

DISCOVERY WORLD



ANNUAL REPORT

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MISSION

Hospitality service that is all Heart



VISION

*To be the most esteemed Filipino **hospitality** brand*



President's Report

Dear Fellow Shareholders,

It is my distinct honor to report to you Discovery World Corporation's (DWC) performance for the year 2017.

In this past year, our Company has seen exceptional and continuous growth, reaching significant revenues of PhP 658.2M, a 16 percent surge from last year's revenue of PhP 565.3M.

Our flagship property, Discovery Shores Boracay (DSB) saw its occupancy rate grow from 70 percent to 74 percent as Boracay continues to belong in Asia's Top 10 Islands list, and ranking 7th in the 2017 Travelers' Choice Awards. Club Paradise (CP) in Coron saw its occupancy rate grow a hefty 10 percent from 50 percent to 60 percent this year. Coron has been dubbed the "Jewel of Northern Palawan" and continues to be included in UNESCO World's List. Club Paradise can also boast about its other awards, such as being winner of Luxury Private Island Resort and Country Winner, Luxury Family Beach Resort, held in Moritz, Switzerland. Both companies contributed 60 percent and 29 percent, respectively, to DWC's overall revenue.

Our Discovery Fleet Corporation (DFC) has also begun to operate its second ship, Discovery Adventure, which contributed 11 percent to revenue, which represents a substantial increase of 65% to DFC revenue alone. Discovery Adventure's successful maiden trip to Palau confirmed the scuba diving industry's interest in exploring the enchanting underwater paradise of Palau while Discovery Palawan kept on astonishing divers in Tubbataha Reef. Our CP Divers in Coron have also surmised that they are creating interest due to the increasing number of diving classes provided.


The developments in the country during the first full year of President Rodrigo Duterte's administration ascertained the significant reason for the improved numbers of DWC, highlighting the country's massive infrastructure projects, improved peace and stability as well as stronger ties among ASEAN nations. Because of these undertakings, the country's Gross Domestic Product ended at 6.7 percent, of which service industry ranked second at 6.8 percent. As part of the service industry, tourism continued to soar high ending 2017 with about 6.1M tourist arrivals, a 2.5 percent increase from 2016.

DWC posted a net loss for the period which amounted to PhP 7M, attributable mostly to the initial operations of Discovery Adventure and the mandatory increases in salary and cost of food and beverages of the operating resorts.

Service that is all HEART – Helpful, Efficient, Accommodating, Responsible and Trustworthy continues to be our mantra. As in previous years, we implemented various community services that benefited the community where we belong and we shall continue to reach out in order to improve their lives.

This year, all the goals that we achieved were because of the cooperation of everyone from the employees, management and staff of the DWC family under the constant guidance of our Board of Directors. We look forward to a stronger and better company for the stakeholders.

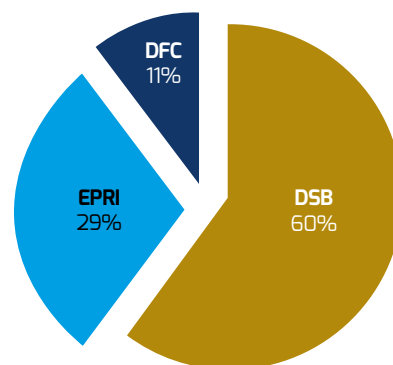
Yours truly,


John Y. Tiu, Jr.
President

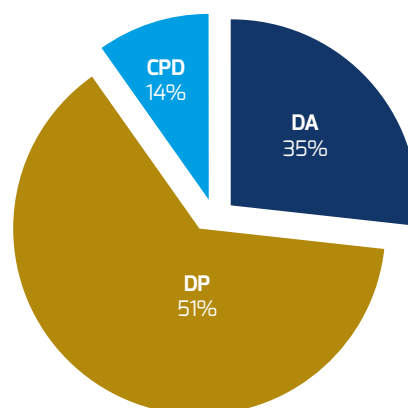
DWC Revenues



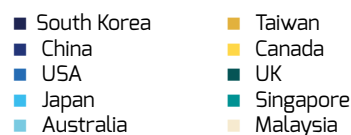
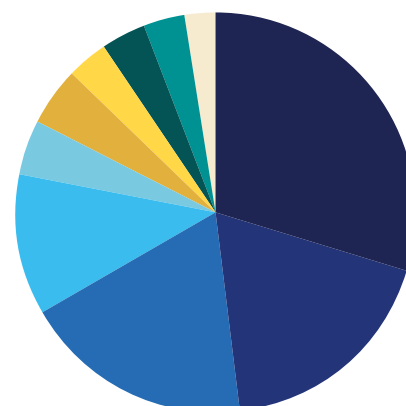
Revenue Mix 2017



DFC Revenues



Philippine's Top Tourist Visitors Statistics 2017



COMPETITIVE STRENGTHS



Discovery World Corporation is a professionally managed company that develops, operates, and manages some of the most sought-after luxury destinations in the Philippines. In 2017, DWC continued to make its mark across the travel and tourism industry, earning international industry accolades and awards for its destination properties.

Awards in 2017

2017 World Luxury Hotel Awards

Discovery Shores Boracay
Country Winner:
Luxury Wedding Destination
Country Winner:
Luxury Family Resort

Club Paradise Palawan

Continent Winner:
Luxury Private Island Resort
Country Winner:
Luxury Family Beach Resort

The Choice 2017

Discovery Shores Boracay
Favorite Beach Resort Hotel

Travel + Leisure Magazine World's Best Awards 2017

Discovery Shores Boracay
No. 7, Top 10 Best Resort Hotels in Southeast Asia

Hotels.com Loved by Guests Award 2017

Discovery Shores Boracay
Loved By Guests Gold Winner

Trip Advisor 2017 Certificate of Excellence

Discovery Shores Boracay
Club Paradise Palawan
Indigo Restaurant

Trip Advisor 2017 Travelers' Choice

White Beach, Boracay Island
No. 25, World's Best Beaches

Discovery Shores Boracay

No. 7, Top 25 Hotels in the Philippines
No. 9, Top 25 Hotels for Service – Philippines

People's Choice Awards 2017

Discovery Shores Boracay
Favorite Beach Resort





OUR SATISFIED GUESTS

"More and more travelers find our country as one of the choice destinations in Southeast Asia with its now regionally-connected 7,000 islands, pristine reefs, UNESCO World Heritage sites, and its range of cultural traditions that attract a lot of local and foreign tourists."



EXCEPTIONAL FACILITIES

The company prides itself in carrying out a culture of caring that embodies the mantra "service that's all HEART" when it comes to addressing their guests' every need and desire. Our resorts offer facilities and amenities that are the perfect combination of excitement, luxury, and relaxation.

INVESTMENT OF THE INTERNATIONAL FINANCE CORPORATION IN DISCOVERY WORLD CORPORATION

Pursuant to the Board's approval on Nov 21, 2017, Discovery World Corporation (DWC) has signed a Subscription Agreement with the International Finance Corporation ("IFC"). IFC is set to invest up to Six Hundred Fifty Million Pesos (PhP 650,000,000.00) in DWC to meet the growing demand for hospitality infrastructure in the Philippines.

Under the agreement, IFC shall subscribe to up to Two Hundred Sixteen Million Six Hundred Sixty Six Thousand Six Hundred Sixty Six (216,666,666) preferred shares at Three Pesos (PhP 3.00) per share, upon the request of DWC. The preferred shares to be issued to IFC shall be convertible to common shares at any time after the expiry of Forty Eight (48) months from the date of IFC subscription subject to a conversion ratio based on the following (i) number of preferred shares to be converted, (ii) average closing market price of common shares in the One Hundred Twenty (120) days preceding the date of IFC's notice to DWC of such conversion, and (iii) discount based on the certain periods of conversion availment set forth in the agreement. Through IFC's investment, two new hotels are set to rise in the Philippines' key frontier locations: (i) El Nido, Palawan, the Philippines' largest marine sanctuary, and (ii) La Trinidad, Benguet, an agriculture-rich mountainous region.

These projects will expand DWC's portfolio that includes Discovery Shores Boracay, a multi-awarded luxury resort, and Club Paradise Palawan, an exclusive island resort in Coron. It also owns Discovery Fleet which operates cruise boats for scuba safari expeditions in some of the world's best diving sites.

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working with more than 2,000 businesses worldwide, it uses its capital, expertise, and influence to create markets and opportunities in the toughest areas of the world.



*SITTING FRONT FROM LEFT - JOHN Y. TIU, DWC PRESIDENT, RUBEN C. TIU, DWC CHAIRMAN, YUAN XU, IFC COUNTRY MANAGER
STANDING FROM LEFT - JOSELITO SIBAYAN, PRESIDENT OF MABUHAY CAPITAL CORP., ANNA MAY NIEVA, DWC TREASURER
AND CFO, PATRICK LEAHY, IFC REGIONAL INDUSTRY HEAD, SOUTH ASIA, EAST ASIA AND PACIFIC, HENRIK PEDERSEN,
IFC SENIOR MANAGER, CONSUMER AND SOCIAL SERVICES, ASIA, DONNA GONZALES, IFC SENIOR INVESTMENT OFFICER ,
MARCIA YU, IFC SECTOR LEAD, ALYANNA UY, ASSOCIATE MABUHAY CAPITAL CORP.*

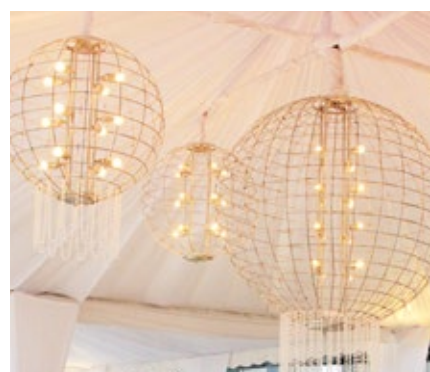
DISCOVERY SHORES BORACAY



Travel to one of the Philippines' best luxury destinations. Enjoy the white sand beach, clear blue waters, stunning sunset, and an island vibe like no other.



Centrally located in the internationally-renowned White Beach, the award-winning 87-suite luxury resort of Discovery Shores Boracay is the preferred choice of leisure travelers seeking world-class service on the island.



CLUB PARADISE



A tropical paradise in one of the country's best tourist destinations.
Excite your visual palate with its pristine beach and natural wonders.



Nestled in the untouched Dimakya Island, Club Paradise in Coron is situated along the protected UNESCO Biosphere Reserve, near world-class reef and wreck dive sites. The 14-hectare exclusive island resort is a haven for colorful flora and fauna, and is home to friendly sea turtles and the gentle dugong. The radiant beauty of the island makes it a choice location for intimate destination weddings.



DISCOVERY FLEET



Discovery Adventure

A new style of cruising through the Philippine islands, the Discovery Fleet offers full diving and non-diving programs. Avid divers can expect a full day of scuba diving the spectacular coral reefs, wrecks, and marine life of this sun-kissed archipelago, while their non-diving companions can enjoy a full day of snorkeling, kayaking, and beach-hopping.



Discovery Palawan



Discovery Fleet Corporation (DFC) offers two programs, namely Tubbataha and Northern Route.

The Tubbataha season is intended for scuba safari expeditions, which start in late March and end in mid-June. This tour encompasses the rich waters of the Philippines including the Tubbataha Reef, Coron, and Apo Reef, with options to go to Cagayancillo and Calusa. Guests can enjoy days of scuba diving in the Philippine's renowned dive sites that feature reefs, wrecks, and marine life. They can snorkel above pristine reefs and kayak through hidden lagoons. Every year, DFC provides the highest number of divers to Tubbataha. Visitor fees help conserve this UNESCO World Heritage Site.

The Northern Route is bound for Pandan Island, Coron, and Apo Reef with the season starting mid-October and ending mid-March. They offer non-diving guests full days of snorkeling, kayaking, and beach hopping onboard a cruise ship.

DFC has two vessels, Discovery Palawan and Discovery Adventure. The M/V Discovery Palawan is a single-screw, pleasure boat passenger carrier, which made its maiden voyage in April 2013.

While the M/V Discovery Adventure, also a pleasure boat with four to five upper deck rooms and eight standard rooms, has begun its Palau trip this year.

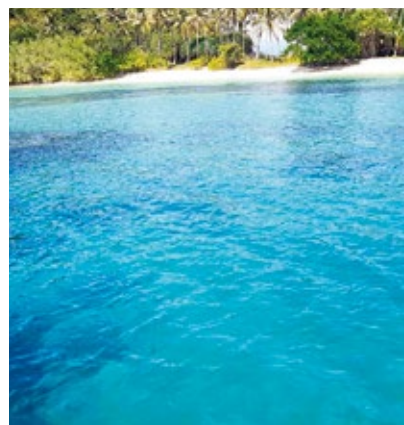
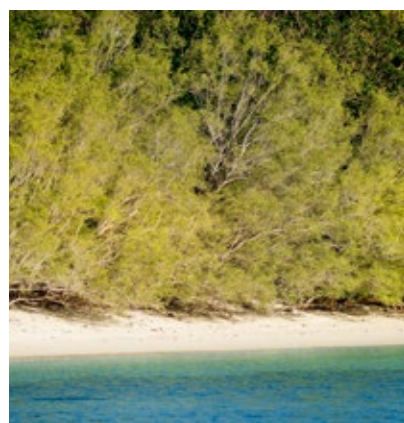
VANILLA BEACH



Vanilla Beach is on a 5-hectare beachfront property located in Corong Corong, El Nido, Palawan, which in turn is a major tourist destination known for its pristine beaches, water sports, and extraordinary ecological splendor.

As Vanilla Beach attracts more and more guests, the company aims to turn it into an environmentally-sustainable and tourist-friendly haven that features upscale amenities alongside nature's wonders.

PALAWAN COVE



Palawan Cove Corporation's (PCC) property is located in Boayan Island, the largest island in San Vicente, Palawan, where the company is maintaining a coral nursery as part of its reef rehabilitation efforts in Daplac Cove.

Palawan Cove, Sonoran, Long Beach and Siargao are currently in their pre-development phase, which entails permit acquisition, surveying, data gathering, and engagement of consultants, who will design the master plan of the area for the development of a resort hotel in the near future.

The site is set to become a major diving and snorkeling destination. Palawan Cove is currently anticipating its declaration as a Marine Protected Area, making it the third largest protected coral reef in the country, next to Apo Reef and Tubbataha.

Palawan Cove is home to a wide array of flora, including the white mangrove. Also known by its scientific name, *Laguncularia racemosa*, these flowering and fruit-bearing trees are normally found in West Africa, the Caribbean, and the Galapagos Islands, among others. The company hopes to preserve and propagate the white mangroves in the area as they only add to Palawan Cove's rich biodiversity.

SONORAN



LONG BEACH

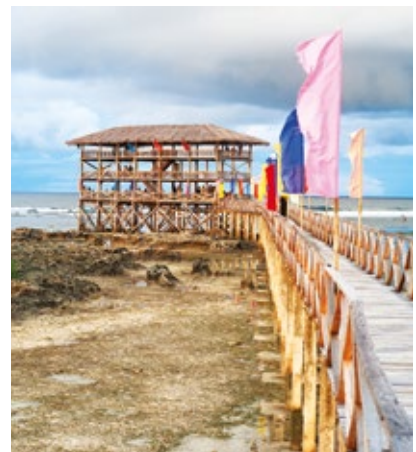
Sonoran Corporation's (SC) 5.7-hectare property situated on a mountain top in La Trinidad is the gem of the Benguet province.

Located 10 minutes north of Baguio, the area mimics the cold, calm ambience of the nation's summer capital. The area's elevation also allows for a panoramic view of La Trinidad and the majestic Cordillera Mountains. Its lush vegetation, vibrant blossoms, and picturesque rivers and springs give the site a postcard-perfect appeal that will make it a mountain resort that is truly a sanctuary for travelers.

Long Beach Property Holdings, Inc., a newly created company, has a 38,373 square meter beachfront property located in New Agputaya, San Vicente, Palawan under its portfolio.

The longest white beach in the Philippines shows off a sparkling bed of sand under the scorching summer sun.

LUCKY CLOUD 9



**A 104-key room is currently being designed for this hidden gem
in Siargao, Surigao Norte.**

It is the home to majestic surf spots of Caridad, Guyam, Cemetery, Jacking Horse, Pacifico and the world renowned Cloud 9. This remote island, characterized by crashing tides from the waters of the Philippine Deep, uncharted turbulent seas that lead to stunning unspoilt beauty of nature, is foretold to be the next tourism goldmine.

DEDICATED EMPLOYEES



"This year, all the goals that we achieved were because of the cooperation of everyone from the employees, management and staff of the DWC family, under the constant guidance of our Board of Directors."



CORPORATE SOCIAL RESPONSIBILITY



The role of Discovery World Corporation as a corporate citizen of the Philippines places it in a unique position to be able to “give back to the community,” leveraging upon its resources and manpower to provide a positive impact through its corporate social responsibility (CSR) programs. Here are some of its initiatives this 2017.

Clean Water for the Community

On March 14 2017, Discovery Shores Boracay launched “Together for Water,” a CSR project designed to give the 120 households in Boracay’s Sitio Carla Ati indigenous community much needed access to clean water. Done in partnership with international NGO Waves for Water, the initiative kicked off with a visit to Ati Chieftain Vicente Elorde and his community by Hotel Manager Erwin Lopez and his team, to pledge the donation of 60 water filters in 2017, each one capable of providing a positive impact to a hundred people.

To educate community members on the importance of clean water, Waves for Water’s Director of Operations Jenica Dizon demonstrated how to properly use the Sawyer water filters, while Dr. Girlie Teotico, gave a talk on WASH (Water, Sanitation and Hygiene).

At the resort, “Change for Water” donation boxes were placed in reception areas and restaurants, allowing guests and employees to easily join the drive. Additional fund-raising activities included Ukay-Ukay sa Balay with employee donations and a garage sale of used material and equipment from the hotel.

“Now that we’re on our 10th year anniversary, it’s high time for us to play a bigger role in giving back to the community,” Hotel Manager Erwin Lopez said. “Access to clean water is a right for every one. Clean water not only saves lives but improves the overall well-being of a person.”

Health Outreach in Aklan

An integral part of the CSR program of Discovery Shores Boracay is the organization and support of medical missions, to provide health assistance to the communities that Discovery Shores interacts with. On July 4 and 5, 2017, it co-sponsored a medical outreach to the Ati communities in Boracay and Malay, Aklan. The medical mission was led by Metropolitan Doctors Medical Clinic (MDMC) in cooperation with the American Medical Mission Group. Volunteer doctors conducted check-ups and consultations with the local citizens, as they also distributed essential medicine and vitamins to the community.



“Access to clean water is a right for everyone. Clean water not only saves lives but improves the overall well-being of a person.”

Girl power

Among the unique CSR initiatives of Discovery Shores Boracay was its support for the Boracay National High School Girls Basketball Team, which represented the school in the District Meet Competition held from September 7 to 10, 2017. The event brought together teams of Malaynon students from different schools, to compete against each other while upholding the values of teamwork, camaraderie and sportsmanship. Funds provided by Discovery Shores Boracay went into the purchase of team jerseys, equipment and other student needs.

MINGO for Marawi

The Marawi siege has left a city struggling to rebuild itself in the aftermath of last year's violence and destruction. Among the immediate needs of Marawi is proper nutrition for affected children. To help with this, Discovery Shores Boracay partnered with the Negrense Volunteers for Change Foundation Inc. to donate PhP 60,335, to go toward the purchase of supplies of MINGO, a nutritious food made of rice, monggo and moringa (malunggay), with all-natural ingredients.

Boracay Blood Drive

When emergencies strike, it is imperative for local hospitals to have a ready supply of blood for transfusions. To prepare Boracay for such emergencies, Discovery Shores Boracay and the Boracay Chapter of the Philippine Red Cross held a one-day blood drive on March 20, 2017, with employees of the resort. Extractions were carried out on volunteers, who donated up to 350cc of blood per person.

Bringing Medical Assistance to Busuanga

Among the various CSR initiatives held by Club Paradise Palawan in 2017 was a medical mission to Barangay Cheey in Busuanga on March 30. Facilitated by Resort Physician Dr. Charmaine Callanga with help from PRC certified first aiders, members of the Club Paradise Social and Sport Committee and the Philippine Coast Guard 406.2 Auxiliary, the outreach brought much needed medical assistance to 80 residents of the barangay. Consultations and medicine were provided, as well as food via an outreach soup kitchen.



Earth Hour Island Cleanup

Earth Hour started in 2007, a symbolic lights out event that soon became the world's largest grassroots environmental movement. It's evolved since then, with supporters going far beyond the hour. On March 25, 2017, Club Paradise did its Earth Hour part by organizing a marine and coastal cleanup in Diatoy Island with the Sea Guardians and GarMa Task Force. Volunteers combed both sand and sea to retrieve rubbish and dispose of their collections the proper way.





Recognizing Potential in Palawan Students

Every year, Club Paradise Palawan recognizes the best students in Coron through the Discovery Model Pupil awards. The awards are given to the students from eight schools across four different Coron barangays who get the highest honors.

This year's awardees were:

Barangay Decalachao
Decalachao Elementary
Valedictorian: Aiyen G. Obispado
Salutatorian: Mark Aljiel L. Rauto

Decalachao National High School
Highest Honors: Marc Jason I. Gacula

Barangay San Jose
San Jose Elementary School
Valedictorian: Vashti Mae del Cruz
Salutatorian: Maue Paloray

Maricban Elementary School
Valedictorian: Kristine Angel Go
Salutatorian: Jhon Kent Ortiz

Barangay Cheey
Cheey Elementary School
Recipients:
Valedictorian: Mary Yrielle E. Libunao
Salutatorian: Christine Joy Apuen

Cheey National High School
Valedictorian: Jemela Bancilan
Salutatorian: John Michael Libarra

Barangay Decabobo
Decabobo Elementary School
Valedictorian: Bernald Yen L. Lonasco
Salutatorian: Angelica O. Avancena

Sitio Bucatan Elementary School
Valedictorian: Merechel R. Dela Carmen
Salutatorian: Elailyn C. Quijano

Raise the Roof

Club Paradise also extended assistance to the students in Sitio Camanga, helping out in the installation of temporary roofing in their elementary school on July 14, 2017.



Cleaning the Coast

Protecting the environment works best when all the stakeholders come together in a concerted effort. On July 15, 2017, Club Paradise Palawan joined the local government, the National Disaster Risk Reduction and Management Office, and other coastal barangays in a municipality-wide coastal clean-up activity. Kicked off during National Disaster Resilience Month, the activity had the theme: 4K Kamalayan sa Kahandaan, Katumbasay Kaligtasan, and opened the doors for a monthly coastal clean-up in Dimakya, Malpagalen and Diatoy islands.



Raising Funds at the Sweet Kitchen Kiosk

Following the success of the Together for Water program in Discovery Shores Boracay, Club Paradise Palawan likewise joined forces with Waves for Water to provide clean water access to the communities surrounding the resort. To raise funds, Club Paradise partnered with the Municipality of Coron to set up a booth dubbed Sweet Kitchen Kiosk, selling pastries, souvenirs and pre-loved items during the Kasadyaan Festival from August 9 to 28, 2017.



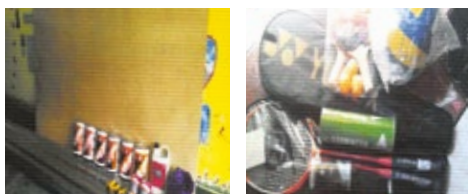
Dimakya Island Clean-up

August 29, 2017, saw Club Paradise's EcoConserve teams working to clean up the coastline of Coron's Dimakya Island. The teams included the Sea Guardians, the Garma Task Force and members of the Club Paradise community.



COMPLIANCE PROGRAM

The company's Chairman of the Board, assisted by our Chief Compliance Officer, oversees the implementation of our compliance efforts. Abiding by the law and setting appropriate rules and regulations will make our company a strong and stable organization.



Cleaning the World's Coastlines One Barangay at a Time

International Coastal Cleanup Day is the world's largest volunteer effort for oceans and waterways. Held every third Sunday of September, the worldwide event gathers people on beaches, coasts, rivers, waterways and underwater dive sites to remove trash and record information on the debris collected. In Coron, the cleanup was done in Barangays Maricaban and Decalachao with Club Paradise Palawan's PCGA and CP EcoConserve Committee with the Philippine Coast Guard Auxiliary (PCGA) 406.2 division, Barangay Decalachao officials, members of ECO Farm and River House, Club Paradise divers, and teachers and students from Decalachao National High School.

Building Up the Future in Boayan

Palawan Cove, Discovery World's snorkeling and diving destination in San Vicente, Palawan, is best known for its work in reef rehabilitation in and around Boayan Island, but it has also given back to the community by helping out Buayan Elementary School. Through donations in cash and kind, including materials for the repair of the school's kindergarten classroom and sporting equipment, Palawan Cove is making an investment in the future of the island.

The Corporation is in compliance with the Philippine Stock Exchange's Amended Rule on Minimum Public Ownership under Section 3, Article XVIII on the Continuing Listing Requirements of the Listing and Disclosure Rules which prescribes that listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of ten percent (10%) of the listed companies' issue and outstanding shares, exclusive of any treasury shares. As of December 31, 2017, the Corporation's public ownership level is at 25.52%.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The Management of Discovery World Corporation and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended December 31, 2017 and 2016, 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 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.


The Board of Directors is responsible in overseeing the Group'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.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: 
Ruben C. Tiu
Chairman of the Board

Signature: 
John Y. Tiu, Jr.
President

Signature: 
Anna May B. Nieva
Vice President / Chief Financial Officer

Signed this 27th day of February 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Discovery World Corporation and Subsidiaries
Station 1, Balabag, Malay, Aklan

Opinion

We have audited the accompanying consolidated financial statements of Discovery World Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of comprehensive income, consolidated statements changes in equity and consolidated statements of cash flows for the years ended December 31, 2017, 2016, and 2015, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years ended December 31, 2017, 2016 and 2015 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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 the 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 evidences we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 as at and for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming opinion thereon, and we do not provide a separate opinion on these matters.

• Valuation of Goodwill

The Group is required to perform annual impairment testing of goodwill which has a carrying value of P151.9 million as at December 31, 2017 as discussed in Note 4 to the consolidated financial statements. The annual impairment testing of goodwill is considered to be a key audit matter because of the significant judgment required in determining the assumptions to be used to estimate the recoverable amount of the cash generating units that benefited from the business combination resulting to the goodwill.

Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group, in particular those relating to the forecasted revenue growth and profit margins of the cash generating units which have the most significant effect on the impairment assessment of goodwill. We have assessed that the assumptions and methodologies used are reasonable.

• Revenue Recognition

The Group's revenue amounting to P658.2 million for the year ended December 31, 2017 presented in the consolidated statements of comprehensive income were generated from rooms and food, beverages and others.

Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. Considering the nature of the Group's business and operations, there is a risk that revenue cut-off may not be properly observed, and revenues may not be completely captured and recorded.

Our audit procedures to address the risk of material misstatement relating to revenue recognition, which was considered to be a significant risk, include:

- o Testing of controls in recording of revenues and customers' deposits; and
- o Detailed analysis of revenue and the timing of its recognition based on expectations derived from our industry knowledge and external market data and following up variances from our expectations.

We have assessed that the Group's revenues are properly recorded.

Other information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017 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, 2017 are expected to be 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 audits 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 audits or otherwise appears to be materially misstated.

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

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

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

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

Auditor's 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 PSA 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 PSA, we exercise professional judgment and maintain professional scepticism 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 the 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 to 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 these 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.

REYES TACANDONG & CO.


CAROLINA P. ANGELES

Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 0658-AR-3 Group A
Valid until May 17, 2020
BIR Accreditation No. 08-005144-7-2017
Valid until January 13, 2020
PTR No. 6607960
Issued January 3, 2018

February 27, 2018
Makati City, Metro Manila

Discovery World Corporation and Subsidiaries

Consolidated Statements of Financial Position

	December 31	
	2017	2016
ASSETS		
Current Assets		
Cash	PhP 95,418,019	PhP 109,339,812
Trade and other receivables	12,366,755	12,812,547
Due from related parties	49,336,241	51,722,768
Inventories	31,828,633	27,077,457
Financial assets at fair value through profit or loss (FVPL)	70,000,000	70,000,000
Creditable withholding taxes	8,130,951	46,218
Other current assets	85,227,772	53,603,266
Total Current Assets	352,308,371	324,602,068
Noncurrent Assets		
Property and equipment	2,620,276,100	2,185,338,704
Investment properties	–	48,788,885
Net deferred tax assets	30,647,508	28,783,197
Available-for-sale (AFS) financial assets	13,838,800	14,948,000
Goodwill	151,877,118	151,877,118
Other noncurrent assets	239,004,468	120,565,681
Total Noncurrent Assets	3,055,643,994	2,550,301,585
	PhP 3,407,952,365	PhP 2,874,903,653
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	PhP 413,317,515	PhP 352,434,132
Current portion of loans payable	1,007,083,332	639,083,332
Due to related parties	147,367,693	139,115,264
Current portion of obligation under finance lease	338,066	316,662
Income tax payable	–	3,081,785
Total Current Liabilities	1,568,106,606	1,134,031,175
Noncurrent Liabilities		
Loans payable - net of current portion	538,750,003	428,333,335
Obligation under finance lease - net of current portion	518,126	855,608
Net retirement benefit liability	2,808,652	6,618,411
Deferred tax liability	87,005,073	87,005,073
Total Noncurrent Liabilities	629,081,854	522,812,427
Total Liabilities	2,197,188,460	1,656,843,602
Equity		
Capital stock	626,000,000	626,000,000
Additional paid-in capital	353,538,678	353,538,678
Other equity reserves	(48,066,614)	(48,012,873)
Retained earnings	279,291,841	286,534,246
Total Equity	1,210,763,905	1,218,060,051
	PhP 3,407,952,365	PhP 2,874,903,653

Discovery World Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

	December 31		
	2017	2016	2015
REVENUE			
Rooms	PhP 523,614,377	PhP 451,494,089	PhP 411,742,863
Food, beverages and others	134,539,074	113,807,348	96,963,415
	658,153,451	565,301,437	508,706,278
COST OF SALES AND SERVICES			
Rooms	290,185,729	228,919,077	205,208,076
Food, beverages and others	99,434,296	77,061,482	66,731,248
	389,620,025	305,980,559	271,939,324
GROSS PROFIT	268,533,426	259,320,878	236,766,954
OPERATING EXPENSES (INCOME)			
Administrative expenses	247,240,138	211,205,437	184,344,125
Selling and marketing expenses	29,606,486	24,706,588	23,677,605
Other operating income	(24,677,480)	(21,440,348)	(21,074,019)
	252,169,144	214,471,677	186,947,711
OPERATING PROFIT	16,364,282	44,849,201	49,819,243
OTHER INCOME (CHARGES) - NET			
Finance costs	(19,565,119)	(17,342,831)	(18,220,987)
Finance income	(1,391,533)	3,404,387	1,150,120
Gain from insurance claims	–	1,922,953	168,676
Others	1,113,394	343,000	667,783
	(19,843,258)	(11,672,491)	(16,234,408)
GAIN ARISING FROM BUSINESS COMBINATION	-	-	49,093,362
INCOME (LOSS) BEFORE INCOME TAX	(3,478,976)	33,176,710	82,678,197
INCOME TAX EXPENSE	(3,763,429)	(14,364,309)	(11,263,993)
NET INCOME (LOSS)	(7,242,405)	18,812,401	71,414,204
OTHER COMPREHENSIVE LOSS			
<i>To be reclassified subsequently to profit or loss</i>			
Unrealized fair value loss on AFS financial assets	(1,469,200)	(6,412,400)	(13,952,040)
<i>Not to be reclassified subsequently to profit or loss</i>			
Remeasurement gains (losses) on retirement benefit liability	2,022,084	2,785,831	(1,243,383)
Income tax expense (benefit)	(606,625)	(835,749)	373,015
	(53,741)	(4,462,318)	(14,822,408)
TOTAL COMPREHENSIVE INCOME (LOSS)	(PhP 7,296,146)	PhP 14,350,083	PhP 56,591,796
Net income (loss) attribute to:			
Shareholders of the Parent Company	(PhP 7,242,405)	PhP 18,889,937	PhP 71,654,132
Non-controlling interest	-	(77,536)	(239,928)
	(PhP 7,242,405)	PhP 18,812,401	PhP 71,414,204
Total comprehensive income (loss) attributable to:			
Shareholders of the Parent Company	(PhP 7,296,146)	PhP 14,427,619	PhP 56,831,724
Non-controlling interest	-	(77,536)	(239,928)
	(PhP 7,296,146)	PhP 14,350,083	PhP 56,591,796
Basic/Diluted Earnings (Loss) Per Share	(PhP 0.01)	PhP 0.03	PhP 0.11

Discovery World Corporation And Subsidiaries

Consolidated Statements of Changes in Equity

Years Ended December 31

	2017	2016	2015
CAPITAL STOCK	PhP 626,000,000	PhP 626,000,000	PhP 626,000,000
ADDITIONAL PAID-IN CAPITAL	352,538,678	352,538,678	353,538,678
RETAINED EARNINGS			
Balance at beginning of year	286,534,246	283,294,309	227,290,177
Net income	(7,242,405)	18,889,937	71,654,132
Dividends declared	–	(15,650,000)	(15,650,000)
Balance at end of year	279,291,841	286,534,246	283,294,309
NON-CONTROLLING INTEREST			
Balance at beginning of year	–	6,392,179	6,710,172
Acquisition of subsidiaries	–	–	5,929,710
Comprehensive income	–	(77,536)	(239,928)
Acquisition of non-controlling interest	–	(6,314,643)	(6,007,775)
Balance at end of year	–	–	6,392,179
OTHER EQUITY RESERVES			
Balance at beginning of year	(48,012,873)	(36,565,198)	(27,750,565)
Fair value changes in AFS financial assets	(1,469,200)	(6,412,400)	(13,952,040)
Remeasurement gains (losses) on net retirement benefit liability	1,415,459	1,950,082	(870,368)
Acquisition of non-controlling interest	–	(6,985,357)	6,007,775
Balance at end of year	(48,066,614)	(48,012,873)	(36,565,198)
	PhP 1,210,763,905	PhP 1,218,060,051	PhP 1,232,659,968

Discovery World Corporation And Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31

	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	(PhP 3,478,976)	PhP 33,176,710	PhP 82,678,197
Adjustments for:			
Depreciation and amortization	87,411,180	69,963,927	58,926,760
Finance costs	19,565,119	17,342,831	18,220,987
Retirement benefits cost	3,390,248	3,312,210	3,141,017
Net unrealized foreign currency losses (gain)	1,917,446	(1,879,894)	1,676,649
Interest income	(525,913)	(534,282)	(493,839)
Gain on disposal of assets	(420,195)	(15,000)	(159,500)
Provision for doubtful accounts	–	–	1,691,801
Gain from insurance claims	–	(1,922,953)	(168,676)
Gain arising from business combination	–	–	(49,093,362)
Write-off of trade and other receivables	–	–	618,673
Operating profit before working capital changes	107,858,909	119,443,549	117,038,707
Decrease (increase) in:			
Trade and other receivables	445,792	4,680,955	51,891,873
Inventories	(4,751,176)	(4,162,327)	(2,236,469)
Other current assets	(31,624,506)	(6,702,216)	(3,390,728)
Other noncurrent assets	(118,438,787)	(35,481,152)	(280,069)
Increase in trade and other payables	60,919,553	69,274,307	58,844,078
Net cash generated from operations	14,409,785	147,053,116	221,867,392
Income taxes paid	(17,400,883)	(12,382,788)	(32,788,935)
Contributions paid	(1,724,590)	(1,724,590)	(1,724,590)
Interest received	525,913	534,282	493,839
Net cash provided by (used in) operating activities	(4,189,775)	133,480,020	187,847,706
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment	(461,549,998)	(329,610,915)	(283,719,876)
AFS financial assets	(360,000)	(290,000)	(9,290,440)
Investment properties	–	–	(10,068,967)
Proceeds from:			
Disposal of assets	420,195	15,000	159,500
Insurance Claims	–	1,922,953	168,676
Net cash used in investing activities	(461,489,803)	(327,962,962)	(302,751,107)

(Forward)

Discovery World Corporation And Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31

	2017	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Loans payable	(PhP 365,000,000)	(PhP 181,270,210)	(PhP 973,440,271)
Finance costs	(35,064,315)	(31,185,205)	(23,927,931)
Due to related parties	(2,279,990)	(13,350,000)	(89,648,302)
Obligations under finance lease	(316,078)	(296,785)	(164,445)
Dividends	–	(15,650,000)	(15,650,000)
Proceeds from availments of loans payable	843,416,668	438,000,000	1,082,752,148
Advances from related parties	10,532,419	–	–
Decrease in due from related parties	2,386,527	19,048,000	146,010,350
Acquisitions of non-controlling interests	–	(2,200,000)	–
Net cash provided by financing activities	453,675,231	213,095,800	125,931,549
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(1,917,446)	1,879,894	(1,676,649)
NET INCREASE (DECREASE) IN CASH	(13,921,793)	20,492,752	9,351,499
CASH OF NEW SUBSIDIARIES	–	–	441,651
CASH AT BEGINNING OF YEAR	109,339,812	88,847,060	79,053,910
CASH AT END OF YEAR	PhP 95,418,019	PhP 109,339,812	PhP 88,847,060
NONCASH FINANCIAL INFORMATION			
Reclassification of investment property to property and equipment	PhP 48,788,885	PhP –	PhP –
Transfer of retirement obligation to a related party	3,453,333		
Acquisition of land financed by an officer	–	38,993,080	
Reclassification of financial assets at FVPL to AFS financial assets	–	–	23,600,000
Conversion of deposit on stock subscription, due from related parties and escrow account to investment in a subsidiary	–	–	6,250,000
Acquisition of transportation equipment through finance lease obligation	–	–	1,450,081

KEY OFFICERS

Jose C. Parreno, Jr.

CHIEF OPERATING OFFICER (TDLCI)

Mr. Jose C. Parreno, Jr. is a graduate of the University of the Philippines where he earned his Bachelor's Degree in Economics. He has taken the General Management Course and Strategic Management Program in the Cornell-Nanyang Institute of Hospitality Management as well as the Business Management Program in the Asian Institute of Management. He has over 20 years of experience in the management of premier hotels and serviced residences around the Philippines including Mandarin Oriental Manila and Pan Pacific Hotel before joining the Discovery group in 2000 as part of the pioneer management team.

Mary Jean D. Codiñera

VICE PRESIDENT INVESTOR RELATIONS OFFICER

Ms. Mary Jean D. Codiñera is concurrently the Vice President for Sales and Marketing of JTKC Land, Inc. She was previously the Vice President for Sales and Marketing for Tofino Corporation (2010-2011) and Membership Head of Filinvest Alabang, Inc. (2009-2010), Sales Manager of Filinvest Land, Inc. (2006-2007), and President of the Corporate Circuit, Inc. (2001-2006). She holds a double degree in Bachelor of Science in Commerce major in Accounting and Economics from the Assumption College.

Rupert Terrence C. Sykat

ASSISTANT VICE PRESIDENT – PROJECT DEVELOPMENT

Mr. Rupert Terrence C. Sykat is concurrently an Assistant Vice President for Projects of JTKC Land, Inc. (2010 – present). He was a Project Architect of Greenfield Development Corporation (2007 – 2010) and a Design Architect of W.V. Coscolluela and Associates (1997 – 2006). He holds a Bachelor of Science degree in Architecture from the University of Santo Tomas.

Erwin Peter Z. Lopez

DIRECTOR OF OPERATIONS

Mr. Erwin Peter Z. Lopez was previously the Operations Manager and Senior Operations Manager of Discovery Shores Boracay (2006-2012) and the Operations Supervisor in Discovery Suites Ortigas (2000-2006). He holds a degree in Bachelor of Arts in Human Resources Management from the De La Salle University College of St. Benilde.

Anna May B. Nieva

TREASURER AND CHIEF FINANCIAL OFFICER

Ms. Anna May B. Nieva was previously Asst. Vice President of United Coconut Planters Bank (2012-2013) and Chief Financial Officer and Vice President of One Subic Power Generation Corporation (2011-2012). She has more than twenty (20) years experience in the banking industry specializing in Lending. She holds a degree in Bachelor of Arts in Economics from the Assumption College, a Certificate of Strategic Business Economics Program from the University of Asia and the Pacific and has taken Masters of Business Administration units from Ateneo Graduate School of Business.

Irene J. Buban

COMPTROLLER

Ms. Irene J. Buban was previously the Head Accountant of JTKC Land, Inc. (2010-2013). She is a certified Public Accountant. She holds a Bachelor of Science degree in Accountancy from the Polytechnic University of the Philippines.

Anna Francesca C. Respicio

CORPORATE SECRETARY

Atty. Anna Francesca C. Respicio is the Assistant Corporate Secretary. She is the incumbent Corporate Secretary or Assistant Corporate Secretary of the following listed I-Remit, Inc., Jolliville Holdings Corporation, A Brown Company, Inc., and First Abacus Financial Holdings Corporation, as well as the following registered corporations: Sterling Bank of Asia, Inc. (A Savings Bank), Tagaytay Highlands International Golf Club, Inc, The Spa and Lodge at Tagaytay Highlands, Inc., and Fidelity Securities, Inc.

Atty. Respicio obtained her Bachelor of Arts degree (major in Philosophy) in 2007 and her Juris Doctor degree in 2011 from the Ateneo de Manila University. She is currently a Senior Associate at Tan Venturanza Valdez. She was admitted to the Philippine bar in April 2012.

Maria Catherine Michelle V. Mercado

HEAD OF INTERNAL AUDIT

Ms. Maria Catherine Michelle V. Mercado, holds a Bachelor of Science degree in Accountancy from University of Santo Tomas in May 2015 and had earned her license as Certified Public Accountant in October 2015. She gained internal auditing experience from BDO Unibank, Inc. for 8.5 years, specializing in audit of trust and private banking. She had also handled audits of institutional banking, treasury, risk management, remedial management, asset litigation and cash operations.

BOARD OF DIRECTORS



Ruben C. Tiu

CHAIRMAN OF THE BOARD

Mr. Ruben C. Tiu is concurrently the Chairman of Sterling Bank of Asia, Chairman and President Star Equities, Inc., President of JTKC Realty Corporation, Pan Asean Multi Resources Corp., Aldex Realty Corporation, Oakridge Properties, Inc., Hotel Systems Asia, Inc., JTKC Land, Inc., TDLCL, and Discovery Country Suites, Inc., Executive Vice President of JTKC Equities, Inc. and Union Pacific Ace Industries, Inc., and a Director of Palawan Cove Corporation, Cay Islands Corporation, Tera Investments, Inc., Sonoran Corporation, and I-Remit, Inc. He was previously a director of Southern Visayas Property Holdings, Inc. (2003 - 2009), International Exchange Bank (1995 - 2006), and I - Remit, Inc. (2002 - 2004). He holds a Bachelor of Science degree in Business Administration from the De La Salle University.



John Y. Tiu

DIRECTOR AND PRESIDENT

Mr. John Y. Tiu, Jr. is concurrently the Chairman and President of Tera Investments, Inc., Cay Islands Corporation, Palawan Cove Corporation, Sonoran Corporation, Long Beach Property Holdings Inc., JT Perle Corporation, and One Cerrada Corporation. He is also a Director and Vice President of Fidelity Securities, Discovery Country Suites, Inc., and The Discovery Leisure Company, Inc. He is also a Director and First Vice President of JTKC Realty Corporation and Director and Treasurer of JTKC Equities, Inc., JTKC Land, Inc., Star Equities, Inc., and Touch Solutions, Inc. He is a member of the Board of Directors of Enderun Colleges, Inc., I-Remit Inc., Oakridge Properties, Inc., Sagesoft Solutions, Inc., Sterling Bank of Asia, Inc. (A Savings Bank), and Tokyo Holdings, Inc. He was previously the Treasurer of Southern Visayas Property Holdings, Inc. (2003 - 2009). He holds a Bachelor of Science degree in Electrical Engineering Minor in Mathematics from the University of Washington in Seattle, Washington, USA.



Bayani K. Tan

DIRECTOR

Mr. A. Bayani K. Tan is concurrently a Director and the Corporate Secretary of the Corporation. He is also a Director, Corporate Secretary of companies like Asia United Bank Corporation, Belle Corporation, Coal Asia Holdings, Inc., Destiny Financial Plans, Inc., First Abacus Financial Holdings Corp., I-Remit, Inc., Pacific Online Systems Corporation among others. He is the Managing Partner of the law offices of Tan Venturanza Valdez, Managing Director/President of Shamrock Development Corporation, Director of Destiny LendFund, Inc. and Pascual Laboratories, Inc., President of Catarman Chamber Elementary School Foundation, Inc. Managing Trustee of SCTan Foundation, Inc., Trustee and Treasurer of Rebisco Foundation, Inc., and Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. Mr. Tan holds a Master of Laws degree from New York University and earned his Bachelor of Laws degree from the University of the Philippines where he was a member of the Order of the Purple Feather and ranked ninth in his class. He placed 6th in the 1981 bar examinations. He has a Bachelor of Arts major in Political Science degree from the San Beda College.



Romualdo C. Macasaet

DIRECTOR

Mr. Romualdo C. Macasaet is concurrently the Managing Director and a stockholder of JTKC Land, Inc. He holds a Bachelor of Science degree in Commerce from the De La Salle University and a Bachelor of Science degree in Architecture from the University of Santo Tomas.



Lamberto R. Villena

DIRECTOR

Mr. Lamberto R. Villena is concurrently a Director of Sterling Bank of Asia Corporate Center. He was previously a Consultant to JTKC Equities, Inc. (2006 - 2009) and Executive Vice President (2004 - 2006) and Head of the Commercial Banking Group as Senior Vice President (1996 - 2004) of Rizal Commercial Banking Corporation. He was also past directors of Pacific Plans, Inc. (2005 - 2008) and Vitarich Philippines (2000 - 2002). He holds a Masters degree in Business Administration and Bachelor of Laws from the University of the Philippines, and a Bachelor of Arts degree from the Ateneo de Manila University.



William L. Chua

INDEPENDENT DIRECTOR

Mr. William L. Chua is concurrently an Independent Director of Sterling Bank of Asia. He is also Chairman of the Board, President and CEO of WSI Philippines, Inc., Leadtech Systems, Inc., and LSI Leading Technologies, Inc. He is also the Vice Chairman of Wordtext Systems, Inc., Trustee of Adolfo S. Suzara Foundation, Inc., CEO and President of WS Pacific Publications, Inc., Chairman of the Board of Directors of Infotouch Systems, Inc., and Philmont Academic Solutions Inc. and member of the Board of Directors of the following companies: Nexus Technologies, Inc., Jupiter Systems, Inc., Information Technology Supplies Distributors, Inc., Aikontech Systems, Inc., WSI Phonecare, Inc. and WSI Technologies Corporation.

Mr. Chua holds a master's degree in Business Administration from the Santa Clara University and a Bachelor of Science Degree in Industrial Engineering from California State University in San Jose, CA.



Elizabeth Ann C. Parpan

INDEPENDENT DIRECTOR

Ms. Elizabeth Ann C. Parpan is concurrently the Treasurer of BISCOP, Inc. and Park Haven, Inc. She is also the Corporate Secretary of A. Chan Sugar Corporation. In addition, she also acts as a director in Morning Glow Development Corp., JEMFA Resources, Inc., and Partners Against Pests, Inc. She was previously the Corporate Secretary (2011-2012), Director (2010-2012), and Assistant Manager (2008 - 2012) of Central Azucarera de Bais, Inc. and Executive Vice President of Hotel Enterprises of the Philippines, Inc. (1995 - 2009). She was the Valedictorian of the Hospitality Administration Program of the Centre International De Glion en Gruyere (Glion Hotel School) in 1994. She holds a Bachelor of Science degree in Management Honors, cum laude, from the Ateneo De Manila University.

DISCOVERY WORLD

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