neutralized by the fire, Waterfront is determined to bounce back from this unforeseen incident by leveraging its existing strengths—especially its talented pool of dedicated people, a real advantage in an industry primarily built around good service. Our steady pool of talent is a valuable resource to be utilized during future openings and pre-openings of our facilities. Waterfront is also an old hand in the Philippine hotel industry, with over twenty (20) years of founded hotel management experience, which will be invaluable as we hit the ground running as MPH is rebuilt.

Having a good grasp of the market and the local and international business climates, already having access to a massive distribution network both online and offline, maintaining solid, years-long relationships with many trade partners and carrying an in-depth understanding of the market and local consumers, we are confident that we have the tools to move forward a better and stronger organization.

MPH will be rebuilt and remodeled to emerge more formidable than ever. This challenge in our history is an opportunity to start anew, to begin on a clean slate and create a property that will be more modern and captivating than was envisioned before. For the rebuild, we are tapping the top world-renowned hospitality design firm, HBA, ranked number one globally. With many international awards and recognitions under its belt, HBA reintroduces the MPH brand with an enigmatic design prospect worthy of its accolades. We are also working with Skala Architects, a Philippines-based firm known for their modern and highly captivating designs.

The new Manila Pavilion will be a commanding presence in the skyline—appearing as the abstract representation of a dragon, a mythical being emerging out of water, its surface embodies a texture and flow that represents the natural flowing waves of water as well as the power, ethereal quality of a being associated with luck and prosperity. The interiors will be spectacularly modern, chic and sharp—a fresh take on the Waterfront brand.

Our revival strategy of MPH goes hand in hand with leveraging our existing strengths in our provincial hotels to maintain the profitability and resilience of the entire Waterfront group. We have survived and surpassed our challenges in 2018—weathering over nine (9) months of suspension of operations of one of our properties by working hard and offsetting our losses through the enhanced performance of our provincial hotels. It is remarkable that we have steadied and even grown in many aspects by relying on the strength of our provincial-based operations. I commend the entire organization for this feat.

Looking into the future, I believe we have much to be excited about.

Our online production keeps on growing and is quickly outstripping the pace of traditional sources of revenue as a new means of access to our products. Overall, 2018 was another growth year as total online revenue for our provincial properties was at PHP 302.85 million compared to PHP 257.24 million in 2017, this year's revenue grew by double digits at 18%.

The group's total online revenue per source based on category is as follows: 1) From online travel agencies (OTA's) and GDS, revenue reached PHP 285.18 million, an 18% growth from 2017's PHP 242.30 million in the same category 2) Website-generated revenue was PHP 17.67 million, up 21% from the previous year's PHP 14.62 million. All online revenues are based on raw data from PMS-Opera.

The top online performer of the year was WIHD, reflecting the highest growth rate of 41%, earning PHP 33.7 million this year versus PHP 23.88 million in 2017. It is followed by WAHC with a revenue growth rate of 21%, from total revenue of PHP 67.87 million in 2017 to PHP 82.43 million in 2018. WCCHC also had a strong online performance with revenue at PHP 186.70 million in 2018, 13% above PHP 165.49 million in 2017.

The remarkable double-digit online growth in all of our provincial properties is a bullish sign on this particular medium as the next frontier of our efforts to bring the Waterfront experience to our customers. It is also reflective of the times we live in, when consumers are increasingly preferring online means of purchase, information retrieval and access to their desired brands.

We are committed to ensuring that our online revenue grows further in the coming years, with MPH potentially contributing substantially to future online-driven profitability. The newly-rebuilt hotel with hundreds of new rooms, all-new facilities, and a fresh new experience coupled with an ideal location in Manila's historical district with proximity to many of the Philippines' tourism areas is a value proposition that attracts a large clientele. Through proven techniques to scale our online reservations that involve optimization and partnership with the right platforms, we will continue to aggressively sell our provincial properties at the key cities of the Philippines, as well as promote our newly-reconstructed and thoroughly modern property at the heart of Manila's cultural district, scheduled to be completed in a few years' time.

As we leverage our strengths in our provincial properties, we can move ahead with confidence that the revival and re-addition of MPH to our high-performing hotels can only mean that we gain new opportunities for expansion and growth.

Our organization believes in silver linings. Obstacles happen in every corporation, yet within these situations we can usually see many positives. In this case, MPH being an old property, came with numerous structural and technological challenges that we have had to work around over the years in order to provide a more modern experience to our customers. With this incident, while causing delays and business interruption for our company, we are actually able to make use of the opportunity to start fresh. This rebuilding of the property is a chance to begin anew, with a blank canvas—giving us a free hand to implement and infuse advanced technology, new furnishings, new comforts to give rise to an entirely new experience. All this, while still taking advantage of the premium location of this historic structure.

This is all about celebrating our present achievements, and radically reimagining the future. To our shareholders, partners and peers, I sincerely thank you for your support throughout our company's incredible journey. We will continue to strive towards an ever-improving and ever-evolving brand that changes, adapts and gets better with time.

Management's Discussion and Analysis or Plan of Operation

Figures for Waterfront Properties, however, continue to show overall strength. The performance of our provincial properties provided a much-needed counterbalance, signifying the distribution of growth in the hospitality market, which is no longer confined to the capital and is moving towards tourism hotspots in the South. The political climate has also fueled this growth and confidence in the Philippine provinces as the new gateways for tourism.

Consolidated figures among the properties reflect this mixed profile. Gross revenue is PHP 1.85 billion. GOP is PHP 459.44 million. Net loss is PHP 111.93 million. Occupancy for the group grew by 4%, from 72% in 2017 to 76% in 2018. Rooms revenue decreased from 752.69 million in 2017 to PHP 704.25 million in 2018, a decrease of 6%. Rental revenue is at PHP 476.33 million. F&B revenue increased from PHP 629.40 million in 2017 to PHP 630.70 million in 2018, a 0.2% growth. Revpar grew by 4.48%, from PHP 1,852 in 2017 to PHP 1,935 this year. Other income is at PHP 38.63 million. ARR increased by 4.9%, from PHP 2,512 in 2017 to PHP 2,636 in 2018.

Below are the results of operations of the Parent Company and its subsidiaries, for the years ending December 31, 2018 and 2017 together with its financial conditions as of the same period:

RESULTS OF OPERATIONS (Amounts in P)

	2018	2017
Revenues	1,849,911,991	2,104,932,423
Less: Costs and Expenses	1,390,470,374	1,420,782,863
Gross Income	**459,441,617**	**684,149,560**
Other Expenses (Income)	729,144,544	384,967,631
Net Income (Loss) Before Income Tax	**(269,702,927)**	**299,181,929**
Income Tax Expense (Benefit)	(157,773,765)	100,448,728
NET INCOME (LOSS)	**(111,929,162)**	**198,733,201**
Earnings (Loss) Per Share	**0.017**	0.087

FINANCIAL CONDITION (Amounts in P)

	2018	2017
ASSETS		
Current Assets	3,775,183,959	2,502,900,348
Non Current Assets	6,881,137,829	6,849,909,245
Total Assets	**10,656,321,788**	**9,352,809,593**
LIABILITIES		
Current Liabilities	2,525,749,457	1,929,206,522
Non-current Liabilities	2,193,646,150	1,406,088,464
Total Liabilities	**4,719,395,607**	**3,335,294,986**
Total Stockholders' Equity	**5,207,871,208**	**5,150,133,268**
Minority Interest	729,054,973	867,381,339
Total Liabilities & S/H Equity	**10,656,321,788**	**9,352,809,593**

<u>Calendar Year -ended December 31, 2018 as compared with Calendar Year ended December 31, 2017</u>

RESULTS OF OPERATION

Revenues and Earnings per share

- Total revenues for year ended Dec. 31, 2018, was lower than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2018 is at P1.85B compared to 2017's P2.1B, decreasing by 12%.

  Earnings per share for 2018, P0.017 and P0.087 for 2017. There are no potentially dilutive shares as of December 31, 2018, 2017, 2016.

Cost and expenses

- Cost and expenses of 2018 is at 1.39B which decreased by 2.13% compared to last year.

<u>FINANCIAL CONDITION</u>

Cash and cash equivalents – This account increased by P366.71M which is higher from last year by 106.01%.

Receivables – Increased by 145.87% from P228.36M in 2017 to P561.48M in 2018.

Notes Receivable - The Group extended loans to Acesite Leisure and Entertainment Corporation (ALEC) amounting to P195.01 million payable on December 31, 2018, and bear interest at 4% per annum (see Note 21). The loan is guaranteed by another entity in behalf of ALEC.

Inventories – Inventories decreased by 27.75% from last year.

Due from related parties-current portion – The account increased to P2.08B an amount 30% higher from last year. This represents interest bearing advances to TWGI, PRC and Crisanta Realty. It also includes transactions with PHES which is non-interest bearing. This year of 2018, these advances are due in one year, subject to yearly renewal and re-pricing.

Prepaid expenses and other current assets – An increase of P40.31M from last year's P97.56M. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Property plant & equipment - There was a 20.14% decrease from last year's P6.39B. In compliance with PAS 27, property and equipment (except operating and transportation equipments) were carried at revalued amounts effective 2009.

Other non current assets – There is an increase of P168.22M on this account, an amount equivalent to 556.62% compared from last year.

Current Liabilities – The account consisted of trade payable, income tax payable, accruals and loans payable. The account increased by 30.92% from last year; P1.93B in 2017 to P2.53B in 2018.

Loans Payable – Current portion of the loan increased from 375M to 650M which is an increase of 73.33%. Non-current portion amounts to 1,168,085,107 which was not existent last year

Other current liabilities - The account resulted in an increase of 205.58M. This refers to concessionaire, other deposits and deferred income.

Calendar Year -ended December 31, 2017 as compared with Calendar Year ended December 31, 2016

RESULTS OF OPERATION

Revenues and Earnings per share

- Total revenues for year ended Dec. 31, 2017, was lower than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2017 is at P2.10B compared to 2016's P2.14B, decreased by 1.42%

  Earnings per share for 2017, P0.087 and P0.115 for 2016. There are no potentially dilutive shares as of December 31, 2017, 2016, 2015.

Cost and expenses

- Cost and expenses of 2017 is at 1.42B with 4.29% increased from last year.

FINANCIAL CONDITION

Cash and cash equivalents – This account increased by P141.63M which is higher from last year by 69.33%.

Receivables – Decreased by 3.01% from P235.45M in 2016 to P228.36M in 2017.

Notes Receivable - The Group extended loans to Acesite Leisure and Entertainment Corporation (ALEC) amounting to P195.01 million payable on December 31, 2018, and bear interest at 4% per annum (see Note 21). The loan is guaranteed by another entity in behalf of ALEC.

Inventories – Inventories increased by 20.33% from last year.

Due from related parties-current portion – The account increased to P64.22M an amount equivalent to 4.18%. This represents interest bearing advances to TWGI, PRC and Crisanta Realty. It also includes from PHES which is non-interest bearing. This year of 2017, these advances are due in one year, subject to yearly renewal and re-pricing.

Prepaid expenses and other current assets – An increased of P7.16M from last year's P90.40M. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Property plant & equipment – This year at 2.95% decreased from last year's P6.59B. In compliance with PAS 27, property and equipment (except operating and transportation equipments) were carried at revalued amounts effective 2009.

Other non current assets – There is an increased of P2.56M on this account, an amount equivalent to 9.14% compared from last year.

Current Liabilities – The account consisted of trade payable, income tax payable, accruals and loans payable. The account increased by 5.50% from last year; P1.83B in 2016 to P1.93B in 2017.

Loans Payable – Remained static at P375M.This consisted of SSS Loan only. PBB loan was fully paid on April 29, 2016 while ICBC loan was also fully paid March 31, 2016.

Other current liabilities – The account resulted a decreased of 40.03%. This refers to concessionaire, other deposits and deferred income.

TOP 5 PERFORMANCE INDICATORS			
As of December 31, 2018, 2017 and 2016			
	December 2018	December 2017	December 2016
Occupancy percentage	76%	72%	69%
Average Room Rates	2,636	2,512	2,355
Average Food Covers	303,065	321,947	304,378
Average Food Checks	403.64	402.26	368.34
Average Food Costs	37%	36%	36%

Occupancy Percentage
The Company's occupancy percentage for 2018 was 76%, higher by 4% as compared to last year's 72%. This 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 increased by 4.9% compared to last year's 2,512. It is computed by dividing the total rooms revenue over total number of rooms sold.

Average Food Covers
Food covers decreased by 5.86%. This pertains to increasing number of guests that availed our outlets.

Average Food Checks
The average food checks or the average consumption per guest increased marginally. As always, the Company has maintained its efforts in coming up with sumptuous dishes for the dining guests.

Average Food Costs
Food costs for 2018 at 37%. The Company is continually contemplating ways to avoid higher food costs without jeopardizing the quality of its products. Total cost of food sold divided by food revenue.

Key Variable and Other Qualitative and Quantitative Factors:

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

(ii) 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.

(iii) 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.

(iv) There are no material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.

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

(vi) Causes of material changes in the items in the financial statements from the year ending 31 December 2017 - NONE

Interim Periods and Comparable Discussions to Assess Material Changes:

Discussion and analysis on the operating results for the 1st quarter of 2018 is briefly discussed on the attached SEC Form 17Q while for the 2nd quarter ended June 30, 2018 will be attached on or before the scheduled date of 2017 Annual Stockholders Meeting which is duly received by SEC before its deadline on September 04, 2018. Attached herewith in this report is a Letter of Undertaking which states the distribution of SEC Form 17-Q 2nd quarter of 2018 during the Annual Stockholders Meeting.

OPERATIONAL AND FINANCIAL INFORMATION

Market for Registrant's Common Equity and Related Stockholder Matters
1. The stocks of WPI shares which are listed on the Philippine Stock Exchange for the last two calendar years are as set out hereunder:

Peso	High	Low
2018		
January - March 2018	1.350	0.790
April - June 2018	1.030	0.720
July - September 2018	0.860	0.650
October - December 2018	0.740	0.450

Peso	High	Low
2017		
January - March 2017	0.650	0.335
April- June 2017	1.080	0.375
July- September 2017	1.520	0.810
October- December 2017	1.230	0.870

Peso	High	Low
2016		
January - March 2016	0.360	0.305
April- June 2016	0.410	0.320
July- September 2016	0.380	0.320
October- December 2016	0.365	0.320

The number of stockholders of record as of December 31, 2018 on the Register of Shareholders was 402 but the company is not able to identify the actual number of beneficial owners who are registered under the name of the member companies of the Philippine Stock Exchange (PSE). Common shares outstanding as of December 31, 2017 were 2,498,991,753. There are no sales for the last three years of unregistered securities.

3. The List of top 20 stockholders of record as of August 31, 2019 is as stated hereunder:

	Name of Stockholder of Record	No. of Shares	%
1	The Wellex Group, Inc.	1,128,466,800	45.16%
2	PCD Nominee Corporation (Filipino)	602,538,373	24.11%
3	Silver Green Investment LTD	180,230,000	7.21%
4	Chesa Holdings, Inc.	175,924,000	7.04%
5	Tybalt Investment LTD	135,010,000	5.40%
6	Pacific Wide Realty Development Corp.	36,445,000	1.46%
7	Kenneth T. Gatchalian	30,000,100	1.20%
8	Rexlon T. Gatchalian	30,000,000	1.20%
9	Weslie T. Gatchalian	30,000,000	1.20%
10	PCD Nominee Corp. (Non-Filipino)	24,868,501	1.00%
11	Forum Holdings Corporation	20,626,000	0.83%
12	Primary Structures Corporation	16,212,500	0.65%
13	Pacific Rehouse Corporation	15,598,900	0.62%
14	Rexlon T. Gatchalian	14,740,000	0.59%
15	Metro Alliance Holdings and Equities	14,370,000	0.58%
16	Mizpah Holdings, Inc.	10,489,200	0.42%
17	Elvira A. Ting	10,000,009	0.40%
18	Catalina Roxas Melendres	6,246,000	0.25%
19	Manuel H. Osmena	1,400,000	0.06%
20	Rolando M. Lim	1,142,500	0.05%

3. The common stock of the company is being traded currently in the Philippine Stock Exchange. On June 16, 1999, the Parent Company declared cash dividend of Php 0.02 per share on its Common Shares outstanding as of May 15, 1999. This amounted to Php 19.23 million. The Parent Company also declared a 10% stock dividend as of September 15, 1999 record date.

Company has not issue dividends since the year 2000. However, it promises to declare dividends once the deficit is offset and the market for the coming years proper.

There is no restriction made by the company with regards to the declaration of giving a dividend to stockholders.

4. Issuance and Exchange of Securities

In 2008, the Parent Company sold its investment in APHC totaling 4,900,000 shares at varying selling price through the PSE. Total proceeds from the sales transactions, net of related expenses and taxes, amounted to P 48.2 million. Gain on sale of APHC shares amounting to P10.1 million was recognized in the December 31, 2008 consolidated statements of operations. The total proceeds from the sale transaction amounting to P48.2 million, which was provided to TWGI s cash advances was recorded as receivable from TWGI and part of the "Due from related parties" account in the consolidated balance sheets (see Note 9). As of December 31, 2008, the Parent Company's equity interest in APHC decreased to 69% FROM 75% IN 2007.

Date of Sale and Title and Amount of Securities Sold	Names of Underwriters of Identity to whom it May Sold	Share # of Swap	SEC FORM
December 22, 2008 - Common-4,700,000	Not applicable	500,000 @ P9.40	10.1
June 19, 2008 - Common-20,000,000	Not applicable	2,000,000 @ P10.00	10.1
June 26, 2008 - Common-7,000,000	Not applicable	700,000 @ P10.00	10.1
June 30, 2008 - Common-7,610,000	Not applicable	761,000 @ P10.00	10.1
July 2, 2008 - Common – 9,390,000	Not applicable	9,390,000 @ P15.00	10.1

Corporate Governance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Audit Committee has been composed of three members, one of whom is independent. The said Committee has reviewed all financial reports against compliance with both the internal financial management policy and pertinent accounting standards. The Committee has also reviewed management policies on financial management, audit plans, interface with the internal and external auditors. The Committee has also developed a financial management system that ensured the integrity of internal control activities throughout the Company.

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

The External Auditor for the year 2018 and 2017 is KPMG R.G. Manabat & Co., and was chosen by the Board and approved by the stockholders upon recommendations of the Audit Committee.

The Internal Auditor reporting directly to the Audit Committee provided reasonable assurance that the key organizational and procedural controls were effective, appropriate and complied.
The Manual for Corporate Governance has been made available to discerning stockholders during office hours of Waterfront Philippines, Inc.

The reports required for the Manual were prepared and submitted to the Commission.
All material information that could potentially affect shares were publicly disclosed in accordance with the rules of the Philippine Stock Exchange and the Commission. The Annual Reports were properly disseminated to the stockholders.

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

Other Matters

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

The Compliance Officer was deemed to have appeared before the Securities and Exchange Commission upon summons but since there was none, said Officer was not compelled to, or Waterfront Philippines, Inc. being a holding company and limited in terms of physical office space with only a few people holding key functions, it was enough that a few copies were available for inspection by all of its few employees.

The company did not issue any additional shares during the year to make use of the pre-emptive right for the stockholders.

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

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

The company has submitted its Revised Manual on Corporate Governance in accordance with SEC Memorandum Circular No. 6, series of 2009 "Revised Code of Corporate Governance.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ARTHUR M. LOPEZ**, Filipino, of legal age and a resident of The Ritz Tower Condominium, 6745 Ayala Avenue, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of Waterfront Philippines Inc. and have been its Independent Director since 2014.

2. I am affiliated with the following companies or organizations

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Acesite (Phils.) Hotel Corporation	Chairman/ Independent Director	2004- present
Phil. Estates Corporation	Chairman	1996- present
Phil. Hotel Owners Association Inc.	President	2006- present
Hotel Management and Development Consultant (Double Dragon Properties Corp)	Consultant	2013- present
Hotel of Asia Inc- Hotel 101 manila, Hotel 101 Fort, Hotel 101 Management Corp.	Hotel Management Consultant	2013- present
Bellevue (Bohol , Manila, Quezon City, Baguio)	Hotel Management Consultant	2003- present
Wydham Garden Quezon City (Wellworth Properties and Development Corporation)	Hotel Management and Development Consultant and Project Consultant	2016- present
Emerald Hotel and Casino Mactan, Cebu City	Hotel Management and Development Consultant and Project Consultant	Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Waterfront Phils Hotel Corp, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director /officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in ______________________, pursuant to Office of the President Memorandum Circular No.17 and Section 12 Rule XVIII of the Revised Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of _________________ of any changes in the abovementioned information within five days from its occurrence.

Done, this _________ day of 0 6 SEP 2019 at CITY OF MANILA.

Affiant

SUBSCRIBED AND SWORN to before me this _____ day of 0 6 SEP 2019 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his / her _________________ issued at _________________ on _______________.

Doc. No. 318;
Page No. 64;
Book No. 20;
Series of 2019.

ATTY. GILBERTO B. PASIMIO NERO
Notary Public Until Dec. 31, 2019
Notarial Commission 2018-015 Mla.
IBP# 012434 Pasig 7-27-17 until 2019
PTR# Mla 8008955 - 1-3-2019
Roll# 25473, TIN# 103-093-346
MCLE Compl. No. VI-0011418 until 4-14-2022

CERTIFICATION OF INDEPENDENT DIRECTOR

I,SERGIO ORTIZ- LUIS JR, Filipino, of legal age and a resident of 151 corner 3rd St., and 10th Ave., Riverside Village, Pasig, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Waterfront Phils., Inc. and have been its independent director since 2006.

2. I am affiliated with the following companies or organizations

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Acesite (Phils) Hotel Corp.	Independent Director	2013-present
Alliance Global	Vice Chairman	2007- present
Phil.Chamber of Commerce & Industry	Honorary Chairman/Treasurer	2008- present
PHILEXPORT	President/ CEO	1991- present
ECOP	Past President/ Honorary Chairman	2010- present
Philippine Estates Corporation	Director	2015- present
International Chamber of Commerce of the Philippines	Founding Director	present
Manila Exposition Complex inc (WorldTradeCenter)	Director	present
Consulate of Romania in the Philippines	Honorary Consul General	2015- present
The Wellex Group	Director	present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Waterfront Phils., Inc. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director /officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in ______________________, pursuant to Office of the President Memorandum Circular No.17 and Section 12 Rule XVIII of the Revised Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of ________________ of any changes in the abovementioned information within five days from its occurrence.

Done, this _________ day of 06 SEP 2019 at CITY OF MANILA.

Affiant

SUBSCRIBED AND SWORN to before me this _____ day of 06 SEP 2019 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification Number 107-846-762-000.

Doc. No. 317;
Page No. 49;
Book No. 20;
Series of 2019;

ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2019
Notarial Commission 2018-015 Mla.
IBP# 013434 Pasig 7-27-17 until 2019
PTR# Mla 8000955 - 1-3-2019
Roll# 25473, TIN# 103-092-346
MCLE Compl. No. VI-0011418 until 4-14-2022

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RUBEN D. TORRES,** Filipino, of legal age and a resident of #22 Kalaw Ledesma Circle, Tierra Verde Homes, Tandang Sora after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Waterfront Phils., Inc. and have been its independent director since 2006.

2. I am affiliated with the following companies or organizations

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Acesite (Phils) Hotel Corporation	Independent Director	2014-present
BPO Workers Association of the Phils.	President	Present
Services Exporters Risk Management & Consultancy Co (SERMC)	Chairman/CEO	Present
Torres Caparas Torres Law Offices	Senior Partner	1998-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Waterfront Phils., Inc. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director /officer/substantial shareholder of <u>(covered company and its subsidiaries and affiliates)</u> other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. **(where applicable)**

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the <u>(head of the agency/department)</u> to be an independent director in __________________________, pursuant to Office of the President Memorandum Circular No.17 and Section 12 Rule XVIII of the Revised Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of ________________ of any changes in the abovementioned information within five days from its occurrence.

Done, this _________ day of 05 SEP 2019, at CITY OF MANILA.

Affiant

SUBSCRIBED AND SWORN to before me this _____ day of 05 SEP 2019 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification Number 135-071-068-000.

Doc. No. 311;
Page No. 43;
Book No. 20;
Series of 2019;

ATTY. GILBERTO B. PASIMANERO
Notary Public Until Dec. 31, 2019
Notarial Commission 2018-015 Mla.
IBP# 012434 Pasig 7-27-17 until 2019
PTR# Mla 8008955 - 1-3-2019
Roll# 25473, TIN# 103-031-346
MCLE Compl. No. VI-0011418 until 4-14-2022

UNDERTAKING

Waterfront Philippines, Inc. hereby undertake to distribute **a copy of SEC FORM 17-Q for the 3rd quarter of 2019** to WPI Stockholders **during the Annual** Meeting to be held **on** October 26, 2019.

KENNETH T. GATCHALIAN
President

Republic of the Philippines)
City of Pasig) SS.

CERTIFICATION

I, ARSENIO A. ALFILER, JR. of legal age and with office address at Unit 3104 Antel Global Corporate Center, #3 Doña Julia Vargas Avenue, Ortigas Center, Pasig City, after being duly sworn to in accordance with law, do hereby certify:

1. I am duly elected Assistant Corporate Secretary of WATERFRONT PHILIPPINES, INC. (the "Corporation"), a corporation duly organized and existing under Philippine laws with principal office at No. 1 Waterfront Derive, Off Salinas Drive, Lahug, Cebu City.

2. All incumbent directors and officers of the Corporation are not connected with any government agency or instrumentality.

I execute this Certification to comply with the requirements of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto set my hand this 06 SEP 2019 day of September 2019 in the City of Pasig.

arsenio a. alfiler, jr.
ARSENIO A. ALFILER, JR.
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this 06 SEP 2019 day of September 2019 at Pasig City, affiant exhibiting to me his TIN No. 108-160-743.

CITY OF MANILA

Doc. No. 314;
Page No. 64;
Book No. 20;
Series of 2019.

ATTY. GILBERTO B. PASIMANERO
Noary Public Until Dec. 31, 2019
Notarial Commission 2018-015 Mla.
IBP# 012434 Pasig 7-27-17 until 2019
PTR# Mla 8308955 - 1-3-2019
Roll# 25473, TIN# 103-093-346
MCLE Compl. No. VI-0011418 until 4-14-2022

LIST OF ALL STOCKHOLDERS
As Of August 31, 2019

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL	NATIONALITY
THE WELLEX GROUP, INC.	1,128,466,800	0	1,128,466,800	45.157	FILIPINO
PCD NOMINEE CORP. (FILIPINO)	608,861,673	0	608,861,673	24.364	FILIPINO
SILVER GREEN INVESTMENTS LTD.	180,230,000	0	180,230,000	7.212	OTHERS
CHESA HOLDINGS, INC.	175,924,000	0	175,924,000	7.040	FILIPINO
TYBALT INVESTMENT LTD.	135,010,000	0	135,010,000	5.403	BRITISH
PACIFIC WIDE REALTY DEVELOPMENT CORP.	36,445,000	0	36,445,000	1.458	FILIPINO
KENNETH T. GATCHALIAN	30,000,100	0	30,000,100	1.200	FILIPINO
REXLON T. GATCHALIAN	30,000,000	0	30,000,000	1.200	FILIPINO
WESLIE T. GATCHALIAN	30,000,000	0	30,000,000	1.200	FILIPINO
FORUM HOLDINGS CORPORATION	20,626,000	0	20,626,000	0.825	FILIPINO
PCD NOMINEE CORP. (NON-FILIPINO)	18,601,501	0	18,601,501	0.744	OTHERS
PRIMARY STRUCTURES CORPORATION	16,212,500	0	16,212,500	0.649	FILIPINO
PACIFIC REHOUSE CORPORATION	15,598,900	0	15,598,900	0.624	FILIPINO
REXLON GATCHALIAN	14,740,000	0	14,740,000	0.590	FILIPINO
METRO ALLIANCE HOLDINGS & EQUITIES, INC.	14,370,000	0	14,370,000	0.575	FILIPINO
MIZPAH HOLDINGS, INC.	10,489,200	0	10,489,200	0.420	FILIPINO
ELVIRA A. TING	10,000,009	0	10,000,009	0.400	FILIPINO
CATALINA ROXAS MELENDRES	6,246,000	0	6,246,000	0.250	FILIPINO
MANUEL H. OSMENA &/OR MANUEL I. OSMENA II	1,400,000	0	1,400,000	0.056	FILIPINO
ROLANDO M. LIM	1,142,500	0	1,142,500	0.046	FILIPINO
FELIPE A CRUZ JR.	1,100,000	0	1,100,000	0.044	FILIPINO
MARIA CONCEPCION CRUZ	876,000	0	876,000	0.035	FILIPINO
FREYSSINET PHILIPPINES, INC.	770,000	0	770,000	0.031	FILIPINO
BENSON COYUCO	605,000	0	605,000	0.024	FILIPINO
LUCENA B. ENRIQUEZ	552,000	0	552,000	0.022	FILIPINO
EMILY LIM	500,000	0	500,000	0.020	FILIPINO
DEE HUA T. GATCHALIAN	350,000	0	350,000	0.014	FILIPINO
MARVIN J. GIROUARD	330,000	0	330,000	0.013	FILIPINO
ARTHUR H. OSMENA &/OR JANE Y. OSMENA	330,000	0	330,000	0.013	FILIPINO
JOSE YAP &/OR CONCHITA YAP	330,000	0	330,000	0.013	FILIPINO
DAVID LAO OSMENA	314,600	0	314,600	0.013	FILIPINO
ANA L. GO	300,000	0	300,000	0.012	FILIPINO
SEGUNDO SEANGIO &/OR VIRGINIA SEANGIO	297,000	0	297,000	0.012	FILIPINO
CHARTERED COMMODITIES CORPORATION	294,999	0	294,999	0.012	FILIPINO
DOMINGO C GO	275,000	0	275,000	0.011	FILIPINO
DAVID LAO OSMENA	275,000	0	275,000	0.011	FILIPINO
GARY GO DYCHIAO	200,000	0	200,000	0.008	FILIPINO
MERIDIAN SEC., INC. A/C# 844	200,000	0	200,000	0.008	FILIPINO
CRISTINO NAGUIAT, JR.	181,500	0	181,500	0.007	FILIPINO
WILLIE TIO	159,500	0	159,500	0.006	FILIPINO
BETO Y. LIM	150,000	0	150,000	0.006	FILIPINO
PIERCE INTERLINK SECURITIES, INC.	150,000	0	150,000	0.006	FILIPINO
AURORA V. SAN JOSE	143,000	0	143,000	0.006	FILIPINO
YAN TO A. CHUA	132,000	0	132,000	0.005	FILIPINO
CELY S. LIM	112,200	0	112,200	0.004	FILIPINO
DEWEY CHOACHUY, JR.	111,300	0	111,300	0.004	FILIPINO
WILSON CHUA &/OR BECKY QUE CHUA	110,000	0	110,000	0.004	FILIPINO
WANG YU HUEI	110,000	0	110,000	0.004	OTHERS
KENSTAR INDUSTRIAL CORPORATION	110,000	0	110,000	0.004	FILIPINO
JOHN CRHISTOPHER D. WEIGEL	110,000	0	110,000	0.004	FILIPINO
WATERFRONT NOMINEES SDN BHD A/C#6	107,800	0	107,800	0.004	OTHERS
CATHAY SEC. CO., INC. A/C# 1030	100,000	0	100,000	0.004	FILIPINO

CARRIE LIM	100,000	0	100,000	0.004	FILIPINO
MANUEL H. OSMENA &/OR GRELINA L. OSMENA	100,000	0	100,000	0.004	FILIPINO
PACIFIC CONCORDE CORPORATION	100,000	0	100,000	0.004	FILIPINO
PACIFIC IMAGES, INC.	100,000	0	100,000	0.004	FILIPINO
HANSON G. SO &/OR LARCY MARICHI Y. SO	100,000	0	100,000	0.004	FILIPINO
CHONG PENG YNG	100,000	0	100,000	0.004	OTHERS
ALVIN TAN UNJO	88,000	0	88,000	0.004	FILIPINO
TERESITA GO &/OR SATURNINA GO	87,000	0	87,000	0.003	FILIPINO
GEORGE U. YOUNG, JR.	82,500	0	82,500	0.003	FILIPINO
ROLANDO D. DE LEON	66,000	0	66,000	0.003	FILIPINO
LIPPO SECURITIES, INC.	56,500	0	56,500	0.002	FILIPINO
PRIMITIVO C. CAL	55,000	0	55,000	0.002	FILIPINO
VICKY L. CHAN	55,000	0	55,000	0.002	FILIPINO
MA. TERESA P. CRUZ	55,000	0	55,000	0.002	FILIPINO
RENATO C. GENDRANO &/OR GENDRANO BERNADETTE	55,000	0	55,000	0.002	FILIPINO
L.M. GARCIA & ASS., INC. A/C# 160	55,000	0	55,000	0.002	FILIPINO
KIRBY YU LIM	55,000	0	55,000	0.002	FILIPINO
LYDIA J. SY	55,000	0	55,000	0.002	FILIPINO
EDILBERTO &/OR ROSITA TANYU &/OR WELLINGTON HO VELASCO	55,000	0	55,000	0.002	FILIPINO
LIM TAY	55,000	0	55,000	0.002	FILIPINO
FRUTO M. TEODORICO, JR.	55,000	0	55,000	0.002	FILIPINO
LEONG JEE VAN	55,000	0	55,000	0.002	OTHERS
UY TIAK ENG	50,000	0	50,000	0.002	FILIPINO
SANDRA E. PASCUAL	50,000	0	50,000	0.002	FILIPINO
FRANCISCO C. SAN DIEGO	50,000	0	50,000	0.002	FILIPINO
ROBERTO L. UY	50,000	0	50,000	0.002	FILIPINO
RAMESES VICTORINO G. VILLAGONZALO	50,000	0	50,000	0.002	FILIPINO
NEIL JOHN A. YU	50,000	0	50,000	0.002	FILIPINO
EBC SECURITIES CORPORATION	48,400	0	48,400	0.002	FILIPINO
TAN DAISY TIENG	46,500	0	46,500	0.002	FILIPINO
EAST ASIA OIL & MINING COMPANY, INC.	40,000	0	40,000	0.002	FILIPINO
[illegible] SECURITIES PHILS., INC.	40,000	0	40,000	0.002	OTHERS
JAY JACOBS	39,600	0	39,600	0.002	FILIPINO
ROBERT KLING	39,600	0	39,600	0.002	FILIPINO
ADRIAN LONG	39,600	0	39,600	0.002	FILIPINO
GLADYS MAY L. OSMENA	39,600	0	39,600	0.002	FILIPINO
MANILYNN L. OSMENA	39,600	0	39,600	0.002	FILIPINO
MEGHANN GAIL L. OSMENA	39,600	0	39,600	0.002	FILIPINO
MANUEL L. OSMENA, II	39,600	0	39,600	0.002	FILIPINO
STEVE WOODWARD	39,600	0	39,600	0.002	FILIPINO
LUZ YAMANE	38,500	0	38,500	0.002	FILIPINO
LILY S. HO	36,300	0	36,300	0.001	FILIPINO
ABACUS SECURITIES CORPORATION	35,200	0	35,200	0.001	FILIPINO
LILIAN HONG	34,000	0	34,000	0.001	FILIPINO
ARTURO GUANZON	33,000	0	33,000	0.001	FILIPINO
INTERNATIONAL POLYMER CORPORATION	33,000	0	33,000	0.001	FILIPINO
SEAFRONT RESOURCES CORP.	33,000	0	33,000	0.001	FILIPINO
LEONCIO TIU	33,000	0	33,000	0.001	FILIPINO
RAMONCITO ARCEO	30,000	0	30,000	0.001	FILIPINO
TAN LIN LAY	30,000	0	30,000	0.001	FILIPINO
RODOLFO B. LEDESMA	30,000	0	30,000	0.001	FILIPINO
MA. YOLANDA HALLARI	30,000	0	30,000	0.001	FILIPINO
YVETTE LEE	27,500	0	27,500	0.001	FILIPINO
ONG YU LING	27,500	0	27,500	0.001	FILIPINO
DELFIN R. SUPAPO JR.	27,500	0	27,500	0.001	FILIPINO
EDGAR H. ALFEREZ	25,000	0	25,000	0.001	FILIPINO
RAMON A. TINIO	25,000	0	25,000	0.001	FILIPINO
RAYMOND TONG	23,300	0	23,300	0.001	FILIPINO
IMELDA L. ACIDERA	22,000	0	22,000	0.001	FILIPINO
PHILIP NG CLARIN & EVELYN NG LEE	22,000	0	22,000	0.001	FILIPINO
CHIOTI HSU	22,000	0	22,000	0.001	FILIPINO
ANITA LIM	22,000	0	22,000	0.001	FILIPINO
CONSUELO A. MOPAS	22,000	0	22,000	0.001	FILIPINO
MARCELO S. NUGUID	22,000	0	22,000	0.001	FILIPINO
VICKY ONG	22,000	0	22,000	0.001	FILIPINO
QUALITY INVESTMENTS & SECURITIES CORP.	22,000	0	22,000	0.001	FILIPINO

RICARDA B. QUIROS	22,000	0	22,000	0.001	FILIPINO
ERNESTO R. SALAS, JR.	22,000	0	22,000	0.001	FILIPINO
YU SIOK HUI	22,000	0	22,000	0.001	FILIPINO
PABLO SON KENG PO	22,000	0	22,000	0.001	FILIPINO
ROBERT C. TING	22,000	0	22,000	0.001	FILIPINO
CLIFFORD LAO YOUNG	22,000	0	22,000	0.001	FILIPINO
WATERFRONT NOMINEES SDN BHD A/C#9	20,900	0	20,900	0.001	OTHERS
JIM HO KHE BIN	20,000	0	20,000	0.001	FILIPINO
FRANCIS S. CHOA	20,000	0	20,000	0.001	FILIPINO
NELIA CO	20,000	0	20,000	0.001	FILIPINO
VENUS DE OCAMPO	20,000	0	20,000	0.001	FILIPINO
GUILLERMO F. GILI, JR.	20,000	0	20,000	0.001	FILIPINO
RUBY PING GO	20,000	0	20,000	0.001	CHINESE
ALEXANDER C. LEE	20,000	0	20,000	0.001	FILIPINO
REGINA CAPITAL DEVT., CORP. A/C#1845	20,000	0	20,000	0.001	FILIPINO
TRITON SECURITIES CORPORATION	20,000	0	20,000	0.001	FILIPINO
CATHERINE LAO YOUNG	19,800	0	19,800	0.001	FILIPINO
RAMON JAIME VILA BIROSEL	17,600	0	17,600	0.001	FILIPINO
ARISTEO O. FERABEN, JR.	17,600	0	17,600	0.001	FILIPINO
REXLON INDUSTRIAL CORPORATION	17,000	0	17,000	0.001	FILIPINO
ELVIN CHAN	16,500	0	16,500	0.001	FILIPINO
KATHLEEN COFON	16,500	0	16,500	0.001	FILIPINO
JOSEFINA DINSAY	16,500	0	16,500	0.001	FILIPINO
ERIC JAO	16,500	0	16,500	0.001	CHINESE
CARMELITA KONG KIAT	16,500	0	16,500	0.001	FILIPINO
MATEO R. LUGA	16,500	0	16,500	0.001	FILIPINO
GRACE MAGNAYE	16,500	0	16,500	0.001	FILIPINO
AMANDO J. PONSARAN, JR.	16,500	0	16,500	0.001	FILIPINO
GLENN ANTHONY O. COCO	16,500	0	16,500	0.001	FILIPINO
JAY DEXTER A. LIM	16,200	0	16,200	0.001	FILIPINO
REMEDIOS S. ORBETA	14,300	0	14,300	0.001	FILIPINO
AH LAY OH	13,750	0	13,750	0.001	FILIPINO
IBURI TAGAFUMI	13,750	0	13,750	0.001	FILIPINO
MONINA GRACE S. LIM	13,200	0	13,200	0.001	FILIPINO
AURELIO P. VENDIVEL, JR.	13,200	0	13,200	0.001	FILIPINO
PEDRO DOMINGO	12,100	0	12,100	0.000	FILIPINO
RICARDO R. AGUADO	11,000	0	11,000	0.000	FILIPINO
EVELYN ARCENAL	11,000	0	11,000	0.000	FILIPINO
DAXIM-REY L. BANAGUDOS	11,000	0	11,000	0.000	FILIPINO
ARIEL M. CONCEJERO &/OR MA. CONSUELO G. CONCEJERO	11,000	0	11,000	0.000	FILIPINO
ANITA T. DAVID	11,000	0	11,000	0.000	FILIPINO
ROY A. DE LOS REYES	11,000	0	11,000	0.000	FILIPINO
MANUEL DY	11,000	0	11,000	0.000	FILIPINO
HUNG CHUEN FEI	11,000	0	11,000	0.000	FILIPINO
MARLENE S. GUEVARA	11,000	0	11,000	0.000	FILIPINO
ROY CECIL D. IBAY	11,000	0	11,000	0.000	FILIPINO
CONSUELO DY KHU	11,000	0	11,000	0.000	FILIPINO
YU PEK KIAN	11,000	0	11,000	0.000	FILIPINO
PHILIP KIONG	11,000	0	11,000	0.000	FILIPINO
RICARDO F. LAZARO	11,000	0	11,000	0.000	FILIPINO
KATHERINE LIM &/OR MARSHA LIM	11,000	0	11,000	0.000	CHINESE
JOSEFA T. LUA	11,000	0	11,000	0.000	FILIPINO
ALBERTO MENDOZA &/OR JEANIE MENDOZA	11,000	0	11,000	0.000	FILIPINO
ELIZABETH MERCADO	11,000	0	11,000	0.000	FILIPINO
CARMEN ONG	11,000	0	11,000	0.000	FILIPINO
HARVEY OSHENA	11,000	0	11,000	0.000	FILIPINO
VENUS PACIA	11,000	0	11,000	0.000	FILIPINO
GAUDENCIO H. PANALIGAN	11,000	0	11,000	0.000	FILIPINO
CIRILO E. PASUCAL	11,000	0	11,000	0.000	FILIPINO
MA. THERESA C. PE	11,000	0	11,000	0.000	FILIPINO
NERISSA C. QUINTANA	11,000	0	11,000	0.000	FILIPINO
R. COYIUTO SECURITIES, INC.	11,000	0	11,000	0.000	FILIPINO
SEIICHIRO TAKAHASHI	11,000	0	11,000	0.000	OTHERS
CARLOS S. TAN	11,000	0	11,000	0.000	FILIPINO
CHEAH TUCK	11,000	0	11,000	0.000	FILIPINO
PHILIP L. UY	11,000	0	11,000	0.000	FILIPINO

EDGARDO YAMBAO &/OR MARIA ISABEL YAMBAO		11,000	0	11,000	0.000	FILIPINO
JEFFERSON Y. YAO		11,000	0	11,000	0.000	FILIPINO
RODERICK ALAIN ALVAREZ		10,000	0	10,000	0.000	FILIPINO
CARINA H. BALONES		10,000	0	10,000	0.000	FILIPINO
GARRY BOOC		10,000	0	10,000	0.000	FILIPINO
FRANKLIN M. COSTALES		10,000	0	10,000	0.000	FILIPINO
G & L SECURITIES CO., INC.		10,000	0	10,000	0.000	FILIPINO
ARSENIO L. LIM &/OR RUBY O. LIM		10,000	0	10,000	0.000	FILIPINO
GIOVANNI JOSEF B. LIM		10,000	0	10,000	0.000	FILIPINO
ROLANDO I. LOMBOY &/OR MILAGROS R.LOMBOY		10,000	0	10,000	0.000	FILIPINO
RENO I. MAGADIA		10,000	0	10,000	0.000	FILIPINO
JAMES O. NG &/OR ELSIE Y. NG		10,000	0	10,000	0.000	FILIPINO
LAWRENCE C. NG		10,000	0	10,000	0.000	FILIPINO
NOBLE ARCH REALTY AND CONSTRUCTION CORP.		10,000	0	10,000	0.000	FILIPINO
CARMELO OBCEMEA		10,000	0	10,000	0.000	FILIPINO
BARTHOLOMEW DY BUNCIO YOUNG		10,000	0	10,000	0.000	FILIPINO
JOHN BENEDICT O. YU		10,000	0	10,000	0.000	FILIPINO
CARMELITA F. CRUEL		8,800	0	8,800	0.000	FILIPINO
MA. ISABEL H. ERMITA		8,800	0	8,800	0.000	FILIPINO
FATIMA A. FARRALES		8,800	0	8,800	0.000	FILIPINO
MAXIMO V. LUCAS		8,800	0	8,800	0.000	FILIPINO
ILDEFONSO REYNOSO II		8,800	0	8,800	0.000	FILIPINO
RUFINO B. TIANGCO		8,800	0	8,800	0.000	FILIPINO
CHARISSA YLAYA		8,800	0	8,800	0.000	FILIPINO
MARIA A. GARCIA		8,000	0	8,000	0.000	FILIPINO
LIPPO SECURITIES, INC.	FAO: CHEN KUO HSI	8,000	0	8,000	0.000	FILIPINO
MA. CYNTHIA AMIGO ALCANTARA		7,700	0	7,700	0.000	FILIPINO
WILLIAM N. CHUA CO KIONG		7,700	0	7,700	0.000	FILIPINO
E.N. MADRAZO CORPORATION		7,700	0	7,700	0.000	FILIPINO
RAPHAEL T. JUAN		7,700	0	7,700	0.000	FILIPINO
JUANA M. REYES		7,700	0	7,700	0.000	FILIPINO
SALVADOR D. RICOS, JR.		7,700	0	7,700	0.000	FILIPINO
EUFEMIA ZULUAGA		7,700	0	7,700	0.000	FILIPINO
BING ROJO		6,700	0	6,700	0.000	FILIPINO
HANNAH JALECO ALLANIGUE		6,600	0	6,600	0.000	FILIPINO
EXUPERTO P. CABATANA		6,600	0	6,600	0.000	FILIPINO
CLEOFE D.V. CANETE		6,600	0	6,600	0.000	FILIPINO
JOCELYN FULACHE		6,600	0	6,600	0.000	FILIPINO
ROZANA C. GUTIERREZ		6,600	0	6,600	0.000	FILIPINO
LESLIE A. LAVA		6,600	0	6,600	0.000	FILIPINO
STEVEN M. ONG		6,600	0	6,600	0.000	FILIPINO
PROSERFINA SIGUENZA		6,600	0	6,600	0.000	FILIPINO
AGAPITO R. VALENCIA		6,600	0	6,600	0.000	FILIPINO
SALUD VELORIA		6,600	0	6,600	0.000	FILIPINO
ROBERTO ABELLO &/OR MA. ANTONIA ABELLO		5,500	0	5,500	0.000	FILIPINO
RENATO C. ALARCON &/OR VIRGINIA M. ALARCON		5,500	0	5,500	0.000	FILIPINO
MA. WINNINAH S. ANCHETA		5,500	0	5,500	0.000	FILIPINO
GENEROSA A. ARENAS		5,500	0	5,500	0.000	FILIPINO
RUBEN BALBASTRO &/OR ROSARIO TORRES		5,500	0	5,500	0.000	FILIPINO
BELINDA CHUA		5,500	0	5,500	0.000	FILIPINO
LUIS W. CHUA		5,500	0	5,500	0.000	FILIPINO
MA. REGINA CLIMACO		5,500	0	5,500	0.000	FILIPINO
TERESITA I. DE LOS SANTOS		5,500	0	5,500	0.000	FILIPINO
ERIBERTO E. ESTEBAN		5,500	0	5,500	0.000	FILIPINO
BILLY KHU &/OR WARREN KHU		5,500	0	5,500	0.000	FILIPINO
BILLY GO KHU		5,500	0	5,500	0.000	FILIPINO
CONSUELO C. KON		5,500	0	5,500	0.000	FILIPINO
LOLITA LABACLADO		5,500	0	5,500	0.000	FILIPINO
ALEXANDRIA M. LACSON		5,500	0	5,500	0.000	FILIPINO
KAROLYN LIU		5,500	0	5,500	0.000	FILIPINO
GRACE MAGNAYE		5,500	0	5,500	0.000	FILIPINO
CARMENCITA MIRANDA &/OR DONNA DEL ROSARIO		5,500	0	5,500	0.000	FILIPINO
BELINDA NGO		5,500	0	5,500	0.000	FILIPINO
JUANA ONGKA		5,500	0	5,500	0.000	FILIPINO
VIRGIE R. ORTEGA		5,500	0	5,500	0.000	FILIPINO
ANTONIO MAPUA OSTREA		5,500	0	5,500	0.000	FILIPINO

CHARLES M. PRATT	5,500	0	5,500	0.000	OTHERS
DEREK PUERTOLLANO	5,500	0	5,500	0.000	FILIPINO
LINDA TAN	5,500	0	5,500	0.000	FILIPINO
ROBERTO S. UY	5,500	0	5,500	0.000	FILIPINO
WEALTH SECURITIES, INC.	5,500	0	5,500	0.000	FILIPINO
GRACIANO AUDWIN T. GARZON	5,000	0	5,000	0.000	FILIPINO
HSBC SECURITIES (PHILIPPINES), INC.	5,000	0	5,000	0.000	OTHERS
MA. MADONNA M. MEDENILLA	5,000	0	5,000	0.000	FILIPINO
IMELDA M. PRECION	5,000	0	5,000	0.000	FILIPINO
MAHALIA C. QUINONES	5,000	0	5,000	0.000	FILIPINO
SIMEON SAMSON &/OR CHARLIE RAVALO	5,000	0	5,000	0.000	FILIPINO
LEOPOLDO SY-QUIA JR.	5,000	0	5,000	0.000	FILIPINO
HELEN F. WILLIMANN	5,000	0	5,000	0.000	FILIPINO
MINERVA R. ALIAZON	4,400	0	4,400	0.000	FILIPINO
ADELAIDA ZITA R. CARLOS	4,400	0	4,400	0.000	FILIPINO
ANGELES MORALES DE LEON	4,400	0	4,400	0.000	FILIPINO
KERRY SECURITIES (PHILS.), INC. -GJ01	4,400	0	4,400	0.000	FILIPINO
MUI SIN KOH-SEAH	4,400	0	4,400	0.000	FILIPINO
MANUEL S. MIGAN	4,400	0	4,400	0.000	FILIPINO
NATIVIDAD C. NGUI	4,400	0	4,400	0.000	FILIPINO
JIMMY G. ONG	4,400	0	4,400	0.000	FILIPINO
MA. TERESITA H. PALO	4,400	0	4,400	0.000	FILIPINO
NG GHIH HWA	4,000	0	4,000	0.000	OTHERS
JORGE P. LONTOC OR PACITA L. LONTOC	4,000	0	4,000	0.000	FILIPINO
SAPPHIRE SECURITIES, INC.	4,000	0	4,000	0.000	FILIPINO
ROBERTO C. VILLEGAS	4,000	0	4,000	0.000	FILIPINO
CECILIA TO YU	4,000	0	4,000	0.000	FILIPINO
JOCELYN L. ZARATE	4,000	0	4,000	0.000	FILIPINO
JUN M. BORRES	3,300	0	3,300	0.000	FILIPINO
ELEANOR P. CALIMAG	3,300	0	3,300	0.000	FILIPINO
MA. ROSARIO FRANCO	3,300	0	3,300	0.000	FILIPINO
EUGENE GALICIA	3,300	0	3,300	0.000	FILIPINO
SARAH SAN JOSE HAIN	3,300	0	3,300	0.000	FILIPINO
BRENDA SOLIDUM HERNANDEZ	3,300	0	3,300	0.000	FILIPINO
MUI SIN KOH-SEAH &/OR DENNIS CHEE CHIANG SEAH	3,300	0	3,300	0.000	OTHERS
CHRISTOPHER D. LO	3,300	0	3,300	0.000	FILIPINO
JUAN ANTONIO LOPEZ	3,300	0	3,300	0.000	FILIPINO
LUKE MACABABBAD	3,300	0	3,300	0.000	FILIPINO
PATRICIA MIADO &/OR MARIO ANGEL MIADO	3,300	0	3,300	0.000	FILIPINO
PANTALEON NIEVA &/OR ANGELITA NIEVA	3,300	0	3,300	0.000	FILIPINO
PAUL PESTANO	3,300	0	3,300	0.000	FILIPINO
ELENETTE C. PINGUL	3,300	0	3,300	0.000	FILIPINO
JAIME R. QUIJANO	3,300	0	3,300	0.000	FILIPINO
JESUS ROBERTO SAENZ &/OR AURORA E.	3,300	0	3,300	0.000	FILIPINO
MA. TERESA T. SAN AGUSTIN	3,300	0	3,300	0.000	FILIPINO
EDWARD N. TAN	3,300	0	3,300	0.000	FILIPINO
EPIFANIA G. SANTOS	2,750	0	2,750	0.000	FILIPINO
JESUS B. MARAMARA	2,700	0	2,700	0.000	FILIPINO
MA. LEYLANI V. GAMBOA	2,500	0	2,500	0.000	FILIPINO
ROGELIO GARZON	2,500	0	2,500	0.000	FILIPINO
ROGER CORRO	2,300	0	2,300	0.000	FILIPINO
ROSIE TAN	2,300	0	2,300	0.000	FILIPINO
CARLO ARCHES	2,200	0	2,200	0.000	FILIPINO
MA. ROSARIO T. BARRETTO	2,200	0	2,200	0.000	FILIPINO
AIDA BELLESTEROS	2,200	0	2,200	0.000	FILIPINO
RAY CELIS	2,200	0	2,200	0.000	FILIPINO
CLARO CENIZA	2,200	0	2,200	0.000	FILIPINO
AMELIA CERVANTES	2,200	0	2,200	0.000	FILIPINO
ELMER DELA CRUZ	2,200	0	2,200	0.000	FILIPINO
NARISA BERLIN R. DURAN	2,200	0	2,200	0.000	FILIPINO
LEONARDO ERMITA	2,200	0	2,200	0.000	FILIPINO
FLORENTINO A. GONZALEZ, JR. &/OR LOURDJEAN T. GONZALEZ	2,200	0	2,200	0.000	FILIPINO
JOSEPH EDWARD HANNEN	2,200	0	2,200	0.000	FILIPINO
LUCILA D. ICBAN	2,200	0	2,200	0.000	FILIPINO
JOCELYN O. LIM	2,200	0	2,200	0.000	FILIPINO
VILMA LUMANOG	2,200	0	2,200	0.000	FILIPINO

LEVI Q. MAGNAYE	2,200	0	2,200	0.000 FILIPINO
MELVIN M. MANALO	2,200	0	2,200	0.000 FILIPINO
BENJAMIN MOMBAY &/OR ELYSIA DELA LLANA	2,200	0	2,200	0.000 FILIPINO
CONSUELO G. OSI	2,200	0	2,200	0.000 FILIPINO
MELITA G. RAGAS	2,200	0	2,200	0.000 FILIPINO
JOHN PATRICK REGNER	2,200	0	2,200	0.000 FILIPINO
EDNA T. ROGANDO &/OR ESTER T. JUCO	2,200	0	2,200	0.000 FILIPINO
ROLANDO S. SANTOS, JR.	2,200	0	2,200	0.000 FILIPINO
MICHELLE T. SY	2,200	0	2,200	0.000 FILIPINO
MERLINDO R. TINAPAY	2,200	0	2,200	0.000 FILIPINO
RUBY TING	2,200	0	2,200	0.000 FILIPINO
ZITA O. UY-TIOCO	2,200	0	2,200	0.000 FILIPINO
ANTONIO VERZOSA	2,200	0	2,200	0.000 FILIPINO
BENEDICTO V. VIARDO	2,200	0	2,200	0.000 FILIPINO
BANING P. ANG	2,000	0	2,000	0.000 FILIPINO
BANING P. ANG	2,000	0	2,000	0.000 FILIPINO
ERVERT AVANZADO &/OR HAZLE AVANZADO	2,000	0	2,000	0.000 FILIPINO
EDUVEGES O. BATALAN	2,000	0	2,000	0.000 FILIPINO
BONIFACIO M. CABATIT	2,000	0	2,000	0.000 FILIPINO
AUGURIO P. DE VERA	2,000	0	2,000	0.000 FILIPINO
EDMUNDO Z. GREGORIO	2,000	0	2,000	0.000 FILIPINO
GLORIA GUINTU	2,000	0	2,000	0.000 FILIPINO
I.B. GIMENEZ SEC., INC. A/C DFA-003	2,000	0	2,000	0.000 FILIPINO
TERESITO P. OCAMPO	2,000	0	2,000	0.000 FILIPINO
FLORENCIO SANTOS	2,000	0	2,000	0.000 FILIPINO
WINSTON F. PUNZALAN	1,500	0	1,500	0.000 FILIPINO
ALBERTO MOGUEL	1,200	0	1,200	0.000 FILIPINO
STELLA TANSENGCO-SCHAPERO	1,200	0	1,200	0.000 FILIPINO
ROMMEL C. AQUINO	1,100	0	1,100	0.000 FILIPINO
GERALLINE BAD-AY	1,100	0	1,100	0.000 FILIPINO
VIVIEN BILBAO	1,100	0	1,100	0.000 FILIPINO
[illegible] E. CABIGUIAN	1,100	0	1,100	0.000 FILIPINO
JENNIFER CABAS	1,100	0	1,100	0.000 FILIPINO
JOHN PETER CHICK B. CASTELO	1,100	0	1,100	0.000 FILIPINO
CATHAY SEC. CO., INC. A/C# 1684	1,100	0	1,100	0.000 FILIPINO
BEDY DU CO	1,100	0	1,100	0.000 FILIPINO
CYNTHIA ROXAS DEL CASTILLO	1,100	0	1,100	0.000 FILIPINO
CAROLINE DY	1,100	0	1,100	0.000 FILIPINO
GRACE M. GALANG	1,100	0	1,100	0.000 FILIPINO
GUILD SECURITIES, INC.	1,100	0	1,100	0.000 FILIPINO
REBECCA TAN LIM	1,100	0	1,100	0.000 FILIPINO
ROMEO S. LINDAIN	1,100	0	1,100	0.000 FILIPINO
ARMANDO S. LLARINAS	1,100	0	1,100	0.000 FILIPINO
PORFIRIO G. MACARAEG &/OR MICHAEL MACARAEG	1,100	0	1,100	0.000 FILIPINO
BENJAMIN G. MAGBANUA	1,100	0	1,100	0.000 FILIPINO
EMILIA MANANON	1,100	0	1,100	0.000 FILIPINO
VIDA MARIE E. NISPEROS	1,100	0	1,100	0.000 FILIPINO
LYDIA C. PASCUA	1,100	0	1,100	0.000 FILIPINO
ARACELI P. PENAS	1,100	0	1,100	0.000 FILIPINO
MABEL POBLETE	1,100	0	1,100	0.000 FILIPINO
OMAR C. POLINTAN &/OR MELITA POLINTAN	1,100	0	1,100	0.000 FILIPINO
BEVERLY G. REGANTE	1,100	0	1,100	0.000 FILIPINO
DAISY S.A REYES	1,100	0	1,100	0.000 FILIPINO
LETICIA ROXAS	1,100	0	1,100	0.000 FILIPINO
DOUGLAS TAN	1,100	0	1,100	0.000 FILIPINO
FATIMA L. TAN	1,100	0	1,100	0.000 FILIPINO
MIRABEL TAN	1,100	0	1,100	0.000 FILIPINO
RAYMOND G. TAN	1,100	0	1,100	0.000 FILIPINO
SUZETTE TAN	1,100	0	1,100	0.000 FILIPINO
LOLITA TANSENGCO	1,100	0	1,100	0.000 FILIPINO
YEOH CHEAW TAU	1,100	0	1,100	0.000 OTHERS
IRMINIA A. TIPGOS	1,100	0	1,100	0.000 FILIPINO
LUISIANA DELOS SANTOS TONDO	1,100	0	1,100	0.000 FILIPINO
ELIZABETH TUBALE	1,100	0	1,100	0.000 FILIPINO
FEDELIZA R. VARGAS	1,100	0	1,100	0.000 FILIPINO
ABACUS CAPITAL INVESTMENT CORP. A/C 583002	1,000	0	1,000	0.000 FILIPINO

MA. LUISA AQUINO	1,000	0	1,000	0.000	FILIPINO
RAYMOND AZCARATE	1,000	0	1,000	0.000	FILIPINO
JULIE YAP CHUA	1,000	0	1,000	0.000	FILIPINO
ARISTEO R. CRUZ	1,000	0	1,000	0.000	FILIPINO
MILAGROS ONG MAGAT	1,000	0	1,000	0.000	FILIPINO
VICENTE LIM PANG	1,000	0	1,000	0.000	FILIPINO
FIDELINA B. REYES	1,000	0	1,000	0.000	FILIPINO
RODOLFO V. SAEZ	1,000	0	1,000	0.000	FILIPINO
SHAREHOLDERS' ASSOCIATION OF THE PHILIPPINES, INC.	1,000	0	1,000	0.000	FILIPINO
REYNALDO NAVARRA TECECHIAN	1,000	0	1,000	0.000	FILIPINO
RUBEN D. TORRES	1,000	0	1,000	0.000	FILIPINO
JESUS SAN LUIS VALENCIA	1,000	0	1,000	0.000	FILIPINO
GUIDO VILLANUEVA &/OR AMELIA VILLANUEVA	1,000	0	1,000	0.000	FILIPINO
MA. SALOME VILLASIS	1,000	0	1,000	0.000	FILIPINO
ALFREDO COLLADO	900	0	900	0.000	FILIPINO
PUBLIC SEC. CORP.	800	0	800	0.000	FILIPINO
ROGELIO G. KWAN	622	0	622	0.000	FILIPINO
JUANITA LIMCHAYSENG	600	0	600	0.000	FILIPINO
DONNIE SALVADOR	600	0	600	0.000	FILIPINO
RONALD SY	600	0	600	0.000	FILIPINO
ANABELLE C. ALVARO	500	0	500	0.000	FILIPINO
ELENA D. BELLEZA	500	0	500	0.000	FILIPINO
CARLOS CHING	500	0	500	0.000	FILIPINO
DOMINADOR A. REYNO	500	0	500	0.000	FILIPINO
LORENA R. CABUGAWAN	333	0	333	0.000	FILIPINO
MARIO T. MACADAEG	300	0	300	0.000	FILIPINO
RCBC T/A# 32-298-0	300	0	300	0.000	FILIPINO
OWEN NATHANIEL AU	200	0	200	0.000	FILIPINO
ERLITA BUGNOAN	200	0	200	0.000	FILIPINO
FE CALDERON	200	0	200	0.000	FILIPINO
JOSE RENE ITURRALDE	200	0	200	0.000	FILIPINO
TEE LING KIAT &/OR LEE LIN HO	200	0	200	0.000	FILIPINO
RICHARD ANTHONY Y. LIBORO	200	0	200	0.000	FILIPINO
RENATO B. MAGADIA	200	0	200	0.000	FILIPINO
ROCHELLE V. MENDOZA	200	0	200	0.000	FILIPINO
ORION-SQUIRE CAPITAL, INC. - 0267	200	0	200	0.000	FILIPINO
ROSE LUZELLE PAPA	200	0	200	0.000	FILIPINO
NORA ROSS	200	0	200	0.000	FILIPINO
MA. THERESA L. ARGUELLES	110	0	110	0.000	FILIPINO
SERGIO R. ORTIZ-LUIS JR.	110	0	110	0.000	FILIPINO
ARTHUR R. PONSARAN	110	0	110	0.000	FILIPINO
CARLOS BENEDICT K. RIVILLA IV	110	0	110	0.000	FILIPINO
TOMAS F. TUASON IV	110	0	110	0.000	FILIPINO
RIZA C. VILLEGAS	110	0	110	0.000	FILIPINO
RODOLFO L. CRUZ	100	0	100	0.000	FILIPINO
IMELDA GAPASIN	100	0	100	0.000	FILIPINO
RUBEN MEDRANO	100	0	100	0.000	FILIPINO
LAMBERTO B. MERCADO, JR.	100	0	100	0.000	FILIPINO
DONATO ALMEDA	1	0	1	0.000	FILIPINO
ARSENIO BARTOLOME III	1	0	1	0.000	FILIPINO
ERIC FILAMOR	1	0	1	0.000	FILIPINO
PATRICK C. GREGORIO	1	0	1	0.000	FILIPINO
ARTHUR LOPEZ	1	0	1	0.000	FILIPINO
MACARIO TE	1	0	1	0.000	FILIPINO
GRAND TOTAL (436)	2,498,991,753	0	2,498,991,753	100.000	

THIS IS A COMPUTER GENERATED REPORT AND IF ISSUED WITHOUT ALTERATION, [illegible] IOT REQUIRE ANY SIGNATURE.

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - WPI000000000
WATERFRONT PHILIPPINES, INC.

Business Date: August 31, 2019

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	75,000
A & A SECURITIES, INC.	1,901,700
ABACUS SECURITIES CORPORATION	24,237,686
PHILSTOCKS FINANCIAL INC	44,168,154
A. T. DE CASTRO SECURITIES CORP.	54,000
ALL ASIA SECURITIES MANAGEMENT CORP.	202,500
ALPHA SECURITIES CORP.	1,579,000
BA SECURITIES, INC.	2,008,001
AP SECURITIES INCORPORATED	20,125,000
ANSALDO, GODINEZ & CO., INC.	2,679,700
AB CAPITAL SECURITIES, INC.	5,385,500
SB EQUITIES,INC.	4,471,100
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	832,800
ASIASEC EQUITIES, INC.	653,000
ASTRA SECURITIES CORPORATION	5,000
CHINA BANK SECURITIES CORPORATION	600,000
BELSON SECURITIES, INC.	3,887,100
B. H. CHUA SECURITIES CORPORATION	50,000
JAKA SECURITIES CORP.	8,655,500
BPI SECURITIES CORPORATION	39,567,941
CAMPOS, LANUZA & COMPANY, INC.	2,352,702
SINCERE SECURITIES CORPORATION	1,045,000
BDO NOMURA SECURITIES INC	16,092,998
CTS GLOBAL EQUITY GROUP, INC.	779,138
TRITON SECURITIES CORP.	1,272,450
IGC SECURITIES INC.	2,009,000
CUALOPING SECURITIES CORPORATION	110,500
DBP-DAIWA CAPITAL MARKETS PHILPPINES, INC.	2,200
DAVID GO SECURITIES CORP.	859,000
DIVERSIFIED SECURITIES, INC.	4,443,800
E. CHUA CHIACO SECURITIES, INC.	5,156,100
EQUITABLE SECURIITES (PHILS.) INC.	27,200
EAST WEST CAPITAL CORPORATION	400,000
EASTERN SECURITIES DEVELOPMENT CORPORATION	7,544,200
EQUITIWORLD SECURITIES, INC.	707,600
EVERGREEN STOCK BROKERAGE & SEC., INC.	7,581,100
FIRST ORIENT SECURITIES, INC.	2,284,100
FIRST INTEGRATED CAPITAL SECURITIES, INC.	100
F. YAP SECURITIES, INC.	1,127,000
AURORA SECURITIES, INC.	926,700
GLOBALINKS SECURITIES & STOCKS, INC.	1,504,400
JSG SECURITIES, INC.	151,650
GOLDSTAR SECURITIES, INC.	3,765,300
GUILD SECURITIES, INC.	105,000
HDI SECURITIES, INC.	1,432,500
H. E. BENNETT SECURITIES, INC.	280,000
HK SECURITIES, INC.	9,100
I. ACKERMAN & CO., INC.	30,000
I. B. GIMENEZ SECURITIES, INC.	528,097
INVESTORS SECURITIES, INC,	797,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	1,293,800

BPNAME	HOLDINGS
INTRA-INVEST SECURITIES, INC.	187,400
ASIAN CAPITAL EQUITIES, INC.	56,100
J.M. BARCELON & CO., INC.	921,500
STRATEGIC EQUITIES CORP.	895,900
LARRGO SECURITIES CO., INC.	122,000
LOPEZ, LOCSIN, LEDESMA & CO., INC.	3,300
LUCKY SECURITIES, INC.	263,500
LUYS SECURITIES COMPANY, INC.	865,500
MANDARIN SECURITIES CORPORATION	1,613,200
COL Financial Group, Inc.	156,677,252
DA MARKET SECURITIES, INC.	222,200
MERCANTILE SECURITIES CORP.	131,800
MERIDIAN SECURITIES, INC.	2,187,700
MDR SECURITIES, INC.	2,311,000
DEUTSCHE REGIS PARTNERS, INC.	66,300
MOUNT PEAK SECURITIES, INC.	120,000
NEW WORLD SECURITIES CO., INC.	2,244,000
OPTIMUM SECURITIES CORPORATION	1,802,650
RCBC SECURITIES, INC.	4,023,300
PAN ASIA SECURITIES CORP.	135,000
PAPA SECURITIES CORPORATION	2,643,500
MAYBANK ATR KIM ENG SECURITIES, INC.	5,767,400
PLATINUM SECURITIES, INC.	23,000
PNB SECURITIES, INC.	943,260
PREMIUM SECURITIES, INC.	1,923,600
PRYCE SECURITIES, INC.	12,124
SALISBURY BKT SECURITIES CORPORATION	15,300
QUALITY INVESTMENTS & SECURITIES CORPORATION	13,205,300
R & L INVESTMENTS, INC.	42,000
R. COYIUTO SECURITIES, INC.	5,286,100
REGINA CAPITAL DEVELOPMENT CORPORATION	10,633,976
R. NUBLA SECURITIES, INC.	1,172,500
AAA SOUTHEAST EQUITIES, INCORPORATED	2,309,100
R. S. LIM & CO., INC.	1,218,400
RTG & COMPANY, INC.	276,600
S.J. ROXAS & CO., INC.	803,500
SECURITIES SPECIALISTS, INC.	217,200
FIDELITY SECURITIES, INC.	288,500
SUMMIT SECURITIES, INC.	587,300
STANDARD SECURITIES CORPORATION	1,326,200
SUPREME STOCKBROKERS, INC	31,350
TANSENGCO & CO., INC.	847,200
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	353,200
TOWER SECURITIES, INC.	10,891,100
TRANS-ASIA SECURITIES, INC.	1,325,500
APEX PHILIPPINES EQUITIES CORPORATION	7,000
TRENDLINE SECURITIES CORPORATION	11,200
TRI-STATE SECURITIES, INC.	150,000
UCPB SECURITIES, INC.	2,348,700
UOB KAY HIAN SECURITIES (PHILS.), INC.	800,000
E.SECURITIES, INC.	3,300
VENTURE SECURITIES, INC.	136,900
FIRST METRO SECURITIES BROKERAGE CORP.	30,307,589
WEALTH SECURITIES, INC.	7,744,090
WESTLINK GLOBAL EQUITIES, INC.	64,798,540
BERNAD SECURITIES, INC.	372,100
WONG SECURITIES CORPORATION	190,000
YAO & ZIALCITA, INC.	1,895,500

BPNAME	HOLDINGS
YU & COMPANY, INC.	3,589,000
BDO SECURITIES CORPORATION	4,895,000
EAGLE EQUITIES, INC.	1,226,800
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	2,630,576
SOLAR SECURITIES, INC.	4,698,600
G.D. TAN & COMPANY, INC.	14,878,300
PHILIPPINE EQUITY PARTNERS, INC.	2,881,950
UNICAPITAL SECURITIES INC.	3,049,900
SunSecurities, Inc.	510,000
COHERCO SECURITIES, INC.	3,400,000
ARMSTRONG SECURITIES, INC.	5,300
KING'S POWER SECURITIES, INC.	72,000
TIMSON SECURITIES, INC.	7,428,000
CITIBANK N.A.	180,000
DEUTSCHE BANK MANILA-CLIENTS A/C	2,498,000
STANDARD CHARTERED BANK	940,000
VC SECURITIES CORPORATION	3,065,600
TOTAL	627,463,174

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.

Annual Income Tax Return

BIR Form No.

Taxpayer Identification Number (TIN)	Registered Name
009 - 978 - 254 - 000	WATERFRONT PHILIPPINES INCORPORATED

Schedule 1 - Sales/Revenues/Receipts/Fees *(Attach additional sheet/s, if necessary)*

1 Sale of Goods/Properties	0
2 Sale of Services	0
3 Lease of Properties	0
4 Total *(Sum of Items 1 to 3)*	0
5 Less: Sales Returns, Allowances and Discounts	0
6 Net Sales/Revenues/Receipts/Fees *(Item 4 Less Item 5) (To Part IV Item 30)*	0

Schedule 2 - Cost of Sales *(Attach additional sheet/s, if necessary)*

Schedule 2A - Cost of Sales (For those Engaged in Trading)

1 Merchandise Inventory - Beginning	0
2 Add: Purchases of Merchandise	0
3 Total Goods Available for Sale *(Sum of Items 1 & 2)*	0
4 Less: Merchandise Inventory, Ending	0
5 Cost of Sales *(Item 3 Less Item 4) (To Schedule 2 Item 27)*	0

Schedule 2B - Cost of Sales (For those Engaged in Manufacturing)

6 Direct Materials, Beginning	0
7 Add: Purchases of Direct Materials	0
8 Materials Available for Use *(Sum of Items 6 & 7)*	0
9 Less: Direct Materials, Ending	0
10 Raw Materials Used *(Item 8 Less Item 9)*	0
11 Direct Labor	0
12 Manufacturing Overhead	0
13 Total Manufacturing Cost *(Sum of Items 10, 11 & 12)*	0
14 Add: Work in Process, Beginning	0
15 Less: Work in Process, Ending	0
16 Cost of Goods Manufactured *(Sum of Items 13 & 14 Less Item 15)*	0
17 Finished Goods, Beginning	0
18 Less: Finished Goods, Ending	0
19 Cost of Goods Manufactured and Sold *(Sum of Items 16 & 17 Less Item 18) (To Sched. 2 Item 27)*	0

Schedule 2C - Cost of Services
(For those Engaged in Services, indicate only those directly incurred or related to the gross revenue from rendition of services)

20 Direct Charges - Salaries, Wages and Benefits	0
21 Direct Charges - Materials, Supplies and Facilities	0
22 Direct Charges - Depreciation	0
23 Direct Charges - Rental	0
24 Direct Charges - Outside Services	0
25 Direct Charges - Others	0
26 Total Cost of Services *(Sum of Items 20 to 25) (To Item 27)*	0

27 Total Cost of Sales/Services *(Sum of Items 5, 19 & 26, if applicable) (To Part IV Item 31)*	0

Annual Income Tax Return	BIR Form No.	

Taxpayer Identification Number (TIN)	Registered Name
003 - 978 - 254 - 000	WATERFRONT PHILIPPINES INCORPORATED

Schedule 3 - Other Taxable Income Not Subjected to Final Tax *(Attach additional sheet/s, if necessary)*	
1 INTEREST INCOME	53,395,436
2	0
3	0
4 Total Other Taxable Income Not Subjected to Final Tax *(Sum of Items 1 to 3) (To Part IV Item 33)*	53,395,436

Schedule 4 - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*	
1 Advertising and Promotions	0
Amortizations *(Specify on Items 2, 3 & 4)*	
2	0
3	0
4	0
5 Bad Debts	0
6 Charitable Contributions	0
7 Commissions	0
8 Communication, Light and Water	1,553,343
9 Depletion	0
10 Depreciation	206,250
11 Director's Fees	189,000
12 Fringe Benefits	0
13 Fuel and Oil	0
14 Insurance	0
15 Interest	17,620,494
16 Janitorial and Messengerial Services	0
17 Losses	0
18 Management and Consultancy Fee	540,000
19 Miscellaneous	0
20 Office Supplies	60,372
21 Other Services	212,188
22 Professional Fees	1,131,264
23 Rental	0
24 Repairs and Maintenance - (Labor or Labor & Materials)	0
25 Repairs and Maintenance - (Materials/Supplies)	0
26 Representation and Entertainment	533,654
27 Research and Development	0
28 Royalties	0
29 Salaries and Allowances	0

Annual Income Tax Return

BIR Form No.

Taxpayer Identification Number (TIN)	Registered Name
003 - 978 - 254 - 000	WATERFRONT PHILIPPINES INCORPORATED

Schedule 4 - Ordinary Allowable Itemized Deductions *(Continued from Previous Page)*

30 Security Services	0
31 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
32 Taxes and Licenses	202,739
33 Tolling Fees	0
34 Training and Seminars	0
35 Transportation and Travel	5,181,913
Others *(Specify below; Add additional sheet(s), if necessary)*	
36 BANK SERVICE CHARGES	239
37	0
38	0
39	0
40 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 39) (To Part IV Item 35)*	27,431,756

Schedule 5 - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 38)*		0

Schedule 6 - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 34)*	0
2 Less: Total Deductions Exclusive of NOLCO & Deduction Under Special Law	0
3 Net Operating Loss *(To Schedule 6A)*	0

Schedule 6A - Computation of Available Net Operating Loss Carry Over (NOLCO)

Net Operating Loss		
Year Incurred	A) Amount	B) NOLCO Applied Previous Year
4	0	0
5	0	0
6	0	0
7	0	0

Continuation of Schedule 6A *(Item numbers continue from the table above)*

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied)
4 0	0	0
5 0	0	0
6 0	0	0
7 0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D) (To Part IV Item 37)*	0	

Annual Income Tax Return

BIR Form No.

Taxpayer Identification Number (TIN)	Registered Name
003 - 978 - 254 - 000	WATERFRONT PHILIPPINES INCORPORATED

Schedule 10 - BALANCE SHEET

Assets	
1 Current Assets	2,356,529,380
2 Long-Term Investment	2,281,222,783
3 Property, Plant and Equipment - Net	596,491
4 Long-Term Receivables	356,003,498
5 Intangible Assets	0
6 Other Assets	38,539,000
7 Total Assets *(Sum of Items 1 to 6)*	5,032,891,162

Liabilities and Equity	
8 Current Liabilities	2,169,159,683
9 Long-Term Liabilities	719,303,255
10 Deferred Credits	0
11 Other Liabilities	0
12 Total Liabilities *(Sum of Items 8 to 11)*	2,888,462,938
13 Capital Stock	2,498,991,753
14 Additional Paid-in Capital	706,364,357
15 Retained Earnings	(1,060,927,886)
16 Total Equity *(Sum of Items 13 to 15)*	2,144,428,224
17 Total Liabilities and Equity *(Sum of Items 12 & 16)*	5,032,891,162

Schedule 11- - Stockholders Partners Members Information (Top 20 Stockholders, partners or Members)

(On column 3 enter the amount of capital contribution and on the last column enter the percentage this represents on the entire ownership)

REGISTERED NAME	TIN	Capital Contribution	% to Total
THE WELLEX GROUP INC	004 - 740 - 001 - 000	1,128,468,800	45.16
PDC NOMINEE CORP-FIL	004 - 774 - 849 - 000	602,538,373	24.11
SILVER GREEN INVESTMENT	004 - 774 - 349 - 000	180,230,000	7.21
CHESA HOLDINGS INC.	215 - 735 - 394 - 000	175,924,000	7.04
TYBALT INVESTMENT LT	000 - 000 - 000 - 000	135,010,000	5.4
PACIFIC WIDE REALTY	002 - 646 - 682 - 000	36,445,000	1.46
KENNETH GATCHALIAN	157 - 406 - 528 - 000	30,000,100	1.2
REXLON GATCHALIAN	216 - 509 - 340 - 000	30,000,000	1.2
WESLIE GATCHALIAN	235 - 807 - 295 - 000	30,000,000	1.2
PCD NOMINEE CORP NF	004 - 774 - 849 - 000	24,868,501	1
FORUM HOLDINGS CORPO	002 - 646 - 691 - 000	20,626,000	0.83
PRIMARY STRUCTURES CORPORATION	000 - 309 - 963 - 000	16,212,500	0.65
PACIFIC REHOUSE CORP	000 - 646 - 682 - 000	15,598,800	0.62
REXLON GATCHALIAN	216 - 509 - 340 - 000	14,740,000	0.59
METRO ALLIANCE HOLDINGS	000 - 130 - 411 - 000	14,370,000	0.58
MIZPAH HOLDINGS, INC	205 - 176 - 422 - 000	10,489,200	0.42
ELVIRA A TING	117 - 922 - 153 - 000	10,000,000	0.4
CATALINA ROXAS MELEN	202 - 311 - 523 - 000	6,246,000	0.25
MANUEL H. OSMENA	100 - 071 - 962 - 000	1,400,000	0.06
ROLANDO M LIM	004 - 806 - 001 - 000	1,142,500	0.05

Annual Income Tax Return	BIR Form No.

Schedule 12 - Supplemental Information *(Attach additional sheet/s, if necessary)*			
I) Gross Income/ Receipts Subjected to Final Withholding	A) Exempt	B) Actual Amount/Fair Market Value/Net Capital Gains	C) Final Tax Withheld/Paid
1 Interests	0	0	0
2 Royalties	0	0	0
3 Dividends	0	0	0
4 Prizes and Winnings	0	0	0

II) Sale/Exchange of Real properties	A) Sale/Exchange #1	B) Sale/Exchange #2
5 Description of Property *(e.g. land, improvement, etc.)*		
6 OCT/TCT/CCT/Tax Declaration No.		
7 Certificate Authorizing Registration (CAR) No		
8 Actual Amount/Fair Market Value/Net Capital Gains		
9 Final Tax Withheld/Paid		

III) Sale/Exchange of Shares of Stock	A) Sale/Exchange #1	B) Sale/Exchange #2
10 Kind*(PS/CS)*/Stock Certificate Series No.		
11 Certificate Authorizing Registration (CAR) No.		
12 Number of Shares		
13 Date of Issue (MM/DD/YYYY)		
14 Actual Amount/Fair Market Value/Net Capital Gains		
15 Final Tax Withheld/Paid		

IV) Other Income *(Specify)*	A) Other Income #1	B) Other Income #2
16 Other Income Subject to Final Tax Under Sections 57(A)/127 /others of the Tax Code, as amended *(Specify)*		
17 Actual Amount/Fair Market Value/Net Capital Gains		
18 Final Tax Withheld/Paid		

19 Total Final Tax Withheld Paid *(Sum of Items 1C to 4C, 9A, 9B, 15A, 15B, 18A & 18B)*	0

Schedule 13 - Gross Income/Receipts Exempt from Income Tax	
1 Return of Premium *(Actual Amount/Fair Market Value)*	0

I) Personal/Real Properties Received thru Gifts, Bequests, and Devices	A) Personal/Real Properties #1	B) Personal/Real Properties #2
2 Description of Property *(e.g. land, improvement, etc.)*		
3 Modes of Transfer *(e.g Donation)*		
4 Certificate Authorizing Registration (CAR) No.		
5 Actual Amount/Fair Market Value		

II) Other Exempt Income/Receipts	A) Other Exempt Income #1	B) Other Exempt Income #2
6 Other Exempt Income/Receipts Under Sec. 32 (B) of the Tax Code, as amended *(Specify)*		
7 Actual Amount/Fair Market Value/Net Capital Gains		

WATERFRONT
PHILIPPINES, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **Waterfront Philippines, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2018**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended **December 31, 2018** and the accompanying Annual Income Tax Return are in accordance with the books and records of **Waterfront Philippines, Inc.**, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) **Waterfront Philippines, Inc**. has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signed under oath by the following:

Renato B. Magadia
Chairman of the Board

Kenneth T. Gatchalian
President

Precilla O. Toriano
Corporate Finance Director

Elvira A. Ting
Treasurer

Signed this APR 2 7 2019 2019

SUBSCRIBED AND SWORN to before me this ___ day of April 2019, in Cebu City, Philippines.

ISAIAS PESCANTE SIDUQUIO
Notary Public
Until December 31, 2019 Cebu City
Notarial Commission No. 5-14 Cebu City
2nd Floor/ Room 2 ... 26 D. Jakosalem St., Cebu City
PTR No. ... 01/03/19 Cebu City
IBP NO. 555195 LIFETIME MEMBER Cebu City
MCLE COMPLIANCE NO. V-00... December 18/ 2014 08/ 2013
Roll No. 19025 May 9, 1964

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PAGE NO. 91
BOOK NO. I
SERIES OF 2019

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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

COMPANY NAME

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

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

NO. 1 WATERFRONT DRIVE
OFF SALINAS DRIVE, LAHUG
CEBU CITY, CEBU

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS 18		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Elvira A. Ting		(02) 687-0888	

CONTACT PERSON's ADDRESS

No. 1 Waterfront Drive, Off Salinas Drive, Lahug

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

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

WATERFRONT
PHILIPPINES, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Waterfront Philippines, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2018 and 2017**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signed under oath by the following:

Renato B. Magadia Chairman of the Board	Kenneth T. Gatchalian President
Precilla O. Toriano Corporate Finance Director	Elvira A. Ting Treasurer

Signed this APR 2 7 2019 th day of ________ 2019

SUBSCRIBED AND SWORN to before me this 27th day of April 2019, in Cebu City, Philippines.

ISAIAS PESCANTE GIDUQUIO
Notary Public
Until December 31, 2019 Cebu City
Notarial Commission No. 5-14 Cebu City
2nd Floor, Room 2, Leyson Bldg., # 26 D. Jakosalem St., Cebu City
PTR NO. [illegible] Cebu City
IBP NO. 555195 12/23/02 LIFETIME MEMBER Cebu City
MCLE COMPLIANCE NO. V - 0004983 December 18, 2014 08, 2013
Roll No. 19025 May 9, 1964

DOC. NO. 467
PAGE NO. 97
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SERIES OF 2019

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2018 and 2017

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

REPORT OF INDEPENDENT AUDITORS

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

Opinion

We have audited the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2018, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2018, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

KPMG

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition
(P1.85 billion, see consolidated statement of profit or loss and other comprehensive income and Notes 22 and 23 to the consolidated financial statements)

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

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

Valuation of Property and Equipment
(P5.10 billion, see consolidated statement of financial position and Note 9 to the consolidated financial statements)

The risk
On March 18, 2018, a fire broke out in a subsidiary's hotel property that damaged the lower floors of the main building as well as the podium building occupied by the casino area and restaurants in the subsidiary's hotel property that resulted to the suspension of its hotel operations. In connection with the foregoing, the subsidiary engaged an accredited independent external appraiser to perform the valuation of the property and equipment after the fire. The valuation model applied to determine the value of property and equipment is complex and sensitive to assumptions. We focused on the valuation adjustment due to the amount involved being considered material and due to the significant judgment involved in assessing the fair value of these assets.

Our response
As part of our audit procedures, we assessed the appropriateness of the valuation method applied and assumptions used in determining the fair value as reported by the independent external appraiser and considered whether it was in accordance with PFRSs and generally accepted business practices. We also performed an evaluation of the competence, independence and integrity of the external appraiser. Lastly, we assessed the adequacy of the subsidiary's disclosures of property and equipment to determine whether they met the disclosure requirements of relevant accounting standards.

Accounting for Insurance Claims
(P629.07 million, see consolidated statement of profit or loss and other comprehensive income and Notes 1 and 5 to the consolidated financial statements)

The risk
In relation to the fire incident on March 18, 2018 that damaged the subsidiary's property and equipment and resulted to the suspension of its hotel operations, the subsidiary was insured for property damages as well as business interruption and, as at December 31, 2018, is still negotiating with the insurance company over the amount of the insurance claims. The determination and recognition of the amount to be received as insurance claims involve significant judgment. We focused on these areas because of the high degree of subjectivity and the significant uncertainty on the amount of insurance claims that the subsidiary should recognize in its financial statements.

Our response
As part of our audit procedures, we reviewed the insurance policy to determine its validity and enforceability. In addition, we evaluated whether the right for the subsidiary to assert a claim has occurred and it has an unconditional contractual right to receive the compensation. We also assessed the timing and adequacy of the insurance claims income recognized by the subsidiary and inspected related supporting documents. Lastly, we assessed the adequacy of the subsidiary's insurance claim disclosures and determined whether they met the disclosure requirements of relevant accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

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

R.G. MANABAT & CO.

Tireso Randy F. Lapidez

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
SEC Accreditation No. 1472-AR-1, Group A, valid until July 2, 2021
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-34-2017
Issued September 4, 2017; valid until September 3, 2020
PTR No. MKT 7333620
Issued January 3, 2019 at Makati City

April 26, 2019
Makati City, Metro Manila

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2018	December 31 2017
ASSETS			
Current Assets			
Cash and cash equivalents	*4, 21*	**P712,642,027**	P345,929,975
Receivables - net	*5, 21*	**561,481,947**	228,360,959
Notes receivable	*8, 21*	**253,974,325**	195,007,214
Inventories	*6*	**24,506,411**	33,918,796
Due from related parties - current portion	*8, 21*	**2,084,710,566**	1,602,120,064
Prepaid expenses and other current assets	*7, 21*	**137,868,683**	97,563,340
Total Current Assets		**3,775,183,959**	2,502,900,348
Noncurrent Assets			
Equity securities - at fair value through other comprehensive income	*8, 21*	**21,729,870**	16,267,140
Due from related parties - noncurrent portion	*8, 21*	**1,433,580,249**	347,927,681
Property and equipment - net	*9*	**5,103,219,378**	6,390,497,964
Deferred tax assets	*19*	**117,373,236**	64,994,497
Retirement benefits asset	*18*	**6,792,998**	-
Other noncurrent assets	*10, 21*	**198,442,098**	30,221,963
Total Noncurrent Assets		**6,881,137,829**	6,849,909,245
		P10,656,321,788	P9,352,809,593
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*11, 21*	**P1,631,392,632**	P1,468,215,052
Loans payable - current portion	*13, 21, 25*	**650,000,000**	375,000,000
Income tax payable		**23,394,447**	70,613,726
Other current liabilities	*12, 21*	**220,962,378**	15,377,744
Total Current Liabilities		**2,525,749,457**	1,929,206,522
Noncurrent Liabilities			
Loans payable - noncurrent portion	*21, 25*	**1,168,085,107**	-
Deferred tax liabilities	*19*	**1,019,149,566**	1,275,069,230
Retirement benefits liability	*18*	**-**	124,481,905
Other noncurrent liabilities	*14, 21*	**6,411,477**	6,537,329
Total Noncurrent Liabilities		**2,193,646,150**	1,406,088,464
		4,719,395,607	3,335,294,986

Forward

	Note	December 31 2018	 2017
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	*16*	**P2,498,991,753**	P2,498,991,753
Additional paid-in capital		**706,364,357**	706,364,357
Revaluation surplus on property and equipment	*9*	**1,834,710,345**	2,211,108,991
Retirement benefits reserve		**101,908,860**	83,695,458
Foreign currency translation adjustment		**47,004,278**	52,542,000
Fair value reserve		**5,105,963**	2,063,223
Retained earnings (accumulated deficit)		**13,785,652**	(404,632,514)
Total Equity Attributable to Equity Holders of the Parent Company		**5,207,871,208**	5,150,133,268
Noncontrolling Interests	*16*	**729,054,973**	867,381,339
Total Equity		**5,936,926,181**	6,017,514,607
		P10,656,321,788	P9,352,809,593

See Notes to the Consolidated Financial Statements.

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

		Years Ended December 31		
	Note	**2018**	2017	2016
REVENUES				
Rooms		**P704,251,906**	P752,685,023	P662,116,109
Food and beverage		**630,701,271**	629,397,919	595,040,745
Rent and related income	*22, 23*	**476,330,724**	675,827,680	805,703,911
Others		**38,628,090**	47,021,801	72,484,476
		1,849,911,991	2,104,932,423	2,135,345,241
COSTS AND EXPENSES OTHER THAN INTEREST, DEPRECIATION AND AMORTIZATION, IMPAIRMENT LOSSES AND INCOME TAX				
Energy costs		**306,047,619**	339,742,550	330,679,391
Personnel costs	*18*	**299,570,244**	326,883,250	336,524,229
Food and beverage	*6*	**231,056,422**	222,565,682	208,718,438
Repairs and maintenance	*6*	**68,093,484**	48,696,483	48,610,121
Rooms		**26,485,349**	30,336,459	37,016,392
Rent	*23*	**43,677,581**	37,408,179	47,932,759
Others	*17*	**415,539,675**	415,150,260	352,897,807
		1,390,470,374	1,420,782,863	1,362,379,137
INCOME BEFORE INTEREST, DEPRECIATION AND AMORTIZATION, IMPAIRMENT LOSSES AND INCOME TAX		**459,441,617**	684,149,560	772,966,104
DEPRECIATION AND AMORTIZATION, INTEREST AND IMPAIRMENT LOSSES				
Casualty losses - net	*1, 6, 9*	**410,172,382**	-	-
Depreciation and amortization	*9*	**264,684,158**	355,307,819	255,392,265
Interest expense	*13, 22, 25*	**161,702,483**	60,222,509	80,144,299
Impairment losses	*5*	**4,942,908**	632,751	3,442,842
Foreign exchange (gains) losses - net		**(2,844,716)**	10,365,853	12,007,679
Interest income	*4, 8*	**(98,420,887)**	(42,276,067)	(39,859,178)
Others - net		**(11,091,784)**	714,766	(9,550,150)
		729,144,544	384,967,631	301,577,757
(LOSS) INCOME BEFORE INCOME TAX		**(269,702,927)**	299,181,929	471,388,347
INCOME TAX (BENEFIT) EXPENSE	*19*	**(157,773,765)**	100,448,728	152,503,361
NET (LOSS) INCOME		**(111,929,162)**	198,733,201	318,884,986

Forward

	Note	2018	2017	2016
				Years Ended December 31
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will never be reclassified to profit or loss				
Appraisal increase on property and equipment	9	**P -**	P -	P913,101,845
Unrealized gain on equity securities at fair value through other comprehensive income	8, 21	**5,462,730**	-	-
Remeasurement gains (losses) on defined benefit plan	18	**44,879,613**	(36,534,724)	8,322,675
Deferred tax effect	19	**(13,463,885)**	10,960,417	(276,427,356)
		36,878,458	(25,574,307)	644,997,164
Items that may be reclassified subsequently to profit or loss				
Unrealized loss on available-for-sale investment recognized for the year	8, 21	**-**	(867,100)	(1,387,360)
Foreign currency translation differences for foreign operations		**(5,537,722)**	10,855,821	9,243,210
		(5,537,722)	9,988,721	7,855,850
		31,340,736	(15,585,586)	652,853,014
TOTAL COMPREHENSIVE INCOME		**(P80,588,426)**	P183,147,615	P971,738,000
Net (loss) income attributable to:				
Equity holders of the Parent Company		**P42,019,520**	P217,937,648	P287,392,497
Noncontrolling interests	16	**(153,948,682)**	(19,204,447)	31,492,489
		(P111,929,162)	P198,733,201	P318,884,986
Total comprehensive income attributable to:				
Equity holders of the Parent Company		**P57,737,940**	P209,786,336	P854,154,052
Noncontrolling interests	16	**(138,326,366)**	(26,638,721)	117,583,948
		(P80,588,426)	P183,147,615	P971,738,000
EARNINGS PER SHARE - Basic and Diluted	20	**P0.017**	P0.087	P0.115

See Notes to the Consolidated Financial Statements.

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

	Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Retirement Benefits Reserve	Foreign Currency Translation Adjustment	Fair Value Reserve	Retained Earnings (Accumulated Deficit)	Total	Non-controlling Interests (Note 16)	Total Equity
As at January 1, 2016	P2,498,991,763	P706,364,367	P2,211,108,991	P83,695,458	P52,542,000	P2,063,223	(P404,632,514)	P5,150,133,268	P867,381,339	P6,017,514,607
Total Comprehensive Income for the Year										
Net loss for the year	-	-	-	-	-	-	42,019,520	42,019,520	(153,948,682)	(111,929,162)
Other comprehensive income - net of tax effect	-	-	-	18,213,402	(5,537,722)	3,042,740	-	15,718,420	15,622,316	31,340,736
	-	-	-	18,213,402	(5,537,722)	3,042,740	42,019,520	57,737,940	(138,326,366)	(80,588,426)
Transfer of revaluation surplus absorbed through depreciation and casualty loss for the year - net of tax effect	-	-	(376,398,646)	-	-	-	376,398,646	-	-	-
As at December 31, 2016	**P2,498,991,763**	**P706,364,367**	**P1,834,710,345**	**P101,908,860**	**P47,004,278**	**P5,105,963**	**P13,785,652**	**P5,207,871,208**	**P729,054,973**	**P5,936,926,181**

See Notes to the Consolidated Financial Statements.

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

	Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 16)	Additional Paid-In Capital	Revaluation Surplus on Property and Equipment	Retirement Benefits Reserve	Foreign Currency Translation Adjustment	Fair Value Reserve	Accumulated Deficit	Total	Non-controlling Interests (Note 16)	Total Equity
As at January 1, 2017	P2,498,991,753	P708,384,357	P2,349,524,496	P102,082,569	P41,686,179	P2,883,245	(P760,985,667)	P4,940,346,932	P894,020,060	P5,834,366,992
Total Comprehensive Income for the Year										
Net income for the year	-	-	-	-	-	-	217,937,648	217,937,648	(19,204,447)	198,733,201
Other comprehensive income - net of tax effect	-	-	-	(18,387,111)	10,855,821	(820,022)	-	(8,151,312)	(7,434,274)	(15,585,586)
	-	-	-	(18,387,111)	10,855,821	(820,022)	217,937,648	209,786,336	(26,638,721)	183,147,615
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	-	(138,415,505)	-	-	-	138,415,505	-	-	-
As at December 31, 2017	**P2,498,991,753**	**P708,384,357**	**P2,211,108,991**	**P83,695,458**	**P52,542,000**	**P2,063,223**	**(P404,632,514)**	**P5,150,133,268**	**P867,381,339**	**P6,017,514,607**

See Notes to the Consolidated Financial Statements.

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

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Retirement Benefits Reserve	Foreign Currency Translation Adjustment	Fair Value Reserve	Accumulated Deficit	Total	Non-controlling Interests (Note 16)	Total Equity
As at January 1, 2016	P2,498,991,753	P706,364,357	P1,841,118,443	P101,280,259	P32,442,969	P3,456,005	(P1,097,480,908)	P4,086,192,880	P776,436,112	P4,862,628,992
Total Comprehensive Income for the Year										
Net income for the year	-	-	-	-	-	-	287,392,497	287,392,497	31,492,489	318,884,986
Other comprehensive income - net of tax effect	-	-	557,282,121	1,008,984	9,243,210	(772,760)	-	566,761,555	86,091,459	652,853,014
	-	-	557,282,121	1,008,984	9,243,210	(772,760)	287,392,497	854,154,052	117,583,948	971,738,000
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	-	(48,876,066)	-	-	-	48,876,066	-	-	-
Change in retirement benefits reserve	-	-	-	(208,674)	-	-	208,674	-	-	-
As at December 31, 2016	**P2,498,991,753**	**P706,364,357**	**P2,349,524,498**	**P102,082,569**	**P41,686,179**	**P2,683,245**	**(P760,985,667)**	**P4,940,346,932**	**P894,020,060**	**P5,834,366,992**

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) income before income tax		**(P269,702,927)**	P299,181,929	P471,388,347
Adjustments for:				
Casualty losses - net	1, 6, 9	**410,172,382**	-	-
Depreciation and amortization	9	**264,684,158**	355,307,819	255,392,265
Interest expense	13, 22, 25	**161,702,483**	60,222,509	80,144,299
Retirement benefits cost	18	**19,658,475**	21,196,913	20,814,752
Impairment losses	5	**4,942,908**	632,751	3,442,842
Gain on disposal of property and equipment		**-**	-	(947,110)
Gain on reversal of allowance for impairment losses	5	**(8,350,581)**	-	-
Unrealized foreign exchange (gain) loss - net		**(8,382,438)**	10,855,821	9,243,210
Interest income	4, 8	**(98,420,887)**	(42,276,067)	(39,859,178)
		476,303,573	705,121,675	799,619,427
Changes in:				
Receivables		**2,204,475**	6,453,437	(25,188,037)
Inventories		**3,824,972**	(5,731,692)	1,111,077
Prepaid expenses and other current assets		**(40,305,343)**	(7,160,375)	(13,420,759)
Accounts payable and accrued expenses		**102,955,348**	49,626,652	(14,410,832)
Other current liabilities		**205,584,634**	(10,266,440)	(523,576,556)
		750,567,659	738,043,257	224,134,320
Interest received	4	**4,015,390**	1,902,783	505,729
Retirement contributions paid	18	**(25,000,000)**	(21,450,000)	(21,050,000)
Retirement benefits paid	18	**(81,053,765)**	(10,317,597)	(9,606,808)
Interest paid		**(101,480,251)**	-	(63,195,329)
Income taxes paid		**(211,207,802)**	(176,585,272)	(85,130,822)
Net cash provided by operating activities		**336,841,231**	531,593,171	45,657,090
CASH FLOWS FROM INVESTING ACTIVITIES				
Changes in:				
Due from related parties		**(1,473,837,573)**	(31,577,221)	99,298,558
Other noncurrent assets		**(168,220,135)**	(2,556,351)	12,710,611
Notes receivable	8	**(58,967,111)**	(195,007,214)	-
Additions to property and equipment	9	**(11,063,615)**	(160,776,933)	(9,668,747)
Proceeds from sale of property and equipment		**-**	-	8,928,615
Proceeds from insurance claims on property damage	1	**300,000,000**	-	-
Net cash (used in) provided by investing activities		**(1,412,088,434)**	(389,917,719)	111,269,037

Forward

	Note	2018	2017	2016
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loan availment	*25*	**P1,500,000,000**	P -	P -
Loan payments	*25*	**(56,914,893)**	-	(121,030,050)
Change in other noncurrent liabilities		**(125,852)**	(40,630)	(4,769,144)
Net cash provided by (used in) financing activities		**1,442,959,255**	(40,630)	(125,799,194)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**366,712,052**	141,634,822	31,126,933
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**345,929,975**	204,295,153	173,168,220
CASH AND CASH EQUIVALENTS AT END OF YEAR	*4*	**P712,642,027**	P345,929,975	P204,295,153

See Notes to the Consolidated Financial Statements.

12. Other Current Liabilities

This account consists of:

	Note	2018	2017
Concessionaires' and other deposits	*21, 22*	**P218,428,780**	P12,623,373
Deferred income		**1,533,598**	1,754,371
Others	*21*	**1,000,000**	1,000,000
		P220,962,378	P15,377,744

Others represent a P1.00 million unsecured short-term loan obtained from a local bank in 1996 with interest at prevailing market rate. The proceeds of the loan were used for the working capital requirements of GIRDI. GIRDI is a defendant in a collection case filed by a local bank involving an unsecured short-term loan obtained. While the case is currently inactive and the latest assessment made by the legal counsel is favorable to GIRDI, the payable is still retained until the case is completely dismissed. Management believes that the carrying value of the liability retained in the books as at December 31, 2018 and 2017 sufficiently represents the amount of possible liability that GIRDI may settle in the event that this case will ultimately be activated and decided against GIRDI.

13. Loan Payable

Social Security System (SSS) Loan

On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a resolution issued by the CA, resolved to submit the appeal for decision.

As at December 31, 2018, there had been no updates on the matter.

Outstanding principal balance of the loan amounted to P375.00 million as at December 31, 2018 and 2017. Interest expense related to the SSS loan recognized in the consolidated statement of profit or loss and other comprehensive income amounted to P60.00 million, P60.00 million and P60.04 million in 2018, 2017 and 2016, respectively. Accrued interest and penalties, presented as part of "Accrued interest and penalties" under "Accounts payable and accrued expenses" account in the consolidated statement of financial position, amounted to P986.36 million and to P926.36 million as at December 31, 2018 and 2017, respectively (see Note 11).

14. Other Noncurrent Liabilities

The account consists of:

	Note	2018	2017
Concessionaires' deposit	*21*	**P5,689,345**	P5,342,247
Accrued rent		**722,132**	1,195,082
		P6,411,477	P6,537,329

15. Segment Information

The Group's operating businesses are organized and managed separately according to hotel property location, with each segment representing a strategic business unit. Segment accounting policies are the same as the policies described primarily in Note 26 to the consolidated financial statements.

The following table presents the revenue and profit information regarding industry segments for the years ended December 31, 2018, 2017 and 2016 and certain asset and liability information regarding industry segments as at December 31, 2018, 2017 and 2016 (in thousands):

	For the Year Ended December 31, 2018							
	WCCCHI	WMCHI	DIHCI	Parent Company and Others	APHC and Subsidiary	Total	Eliminations	Consolidated
REVENUES								
External sales	P1,119,779	P424,035	P240,877	P25,085	P54,373	P1,864,149	(P14,237)	P1,849,912
RESULTS								
Segment operating profit	P420,288	P195,555	P34,442	(P10,452)	(P171,391)	P459,442	P -	P459,442
OTHER (INCOME) LOSS								
Casualty loss on damaged properties	-	-	-	-	410,172	410,172	-	410,172
Depreciation and amortization	149,918	54,948	10,712	2,190	47,916	264,684	-	264,684
Interest expense	101,480	-	-	90,372	-	191,852	(30,150)	161,702
Impairment losses	-	406	-	892	3,645	4,943	-	4,943
Foreign exchange losses - net	-	-	-	(2,845)	-	(2,845)	-	(2,845)
Interest income	(56,150)	(3,259)	(716)	(63,089)	(9,357)	(128,571)	30,150	(98,421)
Others - net	-	-	-	(2,741)	(8,351)	(11,092)	-	(11,092)
	195,248	52,095	9,996	24,779	447,025	729,143	-	729,143
INCOME TAX EXPENSE (BENEFIT)	72,224	42,851	7,119	(9,936)	(270,030)	(245,831)	-	(245,831)
NET INCOME (LOSS)	P152,816	P100,609	P17,327	(P34,295)	(P348,386)	(P23,870)	P -	(P23,870)
OTHER INFORMATION								
Segment assets	P4,653,280	P1,545,953	P750,406	P5,711,085	P1,768,417	P14,429,141	(P3,890,193)	P10,538,948
Deferred tax assets	3,425	678	2,361	36,786	74,123	122,011	-	122,011
Consolidated Total Assets	P4,656,705	P1,546,631	P752,767	P5,747,871	P1,842,540	P14,551,152	(P3,890,193)	P10,660,959
Segment liabilities	P2,840,976	P194,761	P57,594	P3,262,704	P333,788	P6,689,783	(P2,989,537)	P3,700,246
Deferred tax liabilities	403,889	185,238	162,667	(483)	266,848	935,729	-	935,729
Consolidated Total Liabilities	P3,244,865	P380,099	P220,221	P3,262,221	P600,636	P7,595,512	(P2,989,537)	P4,636,975
Other Segment Information								
Capital expenditures	P2,716,452	P893,811	P561,165	P3,120	P920,953	P5,103,219	P -	P5,103,219
Depreciation and amortization	149,918	54,948	10,712	2,190	47,916	264,684	-	264,684

	For the Year Ended December 31, 2017							
	WCCCHI	WMCHI	DIHCI	Parent Company and Others	APHC and Subsidiary	Total	Eliminations	Consolidated
REVENUES								
External sales	P1,053,511	P408,026	P190,626	P16,704	P438,556	P2,113,423	(P8,481)	P2,104,932
RESULTS								
Segment operating profit	P422,156	P205,028	P28,827	(P37,782)	P65,921	P684,150	P -	P684,150
OTHER (INCOME) LOSS								
Depreciation and amortization	155,523	56,902	12,184	2,476	128,243	355,308	-	355,308
Interest expense	-	-	-	60,223	-	60,223	-	60,223
Foreign exchange losses	-	-	-	10,366	-	10,366	-	10,366
Impairment losses	-	-	-	747	633	1,380	(747)	633
Interest income	(992)	(170)	(426)	(40,378)	(310)	(42,276)	-	(42,276)
Others - net	-	-	-	33	-	33	681	714
	154,531	56,732	11,736	33,467	128,566	385,034	(66)	384,968
INCOME TAX EXPENSE (BENEFIT)	83,338	44,438	4,998	(13,636)	(18,689)	100,449	-	100,449
NET INCOME (LOSS)	P184,287	P103,858	P12,091	(P57,613)	(P43,956)	P198,667	P66	P198,733
OTHER INFORMATION								
Segment assets	P3,251,979	P1,357,487	P711,209	P4,813,020	P2,273,527	P12,407,222	(P3,119,406)	P9,287,816
Deferred tax assets	5,581	(803)	(2,094)	19,489	42,821	64,994	-	64,994
Consolidated Total Assets	P3,257,560	P1,356,684	P709,115	P4,832,509	P2,316,348	P12,472,216	(P3,119,406)	P9,352,810
Segment liabilities	P1,574,479	P65,897	P32,759	P2,307,851	P268,647	P4,249,733	(P2,169,507)	P2,080,226
Deferred tax liabilities - net	427,511	195,168	159,572	-	492,818	1,275,069	-	1,275,069
Consolidated Total Liabilities	P2,001,990	P261,065	P192,331	P2,307,851	P761,465	P5,524,802	(P2,169,507)	P3,355,295
Other Segment Information								
Capital expenditures	P2,895,380	P948,569	P571,877	P5,162	P1,999,520	P6,390,498	P -	P6,390,498
Depreciation and amortization	155,523	56,902	12,184	2,476	128,243	355,308	-	355,308

	For the Year Ended December 31, 2016							
	WCCCHI	WMCHI	DIHCI	Parent Company and Others	APHC and Subsidiary	Total	Eliminations	Consolidated
REVENUES								
External sales	P951,438	P363,171	P191,538	P49,115	P589,237	P2,144,499	(P9,154)	P2,135,345
RESULTS								
Segment operating profit	P393,271	P165,921	P30,330	(P33,276)	P216,721	P772,967	(P1)	P772,966
OTHER (INCOME) LOSS								
Depreciation and amortization	102,200	33,346	12,383	5,040	102,443	255,392	-	255,392
Interest expense	65,008	3,424	-	196	11,516	80,144	-	80,144
Foreign exchange losses - net	-	-	-	11,334	674	12,008	-	12,008
Impairment losses	-	2,261	-	63,338	651	66,250	(62,807)	3,443
Interest income	(130)	(139)	(203)	(39,357)	(30)	(39,859)	-	(39,859)
Others - net	-	-	-	(10,854)	-	(10,854)	1,304	(9,550)
	167,078	36,892	12,180	29,697	115,254	363,081	(61,503)	301,578
INCOME TAX EXPENSE (BENEFIT)	68,569	39,503	5,772	7,662	30,997	152,503	-	152,503
NET INCOME (LOSS)	P157,624	P87,526	P12,398	(P70,635)	P70,470	P257,383	P61,502	P318,885
OTHER INFORMATION								
Segment assets	P3,280,947	P1,277,394	P896,585	P4,956,090	P2,316,169	P12,527,185	(P3,460,926)	P9,066,259
Deferred tax assets	-	-	-	1,319	-	1,319	-	1,319
Consolidated Total Assets	P3,280,947	P1,277,394	P896,585	P4,957,409	P2,316,169	P12,528,504	(P3,460,926)	P9,067,578
Segment liabilities	P1,753,687	P77,970	P29,625	P2,385,438	P217,222	P4,463,942	(P2,530,281)	P1,933,661
Deferred tax liabilities	448,732	207,025	161,992	-	481,800	1,299,549	-	1,299,549
Consolidated Total Liabilities	P2,202,419	P284,995	P191,617	P2,385,438	P699,022	P5,763,491	(P2,530,281)	P3,233,210
Other Segment Information								
Capital expenditures	P3,016,228	P989,846	P580,539	P6,723	P1,981,693	P6,585,029	P -	P6,585,029
Depreciation and amortization	102,200	33,346	12,383	5,040	102,443	255,392	-	255,392

16. Capital Stock and Noncontrolling Interests

Capital Stock

Details of capital stock of the Parent Company as at December 31, 2018 and 2017 are as follows:

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

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

Date of Registration/Listing	Securities
March 17, 1995	112.50 million shares
(Initial Public Offering)	On October 7, 1994, the SEC approved the increase in the authorized capital stock of the Parent Company to P450.00 million divided into 450 million shares with a par value of P1 per share, out of which, 337.50 million shares were already subscribed.
April 18, 1996	944.97 million shares
	On September 18, 1995, the BOD resolved to increase the authorized capital stock of the Parent Company to P2.00 billion divided into 2 billion shares with a par value of P1 per share. The purpose of the increase was to finance the construction of WCCCHI's hotel project.
December 15, 1999	888.47 million shares
	On August 7, 1999, the BOD resolved to increase the authorized capital stock of the Parent Company to P5.00 billion divided into 5 billion shares with a par value of P1 per share. The purpose of the increase was to accommodate the acquisition of DIHCI's outstanding common shares for 888.47 million shares of the Parent Company with an offer price of P2.03 per share.

The Parent Company has not sold any unregistered securities for the past 3 years. As at December 31, 2018, 1.95 billion shares of the Parent Company are listed in the PSE and has a total of 464 shareholders.

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

In 2009, the BOD passed a resolution temporarily suspending the implementation of the above proposed increase in the authorized capital stock of the Parent Company. As at December 31, 2018, the Parent Company has no updated plans to increase its authorized capital stock, or to modify any issued shares or to exchange them to another class.

Noncontrolling Interests (NCIs)

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

	December 31, 2018		December 31, 2017	
	APHC	GIRDI	APHC	GIRDI
Percentage of NCI	44%	46%	44%	46%
Carrying amount of NCI	P518,974	P198,749	P657,656	P198,708
Net (loss) income attributable to NCI	(P154,336)	P41	(P19,473)	P26
Other comprehensive income (loss) attributable to NCIs	P15,554	P -	(P8,110)	P -

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

	December 31, 2018		December 31, 2017	
	APHC	GIRDI	APHC	GIRDI
Total assets	P1,787,276	P470,322	P2,273,527	P470,658
Total liabilities	(545,446)	(38,258)	(718,644)	(38,683)
Net assets	P1,241,830	P432,064	P1,554,883	P431,975
Revenue	P62,731	P1,613	P436,558	P1,565
Net (loss) income	(P348,389)	P90	(P43,956)	P57
Other comprehensive income (loss)	35,335	-	(18,308)	-
	(P313,054)	P90	(P62,264)	P57
Cash flows provided by operating activities	(P236,773)	P -	P94,889	P -
Cash flows used in investing activities	136,771	-	(104,762)	-
Cash flows provided by financing activities	185,284	-	123	-
Net Increase (Decrease) in Cash	P85,282	P -	(P9,750)	P -

17. Other Costs and Expenses

This account consists of:

	Note	**2018**	2017	2016
Laundry, valet and other hotel services		**P122,815,582**	P121,177,477	P82,858,545
Taxes and licenses		**51,970,083**	58,872,008	63,209,790
Security and other related services		**39,303,457**	40,176,231	34,136,908
Corporate expenses		**29,160,020**	31,017,805	15,657,090
Advertising		**22,774,086**	20,672,986	17,146,883
Supplies	*6*	**19,915,410**	27,541,398	28,820,855
Professional fees		**16,616,534**	12,120,384	11,410,836
Data processing		**16,146,135**	12,789,344	11,827,756
Insurance		**15,865,861**	20,891,793	21,855,434
Customer claims		**13,215,750**	-	-
Commissions		**12,094,617**	13,434,997	11,559,966
Representation and entertainment		**9,981,109**	15,089,343	15,395,969
Fuel and oil		**8,282,184**	9,652,240	8,498,026
Transportation and travel		**6,673,785**	12,045,579	10,587,514
Communications		**5,148,740**	5,366,245	6,190,749
Guest and laundry valet		**4,737,776**	1,760,207	1,598,388
Guest amenities		**4,315,152**	2,299,279	3,174,403
Meeting expenses		**1,507,267**	1,344,423	1,580,499
Miscellaneous		**15,017,127**	8,898,521	7,388,196
		P415,539,675	P415,150,260	P352,897,807

Miscellaneous include recruitment expense and employee association dues.

Customer claims pertain to amounts incurred for the accommodation, hospitalization and other assistance provided by APHC to the hotel guests after the fire incident (see Note 1).

18. Retirement Benefits Cost

Certain subsidiaries have noncontributory, defined benefit plans (the Plans) covering substantially all of their regular employees with at least five (5) years of continuous service. The benefits are based on percentage of the employee's final monthly salary for every year of continuous service depending on the length of stay. Contributions and costs are determined in accordance with the actuarial studies made for the Plans.

The latest independent actuarial valuation of the Plans was as at December 31, 2018, which was prepared using the projected unit credit method. The Plans are administered by independent trustees (the Retirement Plan Trustees) with assets held consolidated for the Group.

The Plans are registered with the BIR as a tax-qualified plan under Republic Act No. 4917, As Amended, otherwise known as "An Act Providing that Retirement Benefits of Employees of Private Firms shall not be Subject to Attachment, Levy, Execution, or any Tax whatsoever."

The reconciliation of the present value of the DBO and the FVPA to the recognized retirement benefits liability as presented in the consolidated statement of financial position is as follows:

2018	DBO	FVPA	Asset Ceiling Adjustment	Retirement Benefits Liability (Asset)
Balance, January 1, 2018	P250,695,980	(P139,888,438)	P13,674,363	P124,481,905
Included in Profit or Loss				
Current service cost	16,097,628	-	-	16,097,628
Net interest (income) cost	14,614,875	(9,040,345)	820,462	6,394,992
Settlement gain	(2,834,145)	-	-	(2,834,145)
	27,878,358	(9,040,345)	820,462	19,658,475
Included in OCI				
Remeasurement gains on plan assets:				
1. Actuarial (gains) losses arising from:				
▪ Changes in financial assumptions	(22,905,374)	-	-	(22,905,374)
▪ Changes in demographic assumptions	(10,989,576)	-	-	(10,989,576)
▪ Experience adjustments	(25,099,548)	-	-	(25,099,548)
2. Return on plan assets excluding interest income	-	13,516,731	-	13,516,731
3. Effect of asset ceiling	-	2,038,850	(1,440,696)	598,154
	(58,994,498)	15,555,581	(1,440,696)	(44,879,613)
Others				
Contributions paid by the employer	-	(25,000,000)	-	(25,000,000)
Benefits paid from:				
Book reserves	(81,053,765)	-	-	(81,053,765)
Plan assets	(5,914,910)	5,914,910	-	-
Balance, December 31, 2018	P132,611,165	(P152,458,292)	P13,054,129	(P6,792,998)

2017	DBO	FVPA	Asset Ceiling Adjustment	Retirement Benefits Liability
Balance, January 1, 2017	P207,266,594	(P119,020,367)	P10,271,638	P98,517,865
Included in Profit or Loss				
Current service cost	16,393,560	-	-	16,393,560
Net interest (income) cost	11,312,948	(7,073,508)	563,913	4,803,353
	27,706,508	(7,073,508)	563,913	21,196,913
Included in OCI				
Remeasurement losses on plan assets:				
1. Actuarial (gains) losses arising from:				
▪ Changes in financial assumptions	(10,544,372)	-	-	(10,544,372)
▪ Changes in demographic assumptions	37,463,028	-	-	37,463,028
▪ Experience adjustments	1,183,682	-	-	1,183,682
2. Return on plan assets excluding interest income	-	5,593,574	-	5,593,574
3. Effect of asset ceiling	-	-	2,838,812	2,838,812
	28,102,338	5,593,574	2,838,812	36,534,724
Others				
Contributions paid by the employer	-	(21,450,000)	-	(21,450,000)
Benefits paid from:				
Book reserves	(10,317,597)	-	-	(10,317,597)
Plan assets	(2,061,863)	2,061,863	-	-
Balance, December 31, 2017	P250,695,980	(P139,888,438)	P13,674,363	P124,481,905

The retirement benefits cost recognized in profit or loss for the years ended December 31, 2018, 2017 and 2016 amounted to P19.66 million, P21.20 million and P20.81 million, respectively, and is presented as part of "Personnel costs" account in the consolidated statement of profit or loss and other comprehensive income.

Personnel costs comprise the following:

	2018	2017	2016
Salaries and wages	**P255,616,449**	P281,286,064	P296,403,578
Retirement benefits expense	**19,658,475**	21,196,913	20,814,752
Other employee benefits	**24,295,320**	24,400,273	19,305,899
	P299,570,244	P326,883,250	P336,524,229

The Group's plan assets consist of the following:

	2018	2017
Debt instruments - government bonds	**P101,053,847**	P87,860,624
Cash and cash equivalents	**25,876,016**	30,496,250
Investment in government securities	**16,247,464**	12,890,795
Deposit in banks	**6,205,784**	4,923,694
Equity instruments	**258,333**	300,333
Investment in other securities and debt instruments	**255,778**	1,178,515
Debt instruments - other bonds	**199,698**	200,105
Other receivables	**2,361,382**	2,038,122
	P152,458,292	P139,888,438

The principal actuarial assumptions at reporting date are as follows:

	2018	2017
Discount rate	**6.00% - 7.53%**	5.70% - 6.00%
Salary increase rate	**3.00% - 10.00%**	3.0% - 10.0%

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

The weighted-average duration of the DBO is 12.4 years and 13.4 years as at December 31, 2018 and 2017, respectively.

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

	2018	2017
Carrying amount	**P132,611,165**	P250,695,980
Within one (1) year	**P11,322,424**	P12,316,420
Within 1 - 5 years	**55,310,571**	58,599,384
Within 5 - ten (10) Years	**61,234,729**	134,689,361
Contractual cash flows	**P127,867,724**	P205,605,165

<u>Sensitivity Analysis</u>
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the DBO by the amounts shown below:

	2018		2017	
	+1%	-1%	+1%	-1%
Discount rate	**(P6,966,088)**	**P812,495**	(P24,044,673)	P26,049,596
Salary increase rate	**8,939,937**	**142,374**	26,865,716	(21,914,771)

1. Reporting Entity

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

The details of the equity interest of the Parent Company in its subsidiaries as at December 31, 2018 and 2017 are as follows:

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

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

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

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

Status of APHC Operation
On March 18, 2018, a fire broke out in APHC's hotel property that damaged the lower floors of the main building as well as the podium building occupied by the casino area and restaurants that resulted to the suspension of its hotel operations. Based on the Fire Certification issued by the Bureau of Fire Protection - National Headquarters on April 23, 2018, the cause of the subject fire has been declared and classified as "accidental in nature". APHC incurred casualty losses amounting to P1.04 billion due to damages on its inventories and hotel property (see Notes 6 and 9). APHC has filed for property damage and business insurance claims amounting to P1.93 billion from its insurance company and, as at the auditors' report date, received reimbursements totaling to P532.50 million. Further, in 2018, APHC has started the reconstruction and restoration of the main hotel and podium buildings (see Note 9).

As at December 31, 2018, APHC recognized gains on insurance claims amounting to P629.07 million, of which P300.00 million relates to the first tranche received in 2018 and the remainder relates to the portion of the claims already confirmed by the insurance company (see Note 5). In accordance with Philippine Financial Reporting Standards (PFRSs), APHC has not recognized the remaining claim amounting to P1.31 billion that is still for confirmation by the insurance company.

2. Basis of Preparation

Basis of Accounting
The consolidated financial statements of the Parent Company and its subsidiaries, collectively herein referred to as the Group, have been prepared in accordance PFRSs. They were approved and authorized for issue by the Parent Company's Board of Directors (BOD) on April 26, 2019.

Details of the Group's accounting policies are included in Note 26.

This is the first set of the Group's consolidated financial statements in which PFRS 15, *Revenue from Contracts with Customers*, and PFRS 9, *Financial Instruments*, have been applied. Changes to significant accounting policies are disclosed in Note 26.

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

Items	Measurement Basis
Land, land improvements, hotel buildings and improvements, furniture, fixtures and equipment, and transportation equipment	Revalued amount less accumulated depreciation and impairment losses
Financial assets at fair value through other comprehensive income (FVOCI) - equity securities	Fair value
Retirement benefits assets (liability)	Fair value of plan assets (FVPA) less present value of the defined benefits obligation (DBO)

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

3. Use of Judgments and Estimates

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

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

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

Recognizing Insurance Claims
APHC recognizes gain on insurance from its damaged property and business interruption claims when it is determined that the amount to be received from the insurance recovery is virtually certain and recognition in the period is appropriate considering the following:

- There is a valid insurance policy for the incident;
- The status of APHC's discussion with the adjuster and the insurance company regarding the claim; and
- The subsequent information that confirms the status of the claim as of the reporting date.

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

As a result of the application of PFRS 9 replacing Philippine Accounting Standard (PAS) 39, *Financial Instruments: Recognition and Measurement*, the Group adopted the three principal classification categories for financial assets: measured at amortized cost, fair value through profit or loss (FVTPL) and FVOCI. The classification of financial assets under PFRS 9 is generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics. Financial liabilities, on the other hand, are classified as either financial liabilities at FVTPL or other financial liabilities.

Prior to the application of PFRS 9, the Group classified financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the delivery of services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the delivery of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group has classified its properties as owner-occupied (see Notes 9, 22 and 23).

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

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

Operating Leases - Group as Lessee
The Group has entered into lease agreements as a lessee. Judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the leased assets covered by the agreements. The Group has determined that all significant risks and rewards of ownership of the leased assets remain with the lessors.

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

Classifying Receivables from Related Parties
The Group exercises judgment in classifying the receivables from related parties as under current assets or noncurrent assets based on the expected realization of the receivables. The Group takes into account the credit rating and other financial information about the related parties to assess their ability to settle the Group's outstanding receivables. Related party receivables that are expected to be realized within twelve months after the reporting period or within the Group's normal operating cycle are considered current assets (see Note 8 and 21).

Consolidation of Entities in which the Group Holds 50% Voting Rights
The Group considers that it controls WCCCHI and DIHCI even though it only owns 50% of the voting rights. This is because the Group is the single largest shareholder of WCCCHI and DIHCI with 100% and 98% equity interest, respectively. The remaining 50% of the voting rights of WCCCHI and DIHCI is held by Philippine Bank of Communications (PBCOM) in accordance with the Omnibus Loan and Security Agreement (the Agreement) (See Note 25).

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

Allowance for Impairment Losses on Receivables and Due from Related Parties
Applicable from January 1, 2018 (Application of PFRS 9)
The Group uses the expected credit losses (ECL) model in estimating the level of allowance which includes forecasts of future events and conditions. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate. PFRS 9 requires the Group to record ECL on all of its financial instruments, either on a 12-month or lifetime basis. The Group applied the simplified approach to receivables from third parties and its related parties and recorded the lifetime ECL. The model represents a probability-weighted estimate of the difference over the remaining life of the receivables. Lifetime ECL is calculated by multiplying the lifetime Probability of Default by Loss Given Default (LGD) and Exposure at Default (EAD). LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty. The EAD of a financial asset is its gross carrying amount at the time of default. In addition, management assessed the credit risk of the receivables as at the reporting date as low, therefore the Group did not have to assess whether a significant increase in credit risk has occurred.

Applicable before January 1, 2018 (Application of PAS 39)
The Group assesses its financial assets for impairment at least annually. Judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Further details on the allowance for impairment losses are disclosed in Notes 5 and 8..

Fair Value Estimation
If the financial instruments are not traded in an active market, the fair value is determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel, independent of the area calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Change in assumptions about these factors could affect reported fair values of financial instruments.

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

The carrying value of the inventories are disclosed in Note 6.

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

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

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

The carrying amounts of property and equipment are disclosed in Note 9.

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

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

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

As at December 31, 2018 and 2017, there is no indication of impairment on the Group's prepaid expenses and other current assets, property and equipment and other noncurrent assets.

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

The parameter most subject to change is the discount rate. The discount rate assumption is based on the Bankers Association of the Philippines PHP Bloomberg Valuation Reference Rates benchmark reference curve for the government securities market considering average years of remaining working life of the employees as the estimated term of the DBO.

Further details about pension obligations are provided in Note 18.

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

Further details on deferred taxes are disclosed in Note 19.

4. Cash and Cash Equivalents

This account consists of:

	Note	2018	2017
Cash in banks	*21*	**P457,812,695**	P214,768,039
Short-term placements	*21*	**251,972,663**	128,090,117
Cash on hand		**2,856,669**	3,071,819
		P712,642,027	P345,929,975

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

Short-term placements earn interest at annual average rate of 0.13% to 2.88% in 2018 and 2017 and have average maturities ranging from 30 to 35 days for both years.

Related interest income recognized in the consolidated statement of profit or loss or other comprehensive income amounted to P4.02 million, P1.90 million and P2.03 million in 2018, 2017 and 2016, respectively.

5. Receivables

This account consists of:

	Note	2018	2017
Insurance receivable	1	**P329,073,074**	P -
Trade		**238,986,054**	237,612,791
Advances to employees		**4,166,049**	3,751,079
Others		**6,885,166**	8,581,003
	21	**579,100,343**	249,944,873
Less allowance for impairment losses on trade receivables	21	**17,618,396**	21,583,914
		P561,481,947	P228,360,959

Insurance receivable pertains to insurance claims for the property damage and business interruption (see Note 1).

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

In assessing the lifetime ECL of the Group's receivables, the Group excluded in its EAD all receivables that were related to long outstanding third party accounts as these were already specifically identified as uncollectible, hence, impaired. Remaining EAD pertains to receivables from related parties in which the Group deemed to have no credit risk. In 2018, accounts specifically identified as impaired amounted to P4.94 million recognized and presented as part of "Impairment losses" account in the consolidated statement of profit or loss and other comprehensive income while no amount of ECL was recognized.

The Group also received collections on some long outstanding accounts in which the Group already provided an allowance for impairment in previous years. Accordingly, the Group recognized a gain on reversal of previous allowance for impairment losses in 2018 amounting to P8.35 million recognized and presented as part of Other revenues in the consolidated statement of profit or loss and other comprehensive income. Movements in the allowance for impairment losses on trade receivables are as follows:

	2018	2017	2016
Beginning balance	**P21,583,914**	P22,311,128	P20,024,340
Impairment losses during the year	**4,942,908**	632,751	3,442,842
Write-offs during the year	**(567,845)**	(1,359,965)	(1,156,054)
Reversal of allowance for impairment losses	**(8,350,581)**	-	-
Ending balance	**P17,618,396**	P21,583,914	P22,311,128

6. Inventories

This account consists of:

	2018	2017
Food and beverage	**P13,003,736**	P16,992,646
Operating supplies	**11,174,179**	16,487,829
Engineering and maintenance supplies	**328,496**	438,321
	P24,506,411	P33,918,796

The Group's inventories are carried at cost, which is lower than the NRV, as at December 31, 2018 and 2017.

The cost of food and beverage charged to profit or loss amounted to P231.06 million, P222.57 million and P208.72 million in 2018, 2017 and 2016, respectively, and is presented as "Food and beverage" account in the consolidated statement of profit or loss and other comprehensive income.

The Group recognized expenses for operating supplies amounting to P19.48 million, P27.54 million and P28.82 million in 2018, 2017 and 2016, respectively, and are presented as "Supplies" under "Other costs and expenses" account in the consolidated statement of profit or loss and other comprehensive income (see Note 17), while the expenses for engineering and maintenance supplies amounting to P68.09 million, P48.70 million and P48.61 million in 2018, 2017 and 2016, respectively, are included under "Repairs and maintenance" account in the consolidated statement of profit or loss and other comprehensive income.

In 2018, APHC recognized casualty losses for the destroyed and damaged inventories amounting to P5.59 million (see Note 1).

7. Prepaid Expenses and Other Current Assets

This account consists of:

	Note	2018	2017
Input VAT		**P58,585,742**	P40,313,479
Prepaid taxes		**29,310,160**	27,000,775
Short-term investments	*21*	**22,559,581**	12,359,747
Advances to suppliers		**18,997,834**	11,316,104
Prepaid expenses		**4,110,382**	4,597,307
Others		**4,304,984**	1,975,928
		P137,868,683	P97,563,340

8. Related Party Transactions

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

Related Party	Relationship with the Group
TWGI	Ultimate Parent
Pacific Rehouse Corp. (PRC)	Stockholder
Crisanta Realty Development Corp. (CRDC)	Stockholder
Philippine Estates Corporation (PHES)	Stockholder
Forum Holdings Corporation (FHC)	Stockholder
East Asia Oil & Mining Company, Inc. (East Asia)	Stockholder
Pacific Wide Realty Development Corp. (PWRDC)	Stockholder
Westland Pacific Properties Corporation (WPPC)	Stockholder
Rex Realty Group, Inc. (RRGI)	Stockholder
Plastic City Industrial Corporation (PCIC)	Under common control
Wellex Industries, Inc. (WII)	Under common control
Acesite Leisure Entertainment Corporation (ALEC)	Subsidiary*

**ALEC is an unconsolidated pre-operating subsidiary incorporated in 2017 that is immaterial to the Group's consolidated financial statements as at December 31, 2018 and 2017.*

Significant Transactions with Related Parties

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

Category/Transaction	Year	Note	Amount of the Transaction	Due from Related Parties Current	Due from Related Parties Noncurrent	Notes Receivable	Advances to Subsidiaries*	Due to Subsidiaries*	Terms and Conditions
Ultimate Parent									
• TWGI									
Advances, interest and settlement	2018	8a	P301,331	P1,244,705	P -	P -	P -	P -	Secured; interest-bearing; due in one year subject to renewal; net of allowance for impairment
	2017	8a	81,824	943,374	-	-	-	-	
	2016	8a	24,301	881,550	-	-	-	-	
Stockholders									
• PRC									
Advances, interest and Settlement	2018	8a	10,836	552,617	-	-	-	-	Secured; interest-bearing; due in one year; subject to renewal; not impaired
	2017	8a	10,623	541,781	-	-	-	-	
	2016	8a	10,415	531,158	-	-	-	-	
• CRDC									
Advances and interest Settlements	2018	8a	16,640	22,395	356,093	-	-	-	Unsecured; interest-bearing; due in five years; not impaired
	2017	8a	15,196	14,930	347,928	-	-	-	
	2016	8a	14,865	7,465	340,197	-	-	-	
• WPPC									
Advances and interest	2018	8a	555,702	-	555,702	-	-	-	Unsecured; interest-bearing; due in three years; not impaired
• RRGI									
Advances and interest	2018	8a	521,875	-	521,875	-	-	-	Secured; interest-bearing; due in three years; not impaired
• PWRDC									
Advances	2018	8a, 8b	160,000	160,000	-	-	-	-	Secured; noninterest-bearing; due on demand; not impaired
• PHES									
Advances	2018	8b	-	104,554	-	-	-	-	Unsecured; noninterest-bearing; due on demand; not impaired
	2017	8b	12,500	104,554	-	-	-	-	
	2016	8b	-	92,054	-	-	-	-	
• Others									
Advances and interest	2018	8b	1,614	60,280	-	-	-	-	Unsecured; noninterest-bearing; due on demand; not impaired
	2017	8b	12,093	58,666	-	-	-	-	
	2016	8b	-	45,673	-	-	-	-	
Subsidiaries									
• WCCCHI									
Advances and settlement	2018	8c	(1,165,528)	-	-	-	-	864,691	Unsecured; interest-bearing; due in three years
	2017	8c	(199,974)	-	-	-	310,847	-	
	2016	8c	580,525	-	-	-	510,821	-	
Deposits for future stock subscription	2018	8d	-	-	-	-	1,000,000	-	
	2017	8d	-	-	-	-	1,000,000	-	
	2016	8d	-	-	-	-	1,000,000	-	

**Eliminated during consolidation*

Forward

Category/Transaction	Year	Note	Amount of the Transaction	Due from Related Parties Current	Due from Related Parties Noncurrent	Notes Receivable	Advances to Subsidiaries*	Due to Subsidiaries*	Terms and Conditions
Subsidiaries									
• ALEC									
Notes receivable and advances	2018	*8g*	P255,319	P1,345	P -	P253,974	P -	P -	Unsecured; interest-bearing; due on demand; not impaired
	2017	*8g*	195,007	-	-	195,007	-	-	
• DIHCI									
Advances and settlements	2018	*8e*	(6,620)	-	-	-	-	3,874	Unsecured; noninterest-bearing; due on demand
	2017	*8c*	7,171	-	-	-	1,746	-	
	2016	*8e*	10,257	-	-	-	-	5,425	
• APHC									
Advances and settlements	2018	*8c*	169,784	-	-	-	189,907	-	Unsecured; noninterest-bearing; due on demand; not impaired
	2017	*8c*	173,570	-	-	-	123	-	
	2016	*8e*	198,967	-	-	-	-	173,447	
• GIRDI									
Advances and settlement	2018	*8e*	2,003	-	-	-	-	203,893	Unsecured; noninterest-bearing; due on demand;
	2017	*8e*	1,942	-	-	-	-	205,896	
	2016	*8e*	1,803	-	-	-	-	207,838	
• WHMC									
Advances and settlement	2018	*8c*	57	-	-	-	87,437	-	Unsecured; noninterest-bearing; due on demand; fully impaired
	2017	*8c*	72	-	-	-	87,389	-	
	2016	*8c*	1,303	-	-	-	87,308	-	
• MBI									
Advances and settlement	2018	*8c*	(2,742)	-	-	-	4,746	-	Unsecured; noninterest-bearing; due on demand; fully impaired
	2017	*8c*	344	-	-	-	7,469	-	
	2016	*8c*	6,097	-	-	-	7,144	-	
Deposits for future stock subscription	2018	*8d*	-	-	-	-	35,000	-	
	2017	*8d*	-	-	-	-	35,000	-	
	2016	*8d*	-	-	-	-	35,000	-	
• WWGI									
Advances and settlement	2018	*8c*	187	-	-	-	999	-	Unsecured; noninterest-bearing; due on demand; fully impaired
	2017	*8c*	165	-	-	-	812	-	
	2016	*8c*	165	-	-	-	647	-	
Deposits for future stock subscription	2018	*8d*	-	-	-	-	13,000	-	
	2017	*8d*	-	-	-	-	13,000	-	
	2016	*8d*	-	-	-	-	13,000	-	
• WMCHI									
Advances and settlement	2018	*8e*	(43,093)	-	-	-	-	258,623	Unsecured; noninterest-bearing; due on demand
	2017	*8e*	(26,995)	-	-	-	-	215,630	
	2016	*8e*	16,039	-	-	-	-	189,535	

**Eliminated during consolidation*

Forward

Category/Transaction	Year	Note	Amount of the Transaction	Due from Related Parties Current	Due from Related Parties Noncurrent	Notes Receivable	Advances to Subsidiaries*	Due to Subsidiaries*	Terms and Conditions
▪ WEC									
Advances and settlement	2018	8e	P87	P -	P -	P -	P -	P2,251	Unsecured; noninterest-bearing; due on demand
	2017	8e	(2,439)	-	-	-	-	2,348	
	2016	8c	6,681	-	-	-	91	-	
▪ WFC									
Advances and settlement	2018	8c	194	-	-	-	661	-	Unsecured; noninterest-bearing; due on demand; fully impaired
	2017	8c	166	-	-	-	407	-	
	2016	8c	184	-	-	-	241	-	
Deposits for future stock subscription	2018	8d	-	-	-	-	6,000	-	
	2017	8d	-	-	-	-	6,000	-	
	2016	8d	-	-	-	-	6,000	-	
▪ WPI									
Advances and settlement	2018	8e	115	-	-	-	-	194,684	Unsecured; noninterest-bearing; due on demand
	2017	8e	127	-	-	-	-	194,699	
	2016	8e	283	-	-	-	-	195,126	
Allowance for impairment losses	2018		-	(61,185)	-	-	(147,783)	-	
	2017		-	(61,185)	-	-	(150,087)	-	
	2016		-	(61,185)	-	-	(149,339)	-	
KMP									
▪ Short-term employee benefits	2018		36,723	-	-	-	-	-	
	2017		32,921	-	-	-	-	-	
	2016		28,681	-	-	-	-	-	
▪ Post-employment benefits	2018		7,940	-	-	-	-	-	
	2017		7,807	-	-	-	-	-	
	2016		6,105	-	-	-	-	-	
TOTAL	2018	21		P2,084,711	P1,433,660	P253,974	P1,189,907	P1,516,208	
TOTAL	2017	21		P1,602,120	P347,828	P196,007	P1,312,716	P616,773	

**Eliminated during consolidation*

a. Interest-bearing Advances to Related Parties

The Group granted interest-bearing advances to TWGI, PRC, CRDC, WPPC and RRGI.

TWGI and PRC
The advances granted to TWGI and PRC were substantially used to finance the acquisition or development of real properties for the Parent Company. These advances are payable on demand and charge interest at 2% per annum. TWGI paid P10.11 million in 2018 and P25.49 million in 2017 while PRC had no payments in 2018 and 2017.

In a Resolution dated February 5, 2015, the Parent Company, TWGI and PRC entered into a Memorandum of Understanding (MOU) whereby the parties agreed that the outstanding balance of the advances from TWGI and PRC will be settled using parcels of land owned by PRC.

On April 3, 2019, the Parent Company, TWGI and PRC made amendments to the previously issued MOU for the inclusion of the new outstanding liabilities of PWRDC to the Parent Company. The amended MOU stated that PWRDC shall be a party to the said MOU, and all references to any obligation or rights that PWRDC shall have under the said MOU shall be in force. All other terms and conditions shall remain unchanged.

As at December 31, 2018, the fair value of PRC's land based on valuation performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the land being valued, amounted to P1.63 billion.

On April 11, 2018, TWGI initiated the transfer of certain parcels of land totaling to P96.87 million located in Puerto Princesa, Palawan as partial settlement of the advances. On April 11, 2019, the deed of absolute sale for the transfer of certain parcels of land was signed.

Interest receivable from TWGI amounted to P151.31 million and P137.85 million as at December 31, 2018 and 2017, respectively, while interest receivable from PRC amounted to P77.10 million and P66.27 million as at December 31, 2018 and 2017, respectively. Allowance for impairment losses on receivables from TWGI amounted to P59.62 million as at December 31, 2018 and 2017.

CRDC
On December 21, 2015, the Parent Company granted advances to CRDC with an interest of 2% and maturity on December 21, 2020. Interest receivable from CRDC amounted to P22.40 million and P14.93 million as at December 31, 2018 and 2017, respectively. It was agreed that CRDC has the option to pay the balance before maturity date without payment of penalty fees and in case the latter refuses or fails to pay the principal and interest within the time agreed upon, the same shall be due and demandable. Accretion income of P8.08 million, and P7.73 million was recognized in 2018 and 2017, respectively.

WPPC
On June 1, 2018, the Parent Company granted advances to WPPC amounting to P500.00 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity on June 1, 2021. Interest receivable from WPPC amounted to P21.88 million as at December 31, 2018.

On December 31, 2018, the Parent Company granted additional advances to WPPC amounting to P33.82 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity.

RRGI
On June 1, 2018, WCCCHI extended advances to RRGI amounting to P500.00 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity on June 1, 2021. The advances and interest will mature on June 1, 2021. Interest receivable from WPPC amounted to P21.88 million as at December 31, 2018.

b. Noninterest-bearing Advances to Related Parties

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

PWRDC
On July 5, 2018, the Parent Company granted a noninterest-bearing, collateral-free advances to PWRDC which is due on demand (see Note 8a).

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

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

c. Advances to Subsidiaries

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

d. Deposits to Subsidiaries

These represent amounts set aside that will be used as subscription payments by the Parent Company once the planned increase in the authorized capital stock of the subsidiaries materialize (see Note 21).

e. Due to Subsidiaries

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

On June 1, 2018, the Parent Company received advances from WCCCHI with an interest of 7.5% per annum and maturity on June 1, 2021. Accrued interest payable to WCCCHI amounted to P30.15 million as at December 31, 2018.

f. Financial Assets at FVOCI - Equity Securities

In July and August 2005, the BOD of APHC approved the conversion of its net receivables from related parties amounting to P43.30 million into 86.71 million shares of stock of WII which are listed in the PSE. The conversion resulted to a loss on exchange of assets of P31.10 million for APHC. The fair market value of the shares based on closing market price as at December 31, 2018 and 2017 amounted to P21.42 million and P15.96 million, respectively (see Note 21), resulting to a valuation gain of P5.46 million in 2018 and a valuation loss of P0.87 million and P1.39 million in 2017 and 2016, respectively.

g. Notes Receivable

The Group extended loans to ALEC amounting to P195.01 million which bear interest at 4% per annum and payable on December 31, 2018. The maturity date of the note was extended until December 31, 2019.

On December 31, 2018, the Group extended additional loans to ALEC amounting to P60.00 million which bear interest at 4% per annum and payable on December 31, 2019.

Interest income recognized in the consolidated statement of profit or loss and other comprehensive income amounted to P7.42 million in 2018.

The outstanding balances of related party transactions are generally settled in cash.

9. Property and Equipment

Movements in this account are as follows:

	For the Year Ended December 31, 2018								
	Land	Land Improvements	Leasehold Improvements	Hotel Buildings and Improvements	Furniture, Fixtures and Equipment	Operating Equipment	Transportation Equipment	Construction-in-Progress	Total
Measurement Basis:	*Revalued*	*Revalued*	*At Cost*	*Revalued*	*Revalued*	*At Cost*	*Revalued*	*At Cost*	
Beginning balance	P1,076,280,000	P17,021,145	P24,900,892	P8,788,067,339	P1,071,963,918	P270,941,873	P23,648,982	P137,548,634	P11,410,360,783
Additions	-	-	115,713	-	10,917,109	30,793	-	-	11,083,615
Casualty losses	-	-	-	(3,052,662,910)	(75,221,574)	(185,280,055)	-	(137,548,634)	(3,450,711,173)
Ending balance	1,076,280,000	17,021,145	25,016,605	5,735,394,429	1,007,659,453	85,692,611	23,648,982	-	7,970,713,225
Accumulated Depreciation and Amortization									
Beginning balance	-	15,470,341	19,249,781	3,809,297,570	897,247,642	265,091,714	13,505,791	-	5,019,862,819
Depreciation and amortization	-	410,560	1,482,132	157,996,214	99,020,215	2,566,530	3,208,507	-	264,684,158
Casualty losses	-	-	-	(2,164,396,323)	(70,652,398)	(182,004,409)	-	-	(2,417,053,130)
Ending balance	-	15,880,901	20,731,893	1,802,897,461	925,615,459	85,653,835	16,714,298	-	2,867,493,847
Carrying Amount	P1,076,280,000	P1,140,244	P4,284,712	P3,932,496,968	P82,043,994	P38,776	P6,934,684	P -	P5,103,219,378

	For the Year Ended December 31, 2017								
	Land	Land Improvements	Leasehold Improvements	Hotel Buildings and Improvements	Furniture, Fixtures and Equipment	Operating Equipment	Transportation Equipment	Construction-in-Progress	Total
Measurement Basis:	*Revalued*	*Revalued*	*At Cost*	*Revalued*	*Revalued*	*At Cost*	*Revalued*	*At Cost*	
Beginning balance	P1,076,280,000	P17,021,145	P24,853,124	P8,802,539,197	P1,067,622,077	P266,231,654	P14,780,038	P -	P11,269,327,235
Additions	-	-	47,768	5,261,527	4,341,841	4,710,219	8,868,944	137,546,634	160,776,933
Disposals	-	-	-	(19,743,385)	-	-	-	-	(19,743,385)
Ending balance	1,076,280,000	17,021,145	24,900,892	8,788,057,339	1,071,963,918	270,941,873	23,648,982	137,546,634	11,410,360,783
Accumulated Depreciation and Amortization									
Beginning balance	-	15,039,578	17,372,270	3,588,227,909	798,392,934	256,295,061	10,970,633	-	4,684,298,385
Depreciation and amortization	-	430,763	1,877,491	240,813,046	100,854,708	8,766,653	2,535,158	-	355,307,819
Disposals	-	-	-	(19,743,385)	-	-	-	-	(19,743,385)
Ending balance	-	15,470,341	19,249,781	3,809,297,570	897,247,642	265,091,714	13,505,791	-	5,019,862,819
Carrying Amount	P1,076,280,000	P1,550,804	P5,651,131	P4,978,759,769	P174,716,276	P5,850,159	P10,143,191	P137,546,634	P6,390,497,964

The Group engaged an independent firm of appraisers to determine the fair value of certain classes of property and equipment, specifically hotel buildings and improvements, land, furniture, fixtures and equipment, transportation equipment and land improvements, which are carried at revalued amounts. Fair value was determined by reference to market-based evidence, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In determining fair value, an estimate was made in accordance with the prevailing prices for materials, equipment, labor, and contractor's overhead and all other costs associated with acquisition while taking into account the depreciation resulting from physical deterioration, functional and economic obsolescence. The Group's revaluation of its property and equipment is done once every three years. The date of the latest revaluation was as at July 4, 2016, which resulted to the increase in the gross carrying amount of property and equipment amounting to P913.10 million.

After the fire incident (see Note 1), APHC engaged an independent firm of appraisers to determine the fair value of certain classes of its property and equipment, specifically hotel building and equipment and furniture, fixtures and equipment, that were damaged by fire. The appraisal results show that the estimated market value of property and equipment after the fire (excluding land) amounted to P293.53 million that resulted for APHC to recognize casualty losses amounting to P1.03 billion.

Had the following classes of property and equipment been carried at cost less accumulated depreciation, their carrying amounts as at December 31, 2018 and 2017 would have been as follows:

	2018	2017
Hotel buildings and improvements	**P3,847,223,635**	P3,847,223,635
Land	**650,515,909**	650,515,909
Furniture, fixtures and equipment	**1,062,689,323**	1,040,503,144
Transportation equipment	**14,696,528**	14,696,528
Land improvements	**11,398,504**	11,398,504
Casualty losses	**(954,445,725)**	-
	4,632,078,174	5,564,337,720
Accumulated depreciation	**3,045,993,441**	2,943,012,492
Casualty losses	**(755,322,014)**	-
	2,290,671,427	2,943,012,491
	P2,341,406,747	P2,621,325,228

Depreciation on cost charged to profit or loss amounted to P139.44 million, P141.15 million and P161.15 million in 2018, 2017 and 2016, respectively. Depreciation on appraisal increase charged to profit or loss amounted to P125.24 million, P214.16 million and P94.24 million in 2018, 2017 and 2016, respectively.

The revaluation increment directly absorbed through casualty losses and depreciation and consequently transferred directly to retained earnings, net of deferred tax effect, amounted to P376.40 million, P138.42 million and P48.88 million in 2018, 2017 and 2016, respectively. The carrying amount of the revaluation surplus amounting to P1.73 billion and P2.21 billion as at December 31, 2018 and 2017, respectively, is not available for distribution to shareholders.

10. Other Noncurrent Assets

This account consists of:

	Note	2018	2017
Special project deposits	9	**P174,460,672**	P7,515,468
Refundable deposits	21	**17,163,565**	15,276,436
Others	21	**6,817,861**	7,430,059
		P198,442,098	P30,221,963

Special project deposits pertain to advances to contractors in connection with the reconstruction and restoration of APHC's hotel property and equipment and the renovation work of WCCCHI (see Note 9).

Refundable deposits refer to security deposits on utilities, electricity, rental, returnable containers and others.

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

11. Accounts Payable and Accrued Expenses

This account consists of:

	Note	2018	2017
Trade payables	21	**P462,257,042**	P350,726,958
Accrued:			
Interest and penalties	13, 21	**986,355,691**	926,355,691
Salaries, wages and employee benefits	21	**41,607,370**	36,737,784
Utilities	21	**660,744**	12,265,564
Rent	21	**363,949**	482,568
Other accruals	21	**20,607,441**	17,871,872
Local taxes and output VAT		**42,867,399**	34,514,014
Service charges	21	**5,688,244**	8,033,523
Withholding taxes payable		**4,145,018**	2,044,557
Guest deposits	21	**1,491,752**	10,922,577
Unclaimed wages	21	**581,747**	11,158,500
Other payables	21	**64,866,235**	57,101,444
		P1,631,392,632	P1,468,215,052

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

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

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

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

Asset-liability Matching
The Retirement Plan Trustees have no specific matching strategy between the plan assets and the plan liabilities.

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

19. Income Taxes

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

	2018	2017	2016
Recognized in Profit or Loss			
Current tax expense	**P163,988,523**	P177,643,376	P116,624,221
Deferred tax (benefit) expense	**(321,762,288)**	(77,194,648)	35,879,140
	(P157,773,765)	P100,448,728	P152,503,361
Recognized in OCI			
Deferred tax expense (benefit)	**P13,463,885**	(P10,960,417)	P276,427,356

The reconciliation of the income tax (benefit) expense computed at the statutory tax rate to the actual income tax (benefit) expense shown in the consolidated statement of profit or loss and other comprehensive income is as follows:

	2018	2017	2016
(Loss) income before income tax	**(P269,702,927)**	P299,181,929	P471,388,347
Income tax (benefit) expense at 30%	**(P80,910,878)**	P89,754,579	P141,416,504
Additions to (reductions in) income tax resulting from the tax effects of:			
Nondeductible expenses	**114,095,149**	7,968,948	10,863,786
Unrecognized deferred tax assets during the year	**2,591,060**	5,632,258	3,678,457
Income not subjected to income tax	**(193,549,096)**	(2,907,057)	(3,455,386)
	(P157,773,765)	P100,448,728	P152,503,361

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

December 31, 2018	Balance January 1, 2018	Recognized in Profit or Loss	Recognized in OCI	Balance December 31, 2018
Deferred tax liabilities:				
Revaluation surplus on property and equipment	P1,275,069,230	(P258,335,109)	P -	P1,016,734,121
Retirement benefits liability	(37,344,571)	25,918,586	13,463,885	2,037,889
Unrealized foreign exchange gain	-	255,769	-	255,769
Accrued interest income	-	121,777	-	121,777
	1,237,724,659	(232,038,978)	13,463,885	1,019,149,566
Deferred tax assets:				
Allowance for impairment losses on receivables	6,475,174	(2,505,174)	-	3,970,000
Unamortized past service cost	2,145,146	(515,843)	-	1,629,303
Accrued rent expense	503,295	687,605	-	1,190,900
Unearned revenues	526,311	(66,234)	-	460,077
Net operating loss carry-over (NOLCO)	-	74,122,956	-	74,122,956
Accrued interest expense on loan	18,000,000	18,000,000	-	36,000,000
	27,649,926	89,723,310	-	117,373,236
	P1,210,074,733	(P321,762,288)	P13,463,885	P901,776,330

December 31, 2017	Balance January 1, 2017	Recognized in Profit or Loss	Recognized in OCI	Balance December 31, 2017
Deferred tax liability:				
Revaluation surplus on property and equipment	P1,339,315,801	(P64,246,571)	P -	P1,275,069,230
Deferred tax assets:				
Retirement benefits liability	29,555,359	(3,171,205)	10,960,417	37,344,571
Allowance for impairment losses on receivables	6,285,350	189,824	-	6,475,174
Unamortized past service cost	2,660,988	(515,842)	-	2,145,146
Unrealized foreign exchange loss	1,584,569	(1,584,569)	-	-
Accrued rent expense	616,383	(113,088)	-	503,295
Unearned revenues	348,206	178,105	-	526,311
Minimum corporate income tax (MCIT)	35,148	(35,148)	-	-
Accrued interest expense on loan	-	18,000,000	-	18,000,000
	41,088,003	12,948,077	10,960,417	64,994,497
	P1,298,229,798	(P77,194,648)	(P10,960,417)	P1,210,074,733

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

	2018		2017	
	Tax Base	Tax Effect	Tax Base	Tax Effect
NOLCO	P40,719,205	P12,215,762	P39,404,286	P11,821,286
MCIT	371,188	371,188	489,211	489,211
Allowance for impairment losses	(744,897)	(367,677)	(3,427,734)	(1,275,686)
	P40,345,496	P12,219,273	P36,465,763	P11,034,811

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

	2018	2017
Balance at beginning of year	**P11,034,811**	P13,627,468
Unrecognized deferred tax asset during the year:		
NOLCO	**3,166,023**	5,620,492
MCIT	**110,211**	11,766
Impairment losses	**908,010**	(1,116,528)
Expiration of unrecognized deferred tax assets:		
NOLCO	**(2,771,548)**	(6,860,449)
MCIT	**(228,234)**	(247,938)
Balance at end of year	**P12,219,273**	P11,034,811

Details of unrecognized NOLCO are as follows:

Year Incurred	Expiry Date	NOLCO	Applied	Expired Amount	Remaining Amount
2018	December 31, 2021	P10,553,411	P -	P -	P10,553,411
2017	December 31, 2020	18,734,973	-	-	18,734,973
2016	December 31, 2019	11,430,821	-	-	11,430,821
2015	December 31, 2018	9,238,492	-	9,238,492	-
		P49,957,697	P -	P9,238,492	P40,719,205

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

Year Incurred	Expiry Date	MCIT	Applied	Expired Amount	Remaining Amount
2018	December 31, 2021	P110,211	P -	P -	P110,211
2017	December 31, 2020	11,766	-	-	11,766
2016	December 31, 2019	249,211	-	-	249,211
2015	December 31, 2018	228,234	-	228,234	-
		P599,422	P -	P228,234	P371,188

20. Earnings Per Share

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

	2018	2017	2016
Net income attributable to equity holders of the Parent Company	**P42,019,520**	P217,937,648	P287,392,497
Weighted number of shares outstanding	**2,498,991,753**	2,498,991,753	2,498,991,753
Earnings per share - basic and diluted	**P0.017**	P0.087	P0.115

There are no potentially dilutive shares as at December 31, 2018, 2017 and 2016. Accordingly, diluted EPS is the same as basic EPS.

21. Financial Instruments - Risk Management and Fair Values

Risk Management Structure

BOD

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

Risk Management Committee

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

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents (excluding cash on hand), receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI, other noncurrent assets (excluding special project deposits), accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loan payable, other current liabilities (excluding deferred income) and concessionaires' deposits. These financial instruments arise directly from operations.

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

Credit Risk

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

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

With respect to credit risk from other financial assets of the Group, which mainly comprise of cash and cash equivalents (excluding cash on hand), receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI, other noncurrent assets (excluding special project deposits), the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

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

The aging analyses of the Group's financial assets as at December 31, 2018 and 2017 are as follows (in thousands):

December 31, 2018	Note	Total	Neither Past Due nor Impaired	Past Due but not Impaired <30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	Impaired
Cash and cash equivalents*	4	P709,785	P709,785	P -	P -	P -	P -	P -	P -
Receivables	5	579,100	480,383	63,939	4,290	4,054	3,665	5,251	17,618
Notes receivable	6	253,974	253,974	-	-	-	-	-	-
Short-term investments	7	22,580	22,580	-	-	-	-	-	-
Due from related parties	8	3,579,476	3,518,291	-	-	-	-	-	61,185
Equity securities - at FVOCI	9	21,417	21,417	-	-	-	-	-	-
Other noncurrent assets **	10	23,881	23,881	-	-	-	-	-	-
Total		P5,190,293	P5,030,391	P63,939	P4,290	P4,054	P3,665	P5,251	P78,803

*Excluding cash on hand
**Excluding special project deposits

December 31, 2017	Note	Total	Neither Past Due nor Impaired	Past Due but not Impaired <30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	Impaired
Cash and cash equivalents*	4	P342,858	P342,858	P -	P -	P -	P -	P -	P -
Receivables	5	249,945	143,006	98,991	7,660	4,994	3,900	11,760	21,584
Notes receivable	6	195,007	195,007	-	-	-	-	-	-
Short-term investments	7	12,360	12,360	-	-	-	-	-	-
Due from related parties	8	2,011,233	1,950,048	-	-	-	-	-	61,185
Equity securities – at FVOCI	9	15,855	15,855	-	-	-	-	-	-
Other noncurrent assets **	10	22,706	22,706	-	-	-	-	-	-
Total		P2,850,064	P2,681,940	P98,991	P7,660	P4,994	P3,900	P11,760	P82,769

*Excluding cash on hand
**Excluding special project deposits

Impairment on the financial assets has been measured on a 12-month expected loss basis and reflects the short maturities of the exposure.

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

Information on the Group's receivables and due from related parties that are impaired as of December 31, 2018 and 2017 and the movement of the allowance used to record the impairment losses are disclosed in Notes 5 and 8 to the consolidated financial statements.

Liquidity Risk

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

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

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

The following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2018 and 2017 based on contractual undiscounted payments (in thousands):

December 31, 2018	Note	Total Carrying Amount	Contractual Undiscounted Payments			
			Total	On Demand	Less than 1 Year	1 to 5 Years
Accounts payable and accrued expenses*	11	P1,584,380	P1,584,380	P1,365,286	P218,840	P254
Other current liabilities**	12	219,429	219,429	219,429	-	-
Loans payable	13, 25	1,818,085	1,818,085	375,000	275,000	1,168,085
Concessionaires' deposits - net of current portion	14	5,689	5,689	5,689	-	-
		P3,627,583	P3,627,583	P1,965,404	P493,840	P1,168,339

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

December 31, 2017	Note	Total Carrying Amount	Contractual Undiscounted Payments			
			Total	On Demand	Less than 1 Year	1 to 5 Years
Accounts payable and accrued expenses*	11	P1,431,656	P1,431,656	P1,240,216	P180,263	P11,177
Other current liabilities**	12	13,623	13,623	13,623	-	-
Loans payable	13	375,000	375,000	375,000	-	-
Concessionaires' deposits - net of current portion	14	5,342	5,342	5,342	-	-
		P1,825,621	P1,825,621	P1,634,181	P180,263	P11,177

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

Market Risk

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

The Group is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI. On the other hand, the Group's loan in U.S. dollar had been fully paid in March 2016, hence, the Group is not anymore significantly exposed to changes in foreign currency exchange rates.

Interest Rate Risk

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

The Group's financial instrument that is primarily exposed to interest risk is the interest-bearing loans payable (see Note 25). Further, the Group is also exposed to the interest risk from the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375.00 million loan from SSS, as well as the stock rights offering of the Parent Company. Since 2006, the Parent Company charged WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan (see Note 13). Starting 2017, WCCCHI was not anymore charged with the interest on SSS loan because the Parent Company has assessed that if it has already fulfilled its obligations related to its use of proceeds from such loan.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of ±10 basis point in 2018 and 2017, with corresponding effect in equity. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's loans payable held at the reporting date. All other variables are held constant.

	2018	
Changes in Interest Rates (in Basis Points)	+10	-10
Net income	(P10,148,025)	P10,148,025

	2017	
Changes in Interest Rates (in Basis Points)	+10	-10
Net income	(P6,000,000)	P6,000,000

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

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

Equity Price Risk

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

The Group is exposed to equity price risk because of its investment in shares of stock of WII which are listed in the PSE totaling to 86.71 million shares as at December 31, 2018 and 2017 (see Note 8f). Further, the Group also has investment in shares of stock of Pavilion Leisure & Entertainment Corp. (PLEC), amounting to P0.31 million, representing 14.2% of the total capital stock of PLEC. As at December 31, 2018 and 2017, PLEC has not yet started commercial operations, and no related party transactions have transpired between the Group and PLEC.

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

The following table illustrates the sensitivity of the Group's equity to a reasonably possible change in equity price. These changes are considered to be reasonably possible based on past equity price performance of the Group's equity securities - at FVOCI and macroeconomic forecast for 2018 and 2017. This analysis assumes an increase of 10% for 2018 and 2017 and a decrease of 10% for 2018 and 2017 of the equity price of the Group's equity securities - at FVOCI. All other variables are held constant:

	2018		2017	
	10%	-10%	10%	-10%
Equity	P2,172,987	(P2,172,987)	P1,116,825	(P1,116,825)

Fair Value of Financial Assets and Liabilities
The table below summarizes the carrying amounts and fair values of the Group's financial assets and liabilities as at December 31, 2018 and 2017 (in thousands):

	2018		2017	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Assets				
Cash and cash equivalents*	P709,785	P709,785	P342,858	P342,858
Receivables	561,482	561,482	228,361	228,361
Notes receivable	253,974	253,974	195,007	195,007
Due from related parties	3,579,476	3,579,476	2,011,233	2,011,233
Short-term investments	22,560	22,560	12,360	12,360
Equity securities - at FVOCI	21,417	21,417	15,955	15,955
Other noncurrent assets **	23,981	23,981	22,706	22,706
	P5,172,675	P5,172,675	P2,828,480	P2,828,480

Excluding cash on hand
**Excluding special project deposits*

	2018		2017	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Liabilities				
Accounts payable and accrued expenses***	P1,584,380	P1,584,380	P1,431,656	P1,431,656
Other current liabilities****	219,429	219,429	13,623	13,623
Loans payable	1,818,085	1,818,085	375,000	375,000
Concessionaires' deposits	5,689	5,689	5,342	5,342
	P3,627,583	P3,627,583	P1,825,621	P1,825,621

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

The carrying amount of cash and cash equivalents, receivables, notes receivable, current portion of due from related parties, short-term investments, other noncurrent assets (excluding special projects), accounts payable and accrued expenses (excluding local taxes output VAT and withholding taxes), other current liabilities and concessionaires' deposits approximate their fair values due to the short-term maturity of these instruments.

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

The fair value of FVOCI equity securities was determined using the closing market price of the investment listed on the PSE as of December 31, 2018 and 2017.

Capital Management
The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2018 and 2017.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve, foreign currency translation adjustment and fair value reserve.

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the omnibus and security loan agreement (see Note 25). Breaches in meeting the financial covenants would permit the bank to immediately call the loans. There have been no breaches of the financial covenants in the current period (See Note 25).

22. Lease Agreements with PAGCOR

The Parent Company, in behalf of WCCCHI and WMCHI, entered into lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sq.m.), Mezzanine (2,335 sq.m.) and 5th Floor Junket Area (2,336 sq.m.) for a total area of 13,677.98 sq.m. which commenced on March 3, 2011 and March 16, 2011, for the Main Area and Slot Machine Expansion Area, respectively. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sq.m.) and Chip Washing Area (1,076 sq.m.) for a total area of 5,152.24 sq.m. which was last renewed on March 21, 2011. Both leases expired on August 2, 2016. Thereafter, PAGCOR paid the WCCCHI and WMCHI rental on a month-to-month basis. The lease was renewed on February 15, 2018, for a period of 1 year.

APHC also has a lease agreement with PAGCOR covering the Main Area (7,093.05 sq.m.), Expansion Area A (2,130.36 sq.m.), Expansion Area B (3,069.92 sq.m.) and Air Handling Unit Area (402.84 sq.m.) for a total lease area of 12,696.17 sq.m. The lease agreement was last renewed on December 1, 2010 and expired on December 31, 2016. As at December 31, 2017, PAGCOR continued to operate a portion of the lease area on a month-to-month basis while completing its pullout from APHC. The month-to-month lease of PAGCOR effectively ended on March 18, 2018 due to the fire incident (see Note 1).

The amortized cost of the refundable security deposits received by WCCCHI and WMCHI upon execution of the above lease contracts were determined by calculating the present value of the cash flows anticipated until the end of the lease term using the respective interest rates. The change in the present value and the amortization of the discount is recognized as part of "Interest expense" account in the consolidated statement of profit or loss and amounted to nil in 2018 and 2017 and P19.01 million in 2016. As the deposits do not have an active market, the underlying interest rates were determined by reference to market interest rates of comparable financial instruments.

Relative to the renewal of their contracts, WCCCHI and WMCHI received security deposits equivalent to six (6) months advance rental amounting to P137.26 million and P63.37 million, respectively. These security deposits are presented as part of "Concessionaires' and other deposits" account in other current liabilities and are carried at cost (see Note 12) .

Total rental income from the above PAGCOR lease contracts recognized as part of "Rent and related income" in the consolidated statement of profit or loss and other comprehensive income amounted to P428.63 million, P619.44 million and P720.41 million in 2018, 2017 and 2016, respectively.

23. Other Lease Agreements

Group as Lessor

Lease Agreements with Concessionaires

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

Relative to the renewal of the contract, the security deposit equivalent to six (6) months advance rental amounting to P137.26 and P63.37 million was received by the WCCCHI and WMCHI, respectively and presented as part of "Concessionaires and customers' deposits account in the statement of financial position and were carried at cost.

Rent revenue recognized as part of "Rent and related income" in the consolidated statement of profit or loss and other comprehensive income and amounted to P47.70 million, P56.39 million and P85.29 million in 2018, 2017 and 2016, respectively.

Group as Lessee

Land under Operating Lease

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

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

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

	2018	2017
Less than 1 year	**P17,741,933**	P17,741,933
Between 1 and 5 years	**60,341,346**	60,341,346
More than 5 years	**251,135,178**	276,271,062
	P329,218,457	P354,354,341

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

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

Total rent expense for the aforementioned leases amounted to P43.68 million, P37.41 million and P47.93 million in 2018, 2017 and 2016, respectively in the consolidated statement of profit or loss and other comprehensive income.

24. Commitments and Contingencies

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

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

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

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

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

   The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only. As at December 31, 2018, the Parent Company is still awaiting the SC's decision.

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

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

   In March 9, 2016, the BIR filed with the SC its motion for extension of time to file its appeal. As at December 31, 2018, WMCHI is still awaiting the SC's decision.

c. *APHC versus PAGCOR and Hon. Young, et al.*

   APHC versus PAGCOR, et al.
   The case involved a Petition for Prohibition and Mandamus (the 1st petition), with application for the issuance of a Temporary Restraining Order (TRO) and writ of preliminary injunction filed by APHC against PAGCOR and Vanderwood Management Corp. (VMC). APHC filed this case to assail PAGCOR's award of VMC of a procurement project entitled "Lease Space for a Casino Gaming Facility in Manila for a Period of Fifteen (15) Years" under Invitation to Bid No. 09-16-2014 for being violative of the laws and rules on government procurement.

   PAGCOR and VMC filed their respective comments/answers to APHC's 1st petition. Subsequently, VMC filed its "Motion to Admit Attached Supplemental Comment/Answer with Compulsory Counterclaim" (the Motion to Admit) on August 10, 2015, to which APHC filed an opposition to VMC's Motion to Admit. In an order dated September 5, 2016, the Court denied VMC's Motion to Admit. The Regional Trial Court of Manila, Group 36, (the Court) likewise denied the Motion for Reconsideration filed by VMC in an order dated February 28, 2017.

   At the pre-trial conference on October 4, 2016, the Court referred the parties to the Philippine Mediation Center for mediation proceedings. After the termination of the mediation proceedings, the case was returned to the Court for the Judicial Dispute Resolution (JDR) proceedings. The JDR conference was set on May 2, 2017 and was reset to February 6, 2018.

   In its order dated February 6, 2018, the Court terminated the JDR proceeding and forwarded the case to the Office of the Executive Judge for re-raffle. In its "Notice of Re-raffle" dated February 21, 2018, the Court informed the parties that the case was raffled to Group 20.

   On April 16, 2018, APHC filed its "Amended Pre-Trial Brief" dated April 13, 2018. VMC and PAGCOR likewise filed their respective Amended Pre-trial Briefs. The pre-trial conference was terminated on June 1, 2018.

   During the trial, APHC presented its witnesses. On July 23, 2018, APHC filed its "Formal Offer of Documentary Evidence" dated July 19, 2018. PAGCOR and VMC filed their respective comments on APHC's "Formal Offer of Documentary Evidence". The Court denied their objections and admitted APHC's documentary evidence.

Meanwhile, PAGCOR filed its "Demurrer to Evidence" dated October 17, 2018, which the court denied in its Order dated November 8, 2018 for being fatally defective. VMC, on the other hand, presented its witnesses and thereafter, it rested its case. Thus, the Court ordered VMC to file its "Formal Offer of Exhibits".

APHC versus Hon. Young, et al.
In connection with the APHC versus PAGCOR, et al. case, the Court, in a resolution dated June 18, 2015, denied APHC's application for TRO. APHC thereafter filed a Motion for Reconsideration on July 6, 2015. The said motion for reconsideration was denied by the Court on August 1, 2016.

On October 21, 2016, APHC filed with the Court of Appeals (the CA) a Petition for Certiorari (the 2nd petition), with application for TRO and/or writ of preliminary injunction, to assail the Court's resolutions dated June 18, 2015 and August 1, 2016. VMC and PAGCOR filed their respective comments to the 2nd petition, to which APHC filed its Consolidated Reply on December 19, 2016.

In a resolution dated January 25, 2017, the CA denied APHC's applications for the TRO and writ of preliminary injunction, and directed the parties to submit their respective memoranda. In compliance with the CA's directive, APHC filed its memorandum on February 13, 2017. VMC also filed its memorandum dated February 16, 2017, while PAGCOR filed its memorandum dated February 14, 2017.

In a resolution dated March 3, 2017, the CA considered APHC's Petition for Certiorari as submitted for decision.

In its decision dated February 27, 2018, the CA denied APHC's Petition for Certiorari. APHC moved for the reconsideration of said decision, which the CA denied in its resolution dated August 29, 2018.

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

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

25. Omnibus Loan and Security Agreement

On December 21, 2017, the Parent Company, WCCCHI, WMCHI, DIHCI, CRDC and PRC (collectively, the Borrowers) entered into the Agreement with PBCOM for the latter to provide the Borrowers multiple term loan facilities (the Loan Facilities) for general corporate purposes in the maximum aggregate amount of up to P1.50 billion. The Loan Facilities consist of the following:

Facility 1 - represents secured term loan facility in the amount of P850.00 million available through a single or multiple drawdowns with term of fifty-four (54) months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated. Commitment period means the period commencing from the date of the agreement and terminating on the earliest of: (a) six (6) months from the signing of the Agreement; (b) the date when the commitment is fully drawn or availed by mutual agreement of the parties; or (c) the date when the commitment is terminated or cancelled in accordance with the terms of the Agreement.

Facility 2 - represents secured term loan facility in the amount of P200.00 million available through a single or multiple drawdowns with term of fifty-four (54) months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

Facility 3 - represents secured term loan facility in the amount of P450.00 million available through a single or multiple drawdowns with term of forty-two (42) months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated. Facility 3 requires, on or before the initial drawdown date, the borrower to cause the relevant mortgagors to constitute in favor of PBCOM a first ranking real estate mortgage over Davao Agricultural Property located at Matina, Pangi, Tolomo, Davao City consisting of parcels of agricultural real property containing an aggregate area of seventy (70) hectares registered in the names of CRDC and PRC, and Locob property still registered in the name of an individual, and register such security interest with appropriate Registry of Deeds.

The loan principal is repayable on equal monthly installments to commence at the end of sixth (6th) month from the initial drawdown date subject to balloon payment upon maturity. Interest is charged at the higher of four (4)-year PDSTR2 rate on the date of availment and spread of 3.25% per annum or 7.75% per annum, and repayable monthly from the drawdown date.

The Loan Facilities are secured by chattel and real mortgages over various operating assets of WCCCHI and DIHCI; real estate mortgages over Davao Agricultural Property; assignment over leasehold rights on the land owned by MCIAA on which WCCCHI stands; and pledge of shares of stocks representing ownership of the Parent Company in WCCCHI and DIHCI.

Each of the Borrowers is required to comply with certain covenants during the term of the Agreement and until the full payment of the amounts due which include, among others:

1. Debt to Equity Ratio of not higher than 2.5:1;

2. Debt Service Coverage Ratio of at least 1.25x; and

3. To appoint PBCOM's nominees as Corporate Secretary in WCCCHI and DIHCI and nominate and elect such number of PBCOM's nominees as will comprise the majority of the Board of Directors in WCCCHI and DIHCI, provided however, that the exercise of the abovementioned proxy and/or voting rights granted to PBCOM shall be exercised solely for the purpose of protecting, preserving, and enforcing its rights and interests under the Agreement and shall not be used by the latter to effect any takeover of the day-to-day operations of said corporations.

4. Negative covenants which prohibit each of the Borrowers to:

   - Change the nature or scope of its business as presently conducted, or liquidate or dissolve, or enter into any consolidation, merger, pool, joint venture, syndicate or other combination, or sell, lease or dispose of a substantial portion (as determined by PBCOM) of its business or assets, with market or book value of P500.00 million or more;
   - Permit any change in ownership (direct or indirect), management or control of its business, which results in the present majority stockholders ceasing to hold, whether directly or indirectly through any person beneficially, at least sixty-eight percent (68%) of the direct or indirect beneficial or economic interest in each of the Borrowers;
   - Declare or pay dividends to stockholders and make any capital or asset distribution to stockholders;
   - Purchase, redeem, retire or otherwise acquire for value any of capital stock now or hereafter outstanding (other than as a result of the conversion of any shares of capital stock into shares of any other class of capital stock), return any capital to its stockholders as such, or make any distribution of assets to its stockholders as such (other than distribution payable in shares of its own outstanding capital stock);
   - File any legal action to question any corporate act or transaction;
   - Extend any loans, advances or subsidies to any corporation, partnership or entity owned by the Borrowers or in which it may have equity, other than advances in the ordinary course of business; and
   - Extend any loans or advances to any of its directors, officers, stockholders, affiliates and partners other than advances in the ordinary course of business.

On March 13, 2018, WCCCHI made the drawdowns of Facility 1 and Facility 2 amounting to P850.00 million and P200.00 million, respectively. On April 10, 2018, WCCCHI made the drawdown of Facility 3 amounting to P450.00 million.

As at December 31, 2018, the Borrowers are in compliance with the above covenants.

The outstanding balances of the loans under the Loan Facilities as at December 31, 2018 are as follows:

Loan Facility	Current Portion	Noncurrent Portion	Outstanding Balance
Facility 1	P100,000,000	P724,468,085	P824,468,085
Facility 2	25,000,000	168,617,022	193,617,022
Facility 3	150,000,000	275,000,000	425,000,000
	P275,000,000	P1,168,085,107	P1,443,085,107

The drawdowns and payments made under the Loan Facilities are presented below:

Loan Facility	Drawdown Date	Maturity Date	Payment Terms	Monthly Amortization	Principal	Principal Payments	Outstanding Balance
Facility 1	3/13/2018	9/12/2022	64 months	P8,333,333	P850,000,000	P25,531,915	P824,468,085
Facility 2	3/20/2018	9/19/2022	54 months	2,083,333	200,000,000	6,382,978	193,617,022
Facility 3	4/10/2018	10/9/2021	42 months	12,500,000	450,000,000	25,000,000	425,000,000
					P1,500,000,000	P56,914,893	P1,443,085,107

Total interest expense arising from the Loan Facilities recognized in the consolidated statement of profit or loss and other comprehensive income amounted to P101.48 million for the year ended December 31, 2018.

26. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for the adoption of new standards as discussed below.

Adoption of New Standards and Interpretation

The Group has adopted the following new standards and interpretation to standard starting January 1, 2018 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these new standards and interpretation to standard did not have any significant impact on the Group's consolidated financial statements.

- PFRS 9, *Financial Instruments (2014)* replaces PAS 39, *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013).

  PFRS 9 includes revised guidance on the classification and measurement of financial assets that reflects the business model in which assets are managed and their cash flow characteristics, including a new forward-looking expected credit loss model for calculating impairment, and guidance on own credit risk on financial liabilities measured at fair value. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  Classification and Measurement of Financial Instruments

  The Group reassessed the classification of its financial assets and financial liabilities on the date of initial recognition under PFRS 9. The following table and the accompanying notes below explain the original measurement categories under PAS 39 and the new measurement categories under PFRS 9 for each class of the Group's financial assets and financial liabilities (in thousands) as at January 1, 2018:

	Original Classification under PAS 39	New Classification under PFRS 9	Original Carrying Amount under PAS 39	New Carrying Amount under PFRS 9
Financial Assets				
Cash and cash equivalents	Loans and receivables	Amortized cost	P342,858	P342,858
Receivables	Loans and receivables	Amortized cost	228,361	228,361
Notes receivable	Loans and receivables	Amortized cost	195,007	195,007
Due from related parties	Loans and receivables	Amortized cost	1,950,048	1,950,048
Short-term investments	Loans and receivables	Amortized cost	12,360	12,360
Equity securities - at FVOCI	Available-for-sale financial assets	FVOCI - equity investment	15,955	15,955
Other noncurrent assets*	Loans and receivables	Amortized cost	22,706	22,706
			P2,767,295	P2,767,295

** Excluding special project deposits*

	Original Classification under PAS 39	New Classification under PFRS 9	Original Carrying Amount under PAS 39	New Carrying Amount under PFRS 9
Financial Liabilities				
Accounts payable and accrued expenses**	Other financial liabilities	Other financial liabilities	P1,431,656	P1,431,656
Other current liabilities***	Other financial liabilities	Other financial liabilities	13,623	13,623
Loans payable	Other financial liabilities	Other financial liabilities	375,000	375,000
Concessionaires' deposits - net of current portion	Other financial liabilities	Other financial liabilities	5,342	5,342
			P1,825,621	P1,825,621

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

The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of PFRS 9 are recognized in retained earnings and reserves as at January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of PFRS 9, but rather those of PAS 39.

Impairment of Financial Assets
Under PFRS 9 impairment model, ECL are measured as either 12-month ECL or lifetime credit losses. This is only applicable to financial assets that are debt instruments classified as at FVOCI or amortized cost, while investments in equity instruments are outside the scope of the new impairment requirements, because under PFRS 9, they are accounted for either as FVTPL or FVOCI. Accordingly, equity investments under the scope of PFRS 9 are no longer tested for impairment.

Effects of Transition on the Opening Balance of the Retained Earnings
There is no significant impact of transition to PFRS 9 on the opening balance of the retained earnings.

Changes in accounting policies resulting from the adoption of PFRS 9 have been applied retrospectively, except as described below:

- The Group used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have been restated only for retrospective application of the financial assets and liabilities. Differences in the carrying amounts of financial assets and liabilities, if any, resulting from the adoption of PFRS 9 are recognized in retained earnings as at January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of PFRS 9, but rather those of PAS 39.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

  - The determination of business model within which the financial asset is held; and
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

The adoption of PFRS 9 had no significant effect on the carrying amounts of the financial assets and liabilities as at January 1, 2018 and related solely to the new categories under PFRS 9.

- PFRS 15, *Revenue from Contracts with Customers*, replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, International Financial Reporting Interpretations Committee (IFRIC) 13, *Customer Loyalty Programmes*, IFRIC 18, *Transfer of Assets from Customers*, and Standard Interpretations Committee (SIC)-31, *Revenue-Barter Transactions Involving Advertising Services*. The new standard introduces a new and more comprehensive revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the Group expects to be entitled.

  PFRS 15 requires a contract with a customer to be legally enforceable and to meet certain criteria to be within the scope of the standard and for the general model to apply. It introduces detailed guidance on identifying performance obligations which requires entities to determine whether promised goods or services are distinct. It also introduces detailed guidance on determining transaction price, including guidance on variable consideration and consideration payable to customers. The transaction price will then be generally allocated to each performance obligation in proportion to its stand-alone selling price. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the entity's performance, or at a point in time, when control of the goods or services is transferred to the customer.

  The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

  The Group has adopted PFRS 15 using the cumulative effect method and with the effect of initially applying this standard recognized at the date of initial application (i.e., January 1, 2018). Accordingly, the information presented for 2017 have not been restated and continues to be reported under PAS 18. The new requirement has no significant impact on the consolidated financial statements of the Group.

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

<u>Basis of Consolidation</u>
The consolidated financial statements include the accounts of the Parent Company, as well as those of its subsidiaries enumerated in Note 1 to the consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

The Group's operating businesses are organized and managed separately according to hotel property location, with each segment representing a strategic business unit.

Revenue Recognition

Revenue from Contracts with Customers

The Group's business is primarily engaged in offering hotel rooms and facilities such as restaurants, function halls, coffee shops and all adjuncts and accessories thereto.

The Group recognizes revenue when it transfers control over a product or service to a customer. Revenue is measured based on the consideration specified in a contract with a customer.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue from sale of goods and services was recognized when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods or services could be estimated reliably, there was no continuing management involvement with the goods or services and the amount of revenue could be measured reliably.

The following is a description of principal activities from which the Group generates its revenue. Revenue is disaggregated by major products/service lines as reflected in the consolidated statement of profit or loss and other comprehensive income.

Hotel Rooms and Function Halls

Revenue from hotel rooms and function halls is recognized at the point in time when control of the asset is transferred to a customer, generally on actual occupancy. The normal credit terms for lease of hotel rooms and function halls is 30 days, when payment is made on credit.

Food and Beverage

Revenue from food and beverage is recognized at the point in time when the goods have been delivered.

Rent and Related Income

Rental income on leased areas of the Group is accounted for on a straight-line basis over the term of the lease.

Other Operating Departments

Revenue from other operating departments is recognized at the point in time when the service has been rendered. This includes guest, laundry and valet, parking fees, among others.

Interest Income

Interest income is recognized on a time proportion basis on the principal outstanding and at the rate applicable.

Other Income

Other income is recognized at the point in time when the service has been rendered.

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

- whether the Group has primary responsibility for providing the goods and services;
- whether the Group has inventory risk before or after the customer order;
- whether the Group has discretion in establishing prices; and
- whether the Group bears the credit risk.

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

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

<u>Cost and Expense Recognition</u>
Costs and expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. Interest expense are reported on an accrual basis.

<u>Financial Instruments</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of Recognition
Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates these classifications at each reporting date.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Measurement at Initial Recognition
Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs.

Classification of Financial Assets from January 1, 2018
<u>Financial Assets</u>
On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL, based on their contractual cash flow characteristics and the business model for managing the financial assets.

Debt Instruments

Financial Assets Measured at Amortized Cost

A financial asset that is a debt instrument, other than those that are designated at FVTPL, which meet both of the following conditions:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Included in this category are the Group's cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments and refundable deposits.

Cash

Cash includes cash on hand and in banks which are stated at face value.

Receivables

Receivables are nonderivative financial assets with fixed or determinable payments and are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. These are included in current assets if maturity is within twelve (12) months from the reporting date. Otherwise, these are classified as noncurrent assets.

Short-term Investments

Short-term investments are certificates of deposit which are highly liquid with maturities of more than three (3) months but less than one (1) year from date of acquisition and are subject to an insignificant risk of change in value.

Refundable Deposits

Refundable deposits are payment made by the Group to its lessors at the inception of the respective lease agreements entered into by the Group.

FVOCI

A financial asset that is a debt instrument measured at FVOCI shall meet both of the following conditions and is not designated as FVTPL:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Included in this category is the Group's equity securities at FVOCI.

FVTPL

All other financial assets not measured at FVOCI or at amortized cost are classified as measured at FVTPL, except when the financial asset is part of a hedging relationship. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

There are no financial assets at FVTPL as at the date of initial application and as at December 31, 2018.

Equity Instruments
Financial assets that are equity instruments shall be classified under any of the following categories:

- Financial assets measured at FVTPL which shall include financial assets held for trading; or
- Financial assets at FVOCI which shall consist of equity instruments that are irrevocably designated at FVOCI at initial recognition that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3, Business Combinations applies. This election is made on an instrument-by-instrument basis.

As at December 31, 2018, the Group has equity securities - at FVOCI as financial assets measured at FVOCI.

Business Model Assessment
Business model pertains to the manner by which a portfolio of financial assets will be managed to generate cash flows such as by collecting contractual cash flows or by both collecting contractual cash flows and selling the financial assets, among others.

The Group makes an assessment of the objective of the business model for the financial assets because this best reflects the way the financial assets are managed. The information considered includes:

- the stated policies and objectives for the financial assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, earning dividend income, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash outflows through the sale of assets;
- the risks that affect the performance of the business model and how those risk are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose financial performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether Contractual Cash Flows are SPPI
In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. nonrecourse features).

Prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represent unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired for a discount or premium to its contractual face amount, a feature that permit or requires prepayment that an amount that substantially represents the contractual face amount plus accrued (but unpaid) contractual interest (which may include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent Measurement of Financial Assets from January 1, 2018
Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Amounts recognized in OCI are not classified to profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Classification and Subsequent Measurements before January 1, 2018
The Group classifies its financial assets into the following categories: financial assets at FVTPL, AFS financial assets, held-to-maturity (HTM) investments and loans and receivables.

The classification depends on the purpose for which the instruments were acquired and whether these are quoted in an active market.

Management determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As at December 31, 2017, the Group only has loans and receivables and AFS financial assets.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not held for trading.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any.

Classified under this category are the Group's cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments and refundable deposits. (see Notes 4, 5, 7, 8, 10 and 21).

HTM Investments

HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which management has the positive intention and ability to hold to maturity. Where the Group sells or reclassifies other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified at fair value as AFS financial assets. After initial measurement, these investments are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization, if any, is included as part of "Interest income" in profit or loss.

As at December 31, 2017, the Group does not have HTM investment.

AFS Financial Assets

AFS financial assets are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost less accumulated impairment losses, if any. All other AFS financial assets are carried at fair value through equity.

As at December 31, 2017, the Group has AFS financial assets.

Classification and measurement of Financial Liabilities before and from January 1, 2018

Financial Liabilities

Financial liabilities are initially recognized at fair value. Transaction costs are deducted from the initial measurement of the Group's financial liabilities except for debt instruments classified at FVTPL.

Financial liabilities are subsequently measured as follows:

- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

As at December 31, 2018 and 2017, other financial liabilities at amortized cost include trade and other current payable and accrued expenses, loans payable, concessionaires' deposits, due to related parties, and other current liabilities except for output VAT payable and other statutory payables (see Notes 11, 12, 13, 14, 21 and 25). There are no financial liabilities measured at FVTPL.

Other Financial Liabilities at Amortized Cost
Issued financial instruments or their components which are not classified as financial liabilities at FVTPL are classified as other financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder or lender, or to satisfy the obligation other than by the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition of Financial Instruments
Financial Asset
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

The rights to receive cash flows from the asset have expired;

The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

The Group has transferred its right to receive cash flows from the asset and either has: (a) transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

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

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

As at December 31, 2018 and 2017, only due to/from related party transactions were offset in the consolidated financial statements. The said accounts were being set-off because the management intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Determination and Measurement of Fair Value

The Group measures financial instruments at fair value at each consolidated statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to market participant that would use the asset in its highest and best use.

The Group uses valuation technique that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated statement of financial position on a recurring basis, the Group determines whether transfer have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" Difference) in the consolidated statement of profit or loss and other comprehensive income in the period when the asset is acquired or the liability is incurred. In cases where the transaction price used is based on inputs which are not observable, the difference between the transaction price and model value is only recognized in the profit or loss in the period when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" Difference.

Impairment of Financial Assets

Impairment of Financial Instruments from January 1, 2018

At the date of initial application of PFRS 9, the Group uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that a financial instrument was initially recognized and compared that to the credit risk at the date of initial application.

Lifetime ECLs result from all possible default events over the expected life of a financial instruments while 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period of the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Movement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial assets.

Credit-impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. The financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or being more than the normal credit terms of the Group;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment of Financial Instruments before January 1, 2018

An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset may be impaired. If such evidence exists, any impairment loss is recognized in profit or loss. For assets carried at amortized cost, impairment is measured as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the instrument's original effective interest rate.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of profit or loss and other comprehensive income. When a loan or a receivable is uncollectible, it is written off against the related allowance for impairment and credit losses. A loan or a receivable is written-off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the provision for impairment and credit losses recognized in the consolidated statement of profit or loss and other comprehensive income. If, in a subsequent year, the amount of the impairment and credit loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment and credit loss is reduced by adjusting the allowance account. The amount of the reversal is recognized in the consolidated statement of of profit or loss and other comprehensive income.

Current and Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when:

- It is expected to be realised or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

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

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

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

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

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

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

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

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

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

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

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

Fair Value Measurement
The Group's property and equipment as at December 31, 2018 and 2017 is based on Level 3. Further information about the assumption made in measuring fair value of property and equipment is included in Note 9 to the consolidated financial statements.

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

The estimated useful lives are as follows:

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

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

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

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

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

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

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

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

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

A reversal of an impairment loss on a revalued asset is recognized in the consolidated statement of changes in equity and increases the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognized in the profit or loss, a reversal of that impairment loss is also recognized in the profit or loss.

Employee Benefits

Short-term Employee Benefits

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

Defined Benefit Plan

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

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

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

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

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

Related Party Relationship

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

Operating Leases - Group as Lessor

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

Operating Lease - Group as Lessee

Lease in which a significant portion of the risk and rewards of ownership is retained by the lessor are classified as operating lease. Payments made under non-cancellable operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

Foreign Currency Transactions and Translation

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

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

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

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

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

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

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

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

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

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

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

Retained earnings (accumulated deficit) includes accumulated results of operations as reported in the consolidated statement of profit or loss and other comprehensive income, net of any dividend distribution.

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

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

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

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

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

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

New Standards, Amendments to Standards and Interpretations Not Yet Adopted
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2018. However, the Group has not applied the following new or amended standards and interpretations in preparing these consolidated financial statements. The Group has not yet accounted for and is currently assessing the potential impact of these, if any, on its consolidated financial statements.

To be Adopted on January 1, 2019

- PFRS 16, *Leases*, supersedes PAS 17, *Leases*, and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sublease guidance and new disclosure requirements.

  Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

  PFRS 16 is effective for annual periods beginning on or after January 1, 2019 with several transition approaches and individual options and practical expedients that can be elected independently of each other. Earlier application is permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16.

  Adoption of PFRS 16 will result in the Group recognizing right-of-use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Group does not recognize related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual consolidated financial statements the total commitment.

The Group is required to adopt PFRS 16 starting January 1, 2019. The Group has decided it will apply the modified retrospective adoption method in PFRS 16, and, therefore, will only recognize leases on balance sheet as at January 1, 2019. In addition, it has decided to measure right-of-use assets by reference to the measurement of the lease liability on that date. This will ensure there is no immediate impact to net assets on that date. At December 31, 2018, operating lease commitments amounted to P38.39 million, which is not expected to be materially different from the anticipated position on December 31, 2019 or the amount which is expected to be disclosed at December 31, 2018. Assuming the Group's lease commitments remain at this level, the effect of discounting those commitments is anticipated to result in right-of-use assets and lease liabilities of approximately P126.98 million being recognized on January 1, 2019. However, further work still needs to be carried out to determine whether and when extension and termination options are likely to be exercised, which will result in the actual liability recognized being higher or lower. Instead of recognizing an operating expense for its operating lease payments, the Group will instead recognize interest on its lease liabilities and amortization on its right-of-use assets.

- Amendments to PAS 19, *Employee Benefits: Plan Amendment Curtailment or Settlement*. The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

  The amendment is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Retrospective application is required, subject to relevant transitional reliefs. The Group is currently assessing the potential impact resulting from the application of the amendments to the new standard on its consolidated financial statements.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments* clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes* when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the consolidated financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Group's chosen tax treatment. If it is not probable that the tax authority will accept the Group's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty - either the most likely amount or the expected value. The interpretation also requires the reassessment of judgements and estimates applied if facts and circumstances change - e.g., as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

  The Group is required to adopt IFRIC-23 starting January 1, 2019. The Group is currently assessing and has yet to reasonably estimate the impact of these, if any, on its consolidated financial statements.

To be Adopted on January 1, 2020

- Amendments to References to Conceptual Framework in PFRS sets out amendments to PFRSs, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

    - a new chapter on measurement;
    - guidance on reporting financial performance;
    - improved definitions of an asset and a liability, and guidance supporting these definitions; and
    - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

    Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

    These amendments are effective for annual reporting periods beginning on or after January 1, 2020.

- Definition of Material (Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

    (a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';
    (b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;
    (c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
    (d) clarifying the explanatory paragraphs accompanying the definition; and
    (e) aligning the wording of the definition of material across PFRSs and other publications.

    The amendments are expected to help entities make better materiality judgments without substantively changing existing requirements. The amendments apply prospectively for annual periods beginning on or after January 1, 2020.

KPMG

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

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the Group) as at and for the year ended December 31, 2018, included in this Form 17-A, on which we have rendered our report thereon dated April 26, 2019.

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

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

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

R.G. MANABAT & CO.

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BIR Accreditation No. 08-001987-34-2017
Issued September 4, 2017; valid until September 3, 2020
PTR No. MKT 7333620
Issued January 3, 2019 at Makati City

April 26, 2019
Makati City, Metro Manila

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER SECURITIES REGULATION CODE RULE 68, AS AMENDED (2011)
Schedule of Philippine Financial Reporting Standards (PFRSs) and Interpretations
Effective as at December 31, 2018

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards - Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: PFRS version that a first-time adopter can apply			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Deletion of short-term exemptions for first-time adopters			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Meaning of 'vesting condition'			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Classification and measurement of contingent consideration			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope exclusion for the formation of joint arrangements			✓
	Annual Improvements to PFRSs 2015-2017 Cycle: Amendments to PFRS 3 and PFRS 11 - Previously held interest in a joint operation			✓
	Amendments to PFRS 3: Definition of a Business			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Changes in method for disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: 'Continuing involvement' for servicing contracts			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Offsetting disclosures in condensed interim financial statements			✓
PFRS 8	Operating Segments	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Disclosures on the aggregation of operating segments	✓		
PFRS 9	Financial Instruments (2014)	✓		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
	Annual Improvements to PFRSs 2015-2017 Cycle: Amendments to PFRS 3 and PFRS 11 - Previously held interest in a joint operation			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Clarification of the scope of the standard			✓
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope of portfolio exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
PFRS 16	Leases		✓	
PFRS 17	Insurance Contracts			✓
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of Financial Statements - Comparative Information beyond Minimum Requirements			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes			✓
	Amendments to PAS 1: Disclosure Initiative	✓		
	Amendments to PAS 1 and PAS 8: Definition of Material			✓
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
	Amendments to PAS 1 and PAS 8: Definition of Material			✓
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
	Annual Improvements to PFRSs 2015-2017 Cycle: Amendments to PAS 12 - Income tax consequences of payments on financial instruments classified as equity			✓
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Property, Plant and Equipment - Classification of Servicing Equipment			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Discount rate in a regional market sharing the same currency - e.g. the Eurozone			✓
	Amendments to PAS 19: Plan Amendment, Curtailment or Settlement		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
	Annual Improvements to PFRSs 2015-2017 Cycle: Amendments to PAS 23 - Borrowing costs eligible for capitalization			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Definition of 'related party'	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Measuring an associate or joint venture at fair value			✓
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Financial Instruments Presentation - Income Tax Consequences of Distributions			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Interim Financial Reporting - Segment Assets and Liabilities			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Disclosure of information "elsewhere in the interim financial report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)			✓
	Amendments to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓

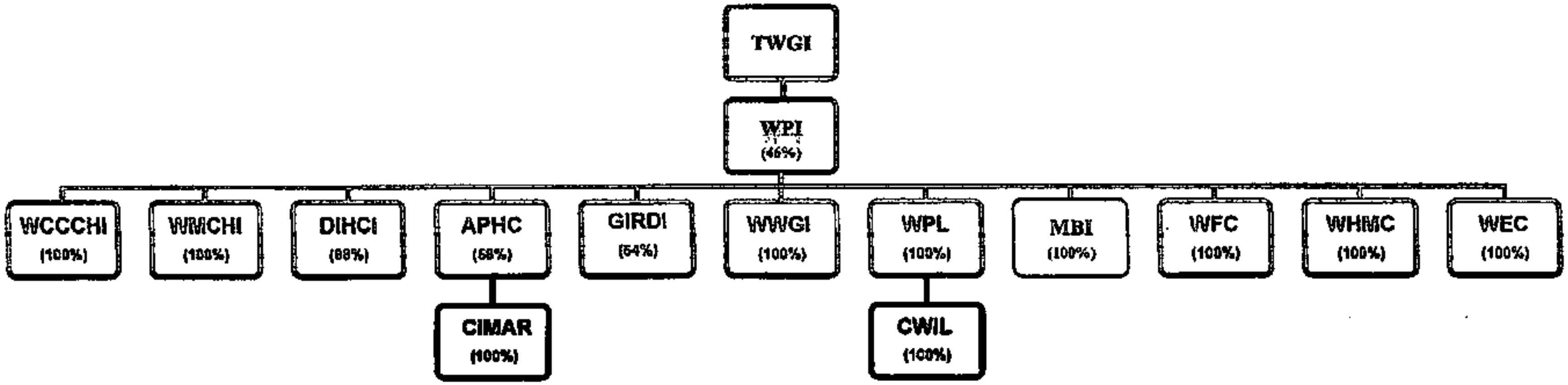
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
IFRIC 23	Uncertainty over Income Tax Treatments			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-32	Intangible Assets - Web Site Costs			✓
Philippine Interpretations Committee Questions and Answers				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 - Revenue recognition for sales of property units under pre-completion contracts			✓
PIC Q&A 2006-02	PAS 27.10(d) - Clarification of criteria for exemption from presenting consolidated financial statements			✓
PIC Q&A 2007-02	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates			✓
PIC Q&A 2007-03	PAS 40.27 - Valuation of bank real and other properties acquired (ROPA)			✓
PIC Q&A 2008-01-Revised	PAS 19.78 - Rate used in discounting post-employment benefit obligations	✓		
PIC Q&A 2009-01	Framework.23 and PAS 1.23 - Financial statements prepared on a basis other than going concern			✓
PIC Q&A 2010-02	PAS 1R.16 - Basis of preparation of financial statements	✓		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements - Current/non-current classification of a callable term loan			✓
PIC Q&A 2011-02	PFRS 3.2 - Common Control Business Combinations			✓
PIC Q&A 2011-03	Accounting for Inter-company Loans	✓		
PIC Q&A 2011-04	PAS 32.37-38 - Costs of Public Offering of Shares			✓
PIC Q&A 2011-05	PFRS 1.D1-D8 - Fair Value or Revaluation as Deemed Cost			✓
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property - Acquisition of investment properties - asset acquisition or business combination?			✓
PIC Q&A 2012-01	PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✓
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013			✓
PIC Q&A 2013-03 (Revised)	PAS 19 - Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law	✓		
PIC Q&A 2015-01	Conforming Changes to PIC Q&As - Cycle 2015			✓
PIC Q&A 2016-01	Conforming Changes to PIC Q&As - Cycle 2016			✓
PIC Q&A 2016-02	PAS 32 and PAS 38 - Accounting Treatment of Club Shares Held by an Entity			✓
PIC Q&A 2016-03	Accounting for Common Areas and the Related Subsequent Costs by Condominium Corporations			✓
PIC Q&A 2016-04	Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-Completion Contracts			✓
PIC Q&A 2017-01	Conforming Changes to PIC Q&As - Cycle 2017			✓
PIC Q&A 2017-02	PAS 2 and PAS 16 - Capitalization of operating lease cost as part of construction costs of a building			✓
PIC Q&A 2017-03	PAS 28 - Elimination of profits and losses resulting from transactions between associates and/or joint ventures			✓
PIC Q&A 2017-04	PAS 24 - Related party relationships between parents, subsidiary, associate and non-controlling shareholder	✓		
PIC Q&A 2017-05	PFRS 7 - Frequently asked questions on the disclosure requirements of financial instruments under PFRS 7, Financial Instruments: Disclosures	✓		
PIC Q&A 2017-06	PAS 2, 16 and 40 - Accounting for Collector's Items			✓
PIC Q&A 2017-07	PFRS 10 - Accounting for reciprocal holdings in associates and joint ventures			✓
PIC Q&A 2017-08	PFRS 10 - Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture			✓
PIC Q&A 2017-09	PAS 17 and Philippine Interpretation SIC-15 - Accounting for payments between and among lessors and lessees	✓		
PIC Q&A 2017-10	PAS 40 - Separation of property and classification as investment property			✓
PIC Q&A 2017-11	PFRS 10 and PAS 32 - Transaction costs incurred to acquire outstanding non-controlling interest or to sell non-controlling interest without a loss of control			✓
PIC Q&A 2017-12	Subsequent Treatment of Equity Component Arising from Intercompany Loans			✓
PIC Q&A 2018-01	Voluntary changes in accounting policy			✓
PIC Q&A 2018-02	Non-controlling interests and goodwill impairment test			✓
PIC Q&A 2018-03	Fair value of PPE and depreciated replacement cost	✓		
PIC Q&A 2018-04	Inability to measure fair value reliably for biological assets within the scope of PAS 41			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PIC Q&A 2018-05	Maintenance requirement of an asset held under lease			✓
PIC Q&A 2018-06	Cost of investment in subsidiaries in SFS when pooling is applied			✓
PIC Q&A 2018-07	Cost of an associate, joint venture, or subsidiary in separate financial statements	✓		
PIC Q&A 2018-08	Accounting for the acquisition of non-wholly owned subsidiary that is not a business			✓
PIC Q&A 2018-09	Classification of deposits and progress payments as monetary or non-monetary items			✓
PIC Q&A 2018-10	Scope of disclosure of inventory write-down			✓
PIC Q&A 2018-11	Classification of land by real estate developer			✓
PIC Q&A 2018-12	PFRS 15 implementation issues affecting the real estate industry			✓
PIC Q&A 2018-13	Conforming Changes to PIC Q&As - Cycle 2018			✓
PIC Q&A 2018-14	PFRS 15 - Accounting for Cancellation of Real Estate Sales			✓
PIC Q&A 2018-15	PAS 1- Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	✓		
PIC Q&A 2018-16	PFRS 13 - Level of fair value hierarchy of government securities using Bloomberg's standard rule on fair value hierarchy			✓
PIC Q&A 2019-01	Accounting for service charges under PFRS 15, Revenue from Contracts with Customers		✓	
PIC Q&A 2019-02	Accounting for cryptographic assets			✓

ANNEX B

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER SRC RULE 68, AS AMENDED
Map of Conglomerate
December 31, 2018



LEGEND:

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

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

Table of Contents

Supplementary Schedules of Annex 68-E
Required Under SRC Rule 68, As Amended (2011)
December 31, 2018

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2018
(Amounts in thousands)

Name of Issuing Entity/Description of Each Issue	Number of shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at December 31, 2018	Income Received and Accrued
Cash and cash equivalents *	-	P709,785	P709,785	P5,015
Receivables	-	561,481	561,481	-
Notes receivable	-	253,974	253,974	7,420
Short-term investments	-	22,560	22,560	-
Due from related parties	-	3,579,476	3,579,476	-
Equity securities - at FVOCI	86,710	21,417	21,417	-
Other noncurrent assets **	-	23,981	23,981	-
	-	P5,172,674	P5,172,674	P12,435

*Excluding cash on hand
**Excluding special project deposits

See Notes 4, 5, 7, 8 and 10 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)
DECEMBER 31, 2018
(Amounts in thousands)

Name and Designation of Debtor	Balance at beginning of the period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of the period
The Wellex Group, Inc.	P943,374	P291,221	P10,110	P -	P1,244,705	P -	P1,244,705
Pacific Rehouse Corp.	541,781	10,836	-	-	552,617	-	552,617
Crisanta Realty Development Corp.	362,858	15,540	-	-	22,395	356,003	378,398
Westland Pacific Properties Corporation	-	555,702	-	-	-	555,702	555,702
Rex Realty Group, Inc.	-	521,875	-	-	-	521,875	521,875
Pacific Wide Realty Development Corp.	-	160,000	-	-	160,000	-	160,000
Philippine Estate Corporation	104,554	-	-	-	104,554	-	104,554
Others							
Forum Holdings Corporation	55,146	1,614	-	-	56,760	-	56,760
Plastic City Industrial Corporation	3,117	-	-	-	3,117	-	3,117
East Asia Oil & Mining Company, Inc	403	-	-	-	403	-	403
Acesite Leisure Entertainment Corporation	195,007	255,319	195,007	-	255,319	-	255,319

See Note 6 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Amounts in thousands)

Name and Designation of Debtor	Balance at beginning of the period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of the period
Davao Insular Hotel Company, Inc.	P1,746	P -	P1,746	P -	P -	P -	P -
Acesite (Phils.) Hotel Corp.	123	189,784	-	-	189,907	-	189,907
Waterfront Hotel Management Corp.	87,380	57	-	-	87,437	-	87,437
Mayo Bonanza, Inc.	7,488	-	2,742	-	4,746	-	4,746
Waterfront Wellness Group, Inc.	812	187	-	-	999	-	999
Waterfront Food Concepts, Inc.	407	194	-	-	601	-	601

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2018

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

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2018

Title of Issue and Type of Obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Social Security System Loans Payable	P375,000,000	P375,000,000	P -
Philippine Bank of Communications	1,500,000,000	275,000,000	1,168,085,107

See Notes 13 and 25 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2018

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

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2018

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

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2018

Description	Number of Shares authorized	Number of shares issued and outstanding	Treasury Shares	Number of shares held by affiliates	Directors, officers and employees	Others
Common shares	5,000,000,000	2,498,991,753	-	1,128,466,800	41,790,430	1,328,734,523

See Note 16 to the Consolidated Financial Statements.

KPMG

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

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

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

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

We have audited the accompanying separate financial statements of Waterfront Philippines, Incorporated (the Company) as at and for the year ended December 31, 2018, on which we have rendered our report dated April 26, 2019.

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

R.G. MANABAT & CO.

Tireso Randy F. Lapidez

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
SEC Accreditation No. 1472-AR-1, Group A, valid until July 2, 2021
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-34-2017
Issued September 4, 2017; valid until September 3, 2020
PTR No. MKT 7333620
Issued January 3, 2019 at Makati City

April 26, 2019
Makati City, Metro Manila

KPMG

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REPORT OF INDEPENDENT AUDITORS

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

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Waterfront Philippines, Incorporated (the Company), which comprise the separate statements of financial position as at December 31, 2018 and 2017, and the separate statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2018 and 2017, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

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

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

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

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

R.G. MANABAT & CO.

Tireso Randy F. Lapidez

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
SEC Accreditation No. 1472-AR-1, Group A, valid until July 2, 2021
Tax Identification No. 162-411-175
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Issued January 3, 2019 at Makati City

April 26, 2019
Makati City, Metro Manila

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2018	2017
ASSETS			
Current Assets			
Cash in bank	13	P88,118	P282,506
Due from related parties - current portion	5, 13	1,800,739,522	1,325,607,906
Total Current Assets		1,800,827,640	1,325,890,412
Noncurrent Assets			
Due from related parties - noncurrent portion	5, 13	911,705,248	347,927,681
Investments and advances to subsidiaries	4, 13	2,281,222,783	2,404,031,559
Property and equipment - net	6	596,491	802,741
Deferred tax asset	10	36,000,000	18,000,000
Other noncurrent assets		2,539,000	2,539,000
Total Noncurrent Assets		3,232,063,522	2,773,300,981
		P5,032,891,162	P4,099,191,393
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	7, 13	P987,466,908	P927,550,444
Due to related parties - current portion	5, 13	798,903,671	618,772,875
Loan payable	8, 13	375,000,000	375,000,000
Income tax payable		7,789,104	4,499,223
Total Current Liabilities		2,169,159,683	1,925,822,542
Noncurrent Liability			
Due to related parties - noncurrent portion	5, 13	719,303,255	-
		2,888,462,938	1,925,822,542
Equity			
Capital stock	12	2,498,991,753	2,498,991,753
Additional paid-in capital		706,364,357	706,364,357
Accumulated deficit		(1,060,927,886)	(1,031,987,259)
Total Equity		2,144,428,224	2,173,368,851
		P5,032,891,162	P4,099,191,393

See Notes to the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2018**	2017	2016
CAPITAL STOCK	12	**P2,498,991,753**	P2,498,991,753	P2,498,991,753
ADDITIONAL PAID-IN CAPITAL		**706,364,357**	706,364,357	706,364,357
ACCUMULATED DEFICIT				
Balance at beginning of year		**(1,031,987,259)**	(1,004,097,572)	(953,344,521)
Net loss for the year		**(28,940,627)**	(27,889,687)	(50,753,051)
Balance at end of year		**(1,060,927,886)**	(1,031,987,259)	(1,004,097,572)
		P2,144,428,224	P2,173,368,851	P2,201,258,538

See Notes to the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2018**	2017	2016
CAPITAL STOCK	*12*	**P2,498,991,753**	P2,498,991,753	P2,498,991,753
ADDITIONAL PAID-IN CAPITAL		**706,364,357**	706,364,357	706,364,357
ACCUMULATED DEFICIT				
Balance at beginning of year		**(1,031,987,259)**	(1,004,097,572)	(953,344,521)
Net loss for the year		**(28,940,627)**	(27,889,687)	(50,753,051)
Balance at end of year		**(1,060,927,886)**	(1,031,987,259)	(1,004,097,572)
		P2,144,428,224	P2,173,368,851	P2,201,258,538

See Notes to the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Reporting Entity

Waterfront Philippines, Incorporated (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994. The Company is listed in the Philippine Stock Exchange (PSE) and is 46%-owned by The Wellex Group, Inc. (TWGI), an entity registered and domiciled in the Philippines.

The details of the equity interest of the Company in its subsidiaries as at December 31, 2018 and 2017 are as follows:

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

The Company and all of the above subsidiaries (collectively referred to as the Group) were incorporated in the Philippines, except for WPL and CWIL, which were registered in the Cayman Islands.

The Company's percentages of ownership for the above subsidiaries are the same in 2018, 2017 and 2016.

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

Status of APHC Operation
On March 18, 2018, a fire broke out in APHC's hotel property that damaged the lower floors of the main building as well as the podium building occupied by the casino area and restaurants in APHC's hotel property that resulted to the suspension of its hotel operations. Based on the Fire Certification issued by the Bureau of Fire Protection - National Headquarters on April 23, 2018, the cause of the subject fire has been declared and classified as "accidental in nature". APHC incurred casualty losses amounting to P1.04 billion due to damages on its inventories and hotel property. APHC has filed for property damage and business insurance claims amounting to P1.93 billion from its insurance company and, as at the auditors' report date, received reimbursements totaling to P532.50 million. Further, in 2018, APHC has started the reconstruction and restoration of the main hotel and podium buildings.

As at December 31, 2018, APHC recognized gains on insurance claims amounting to P629.07 million, of which P300.00 million relates to the first tranche received in 2018 and the remainder relates to the portion of the claims already confirmed by the insurance company. In accordance with Philippine Financial Reporting Standards (PFRSs), APHC has not recognized the remaining claim amounting to P1.31 billion that is still for confirmation by the insurance company.

2. Basis of Preparation

Basis of Accounting
The separate financial statements have been prepared in compliance with PFRSs. They were approved and authorized for issue by the Company's Board of Directors (BOD) on April 26, 2019.

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

Users of these separate financial statements should read them together with the consolidated financial statements as at and for the year ended December 31, 2018 in order to obtain full information on the consolidated financial position, consolidated comprehensive loss and consolidated cash flows of the Company and its subsidiaries as a whole. The consolidated financial statements can be obtained from the SEC and from the website of the PSE (www.pse.com.ph).

This is the first set of the Company's financial statements in which PFRS 9, *Financial Instruments*, and PFRS 15, *Revenue from Contracts with Customers* have been applied.

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

Functional and Presentation Currency
The separate financial statements are presented in Philippine peso, which is the Company's functional currency. All financial information is rounded off to the nearest peso, unless otherwise stated.

3. Use of Judgment and Estimates

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

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

Judgment

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

Provision and Contingency

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

Assumptions and Estimation Uncertainties

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

Allowance for Impairment Losses on Advances to and Due from Related Parties
Applicable from January 1, 2018 (Application of PFRS 9)

The Company uses the expected credit losses (ECL) model in estimating the level of allowance which includes forecasts of future events and conditions. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate. PFRS 9 requires the Company to record ECL on all of its financial instruments, either on a 12-month or lifetime basis. The Company applied the simplified approach to receivables from third parties and its related parties and recorded the lifetime ECL. The model represents a probability-weighted estimate of the difference over the remaining life of the receivables. Lifetime ECL is calculated by multiplying the lifetime Probability of Default by Loss Given Default (LGD) and Exposure at Default (EAD). LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty. The EAD of a financial asset is its gross carrying amount at the time of default. In addition, management assessed the credit risk of the receivables as at the reporting date as low, therefore the Company did not have to assess whether a significant increase in credit risk has occurred.

Applicable before January 1, 2018 (Application of PAS 39)

The Company assesses its financial assets for impairment at least annually. Judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Further details on impairment losses on advances to subsidiaries and due from related parties are disclosed in Notes 4 and 5, respectively.

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

Further details on the carrying amount of property and equipment are disclosed in Note 6.

Impairment of Nonfinancial Assets
The Company's policy on estimating the impairment of nonfinancial assets is discussed in Note 16. The Company assesses at each reporting date whether there is an indication that the carrying amount of nonfinancial assets may be impaired or that the previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

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

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

As at December 31, 2018 and 2017, no indication of impairment exists for the Company's nonfinancial assets.

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

Further details on deferred taxes are disclosed in Note 10.

4. Investments and Advances to Subsidiaries

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

	December 31, 2018										
	WCCCHI	WMCHI	DIHCI	APHC	GIRDI	WWGI	MBI	WFC	WHMC	WEC	Total
Investment cost	P13,800	P13,800	P584,363	P479,228	P253,667	P625	P25	P125	P125	P125	P1,345,883
Advances	-	-	-	189,907	-	999	4,746	601	87,437	-	283,690
Deposit for stock subscription	1,000,000	-	-	-	-	13,000	35,000	6,000	-	-	1,054,000
Total	1,013,800	13,800	584,363	669,135	253,667	14,624	39,771	6,726	87,562	125	2,683,573
Allowance for impairment losses	-	-	-	-	(253,667)	(14,624)	(39,771)	(6,726)	(87,562)	-	(402,350)
	P1,013,800	P13,800	P584,363	P669,135	P -	P -	P -	P -	P -	P125	P2,281,223

	December 31, 2017										
	WCCCHI	WMCHI	DIHCI	APHC	GIRDI	WWGI	MBI	WFC	WHMC	WEC	Total
Investment cost	P13,800	P13,800	P584,363	P479,228	P253,667	P625	P25	P125	P125	P125	P1,345,883
Advances	310,847	-	1,746	123	-	812	7,488	407	87,380	-	408,803
Deposit for stock subscription	1,000,000	-	-	-	-	13,000	35,000	6,000	-	-	1,054,000
Total	1,324,647	13,800	586,109	479,351	253,667	14,437	42,513	6,532	87,505	125	2,808,686
Allowance for impairment losses	-	-	-	-	(253,667)	(14,437)	(42,513)	(6,532)	(87,505)	-	(404,654)
	P1,324,647	P13,800	P586,109	P479,351	P -	P -	P -	P -	P -	P125	P2,404,032

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

Advances to Subsidiaries
Advances to subsidiaries mainly represent funds provided to primarily support the subsidiaries' daily operations.

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

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

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

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

	2018	2017
Total current assets	**P675,406**	P377,294
Total assets	**4,653,279**	3,251,979
Total current liabilities	**667,420**	560,112
Total liabilities	**3,241,432**	1,996,408
Revenue	**1,119,779**	1,053,510
Net income	**152,817**	184,288

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

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

	2018	2017
Total current assets	**P640,270**	P406,152
Total assets	**1,545,953**	1,362,424
Total current liabilities	**166,329**	70,835
Total liabilities	**350,321**	266,806
Revenue	**424,034**	408,025
Net income	**100,607**	103,858

DIHCI

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

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

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

	2018	2017
Total current assets	P174,981	P138,510
Total assets	750,406	727,110
Total current liabilities	57,554	48,661
Total liabilities	217,859	210,327
Revenue	240,876	196,627
Net income	17,328	12,091

APHC

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

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

The registered office and principal place of business of APHC is at 7th Floor, Manila Pavilion Hotel, United Nations Avenue, Ermita, Manila.

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

	2018	2017
Total current assets	P656,380	P243,748
Total assets	1,787,276	2,273,527
Total current liabilities	329,362	134,138
Total liabilities	546,446	718,644
Revenue	62,731	436,556
Net loss	(348,389)	(43,956)

GIRDI

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

In 2000, management decided to temporarily stop the commercial operations of GIRDI. The Company has provided an allowance for impairment losses on its investment to GIRDI. The allowance for impairment losses on investment amounted to P253.67 million for both December 31, 2018 and 2017.

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

	2018	2017
Total assets	**P470,522**	P470,858
Total liabilities	**38,458**	38,883
Revenue	**1,613**	1,566
Net income	**90**	57

WWGI

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

Due to accumulated losses which resulted to a capital deficiency of P42.69 million, the Company has provided an allowance for impairment losses on its investment in and advances to WWGI. The allowance for impairment losses on its investment, advances and deposits amounted to P0.63 million, P1.00 million and P13.00 million as at December 31, 2018, respectively and P0.63 million, P0.81 million and P13.00 million as at December 31, 2017, respectively.

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

	2018	2017
Total current assets	**P18,056**	P17,629
Total assets	**21,536**	23,128
Total current liabilities	**62,366**	43,004
Total liabilities	**64,225**	58,378
Revenue	**11,420**	10,481
Net loss	**(7,620)**	(9,050)

WPL and CWIL

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

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

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

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

	2018	2017
Total assets	$4,402	$4,396
Total liabilities	1,251	1,293
Net loss	(48)	(208)

MBI

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

Due to accumulated losses which resulted to a capital deficiency of P41.13 million, the Company have provided an allowance for impairment losses on its investment in and advances to MBI. The allowance for impairment losses on its investment, advances and deposits amounted to P0.03 million, P4.75 million and P35.00 million as at December 31, 2018, respectively and P0.03 million, P7.48 million and P35.00 million as at December 31, 2017, respectively.

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

	2018	2017
Total current assets	P2,213	P5,010
Total assets	3,001	5,797
Total current liabilities	44,133	11,875
Total liabilities	44,133	46,875
Net loss	(56)	(503)

WFC

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

Due to accumulated losses which resulted to a capital deficiency of P47.02 million, the Company has provided an allowance for impairment losses on its investment in and advances to WFC. The allowance for impairment losses on its investment, advances and deposits amounted to P0.13 million, P0.60 million and P6.00 million as at December 31, 2018, respectively and P0.13 million, P0.40 million and P6.00 million as at December 31, 2017, respectively.

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

	2018	2017
Total current assets	P5,870	P6,291
Total assets	5,926	6,360
Total current liabilities	52,730	44,683
Total liabilities	52,949	51,062
Revenue	2,188	2,503
Net loss	(2,321)	(6,876)

WHMC

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

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

Due to accumulated losses which resulted to a capital deficiency of P118.61 million, the Company has provided an allowance for impairment losses on its investment in and advances to WHMC. The allowance for impairment losses on its investment and advances amounted to P0.13 million and P87.44 million as at December 31, 2018, respectively and P0.13 million and P87.38 million as at December 31, 2017, respectively.

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

	2018	2017
Total current assets	P101	P101
Total assets	101	101
Total current liabilities	118,709	118,652
Total liabilities	118,709	118,652
Net loss	(58)	(65)

WEC

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

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

	2018	2017
Total current assets	P13,364	P9,848
Total assets	13,379	10,128
Total current liabilities	6,919	5,699
Total liabilities	7,141	6,051
Revenue	11,477	5,721
Net income (loss)	2,110	(2,582)

5. Related Party Transactions

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

Related Party	Relationship with the Company
TWGI	Parent
Pacific Rehouse Corp. (PRC)	Stockholder
Crisanta Realty Development Corp. (CRDC)	Stockholder
Westland Pacific Properties Corporation (WPPC)	Stockholder
Pacific Wide Realty Development Corp. (PWRDC)	Stockholder
Philippine Estates Corporation (PHES)	Stockholder
Forum Holdings Corporation (FHC)	Stockholder
Plastic City Industrial Corporation (PCIC)	Under common control
East Asia Oil & Mining Company, Inc. (East Asia)	Stockholder

Significant Transactions with Related Parties

The Company's transactions with related parties consist of (in thousands):

Category/ Transaction	Year	Note	Amount of the Transaction	Due from Related Parties Current	Due from Related Parties Noncurrent	Due to Related Parties Current	Due to Related Parties Noncurrent	Investment and Advances to Subsidiaries	Terms and Conditions
Parent									
• TWGI									
- Advances, interest and settlement	2018	5a	P296,831	P1,016,844	P -	P -	P -	P -	Secured; interest-bearing; due in one year subject to renewal; net of allowance for impairment
	2017	5a	22,204	722,013	-	-	-	-	
	2016	5a	84,121	699,609	-	-	-	-	
Stockholders									
• PRC									
- Advances, interest and settlement	2018	5a	10,636	552,617	-	-	-	-	Secured; interest-bearing; due in one year subject to renewal; not impaired
	2017	5a	10,623	541,781	-	-	-	-	
	2016	5a	10,415	531,158	-	-	-	-	
• CRDC									
- Advances	2018	5a	15,540	22,395	360,003	-	-	-	Unsecured; interest-bearing; due in five years; not impaired
	2017	5a	15,196	14,830	347,828	-	-	-	
	2016	5a	14,865	7,455	340,197	-	-	-	
• WPPC									
- Advances and interest	2018	5a	555,702	-	555,702	-	-	-	Unsecured; interest-bearing; due in three years; not impaired
• PWRDC									
- Advances	2018	5b	150,000	150,000	-	-	-	-	Unsecured; noninterest-bearing; due on demand; not impaired
• Other									
- Advances and interest	2018	5b	-	108,069	-	-	-	-	Unsecured; noninterest-bearing; due on demand
	2017	5b	12,500	109,068	-	-	-	-	
	2016	5b	-	95,569	-	-	-	-	
Subsidiaries									
• WCCCHI									
- Advances and settlement	2018	4, 5c	(1,185,528)	-	-	135,378	710,303	-	Unsecured; noninterest-bearing; due on demand
	2017	4, 5c	(189,674)	-	-	-	-	310,847	
	2016	4, 5c	580,525	-	-	-	-	510,821	
- Deposit	2018	4, 5f	-	-	-	-	-	1,000,000	Unsecured; noninterest-bearing
	2017	4, 5f	-	-	-	-	-	1,000,000	
	2016	4, 5f	-	-	-	-	-	1,000,000	
• WMCHI									
- Advances and settlement	2018	4, 5c	43,003	-	-	258,623	-	-	Unsecured; noninterest-bearing; due on demand
	2017	4, 5c	25,985	-	-	215,530	-	-	
	2016	4, 5c	16,039	-	-	189,535	-	-	
• DIHCI									
- Advances and settlement	2018	4, 5c	(5,620)	-	-	3,874	-	-	Unsecured; noninterest-bearing; due on demand
	2017	4, 5c	7,171	-	-	-	-	1,748	
	2016	4, 5c	10,257	-	-	5,425	-	-	
• APHC									
- Advances and settlement	2018	4, 5c	139,784	-	-	-	-	189,907	Unsecured; noninterest-bearing; due on demand; not impaired
	2017	4, 5c	173,570	-	-	-	-	123	
	2016	4, 5c	196,987	-	-	173,447	-	-	
• GIRDI									
- Advances and settlement	2018	4, 5c	(2,093)	-	-	203,894	-	-	Unsecured; noninterest-bearing; due on demand; fully impaired
	2017	4, 5c	(1,942)	-	-	205,896	-	-	
	2016	4, 5c	1,603	-	-	207,838	-	-	
• WWGI									
- Advances and settlement	2018	4, 5a	187	-	-	-	-	999	Unsecured; noninterest-bearing; due on demand; fully impaired
	2017	4, 5a	185	-	-	-	-	812	
	2016	4, 5a	185	-	-	-	-	647	
• MBI									
- Advances and settlement	2018	4, 5a	(2,742)	-	-	-	-	4,746	Unsecured; noninterest-bearing; due on demand; fully impaired
	2017	4, 5a	344	-	-	-	-	7,489	
	2016	4, 5a	6,097	-	-	-	-	7,144	
- Deposit	2018	4, 5f	-	-	-	-	-	35,000	Unsecured; noninterest-bearing
	2017	4, 5f	-	-	-	-	-	35,000	
	2016	4, 5f	-	-	-	-	-	35,000	
• WFC									
- Advances and settlement	2018	4, 5a	194	-	-	-	-	601	Unsecured; noninterest-bearing; due on demand; fully impaired
	2017	4, 5a	186	-	-	-	-	407	
	2016	4, 5a	184	-	-	-	-	241	
- Deposit	2018	4, 5f	-	-	-	-	-	8,000	Unsecured; noninterest-bearing
	2017	4, 5f	-	-	-	-	-	8,000	
	2016	4, 5f	-	-	-	-	-	8,000	
• WHMC									
- Advances and settlement	2018	4, 5a	57	-	-	-	-	87,437	Unsecured; noninterest-bearing; due on demand; fully impaired
	2017	4, 5a	72	-	-	-	-	87,360	
	2016	4, 5a	1,303	-	-	-	-	87,308	
• WEC									
- Advances and settlement	2018	4, 5d	(97)	-	-	2,251	-	-	Unsecured; noninterest-bearing; due on demand
	2017	4, 5d	2,439	-	-	2,346	-	-	
	2016	4, 5d	6,661	-	-	-	-	91	
	2017	4, 5f	-	-	-	-	-	6,000	
	2016	4, 5f	-	-	-	-	-	6,000	

Forward

Category/ Transaction	Year	Note	Amount of the Transaction	Due from Related Parties Current	Due from Related Parties Noncurrent	Due to Related Parties Current	Due to Related Parties Noncurrent	Investment and Advances to Subsidiaries	Terms and Conditions
• WPL									
- Advances and settlement	2018	4, 5d	(P115)	P -	P -	P194,884	P -	P -	Unsecured; noninterest-bearing; due on demand
	2017	4, 5d	(127)	-	-	194,999	-	-	
	2016	4, 5d	283	-	-	195,126	-	-	
- Allowance for impairment losses	2018	5h		(61,185)	-	-	-	(147,783)	
	2017	5h		(61,185)	-	-	-	(150,087)	
	2016	5h		(61,185)	-	-	-	(149,340)	
TOTAL	2018			P1,300,740	P911,705	P798,904	P719,303	P1,169,907	
TOTAL	2017			P1,325,608	P347,928	P616,773	P -	P1,312,718	

a. Interest-bearing Advances to Related Parties

The Company granted interest-bearing advances to TWGI, PRC, CRDC and WPPC.

TWGI and PRC

The advances granted to TWGI and PRC were substantially used to finance the acquisition or development of real properties for the Company. These advances are payable on demand and charge interest at 2% per annum. TWGI paid P10.11 million and P25.49 million in 2018 and 2017, respectively, while PRC had no payments in 2018 and 2017.

In a Resolution dated February 5, 2015, the Company, TWGI and PRC entered into a Memorandum of Understanding (MOU) whereby the parties agreed that the outstanding balance of the advances from TWGI and PRC will be settled using parcels of land owned by PRC.

On April 3, 2019, the Company, TWGI and PRC made amendments to the previously issued MOU for the inclusion of the new outstanding liabilities of PWRDC to the Company. The amended MOU stated that PWRDC shall be a party to the said MOU, and all references to any obligation or rights that PWRDC shall have under the said MOU shall be in force. All other terms and conditions shall remain unchanged.

As at December 31, 2018, the fair value of PRC's land based on valuation performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the land being valued, amounted to P1.63 billion.

On April 11, 2018, TWGI initiated the transfer of certain parcels of land totaling to P96.87 million located in Puerto Princesa, Palawan as partial settlement of the advances. On April 11, 2019, the deed of absolute sale for the transfer of certain parcels of land was signed.

Interest receivable from TWGI amounted to P151.31 million and P137.85 million as at December 31, 2018 and 2017, respectively, while interest receivable from PRC amounted to P77.10 million and P66.27 million as at December 31, 2018 and 2017, respectively. Allowance for impairment losses on receivables from TWGI amounted to P59.62 million as at December 31, 2018 and 2017.

CRDC

On December 21, 2015, the Company granted advances to CRDC with an interest of 2% per annum and maturity on December 21, 2020. Interest receivable from CRDC amounted to P22.40 million and P14.93 million as at December 31, 2018 and 2017, respectively. It was agreed that CRDC has the option to pay the balance before maturity date without payment of penalty fees and in case the latter refuses or fails to pay the principal and interest within the time agreed upon, the same shall be due and demandable. Accretion income of

P8.08 million and P7.73 million was recognized in 2018 and 2017, respectively.
WPPC

On June 1, 2018, the Company granted advances to WPPC amounting to P500.00 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity on June 1, 2021. Interest receivable from WPPC amounted to P21.88 million as at December 31, 2018.

On December 31, 2018, the Company granted additional advances to WPPC amounting to P33.82 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity.

b. Noninterest-bearing Advances to Related Parties

The Company granted noninterest-bearing advances to PWRDC, PHES and East Asia.

PWRDC
On July 5, 2018, the Company granted noninterest-bearing, collateral-free advances to PWRDC which are due on demand (see Note 8a).

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

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

c. Interest-bearing Advances from a Related Party

On June 1, 2018, the Company received advances from WCCCHI with an interest of 7.5% per annum and maturity on June 1, 2021. Accrued interest payable to WCCCHI amounted to P30.15 million as at December 31, 2018.

d. Noninterest-bearing Advances from Related Parties

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

e. Advances to Subsidiaries

These mainly represent funds provided to support subsidiaries' daily operations (see Note 4). These include interest charges on loans (see Note 8).

f. Deposits to Subsidiaries

These represent amounts set aside that will be used as subscription payments by the Company once the planned increase in the authorized capital stock of the subsidiaries will materialize (see Note 12).

13. Financial Instruments - Fair Values and Risk Management

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

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

Financial Risk Management Objectives and Policies
The Company's principal financial instruments comprise of cash in bank, advances to subsidiaries, due from related parties, accrued expenses and other payables, loan payable and due to related parties. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Company are credit risk and liquidity risk. There has been no change to the Company's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Company'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 Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from related parties. There has been no change to the Company's exposure to credit risks or the manner in which it manages and measures the risk since prior financial year.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the separate statement of financial position (or in the detailed analysis provided in the notes to the separate financial statements), as summarized below:

	Note	**2018**	2017
Cash in bank		**P88,118**	P282,506
Advances to subsidiaries	4	**1,337,690,000**	1,462,803,000
Due from related parties	5	**2,773,629,979**	1,734,720,794
		P4,111,408,097	P3,197,806,300

Except for the impaired advances to subsidiaries amounting to P147.78 million and due from related parties amounting to P61.19 million, management believes that all its financial assets are of standard grade and of good credit quality. Standard grade financial assets are those past due but not impaired receivables and with fair collection status. This category includes credit grades 4-5. The standard grade category includes those for which collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a considerable length of time.

The following table summarized the aging and credit quality of the Company's financial assets as at December 31 (in thousands):

2018	Total	Neither Past Due nor Impaired	Past Due but not Impaired <30 Days	31-60 Days	61-90 Days	>90 Days	Impaired
Cash in bank	P88	P88	P -	P -	P -	P -	P -
Advances to subsidiaries	1,337,690	1,189,907	-	-	-	-	147,783
Due from related parties	2,773,630	356,004	-	-	-	2,356,441	61,185
	P4,111,408	P1,545,999	P -	P -	P -	P2,356,441	P208,968

2017	Total	Neither Past Due nor Impaired	Past Due but not Impaired <30 Days	31-60 Days	61-90 Days	>90 Days	Impaired
Cash in bank	P283	P283	P -	P -	P -	P -	P -
Advances to subsidiaries	1,462,803	1,312,716	-	-	-	-	150,087
Due from related parties	1,734,721	347,928	-	-	-	1,325,608	61,185
	P3,197,807	P1,660,927	P -	P -	P -	P1,325,608	P211,272

Allowance for impairment losses of P402.35 million and P404.65 million on its investments, advances and deposits was recognized by the Company as at December 31, 2018 and 2017 (see Note 4).

The table below shows the credit quality of the Company's financial assets based on their historical experience with the corresponding debtors and subsidiaries (in thousands):

	As at December 31, 2018 Grade A	Grade B	Grade C	Total
Cash in bank	P88	P -	P -	P88
Advances to subsidiaries	1,189,907	-	147,783	1,337,690
Due from related parties	1,386,837	1,325,608	61,185	2,773,630
	P2,576,832	P1,325,608	P208,968	P4,111,408

	As at December 31, 2017 Grade A	Grade B	Grade C	Total
Cash in bank	P283	P -	P -	P283
Advances to subsidiaries	1,312,716	-	150,087	1,463,803
Due from related parties	347,928	1,325,608	61,185	1,734,721
	P1,660,927	P1,325,608	P211,272	P3,197,807

Grade A receivables pertain to receivables that are neither past due nor impaired which have good collection status. These receivables are those which have high probability of collection, as evidenced by counterparties having ability to satisfy their obligations. Grade B receivables are those past due but not impaired receivables and with fair collection status. These receivables include those for which collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a length of time. Those receivables which have continuous default collection issues are included under Grade C receivables. These receivables have counterparties that are most likely not capable of honoring their financial obligations.

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. In the management of liquidity risk, the Company monitors and maintains a level of cash deemed adequate by management to finance its activities. Additional short-term funding is obtained thru related party advances and from bank loans, when necessary.

The financial liabilities of the Company at the reporting date include accrued expenses and other payables, current portion of due to related parties and loan payable which are all short-term in nature and are payable within one year from the reporting date. In order to meet its maturing financial obligations, the Company will use the cash collections from its related parties.

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, based on contractual undiscounted payments (in thousands):

2018	Note	Total Carrying Amount	Contractual Undiscounted Payments Total	On Demand	< 1 Year	1 to 5 Years	> 5 Years
Accrued expenses and other payables	7	P987,467	P987,467	P987,467	P -	P -	P -
Loan payable	8	375,000	375,000	375,000	-	-	-
Due to related parties	5	1,518,207	1,518,207	798,904	-	719,303	-
		P2,880,674	P2,880,674	P2,161,371	P -	P719,303	P -

2017	Note	Total Carrying Amount	Contractual Undiscounted Payments Total	On Demand	< 1 Year	1 to 5 Years	> 5 Years
Accrued expenses and other payables	7	P927,550	P927,550	P927,550	P -	P -	P -
Loan payable	8	375,000	375,000	375,000	-	-	-
Due to related parties	5	618,773	618,773	618,773	-	-	-
		P1,921,323	P1,921,323	P1,921,323	P -	P -	P -

Fair Value of Financial Instruments
The table below summarizes the carrying amounts and fair values of the Company's financial assets and liabilities as at December 31, 2018 and 2017 (in thousands):

	2018 Carrying Amounts	2018 Fair Values	2017 Carrying Amounts	2017 Fair Values
Financial Assets				
Cash in bank	**P88**	**P88**	P283	P283
Advances to subsidiaries - net	**1,189,907**	**1,189,907**	1,312,716	1,312,716
Due from related parties - net	**2,712,445**	**2,712,445**	1,673,536	1,673,536
	P3,902,440	**P3,902,440**	P2,986,535	P2,986,535

	2018 Carrying Amounts	2018 Fair Values	2017 Carrying Amounts	2017 Fair Values
Financial Liabilities				
Accrued expenses and other payables	**P987,467**	**P987,467**	P927,550	P927,550
Loan payable	**375,000**	**375,000**	375,000	375,000
Due to related parties	**1,518,207**	**1,518,207**	618,773	618,773
	P2,880,674	**P2,880,674**	P1,921,323	P1,921,323

PFRS 15 requires a contract with a customer to be legally enforceable and to meet certain criteria to be within the scope of the standard and for the general model to apply. It introduces detailed guidance on identifying performance obligations which requires entities to determine whether promised goods or services are distinct. It also introduces detailed guidance on determining transaction price, including guidance on variable consideration and consideration payable to customers. The transaction price will then be generally allocated to each performance obligation in proportion to its stand-alone selling price. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the entity's performance, or at a point in time, when control of the goods or services is transferred to the customer.

The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

The Company has adopted PFRS 15 using the cumulative effect method and with the effect of initially applying this standard recognized at the date of initial application (i.e., January 1, 2018). Accordingly, the information presented for 2017 have not been restated and continues to be reported under PAS 18. The new requirement has no significant impact on the separate financial statements of the Company.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of Recognition

Financial instruments are recognized in the separate statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates these classifications at each reporting date.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Measurement at Initial Recognition

Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs.

Classification of Financial Assets from January 1, 2018

Financial Assets

On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL, based on their contractual cash flow characteristics and the business model for managing the financial assets.

Debt Instruments

Financial Assets Measured at Amortized Cost

A financial asset that is a debt instrument, other than those that are designated at FVTPL, which meet both of the following conditions:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Included in this category are the Company's cash in bank, advances to subsidiaries, and due from related parties.

Cash in bank

Cash in bank is stated at face value.

FVOCI

A financial asset that is a debt instrument measured at FVOCI shall meet both of the following conditions and is not designated as FVTPL:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

There are no financial assets at FVOCI as at the date of initial application and as at December 31, 2018.

FVTPL

All other financial assets not measured at FVOCI or at amortized cost are classified as measured at FVTPL, except when the financial asset is part of a hedging relationship. On initial recognition,, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

There are no financial assets at FVTPL as at the date of initial application and as at December 31, 2018.

Equity Instruments

Financial assets that are equity instruments shall be classified under any of the following categories:

- Financial assets measured at FVTPL which shall include financial assets held for trading; or
- Financial assets at FVOCI which shall consist of equity instruments that are irrevocably designated at FVOCI at initial recognition that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3, Business Combinations applies. This election is made on an instrument-by-instrument basis.

There are no financial assets at FVOCI as at the date of initial application and as at December 31, 2018.

Business Model Assessment
Business model pertains to the manner by which a portfolio of financial assets will be managed to generate cash flows such as by collecting contractual cash flows or by both collecting contractual cash flows and selling the financial assets, among others.

The Company makes an assessment of the objective of the business model for the financial assets because this best reflects the way the financial assets are managed. The information considered includes:

- the stated policies and objectives for the financial assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, earning dividend income, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash outflows through the sale of assets;
- the risks that affect the performance of the business model and how those risk are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose financial performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether Contractual Cash Flows are SPPI
In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. nonrecourse features).

Prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represent unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired for a discount or premium to its contractual face amount, a feature that permit or requires prepayment that an amount that substantially represents the contractual face amount plus accrued (but unpaid) contractual interest (which may include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent Measurement of Financial Assets from January 1, 2018
Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Amounts recognized in OCI are not classified to profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Classification and Subsequent Measurements before January 1, 2018
The Company classifies its financial assets into the following categories: financial assets at FVTPL, AFS financial assets, held-to-maturity (HTM) investments and loans and receivables.

The classification depends on the purpose for which the instruments were acquired and whether these are quoted in an active market.

Management determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As at December 31, 2017, the Company only has loans and receivables only.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not held for trading.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any.

Classified under this category are the Company's cash in bank, advances to subsidiaries and due from related parties (see Notes 4 and 5).

HTM Investments
HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which management has the positive intention and ability to hold to maturity. Where the Company sells or reclassifies other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified at fair value as AFS financial assets. After initial measurement, these investments are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization, if any, is included as part of "Interest income" in profit or loss.

As at December 31, 2017, the Company does not have HTM investment.

AFS Financial Assets
AFS financial assets are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost less accumulated impairment losses, if any. All other AFS financial assets are carried at fair value through equity.

As at December 31, 2017, the Company does not have AFS financial assets.

Classification and measurement of Financial Liabilities before and from January 1, 2018
Financial Liabilities
Financial liabilities are initially recognized at fair value. Transaction costs are deducted from the initial measurement of the Company's financial liabilities except for debt instruments classified at FVTPL.

Financial liabilities are subsequently measured as follows:

- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

As at December 31, 2018 and 2017, other financial liabilities at amortized cost include accrued expenses and other payables, due to related parties and loan payable (see Notes 5, 7 and 8). There are no financial liabilities measured at FVTPL.

Other Financial Liabilities at Amortized Cost
Issued financial instruments or their components which are not classified as financial liabilities at FVTPL are classified as other financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder or lender, or to satisfy the obligation other than by the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition of Financial Instruments
Financial Asset
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

The rights to receive cash flows from the asset have expired;

The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

The Company has transferred its right to receive cash flows from the asset and either has: (a) transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

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

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

As at December 31, 2018 and 2017, only due to/from related party transactions were offset in the separate financial statements. The said accounts were being set-off because the management intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Determination and Measurement of Fair Value
The Company measures financial instruments at fair value at each separate statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to market participant that would use the asset in its highest and best use.

The Company uses valuation technique that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the separate statement of financial position on a recurring basis, the Company determines whether transfer have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

"Day 1" Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" Difference) in the separate statement of comprehensive loss in the period when the asset is acquired or the liability is incurred. In cases where the transaction price used is based on inputs which are not observable, the difference between the transaction price and model value is only recognized in the profit or loss in the period when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" Difference.

<u>Impairment of Financial Assets</u>
Impairment of Financial Instruments from January 1, 2018
At the date of initial application of PFRS 9, the Company uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that a financial instrument was initially recognized and compared that to the credit risk at the date of initial application.

Lifetime ECLs result from all possible default events over the expected life of a financial instruments while 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period of the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Movement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial assets.

Credit-impaired Financial Assets
At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. The financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or being more than the normal credit terms of the Company;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment of Financial Instruments before January 1, 2018
An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset may be impaired. If such evidence exists, any impairment loss is recognized in profit or loss. For assets carried at amortized cost, impairment is measured as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the instrument's original effective interest rate.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, payment status, or other factors indicative of changes in the probability of losses in the Company and their magnitude). The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the separate statement of comprehensive loss. When a loan or a receivable is uncollectible, it is written off against the related allowance for impairment and credit losses. A loan or a receivable is written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the provision for impairment and credit losses recognized in the separate statement of comprehensive loss. If, in a subsequent year, the amount of the impairment and credit loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment and credit loss is reduced by adjusting the allowance account. The amount of the reversal is recognized in the separate statement of comprehensive loss.

Current and Noncurrent classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Noncurrent portion of due to related parties is classified as noncurrent liability.

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

The Company carries its investments in shares of stock of its subsidiaries under the cost method of accounting for investments. Under this method, investments are carried at cost less impairment losses. The investor recognizes income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of the acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

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

Measurement Subsequent to Recognition
Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

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

Depreciation and Amortization
Depreciation is computed using the straight-line method over the estimated useful lives of furniture, fixtures and equipment ranging from five (5) to ten (10) years. Leasehold improvements are amortized using the straight-line method over the term of the lease or the estimated useful lives of the improvements, whichever is shorter.

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

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

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

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

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

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

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

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

A reversal of an impairment loss on a revalued asset is recognized in the separate statements of changes in equity and increases the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognized in the profit or loss, a reversal of that impairment loss is also recognized in the profit or loss.

Revenue Recognition

Revenue from Contracts with Customers

The Company's business is primarily engaged in holding equity interests in hotels and resorts, a fitness gym, entities engaged in the international marketing and promotion of casinos, manufacturing of pastries, and hotel management and operations.

In the comparative period, revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

The following specific recognition criteria must also be met before revenue is recognized:

Interest Income

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

Other Income

Other Income is recognized when earned.

Expense Recognition

Expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. Interest expense are reported on an accrual basis.

Related Party Relationship

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

Income Taxes

Income tax comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income, in which case they are recognized in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Current tax assets and liabilities are offset only if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Company is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

Equity

Capital stock is classified as equity and is determined using the nominal value of share that have been issued. Capital stock is recognized at par value for all issued shares. Consideration received in excess of par value is recognized as additional paid-in capital net of incremental costs that are directly attributable to the issuance of new shares.

Accumulated deficit includes accumulated results of operations as reported in the separate statements of profit or loss and other comprehensive loss less any dividends declared. Dividends are recorded in the period in which the dividends are approved by the BOD.

Provisions and Contingencies

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

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

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

Contingent assets are not recognized in the separate financial statements but are disclosed when the inflow of economic benefits is virtually certain.

Events After the End of the Reporting Date

The Company identifies post year-end events as events that occurred after the reporting date but before the date when the separate financial statements were authorized for issue. Any post year-end events that provide additional information on conditions that existed at the end of a reporting period (adjusting events) are recognized in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

New Standard, Amendments to Standards and Interpretation Not Yet Adopted

A number of new standard, amendments to standards and interpretation are effective for annual periods beginning after January 1, 2018. However, the Company has not applied the following new or amended standards and interpretation in preparing these separate financial statements. The Company has not yet accounted for and is currently assessing the potential impact of these, if any, on its separate financial statements.

To be Adopted on January 1, 2019

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments* clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes* when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the separate financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Company's chosen tax treatment. If it is not probable that the tax authority will accept the Company's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty - either the most likely amount or the expected value. The interpretation also requires the reassessment of judgements and estimates applied if facts and circumstances change - e.g., as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

  The Company is required to adopt IFRIC-23 starting January 1, 2019. The Company is currently assessing and has yet to reasonably estimate the impact of these, if any, on its separate financial statements.

To be Adopted on January 1, 2020

- Amendments to References to Conceptual Framework in PFRS sets out amendments to PFRSs, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

  - a new chapter on measurement;
  - guidance on reporting financial performance;
  - improved definitions of an asset and a liability, and guidance supporting these definitions; and

- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Some PFRSs, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

These amendments are effective for annual reporting periods beginning on or after January 1, 2020.

- Definition of Material (Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

  (a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';
  (b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;
  (c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
  (d) clarifying the explanatory paragraphs accompanying the definition; and
  (e) aligning the wording of the definition of material across PFRSs and other publications.

  The amendments are expected to help entities make better materiality judgments without substantively changing existing requirements. The amendments apply prospectively for annual periods beginning on or after January 1, 2020.

17. Supplementary Information Required Under Revenue Regulations No. 15-2010 of the BIR

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the separate financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the separate financial statements which were prepared in accordance with PFRSs. The following are the tax information required for the taxable year ended December 31, 2018:

A. **Withholding Taxes**

During the year, the Company withheld expanded withholding tax amounting to P94,000.

B. **All Other Taxes (Local and National)**

Other taxes paid during the year recognized under "Taxes and licenses" account under General and Administrative Expenses	
License and other fees	**P202,739**

C. **Deficiency Tax Assessments**

As at December 31, 2018, the Company is still awaiting SC's decision on its appeal related to the VAT assessment for taxable year 2006.

108132019001649

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632)726-0931 to 39 Fax:(632)725-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No.	AS94008678
Company Name	WATERFRONT PHILS. INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	108132019001649
Document Type	17-Q (FORM 11-Q:QUARTERLY REPORT/FS)
Document Code	17-Q
Period Covered	June 30, 2019
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

AS094-8678
SEC Registration Number

WATERFRONT PHILIPPINES, INC.

(Company's Full Name)

NO. 1 WATERFRONT DRIVE
OFF SALINAS DRIVE LAHUG
CEBU CITY

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

MS. IRISH CHARA LAWAS
Contact Person

(02) 559-0130
Company Telephone Number

12 31
Month *Day*

SEC 17 - Q2
FORM TYPE

10 26
Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

439
Total No. of Stockholders

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 COMMISSIONSEC
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

June 30, 2019

2. SEC Identification Number

AS0948678

3. BIR Tax Identification No.

D80003978254NV

4. Exact name of issuer as specified in its charter

WATERFRONT PHILIPPINES, INC.

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

PHILIPPINES

6. Industry Classification Code (SEC Use Only)

7. Address of principal office

NO. 1 WATERFRONT DRIVE, OFF SALINAS DRIVE, LAHUG, CEBU CITY Postal Code 6000

8. Issuer's telephone number, including area code

032-2326888

9. Former name or former address, and former fiscal year, if changed since last report

NOT APPLICABLE

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES - P1.00 PAR VALUE	2,498,991,753

11. Are any or all of registrant's securities listed on a Stock Exchange?

- [x] Yes
- [ ] No

If yes, state the name of such stock exchange and the classes of securities listed therein:

THE PHILIPPINE STOCK EXCHANGE

12. Indicate by check mark whether the registrant:

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

- [x] Yes
- [ ] No

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

- [ ] Yes
- [x] No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

Waterfront Philippines, Incorporated

PSE Disclosure Form 17-2 - Quarterly Report ***References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules***

For the period ended	June 30, 2019
Currency (indicate units, if applicable)	PESO

Balance Sheet

	Period Ended	Calendar Year Ended (Audited)
	June 30, 2019	Dec 31, 2018
Current Assets	5,755,642,868	3,775,183,959
Total Assets	12,535,246,811	10,656,321,788
Current Liabilities	4,118,802,918	2,525,749,457

Total Liabilities	6,420,056,952	4,719,395,607
Retained Earnings/(Deficit)	201,370,968	13,785,652
Stockholders' Equity	6,115,189,859	5,936,926,181
Stockholders' Equity - Parent	5,407,182,884	5,207,871,208
Book Value per Share	2.16	2.08

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	458,557,434	477,452,321	921,131,307	986,479,310
Other Revenue	19,356,248	7,769,083	27,125,332	15,538,167
Gross Revenue	477,913,682	485,221,405	948,256,639	1,002,017,477
Operating Expense	310,405,057	308,457,008	565,756,423	658,493,636
Other Expense	87,764,481	68,642,075	186,872,494	135,830,273
Gross Expense	398,169,538	377,099,083	948,256,639	794,323,908
Net Income/(Loss) Before Tax	79,744,143	108,122,321	195,627,722	207,693,569
Income Tax Expense	28,450,484	0	28,450,484	0
Net Income/(Loss) After Tax	51,293,660	108,122,321	167,177,238	207,693,569
Net Income Attributable to Parent Equity Holder	56,613,345	113,399,313	187,585,315	232,822,105
Earnings/(Loss) Per Share (Basic)	0.023	0.045	0.075	0.093
Earnings/(Loss) Per Share (Diluted)	0.023	0.045	0.075	0.093

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	(0.051)	0.054
Earnings/(Loss) Per Share (Diluted)	(0.051)	0.054

Financial Ratios

	Formula	Current Year	Previous Year
		June 30, 2019	June 30, 2018
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	1.40	3.29
Quick Ratio	(Current Assets - Inventory - Prepayments)/ Current Liabilities	1.36	3.19
Solvency Ratio	Total Assets / Total Liabilities	1.95	2.42
Financial Leverage Ratios			
Debt Ratio	Total Debt / Total Assets	0.51	0.41
Debt-to-Equity Ratio	Total Debt / Total Stockholders' Equity	1.05	0.70
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	5.52	2.50
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	2.05	1.70
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of service/ Sales	0.40	0.34
Net Profit Margin	Net Profit / Sales	0.21	0.21
Return on Assets	Net Income / Total Assets	0.02	0.02
Return on Equity	Net Income / Total Stockholders' Equity	0.03	0.03
Price / Earnings Ratio	Price Per Share / Earnings Per Common Share	0.075	0.093
Book Value	Total Common Stockholder's Equity-Parent/No. of Common Shares	2.16	2.16

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of June 30, 2019

	Unaudited	Unaudited	Audited
	June 30, 2019	June 30, 2018	December 31, 2018
ASSETS			
Current Assets			
Cash and cash equivalents	999,347,593	449,126,088	712,642,027
Receivables - net	1,594,269,771	254,794,368	561,481,947
Notes receivable	120,273,728	-	253,974,325
Insurance receivable	-	-	
Inventories	24,675,750	27,764,819	24,506,411
Due from related parties - current portion	2,867,951,467	1,614,831,281	2,084,710,566
Prepaid expenses and other current assets	149,124,559	85,831,533	137,868,683
Total Current Assets	5,755,642,868	2,432,348,089	3,775,183,959
Noncurrent Assets			
Receivables from Acesite Limited (BVI)	-	-	-
Due from related parties - noncurrent portion	382,131,238	373,253,414	1,433,580,249
Goodwill	-	-	
Property and equipment - net	4,503,110,003	6,483,358,593	5,103,219,378
Available-for-sale (AFS) investments	21,729,870	16,821,740	21,729,870
Deferred tax assets	36,250,283	27,533,720	117,373,236
Other noncurrent assets	1,836,382,549	21,257,586	205,235,096
Total Noncurrent Assets	6,779,603,943	6,922,225,053	6,881,137,829
	12,535,246,811	9,354,573,142	10,656,321,788
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	2,063,332,686	1,293,729,020	1,631,392,632
Loans payable - current portion	376,000,000	375,000,000	650,000,000
Income tax payable	5,190,958	-	23,394,447
Contract payable	-	-	
Provisions	-	4,468,009	
Other current liabilities	1,674,279,274	112,038,813	220,962,378
Total Current Liabilities	4,118,802,918	1,785,235,842	2,525,749,457
Noncurrent Liabilities			
Loans payable - noncurrent portion	1,487,222,102	-	1,168,085,107
Deferred tax liabilities	734,431,559	1,321,126,904	1,019,149,566
Retirement benefits liability	38,038,613	90,558,386	
Other noncurrent liabilities	41,561,760	51,173,433	6,411,477
Total Noncurrent Liabilities	2,301,254,034	1,462,858,723	2,193,646,150
Total Liabilities	6,420,056,952	3,248,094,565	4,719,395,607
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 surplus in property and equipment	1,834,710,345	2,349,524,496	1,834,710,345
Foreign currency translation adjustment	47,004,278	41,686,179	47,004,278
Fair value reserve	5,105,963	2,683,245	5,105,963
Retirement benefits reserve	113,635,220	102,082,569	101,908,860
Retained Earnings/(Deficit):			
Appropriated	-	-	
Unappropriated	201,370,968	(504,442,375)	13,785,652
Total Equity Attributable to Equity Holders of t	5,407,182,884	5,196,890,224	5,207,871,208
Non-controlling Interest	708,006,975	909,588,353	729,054,973
	12,535,246,811	9,354,573,142	10,656,321,788

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Quarter Ended June 30, 2019

	Unaudited	Unaudited	Audited
	April-June 2019	April-June 2018	December 31, 2018
REVENUES			
Hotel	271,123,951.09	473,546,445	1,811,283,901.00
Nonhotel	42,795,135.22	3,905,876	
Interest and other income	163,994,596.29	7,769,083	38,628,090
	477,913,682	485,221,405	1,849,911,991
COSTS AND EXPENSES			
Cost of sales			
Hotel	161,154,505	300,678,608	974,930,699
Nonhotel	149,250,553	7,778,400	415,539,675
	310,405,057	308,457,008	1,390,470,374
	167,508,625	176,764,397	459,441,617
OTHER EXPENSES (INCOME)			
Depreciation and amortization	24,773,225	27,129,270	264,684,158
Interest expense	12,191,250	41,512,805	161,702,483
Penalties and other charges	-	-	
Impairment losses, bad debts written off and provisior	-	-	4,942,908
Loss on sale on Acesite shares	-	-	410,172,382
Interest income	-	-	(98,420,887)
Foreign exchange losses (gains) - net	-	-	(2,844,716)
Others - net	50,800,006	-	(11,091,784)
	87,764,481	68,642,075	729,144,544
INCOME(LOSS) BEFORE INCOME TAX	79,744,143	108,122,321	(269,702,927)
INCOME TAX EXPENSE (BENEFIT)	28,450,484	-	(157,773,765)
NET INCOME (LOSS)	51,293,660	108,122,321	(111,929,162)
OTHER COMPREHENSIVE INCOME			
Appraisal on increase on property and equipment	-	-	-
Foreign currency translation differences for foreign o|	307,328	-	(5,537,722)
Actuarial gains on defined benefit plan	-	-	44,879,613
Net change in fair value of AFS investment	-	-	5,462,730
Reduction of deferred tax liability relating to revaluation surplus		-	
Deferred tax effect	-		(13,463,885)
	307,328	-	31,340,736
TOTAL COMPREHENSIVE INCOME (LOSS)	51,600,988	108,122,321	(80,588,426)
EARNINGS PER SHARE - Basic and Diluted	0.023	0.045	0.017

There are no dilutive potential shares

Forward

	2019	2018	2018
Net income/(loss) attributable to:			
Equity holders of the Parent Company	56,613,345	113,399,313	42,019,520
Non-controlling interest	(5,319,687)	(5,276,994)	(153,948,682)
	51,293,660	108,122,319	(111,929,162)
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	56,920,674	113,399,313	57,737,940
Non-controlling interest	(5,319,687)	(5,276,994)	(138,326,366)
	51,600,988	108,122,319	(80,588,426)
EARNINGS PER SHARE - Basic and Diluted	0.023	0.045	0.017

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
As of June 30, 2019

	Unaudited	Unaudited	Audited
	June 30, 2019	June 30, 2018	December 31, 2018
REVENUES			
Hotel	678,103,652	974,306,960.65	1,811,283,901.00
Nonhotel	243,027,655	12,172,350	
Interest and other income	27,125,332	15,538,167	38,628,090
	948,256,639	1,002,017,477	1,849,911,991
COSTS AND EXPENSES			
Cost of sales			
Hotel	356,864,381	639,793,205	974,930,699
Nonhotel	208,892,042	18,700,430	415,539,675
	565,756,423	658,493,636	1,390,470,374
	382,500,216	343,523,842	459,441,617
OTHER EXPENSES (INCOME)			
Depreciation and amortization	74,531,185	76,508,718	264,684,158
Interest expense	30,000,000	59,321,555	161,702,483
Penalties and other charges	-	-	
Impairment losses, bad debts written off and provisions	-	-	4,942,908
Loss on sale on Acesite shares	-	-	410,172,382
Interest income	-	-	(98,420,887)
Foreign exchange losses (gains) - net	-	-	(2,844,716)
Others - net	82,341,309	-	(11,091,784)
	186,872,494	135,830,273	729,144,544
INCOME(LOSS) BEFORE INCOME TAX	195,627,722	207,693,569	(269,702,927)
INCOME TAX EXPENSE (BENEFIT)	28,450,484	-	(157,773,765)
NET INCOME (LOSS)	167,177,238	207,693,569	(111,929,162)
OTHER COMPREHENSIVE INCOME			
Appraisal on increase on property and equipment	-	-	-
Foreign currency translation differences for foreign operations	307,328	(10,120,719)	(5,537,722)
Actuarial gains on defined benefit plan	-	-	44,879,613
Net change in fair value of AFS investment	-	16,821,740	5,462,730
Reduction of deferred tax liability relating to revaluation surplus			
Deferred tax effect	-	-	(13,463,885)
	307,328	6,701,021	31,340,736
TOTAL COMPREHENSIVE INCOME (LOSS)	167,484,567	214,394,590	(80,588,426)
EARNINGS PER SHARE - Basic and Diluted	0.075	0.093	0.017

Forward

	2019	2018	2018
Net loss attributable to:			
Equity holders of the Parent Company	187,585,315	232,822,105	42,019,520
Non-controlling interest	(20,408,078)	(25,128,537)	(153,948,682)
	167,177,238	207,693,569	(111,929,162)
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	187,892,644	232,822,105	57,737,940
Non-controlling interest	(20,408,078)	(25,128,537)	(138,326,366)
	167,484,567	207,693,569	(80,588,426)
EARNINGS PER SHARE - Basic and Diluted	0.075	0.093	0.017

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
As of June 30, 2019

	Unaudited	Unaudited	Audited
	June 30, 2019	June 30, 2018	December 31, 2018
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Capital stock - P1 par value per share	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 at beginning of year	1,834,710,345	2,211,108,991	2,211,108,991
Other comprehensive income - net of income tax effect	-		-
Derecognition of land held under finance lease due to acquisition of a subsidiary			-
Transfer of revaluation surplus absorbed through depreciation for the year - net of i	-		(376,398,646)
Balance at end of year	1,834,710,345	2,211,108,991	1,834,710,345
Unrealized Valuation Gain (Loss) on AFS Investments			
Balance at beginning of year	-	-	-
Valuation loss taken into equity during the year	-	-	-
Change in equity ownership of non-controlling interest in a subsidiary	-	-	-
Balance at end of year	-	-	-
Foreign Currency Translation Adjustment			
Balance at beginning of year	47,004,278	52,542,000	52,542,000
Other comprehensive income - net of income tax effect	-	-	(5,537,722)
Balance at end of year	47,004,278	52,542,000	47,004,278
Deficit			
Appropriation for renovation and business expansion	-		-
Unappropriated			
Balance at beginning of year	13,785,652	(404,632,514)	(404,632,514)
Transfer of revaluation surplus absorbed through depreciation for the year - net of i	-	-	376,398,646
Change in retirement benefits reserve	-	-	
Net income for the year	187,585,316	240,591,190	42,019,520
Balance at end of year	201,370,968	(164,041,324)	13,785,652
Total deficit	201,370,968	(164,041,324)	13,785,652
	5,288,441,701	5,304,965,777	5,100,856,385
Fair value reserve, beginning of the year	5,105,963	2,063,223	2,063,223
Other comprehensive income-net tax effect	-	-	3,042,740
Total fair value reserve	5,105,963	2,063,223	5,105,963
Retirement benefits reserve, beginning of the year	101,908,860	83,695,458	83,695,458
Other comprehensive income-net tax effect	11,726,360	-	18,213,402
Total retirement benefits reserve	113,635,220	83,695,458	101,908,860
Total Equity Attributable to Equity Holders of the Parent Company	5,407,182,884	5,390,724,458	5,207,871,208
NON-CONTROLLING INTEREST			
Balance at beginning of year	729,054,973	867,381,339	867,381,339
Derecognition related to land due to recession of finance lease			-
Change in equity ownership of non-controlling interest in a subsidiary			-
Valuation loss on AFS investments taken into equity during the year	(639,920)	(3,552,427)	-
Reacquisition of APHC shares	-	-	-
Other comprehensive income - net of income tax effect	-	-	15,622,316
Net income/(loss) for the year	(20,408,078)	(25,128,537)	(153,948,682)
Balance at end of year	708,006,975	838,700,375	729,054,973
	6,115,189,859	6,229,424,833	5,936,926,181

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
As of June 30, 2019

	Unaudited	Unaudited	Audited
	June 30, 2019	June 30, 2018	December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	167,484,567	207,693,569	(269,702,927)
Adjustments for:			
Depreciation and amortization	74,531,185	76,508,718	264,684,158
Interest expense	30,000,000	59,321,555	161,702,483
Casualty losses - net	-	-	410,172,382
Retirement benefit costs	38,038,613	(35,577,076)	19,658,475
Provisions	-	-	-
Unrealized foreign exchange loss (gain)	-	-	(8,382,438)
Gain on Reversal of Allowance for Impairment Losses	-	-	(8,350,581)
Loss(gain) on disposal of property and equipment	-	-	
Impairment losses	-	-	4,942,908
Interest income	(7,769,084)	-	(98,420,887)
Operating income before working capital changes	302,285,281	307,946,766	476,303,573
Decrease (increase) in:			
Receivables	(899,087,227)	(891,531,695)	2,204,475
Inventories	(169,339)	6,922,468	3,824,972
Prepaid expenses and other current assets	(11,255,876)	15,323,481	(40,305,343)
Increase (decrease) in:			
Accounts payable and accrued expenses	431,940,053	(724,062,344)	102,955,348
Other current liabilities	395,846,772	(173,271,667)	205,584,634
Cash generated from operations	219,559,664	(1,458,672,991)	750,567,659
Interest received	7,769,084		4,015,390
Income taxes paid	(46,653,973)	(70,613,726)	(211,207,802)
Retirement plan contributions paid	-	-	(25,000,000)
Benefits paid	-	-	(81,053,765)
Interest paid	(30,000,000)	(59,321,555)	(101,480,251)
Net cash provided by operating activities	150,674,775	(1,588,608,272)	335,841,231
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	525,578,190	895,359,354	(11,063,615)
Investment in a subsidiary	-	-	-
Due from related parties	268,208,110	(1,126,192,635)	(1,473,837,573)
Proceeds from insurance claims on property damage	-	-	300,000,000
Proceeds from sale of property and equipment	-	-	
Notes Receivable	133,700,597	65,900,308	(58,967,111)
Increase in other noncurrent assets	(1,550,024,499)	11,578,339	(168,220,135)
Net cash used in investing activities	(622,537,603)	(153,354,634)	(1,412,088,434)

Forward

	Years Ended December 31		
	June 30, 2019	June 30, 2018	December 31, 2018
CASH FLOWS FROM FINANCING ACTIVITIES			
(Increase)Decrease in loans payable	593,136,994	-	-
Proceeds from loan availment	-	-	1,500,000,000
Increase (decrease) in other noncurrent liabilities	165,431,400	1,981,098,846	(125,852)
Loan Payment			(56,914,893)
Net cash provided by (used in) financing activities	758,568,394	1,981,098,846	1,442,959,255
INCREASE (DECREASE) IN TRANSLATION ADJUSTMEN			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	286,705,566	239,135,939	366,712,052
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	712,642,027	345,929,975	345,929,975
CASH AND CASH EQUIVALENTS AT END OF YEAR	999,347,593	585,065,914	712,642,027

See Notes to the Consolidated Financial Statements.

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

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

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

Hotels

Waterfront Cebu City Casino Hotel, Inc.

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

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

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

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

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

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

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

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

Afternoon Tea with a Local Twist or Chocolate Temptations. For each selection, guests may opt for tea, coffee or hot chocolate. Each selection also comes with a variety of snack options to go along with their choice of beverage.

Wine Dispenser

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

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

Waterfront Mactan Casino Hotel, Inc.

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

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

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

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

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

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

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

Acesite (Phils.) Hotel Corporation

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

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

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

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

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

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

Mayo Bonanza, Inc.

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

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

Waterfront Horizon Corporation *(previously Waterfront Entertainment Corporation)*

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

Waterfront Food Concepts, Inc.

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

Waterfront Wellness Group, Inc.

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

Citigym entices the public by opening -The Citigym Hit Zone. This is Citigym's "Do It Right" and smart solution to Cebu's growing interest in high intensity workout routines.

Grand Ilocandia Resort and Development, Inc.

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

Waterfront Promotions Limited/Club Waterfront International Limited

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

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

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

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company and are included in the consolidated financial statements from the date when control commences until the date when control ceases.
The accounting policies of subsidiaries are being aligned with the policies adopted by the Group.
Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

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

Segment results that are reported to the Group's BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.
Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

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

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

Rooms
Room revenue is recognized based on actual occupancy.

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

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

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

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

1. Cash and Cash Equivalents

Cash in banks earn interest at the respective bank deposit rates. Short-term placements earn interest at annual average of 0.13% to 2.88% in 2019 and 2018 and have average maturities ranging from 30 to 35 days for both years.

2. Receivables

This account consists:

	June 2019	June 2018
Trade	552,796,217	114,050,644
Others	1,090,900,706	130,237,032
	1,643,696,923	244,287,676
Less allowance for doubtful accounts	(49,427,152)	-21,583,914
Total	1,594,269,771	222,703,762

3. Inventories

This account consists of:

	June 2019	June 2018
Food and Beverage	11,636,572	14,172,929
Operating Supplies	10,306,658	10,006,308
Others	2,732,521	2,817,091
Total	24,675,750	26,996,328

4. Related Party Transactions

This represents interest bearing advances from TWGI and PRC. Non-interest bearing advances from PHES, AFS investment and notes receivable wherein the Group extended loans to ALEC (Acesite Leisure and Entertainment Corporation) at 4% per annum.

5. Accounts Payable and Accrued Expenses

This account consists of:

	June 2019	June 2018
Trade	320,333,622	235,864,335
Accrued Expenses	299,913,959	213,002,572
Others	1,443,085,106	295,285,801
Total	2,063,332,686	744,152,708

6. Loans Payable

This account consists of:

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

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

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

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

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

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

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

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

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

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

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a resolution issued by the CA, resolved to submit the appeal for decision.

As at the report date, there had been no updates on the matter.

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

	June 2019	June 2018
Net Income (Loss)	187,585,315	232,822,105
Weighted Average Number of Shares Outstanding	2,498,991,753	2,498,991,753
Earnings (Loss) per share	0.075	0.093

There are no dilutive potential shares as of June 30, 2019 and 2018.

8. Lease Agreement with Philippine Amusement and Gaming Corporation ("PAGCOR")
The Parent Company, in behalf of WCCCHI and WMCHI, entered into lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sq.m.), Mezzanine (2,335 sq.m.) and 5th Floor Junket Area (2,336 sq.m.) for a total area of 13,677.98 sq.m. which commenced on March 3, 2011 and March 16, 2011, for the Main Area and Slot Machine Expansion Area, respectively. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sq.m.) and Chip Washing Area (1,076 sq.m.) for a total area of 5,152.24 sq.m. which was last renewed on March 21, 2011. Both leases expired on August 2, 2016. Thereafter, PAGCOR paid the WCCCHI and WMCHI rental on a month-to-month basis. The lease was renewed on February 15, 2018, for a period of 1 year.

APHC also has a lease agreement with PAGCOR covering the Main Area (7,093.05 sq.m.), Expansion Area A (2,130.36 sq.m.), Expansion Area B (3,069.92 sq.m.) and Air Handling Unit Area (402.84 sq.m.) for a total lease area of 12,696.17 sq.m. The lease agreement was last renewed on December 1, 2010 and expired on December 31, 2017. As at December 31, 2017, PAGCOR continued to operate a portion of the lease area on a month-to-month basis while completing its pullout from APHC.

9. Other Lease Agreements

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

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

10. Commitments and Contingencies

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

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

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

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

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

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only.

As at December 31, 2017, the Parent Company is still awaiting the SC's decision.

On May 02, 2018, the legal counsel served copies of the reply in the case pending before the Court of Tax Appeals.

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

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 June 30, 2018 and 2017 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

	June 2019	June 2018
Revenues	**948,256,639**	1,002,017,477
Less: Costs and Expenses	**565,756,423**	658,493,636
Net Income (Loss) Before Fixed Financial and Other Charges	**382,500,216**	343,523,842
Less: Fixed Financial and Other Charges (Dep'n and Amort'n, and Interest)	**186,872,494**	135,830,273
Income (Loss) before Income Tax	**195,627,722**	207,693,569
Income Tax Expense (Benefit)	**28,450,484**	0.00
Income (Loss) before Share in Minority Interest	**167,177,238**	207,693,569
Share of Minority Interest	**(20,408,078)**	(25,128,537)
Net Income (Loss)	**187,892,644**	232,822,105
Earnings (loss) Per share	**0.075**	0.093

FINANCIAL CONDITION

	June 2019	June 2018
Assets		
Current assets	**5,755,642,868**	4,737,514,668
Non-current Assets	**6,779,603,943**	5,866,462,835
Total Assets	**12,535,246,811**	10,603,977,503
Liabilities and Stockholders' Equity		
Current Liabilities	**4,118,802,918**	1,437,941,560
Non-current Liabilities	**2,301,254,034**	2,936,611,110
Total Stockholders' Equity	**5,407,182,884**	5,390,724,458
Minority Interest	**708,006,975**	838,700,375
Total Liabilities and Stockholders' Equity	**12,535,246,811**	10,603,977,503

RESULTS OF OPERATIONS

Period ended June 30, 2019 compared to Period Ended June 30, 2018

Income Statement

Hotels and other subsidiaries gross revenues for the 2nd quarter of 2019 and 2018 are Php 948 million and Php 1.002 billion respectively, slight decrease of 5.39% from last year. Consolidated costs and expenses for all properties decreased by 14% as compared from last year.

Seasonality or Cyclicality 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 is full of Chinese nationalities and businessmen and celebrating their New Year would really be an advantage to the hotels in terms of revenues.

2nd QUARTER

This quarter proved to be fruitful for the group. WCCCHI and WMCHI continued to maintain the occupancy rates that it has experienced in the first quarter with the influx of considerably sizeable functions and conventions. The improvement of the city's airport has also contributed to the increase in travelers. The hotels are preparing for an even higher number of guests and events as the last two quarters set in.

TOP FIVE (5) PERFORMANCE INDICATORS

	June 2019	June 2018
Occupancy Percentage	86%	75%
Average Room Rates	2,791	2,651
Food Covers	570,947	613,904
Average Food Checks	419	405
Average Food Costs	37%	37%

Occupancy Percentage
The occupancy percentage is up by 11% as compared to 2nd quarter of 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 5% higher as compared from last year. 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 7% compared to the 2nd quarter of last year. 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 increased by 4% compared to the 2nd quarter of 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 costs remained the same compared to last year's figures. 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 5%, Php 948 million for the 2nd quarter of 2019 and Php 1.00 billion of the same quarter last year and operating expenses decreased by 14%.

GOP at 382.50 million in 2019 and Php 343.52 million in 2018.

Earnings per share this quarter is at Php 0.075 while same quarter last year was at Php 0.093.

Fixed Financial and Other Charges
Total fixed financial and other charges, Php 186.87 million, reflecting an increase of 38% from the previous year's PHP 135.83 million.

This account includes the depreciation and interest expense from SSS Loan.

FINANCIAL CONDITION

Cash and Cash Equivalents
Cash and cash equivalents as of the 2nd quarter of this year is at Php 999.35 million higher by Php 414.28 million from last year or 71%.

Receivables
Receivables for the period increased from Php 222.70 million 2nd quarter last year to Php 1.59 billion 2nd quarter this year.

Notes Receivable
The Group extended loans to Acesite Leisure and Entertainment Corporation (ALEC) and bear interest at 4% per annum. The loan is guaranteed by another entity in behalf of ALEC.

Insurance Receivable
On March 18, 2018, a fire broke out at the hotel of Acesite (Phils.) Hotel Inc. damaging several floors, casinos and restaurants. Operations have been suspended since then. The Hotel has insurance coverage to answer for the damages sustained. It is expected that operations will continue after damages are repaired.

Inventories
Inventory this year showed a decrease of 9%.

Due from related parties-current portion
This account increased by 5% from last year's 2nd quarter. This represents interest bearing advances from TWGI and PRC. Non-interest bearing advances from PHES and AFS investment. Notes receivable wherein the Group extended loans to ALEC (Acesite Leisure and Entertainment Corporation) at 4% per annum.

Due from related parties-noncurrent portion
Crisanta Realty at a rate of two percent (2%) per annum is classified as non-current due in 5 years.

Property, Plant and Equipment
The account decreased by 17% or Php 915.52 million from last year. Significant decrease was brought by the fire incident.

Accounts Payable and Accrued Expenses
This account increased by 1.32 billion from last year.

Loans Payable
The account increased to Php 376 million. This refers to loan with Social Security System.

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. There are no material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.

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.

Risk Management Structure

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

Risk Management Committee

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

Financial Risk Management Objectives and Policies

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

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

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash in banks, receivables and advances to related parties. The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references.

The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.
There is no other significant concentration of credit risk in the Group.

Liquidity Risk

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

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

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

Market Risk

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

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

Interest Rate Risk

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

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

Equity Price Risk

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

The Group is exposed to equity price risk because of its investment in shares of stock of WII which are listed in the PSE totaling to 86,710,000 shares as at December 31, 2018 and 2017.

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

Fair Value of Financial Assets and Liabilities

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

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

The fair value of AFS investment was determined using the closing market price of the investment listed on the PSE.

Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2018 and 2017.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2018 and 2017. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity.

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

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE FOR SEC REPORTING
As of June 30, 2019

Trade Receivables	0-30 days	31-60 days	61-90 days	91-120 days	121 days over	Total
Waterfront Cebu City Casino Hotel Inc.	28,113,515.00	5,860,523.61	3,385,969.81	9,389,796.61	10,371,340.86	57,121,145.89
Waterfront Airport Hotel and Casino	9,453,184.43	1,991,154.98	2,363,360.38	1,591,736.05	11,637,219.43	27,036,655.27
Waterfront Insular Hotel Davao	9,261,194.90	2,115,722.51	51,831.67	255,724.24	3,046,402.68	14,730,876.00
Manila Pavilion Hotel					20,742,139.39	20,742,139.39
Total	46,827,894.33	9,967,401.10	5,801,161.86	11,237,256.90	45,797,102.36	119,630,816.55

COVER SHEET

AS094-8678
SEC Registration Number

WATERFRONT PHILIPPINES, INC.

(Company's Full Name)

NO. 1 WATERFRONT DRIVE
OFF SALINAS DRIVE LAHUG
CEBU CITY

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

MS. IRISH CHARA LAWAS
Contact Person

(02) 559-0130
Company Telephone Number

12 31
Month *Day*

SEC 17 - Q1 AMENDED
FORM TYPE

10 13
Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

452
Total No. of Stockholders

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, 2019

2. SEC Identification Number

AS0948678

3. BIR Tax Identification No.

D80003978254NV

4. Exact name of issuer as specified in its charter

WATERFRONT PHILIPPINES, INC.

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

PHILIPPINES

6. Industry Classification Code (SEC Use Only)

7. Address of principal office

NO. 1 WATERFRONT DRIVE, OFF SALINAS DRIVE, LAHUG, CEBU CITY Postal Code 6000

8. Issuer's telephone number, including area code

032-2326888

9. Former name or former address, and former fiscal year, if changed since last report

NOT APPLICABLE

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES - P1.00 PAR VALUE	2,498,991,753

11. Are any or all of registrant's securities listed on a Stock Exchange?

(•) Yes

( ) No

If yes, state the name of such stock exchange and the classes of securities listed therein:

THE PHILIPPINE STOCK EXCHANGE

12. Indicate by check mark whether the registrant:

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

(•) Yes

( ) No

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

( ) Yes

(•) No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

Waterfront Philippines, Incorporated

PSE Disclosure Form 17-2 - Quarterly Report *References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules*

For the period ended	'March 31, 2019
Currency (indicate units, if applicable)	PESO

Balance Sheet

	Period Ended	Calendar Year Ended (Audited)
	March 31, 2019	Dec 31, 2018
Current Assets	6,172,706,592	3,775,183,959
Total Assets	12,002,968,417	10,656,321,788
Current Liabilities	3,371,914,914	2,525,749,457
Total Liabilities	5,933,904,758	4,719,395,607
Retained Earnings/Deficit	144,757,621	13,785,652
Stockholders' Equity	6,069,063,659	5,936,926,181
Stockholders' Equity - Parent	5,350,569,538	5,207,871,208
Book Value per Share	2.14	2.08

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	(0.026)	0.129
Earnings/(Loss) Per Share (Diluted)	(0.026)	0.129

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	462,573,872.51	509,026,988	462,573,872.51	509,026,988
Other Revenue	7,769,084	7,769,084	7,769,084	7,769,084
Gross Revenue	470,342,956	516,796,072	470,342,956	516,796,072
Operating Expense	255,351,366	350,036,628	255,351,366	350,036,628
Other Expense	99,108,013	67,188,197	99,108,013	67,188,197
Gross Expense	354,459,378	417,224,825	354,459,378	417,224,825
Net Income/(Loss) Before Tax	115,883,578	99,571,248	115,883,578	99,571,248
Income Tax Expense	0.00	0.00	0.00	0.00
Net Income/(Loss) After Tax	115,883,578	99,571,248	115,883,578	99,571,248
Net Income Attributable to Parent Equity Holder	130,971,969	119,422,790	130,971,969	119,422,790
Earnings/(Loss) Per Share (Basic)	0.052	0.048	0.052	0.048
Earnings/(Loss) Per Share (Diluted)	0.052	0.048	0.052	0.048

Financial Ratios

	Formula	Current Year March 31, 2019	Previous Year March 31, 2018
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Curent Assets / Current Liabilities	1.83	2.34
Quick Ratio	(Current Assets - Inventory - Prepayments)/ Current Liabilities	1.48	2.16
Solvency Ratio	Total Assets / Total Liabilities	2.02	2.29
Financial Leverage Ratios			
Debt Ratio	Total Debt / Total Assets	0.49	0.44
Debt-to-Equity Ratio	Total Debt / Total Stockholders' Equity	0.98	0.77
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	5.51	4.59
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.98	1.77
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of service/ Sales	0.46	0.32
Net Profit Margin	Net Profit / Sales	0.25	0.19
Return on Assets	Net Income / Total Assets	0.01	0.01
Return on Equity	Net Income / Total Stockholders' Equity	0.02	0.02
Price / Earnings Ratio	Price Per Share / Earnings Per Common Share	0.052	0.048

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 05/14/2019

Principal Financial/Accounting Officer/Controller

Signature and Title **Richard L. Ricardo**
Compliance Officer

Date 05/14/2019

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of March 31, 2019

	Unaudited March 31, 2019	Unaudited March 31, 2018	Audited December 31, 2018
ASSETS			
Current Assets			
Cash and cash equivalents	**678,510,306**	539,835,886	712,642,027
Receivables - net	**1,139,622,946**	361,925,584	561,481,947
Notes receivable	**120,273,728**	115,142,975	253,974,325
Insurance receivable	**-**	921,117,922	
Inventories	**27,032,353**	28,332,004	24,506,411
Due from related parties - current portion	**3,959,082,175**	2,905,698,980	2,084,710,566
Prepaid expenses and other current assets	**248,185,084**	74,931,812	137,868,683
Total Current Assets	**6,172,706,592**	4,946,985,163	3,775,183,959
Noncurrent Assets			
	-	-	
Due from related parties - noncurrent portion	**356,003,499**	347,927,681	1,433,580,249
Goodwill	**-**	-	
Property and equipment - net	**5,073,419,358**	5,436,846,006	5,103,219,378
Equity Securities - at fair value through other comprehensive income	**-**	15,954,640	21,729,870
Deferred tax assets	**41,258,062**	56,587,520	117,373,236
Other noncurrent assets	**359,580,906**	39,312,462	205,235,096
Total Noncurrent Assets	**5,830,261,825**	5,896,628,309	6,881,137,829
	12,002,968,417	10,843,613,472	10,656,321,788
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	**2,841,426,393**	1,341,113,179	1,631,392,632
Loans payable - current portion	**376,000,000**	375,000,000	650,000,000
Income tax payable	**46,951**	-	23,394,447
Contract payable	**-**	-	
Provisions	**12,627,453**	72,289,344	
Other current liabilities	**141,814,117**	322,385,744	220,962,378
Total Current Liabilities	**3,371,914,914**	2,110,788,267	2,525,749,457
Noncurrent Liabilities			
Loans payable - noncurrent portion	**-**	-	1,168,085,107
Deferred tax liabilities	**734,446,886**	1,253,651,944	1,019,149,566
Retirement benefits liability	**16,123,667**	120,683,712	
Other noncurrent liabilities	**1,811,419,291**	1,244,956,121	6,411,477
Total Noncurrent Liabilities	**2,561,989,844**	2,619,291,777	2,193,646,150
Total Liabilities	**5,933,904,758**	4,730,080,044	4,719,395,607
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 surplus in property and equipment	**1,834,710,345**	2,211,108,991	1,834,710,345
Foreign currency translation adjustment	**47,004,278**	52,542,000	47,004,278
Fair value reserve	**5,105,963**	2,063,223	5,105,963
Retirement benefits reserve	**113,635,221**	83,695,458	101,908,860
Earnings/(Deficit):			
Appropriated	**-**	-	
Unappropriated	**144,757,621**	(285,209,723)	13,785,652
Total Equity Attributable to Equity Holders of the Parent Company	**5,350,569,538**	5,269,556,059	5,207,871,208
Non-controlling Interest	**718,494,121**	843,977,369	729,054,973
	12,002,968,417	10,843,613,472	10,656,321,788

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
As of March 31, 2019

	Unaudited	Unaudited	Audited
	March 31, 2019	March 31, 2018	December 31, 2018
REVENUES			
Hotel	**406,979,701.22**	500,760,515	1,811,283,901.00
Nonhotel	**55,594,171**	8,266,473	
Interest and other income	**7,769,084**	7,769,084	38,628,090
	470,342,956	516,796,072	1,849,911,991
COSTS AND EXPENSES			
Cost of sales			
Hotel	**195,709,876**	339,114,597	974,930,699
Nonhotel	**59,641,490**	10,922,031	415,539,675
	255,351,366	350,036,628	1,390,470,374
	214,991,591	166,759,445	459,441,617
OTHER EXPENSES (INCOME)			
Depreciation and amortization	**49,757,960**	49,379,447	264,684,158
Interest expense	**17,808,750**	17,808,750	161,702,483
Penalties and other charges	-	-	
Impairment losses, bad debts written off and provisions	-	-	4,942,908
Casualty losses	-	-	410,172,382
Interest income	-	-	(98,420,887)
Foreign exchange losses (gains) - net	-	-	(2,844,716)
Others - net	**31,541,303**	-	(11,091,784)
	99,108,013	67,188,197	729,144,544
INCOME(LOSS) BEFORE INCOME TAX	**115,883,578**	99,571,248	(269,702,927)
INCOME TAX EXPENSE (BENEFIT)	-	-	(157,773,765)
NET INCOME (LOSS)	**115,883,578**	99,571,248	(111,929,162)
OTHER COMPREHENSIVE INCOME			
Appraisal on increase on property and equipment	-	-	
Foreign currency translation differences for foreign operations	-	-	(5,537,722)
Actuarial gains on defined benefit plan	-	-	44,879,613
Net change in fair value of AFS investment	-	-	5,462,730
Deferred tax effect	-		(13,463,885)
	-	-	31,340,736
TOTAL COMPREHENSIVE INCOME (LOSS)	**115,883,578**	99,571,248	(80,588,426)

Forward

	2019	2018	2018
Net loss attributable to:			
Equity holders of the Parent Company	**130,971,969**	119,422,790	42,019,520
Non-controlling interest	**(15,088,391)**	(19,851,543)	(153,948,682)
	115,883,578	99,571,248	(111,929,162)
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	**130,971,969**	119,422,790	57,737,940
Non-controlling interest	**(15,088,391)**	(19,851,543)	(138,326,366)
	115,883,578	99,571,248	(80,588,426)
EARNINGS PER SHARE - Basic and Diluted	**0.052**	0.048	0.017

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
As of March 31, 2019

	Unaudited	Unaudited	Audited
	March 31, 2019	March 31, 2018	December 31, 2018
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Capital stock - P1 par value per share	**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 at beginning of year	**1,834,710,345**	2,211,108,991	2,211,108,991
Other comprehensive income - net of income tax effect	-		-
Derecognition of land held under finance lease due to acquisition of a subsidiary			-
Transfer of revaluation surplus absorbed through depreciation for the year - net of income tax effect			(376,398,646)
Balance at end of year	**1,834,710,345**	2,211,108,991	1,834,710,345
Unrealized Valuation Gain (Loss) on AFS Investments			
Balance at beginning of year	-	-	-
Valuation loss taken into equity during the year	-	-	-
Change in equity ownership of non-controlling interest in a subsidiary	-	-	-
Balance at end of year	-	-	-
Foreign Currency Translation Adjustment			
Balance at beginning of year	**47,004,278**	52,542,000	52,542,000
Other comprehensive income - net of income tax effect	-	-	(5,537,722)
Balance at end of year	**47,004,278**	52,542,000	47,004,278
Earnings/(Deficit)			
Appropriation for renovation and business expansion	-		-
Unappropriated			
Balance at beginning of year	**13,785,652**	(404,632,514)	(404,632,514)
Transfer of revaluation surplus absorbed through depreciation for the year - net of income tax effect	-	-	376,398,646
Change in retirement benefits reserve	-	-	
Net income for the year	**130,971,969**	119,422,791	42,019,520
Balance at end of year	**144,757,621**	(285,209,723)	13,785,652
Total deficit	**144,757,621**	(285,209,723)	13,785,652
	5,231,828,354	5,183,797,378	5,100,856,385
Fair value reserve, beginning of the year	**5,105,963**	2,063,223	2,063,223
Other comprehensive income-net tax effect		-	3,042,740
Total fair value reserve	**5,105,963**	2,063,223	5,105,963
Retirement benefits reserve, beginning of the year	**101,908,860**	83,695,458	83,695,458
Other comprehensive income-net tax effect	**11,726,361**	-	18,213,402
Total retirement benefits reserve	**113,635,221**	83,695,458	101,908,860
	5,350,569,538	5,269,556,059	5,207,871,208
NON-CONTROLLING INTEREST			
Balance at beginning of year	**729,054,973**	867,381,339	867,381,339
Derecognition related to land due to recession of finance lease			-
Change in equity ownership of non-controlling interest in a subsidiary			-
Valuation loss on AFS investments taken into equity during the year	**4,527,539**	(3,552,427)	-
Reacquisition of APHC shares	-	-	-
Other comprehensive income - net of income tax effect	-	-	15,622,316
Net income/(loss) for the year	**(15,088,391)**	(19,851,543)	(153,948,682)
Balance at end of year	**718,494,121**	843,977,369	729,054,973
	6,069,063,659	6,113,533,428	5,936,926,181

See Notes to the Consolidated Financial Statements

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
As of March 31, 2019

	Unaudited	Unaudited	**Audited**
	March 31, 2019	March 31, 2018	December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**115,883,579**	99,571,249	(269,702,927)
Adjustments for:			
Depreciation and amortization	**49,757,960**	49,379,447	264,684,158
Interest expense	**17,808,750**	17,808,750	161,702,483
Loss on sale on acesite shares	-	-	
Retirement benefit costs	**16,123,667**	(3,798,193)	19,658,475
Provisions	**(12,627,453)**	(72,289,344)	
Unrealized foreign exchange loss (gain)	-	-	(8,382,438)
Gain on reversal of allowance for impairment losses	-	-	(8,350,581)
Casualty losses - net	-	-	410,172,382
Impairment losses	-	-	4,942,908
Interest income	**(7,769,084)**	(7,769,084)	(98,420,887)
Operating income before working capital changes	**179,177,419**	82,902,825	476,303,573
Decrease (increase) in:			
Receivables	**(444,440,402)**	(974,818,308)	2,204,475
Inventories	**(2,525,942)**	5,586,792	3,824,972
Prepaid expenses and other current assets	**(110,316,401)**	22,631,528	(40,305,343)
Increase (decrease) in:			
Accounts payable and accrued expenses	**(210,033,761)**	127,101,873	102,955,348
Other current liabilities	**431,622,505**	(176,868,559)	205,584,634
Cash generated from operations	**(156,516,582)**	(913,463,849)	750,567,659
Interest received	**7,769,084**	7,769,084	4,015,390
Income taxes paid	**(23,347,496)**	(70,613,726)	(211,207,802)
Retirement plan contributions paid	-	-	(25,000,000)
Benefits paid	-	-	(81,053,765)
Interest paid	**(17,808,750)**	(17,808,750)	(101,480,251)
Net cash provided by operating activities	**(189,903,744)**	(994,117,241)	335,841,231
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	**(19,957,940)**	904,272,511	(11,063,615)
Investment in a subsidiary	-	-	
Due from related parties	**(796,794,859)**	(1,303,578,916)	(1,473,837,573)
Proceeds from insurance claims	-	-	300,000,000
Proceeds from sale of property and equipment	-	-	
Notes Receivable	**133,700,597**	79,864,239	(58,967,111)
Increase in other noncurrent assets	**212,604,198**	290,463,812	(168,220,135)
Net cash used in investing activities	**(470,448,004)**	(28,978,354)	(1,412,088,434)

Forward

	Unaudited	Unaudited	**Audited**
	March 31, 2019	March 31, 2018	December 31, 2018
CASH FLOWS FROM FINANCING ACTIVITIES			
(Increase)Decrease in loans payable	**(894,085,107)**	-	(56,914,893)
(Increase) Decrease in due from related parties	-	-	
Increase (decrease) in other noncurrent liabilities	**1,520,305,134**	1,217,001,506	(125,852)
Proceeds from loan availment			1,500,000,000
Net cash provided by (used in) financing activities	**626,220,027**	1,217,001,506	1,442,959,255
INCREASE (DECREASE) IN TRANSLATION ADJUSTMENT FOR THE YEAR			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(34,131,721)**	193,905,911	366,712,052
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**712,642,027**	345,929,975	345,929,975
CASH AND CASH EQUIVALENTS AT END OF YEAR	**678,510,306**	539,835,886	**712,642,027**

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

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

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

Hotels

- ***Waterfront Cebu City Casino Hotel, Inc.***

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

star restaurant, which completes the Company's restaurants row. On February 5, 1998, *PAGCOR* commenced operations at the new purposely-built casino at the Entertainment Block.

-Waterfront Convention Center-(WCC)

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

- *Entertainment Block*

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

- *Hotel Tower Block*

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

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

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

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

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

Among the hotel's newest pride comes in the form of delectable treats, introducing Lobby Lounge's new service concepts.

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

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

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

- *Waterfront Mactan Casino Hotel, Inc.*

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

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

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

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

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

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

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

Discover the rich cultural heritage of Davao which stems from the different groups and tribes that populated the area throughout its history and be astonished of artworks in the hotel lobby where it
showcases pieces of artifacts featuring the various object d'art from the different tribes and historical.

- *ACESITE (PHILS.) Hotel Corporation*

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

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

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

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

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

Manila. The black and white concept of its lobby is distinctly G-Hotel.

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

- *Mayo Bonanza, Inc.*

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

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

- *Waterfront Entertainment Corporation*

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

- *Waterfront Food Concepts, Inc.*

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

- *Waterfront Wellness Group, Inc.*

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

- *Grand Ilocandia Resort and Development, Inc.*

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

- *Waterfront Promotions Limited/Club Waterfront International Limited*

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

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

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company and are included in the consolidated financial statements from the date when control commences until the date when control ceases.
The accounting policies of subsidiaries are being aligned with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

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

Segment results that are reported to the Group's BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.
Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

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

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

Rooms
Room revenue is recognized based on actual occupancy.

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

Rent and Related income

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

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

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

1. Cash and Cash Equivalents

Cash in banks earn interest at the respective bank deposit rates. Short-term placements average maturities ranging from 30 to 35 days

2. Receivables

This account consists:

	March 2019	March 2018
Trade	248,036,017	138,763,006
Others	932,889,119	244,746,492
	1,180,925,135	383,509,498
Less allowance for doubtful accounts	(41,302,189)	(1,583,914)
Total	1,139,622,946	361,925,584

3. Inventories

This account consists of:

	March 2019	March 2018
Food and Beverage	13,504,614	13,449,833
Operating Supplies	11,978,880	11,056,623
Others	1,548,859	3,825,548
Total	27,032,353	28,332,004

4. Related Party Transactions

In 2019, the Parent Company extended interest-bearing, collateral free advances to TWGI, PRC and Crisanta Realty at a rate of two percent (2%) per annum. This also includes PHES which is due and demandable.

5. Accounts Payable and Accrued Expenses

This account consists of:

	March 2019	March 2018
Trade	286,211,220	9,127,282
Accrued Expenses	230,236,018	1,034,693,409
Others	324,979,155	297,292,488
Total	841,426,393	1,341,113,179

6. Loans Payable

This account consists of:

SSS Loan

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

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

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

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

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

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

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

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

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

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

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a resolution issued by the CA, resolved to submit the appeal for decision.

As at the report date, there had been no updates on the matter.

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

	March 2019	**March 2018**
Net Income (Loss)	**130,971,969**	119,422,790
Weighted Average Number of Shares Outstanding	**2,498,991,753**	2,498,991,753
Earnings (Loss) per share	**0.052**	0.048

There are no dilutive potential shares as of March 31, 2019 and 2018.

8. Lease Agreement with Philippine Amusement and Gaming Corporation ("PAGCOR')
The Parent Company, in behalf of WCCCHI and WMCHI, entered into lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sq.m.), Mezzanine (2,335 sq.m.) and 5th Floor Junket Area (2,336 sq.m.) for a total area of 13,677.98 sq.m. which commenced on March 3, 2011 and March 16, 2011, for the Main Area and Slot Machine Expansion Area, respectively. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sq.m.) and Chip Washing Area (1,076 sq.m.) for a total area of 5,152.24 sq.m. which was last renewed on March 21, 2011. Both leases expired on August 2, 2016. Thereafter, PAGCOR paid the WCCCHI and WMCHI rental on a month-to-month basis. The lease was renewed on February 15, 2018, for a period of 1 year.

APHC also has a lease agreement with PAGCOR covering the Main Area (7,093.05 sq.m.), Expansion Area A (2,130.36 sq.m.), Expansion Area B (3,069.92 sq.m.) and Air Handling Unit Area (402.84 sq.m.) for a total lease area of 12,696.17 sq.m. The lease agreement was last renewed on December 1, 2010 and expired on December 31, 2017. As at December 31, 2017, PAGCOR continued to operate a portion of the lease area on a month-to-month basis while completing its pullout from APHC.

9. Other Lease Agreements

Group as Lessor
Lease Agreements with Concessionaires
WCCCHI, WMCHI, DIHCI and APHC have lease agreements with concessionaires for the commercial spaces available in their respective hotels. These agreements typically run for a period of less than one year, renewable upon the mutual agreement of the parties.
Rent revenue recognized as part of "Rent and related income" in profit or loss and amounted to P56.39 million, P85.29 million and P135.63 million in 2017, 2016 and 2015, respectively.

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

10. Commitments and Contingencies

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

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

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

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

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

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only. As at December 31, 2017, the Parent Company is still awaiting the SC's decision. Management and its legal counsels believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not have a present obligation (legal or constructive) with respect to the assessment.

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, 2018 and 2017 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

	March 2019	March 2018
Revenues	**470,342,956**	516,796,072
Less: Costs and Expenses	255,351,366	350,036,628
Net Income (Loss) Before Fixed Financial and Other Charges	**214,991,591**	**166,759,445**
Less: Fixed Financial and Other Charges (Dep'n and Amort'n, and Interest)	99,108,013	67,188,197
Income (Loss) before Income Tax	**115,883,578**	**99,571,248**
Income Tax Expense (Benefit)	0.00	0.00
Income (Loss) before Share in Minority Interest	**130,971,969**	**99,571,248**
Share of Minority Interest	**-15,088,391**	**-19,851,543**
Net Income (Loss)	**119,422,790**	119,422,790
Earnings (loss) Per share	**0.052**	**0.048**

FINANCIAL CONDITION

	March 2019	March 2018
Assets		
Current assets	6,172,706,592	4,946,985,163
Non-current Assets	5,830,261,825	5,896,628,309
Total Assets	**12,002,968,417**	**10,843,613,472**
Liabilities and Stockholders' Equity		
Current Liabilities	3,371,914,914	2,110,788,267
Non-current Liabilities	2,561,989,844	2,619,291,777
Total Stockholders' Equity	5,350,569,538	5,269,556,059
Minority Interest	718,494,121	843,977,369
Total Liabilities and Stockholders' Equity	**12,002,968,417**	**10,843,613,472**

RESULTS OF OPERATIONS

Period ended March 31, 2019 compared to Period Ended March 31, 2018

Income Statement

Hotels and other subsidiaries gross revenues for the 1st quarter of 2019 and 2018 are Php 470.34 million and Php 516.80 million respectively, decreased by 9% from last year. Consolidated costs and expenses for all properties decreased by 27% as compared from last year.

Seasonality or Cyclicality 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 is full of Chinese nationalities and businessmen and celebrating their New Year would really be an advantage to the hotels in terms of revenues.

On March 18, 2018, , a fire broke out at the Hotel of Acesite (Phils.) Hotel Inc. damaging several floors, casinos and restaurants. Operations have been suspended since then. It is expected that operations will continue after damages are repaired.

TOP FIVE (5) PERFORMANCE INDICATORS

	March 2019	March 2018
Occupancy Percentage	89%	78%
Average Room Rates	2,759	2,634
Food Covers	294,306	306,506
Average Food Checks	408	412
Average Food Costs	37%	38%

Occupancy Percentage
The occupancy percentage is up by 14% as compared to 1st quarter of 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 5% higher compared from last year. Average room rate is computed by dividing the net rooms revenue over the total number of rooms sold.

Food Covers
Food covers this quarter increased by 4% compared to the 1st quarter of last year. 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 decreased by 1% compared to the 1st quarter of 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 costs decreased by 1%. 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 9%, Php 470.34 million for the 1st quarter of 2018 and Php 516.80 million of the same quarter last year and operating expenses decreased by 27%.

GOP at Php 214.99 million in 2019 and Php 166.76 million in 2018.

Earnings per share this quarter is at Php 0.052 while same quarter last year was at Php 0.048.

Fixed Financial and Other Charges

Total fixed financial and other charges, Php 99.11 million, reflecting a significant increase of 47.51% from the previous year's PHP 67.19 million.

This account includes the depreciation and interest expense from SSS Loan.

Interest expense this quarter remains the same.

FINANCIAL CONDITION

Cash and Cash Equivalents
Cash and cash equivalents as of the 1st quarter of this year is at Php 678.51 million, higher by Php 138.67 million from last year or 26%.

Receivables
Receivables for the period increased by 215% from Php 361.93 million 1st quarter last year to Php 1.14 billion 1st quarter this year.

Notes Receivable
The Group extended loans to Acesite Leisure and Entertainment Corporation (ALEC) and bear interest at 4% per annum. The loan is guaranteed by another entity in behalf of ALEC.

Insurance Receivable
On March 18, 2018, a fire broke out at the Hotel of Acesite (Phils.) Hotel Inc. damaging several floors, casinos and restaurants. Operations have been suspended since then. The Hotel has insurance coverage to answer for the damages sustained. It is expected that operations will continue after damages are repaired.

Inventories
Inventory this year showed a decrease of 5%.

Due from related parties-current portion
This account increased by 36% from last year's 1st quarter. This represents interest bearing advances from TWGI and PRC. PHES and ALEC which are due and demandable.

Due from related parties-noncurrent portion
Crisanta Realty at a rate of two percent (2%) per annum is classified as non-current due in 5 years.

Property, Plant and Equipment
The account reflects a decrease of 7% or Php 363.43 million from last year.

Accounts Payable and Accrued Expenses
This account had increased to 112% or Php 1.5 billion from last year.

Loans Payable
The account remains static at Php 375 million. This refers to loan with Social Security System.

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. There are no material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.
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.

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

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

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

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

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash in banks, receivables and advances to related parties. The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references.

The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.
There is no other significant concentration of credit risk in the Group.

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

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

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

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

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

Interest Rate Risk
Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.
The Group's financial instrument that is exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375 million loan from SSS, as well as the stock rights offering of the Parent Company. The Parent Company is charging WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan

Equity Price Risk
Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
The Group is exposed to equity price risk because of its investment in shares of stock of WII which are listed in the PSE totaling to 86,710,000 shares as at December 31, 2017 and 2016.

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

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

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

The fair value of AFS investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2017 and 2016.

Capital Management
The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2017 and 2016.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2017 and 2016. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity.

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

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE FOR SEC REPORTING
As of March 31, 2019

Trade Receivables	0-30 days	31-60 days	61-90 days	91-120 days	121 days over	Total
Waterfront Cebu City Casino Hotel Inc.	32,630,754.85	9,857,500.83	1,830,935.54	583,180.62	10,829,014.36	55,731,386.20
Waterfront Airport Hotel and Casino	21,121,273.45	577,885.61	2,480.93	-	-	21,701,639.99
Waterfront Insular Hotel Davao	5,796,347.55	1,186,895.79	177,955.65	4,957.60	3,655,583.29	10,821,739.88
Manila Pavilion Hotel					15,658,269.60	15,658,269.60
Total	**59,548,375.85**	**11,622,282.23**	**2,011,372.12**	**588,138.22**	**30,142,867.25**	**103,913,035.67**