



DISCOVERY WORLD

Annual Report 2016

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The DWC family would like to thank @thelondonfoodie for the cover photo and the kind words posted on Facebook: Please don't hate me for this one UK folks, but I just need to share this with you - here I am minding my own business on this lovely day at @discoveryshoresboracay sun lounge when this happened! But this is only a small part of the story - the service at this resort is nothing short of extraordinary - just some of the things we experienced here in addition to all the free snacks by the pool include having my sun-glasses sprayed and thoroughly cleaned, some fancy Evian water sprayed to cool my face, cucumber slices for my eyes, endless supply of iced pandan-flavoured water, and the list goes on. I have been lucky to stay in some lovely hotels before but #DiscoveryShoresBoracay is in a league of its own! Thoroughly recommend it.

The management and staff would also like to acknowledge our partners and customers for sharing their photos and comments in various social media sites.

MISSION

Hospitality service that is all Heart



VISION

To be the most esteemed Filipino hospitality brand



PRESIDENT'S REPORT

Dear Fellow Shareholders,

2016 proved to be another remarkable year for Discovery World Corporation (DWC).

The pristine reefs, UNESCO World Heritage sites, and cultural attractions found all over our country's 7,107 regionally-connected islands led more travelers to make the Philippines their choice destination in Southeast Asia. This helped the Philippine tourism industry thrive in 2016, posting an 11% increase in tourist arrivals compared to 10% the previous year.

We likewise experienced a significant 11% or PhP565.3 million increase in our revenue, brought about by the rise in occupancy from 62% to 71%.

We recorded a 14% growth in Total Assets, reaching PhP2.88 billion. This is attributed to on-going projects including the construction of DSB Villas Boracay, improvements made to Club Paradise in Coron, Palawan and the construction of a commercial building in Vanilla Beach El Nido, Palawan. Our Benguet property, meanwhile, is in the planning stage of development. These activities adhere to the government's call for the private sector to develop rural areas. Our capital base strengthened further to PhP1.22 billion.

Our cost of services grew by 15% due to increases in room and F&B expenses. Operating expense also grew to 18%, attributed mainly to the full-year management and incentive fee cost. Because there were no extraordinary gains from business combination or insurance claim, our company posted a net consolidated profit of PhP14.4Million, which reflects a 74% decrease from the PhP56.6 million achieved last year.



DWC was also notably cited by some of the world's most renowned travel advisors for service excellence. To fortify our commitment to providing our stakeholders and customers with the best quality of service, the DWC Management Team went through a strategic team building and crafted new mission and vision statements to better capture the real meaning of Service that is all HEART – Helpful, Efficient, Accommodating, Responsible and Trustworthy.

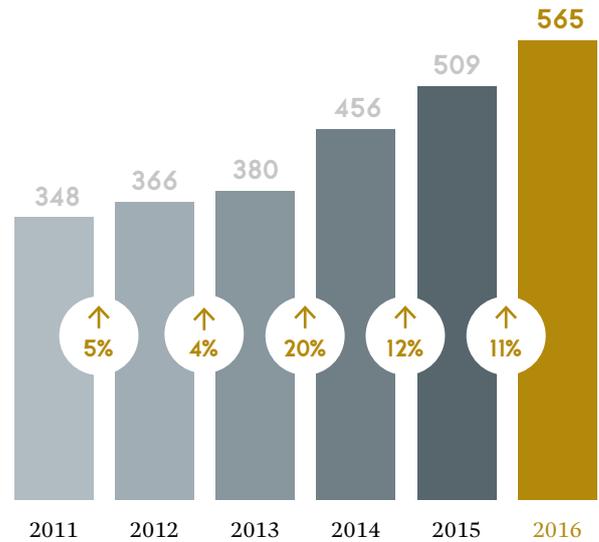
DWC also continues to recognize its responsibility to various communities. Services such as school improvements, blood-letting, tree planting, coastal cleaning, clam seeding, proliferation of rabbit fish, and the on-going coral reef rehabilitation project are just some of the ways the company makes a contribution to the betterment of these communities.

I wish to acknowledge that none of these would have been possible if not for the relentless guidance of our Board of Directors and the tireless work put forth by all the employees and management of the DWC family.

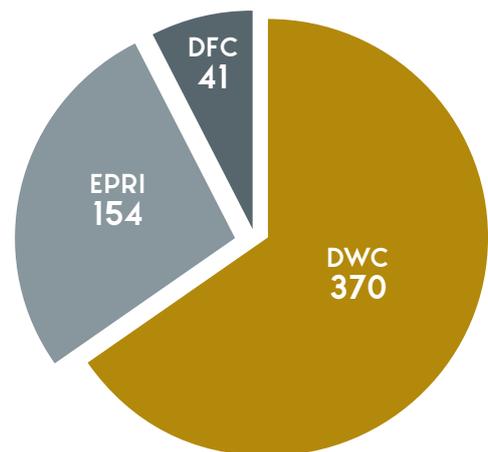
Yours truly,

JOHN Y. TIU, Jr.
President

Revenue Trend (in Million PhP)

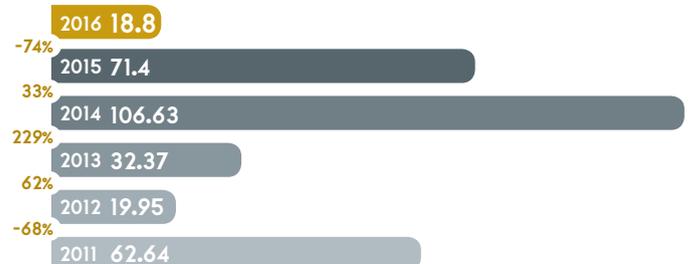


Revenue Contribution



- Discovery World Corporation
- Euro-Pacific Resorts, Incorporated - Club Paradise
- Discovery Fleet Corporation

Net Profit (In Million PhP)



- Lower bottomline due to higher costs related to rooms and F&B services
- Established Long Beach Propety Holdings, Inc. on July 14, 2016 to manage the properties located in New Agutaya, San Vicente, Palawan.
- 11% increase in tourist arrivals in the Philippines compared to 10% last year.
- Gross Profit increased by 23% due to higher revenues and efficient cost management.

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.

2016

Trip Advisor

2016 Travellers' Choice

Discovery Shores Boracay

No. 13

Top 25 Hotels in the Philippines

No. 12

Top Hotels for Service – Philippines

<http://www.tripadvisor.com/TravelersChoice-Hotels>

Trip Advisor

Discovery Shores Boracay

Certificate of Excellence, 2016 Winner

Indigo Restaurant

Certificate of Excellence, 2016 Winner

Travel + Leisure Magazine

World's Best Awards 2016

Top 10 Best Islands in the World

Palawan – No. 1

Boracay Island – No. 2

5 Best Islands in Asia

Palawan – No. 1

Boracay Island – No. 2

<http://lifestyle.inquirer.net/241667/boracay-is-condemns-best-island-in-the-world/>

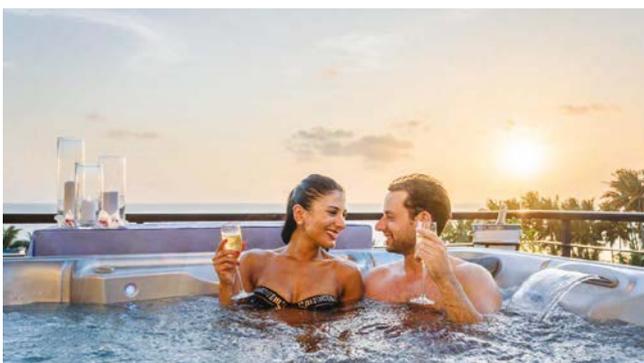
OUR SATISFIED GUESTS

The pristine reefs, UNESCO World Heritage sites, and cultural attractions found all over our country's 7,107 regionally-connected islands led more travelers to make the Philippines their choice destination in Southeast Asia.



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.



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 Discovery Shores Boracay is the preferred choice of leisure travelers seeking world-class service on the island. The 87-suite luxury resort was hailed as Luxury Island Resort and Luxury Wedding Destination by the World Luxury Hotel Awards in 2015.

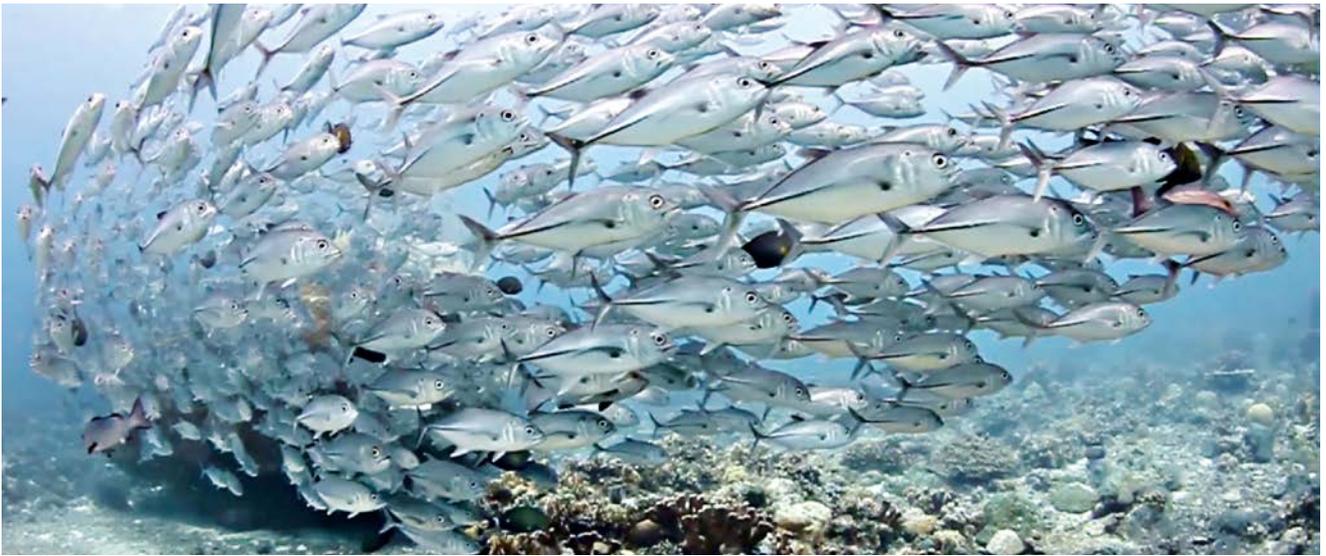
CLUB PARADISE

*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.

OUR PROPERTIES



DISCOVERY FLEET

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 Adventure

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, is set to sail next year.

OUR PROPERTIES



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.

OUR MANAGEMENT AND STAFF

“With this, I wish to acknowledge our Board of Directors for their relentless guidance and the DWC family for their fervor.”





CORPORATE SOCIAL RESPONSIBILITY

Discovery World Corporation supports various Corporate Social Responsibility efforts that aim to improve the Filipinos' quality of life. In 2016, these were the activities initiated by DWC that benefited communities and their constituents.

IMPROVEMENT OF CHAPELS 20-25 January 2016

As an early gift to the rural town of Yapak in Boracay Island, DWC vowed to sponsor flowers for the celebration of their annual fiesta held in February 10. A couple of weeks before the festivities, DWC joined in the repainting of the chapel's roof, Virgin Mary's grotto, and old pews; donated four stand fans, and sponsored construction of three more pews and a long table for the Church organ.

23 July 2016

Meanwhile, another 20 throw pillows and two stand fans were donated to the Holy Rosary Parish Church in Balaban, Boracay Island.

IMPROVEMENT OF CLASSROOMS AND LIBRARY

18-23 April 2016

DWC believes in the importance of quality education as a way to

improve lives. In order to give the pupils of Barangay Yapak Day Care Center a better learning experience at school, DWC donated two stand fans, 20 throw pillows, and sponsored the installation of floor tiles in the class room.

14 May 2016

The ATI Community in Sitio Lugutam, Manoc-Manoc was another beneficiary of DWC's CSR efforts. Low tables were donated to the community library along with two glass top drawers and 20 throw pillows.

28-30 May 2016

DWC replicated its efforts of improving educational institutions at Barangay Balabag Day Care Center. Aside from donating two stand fans and 20 throw pillows, they also installed new kitchen shelves and cabinets.



Diver releasing Rabbitfish fingerlings

CORPORATE SOCIAL RESPONSIBILITY

“DWC continues to reach out to the communities that we are in, by way of school improvements, tree planting, coastal clean-up and clam seeding for the best interest of the community and the stakeholders.”

COASTAL CLEAN UP DRIVE & FEEDING PROGRAM

30 April 2016

25 DSB staff and student trainees joined the Beach Clean Up Drive at DSB to Boracay Regency Station 3 in coordination with the Boracay Chamber of Commerce.

17 September 2016

The International Beach Clean Up Day was attended by 35 DSB and agency staff and student trainees; held in coordination with the Boracay Coastguard and LGU Malay.

2 November 2016

DWC initiated a feeding program for the kids at Sitio Hagdan.

24 December 2016

In the spirit of Christmas, DWC spearheaded a Gift Giving event for

kids and donated flowers for the Nativity Mass in Barangay Balabag's basketball court.

19 December 2016 - 17 January 2017

In less than a month, two nursery houses for organic plants were built at the ATI Community in Sitio Lugutan, Manoc-Manoc, Boracay Island.

IMPROVEMENT OF HOUSE REEFS

October 2016

In order to supplement and protect the house reefs that serve as home to fish stocks which are imported commercially, 2,000 Rabbitfish fingerlings were purchased to breed with the hope that they will eventually spill over to nearby reefs. Delivery has been made possible through Cebu Pacific's Iloilo-Manila-Busuanga flight services, within the 12-hour limit.



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.

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, 2016, the Corporation's public ownership level is at 26.84%.

THE STOCKHOLDERS AND THE BOARD OF DIRECTORS

*Discovery World Corporation and Subsidiaries
Station 1, Balabag, Malay, Aklan*

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Discovery World Corporation and Subsidiaries, which comprise the consolidated statements of the financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2016, 2015, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making the risks assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Discovery World Corporation and Subsidiaries as at December 31, 2016 and 2015, and their financial performance and their cash flows for the years ended December 31, 2016, 2015, and 2014 in accordance with Philippine Financial Reporting Standards.

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-2 Group A

Valid until April 14, 2017

BIR Accreditation No. 08-005144-7-2017

Valid until January 13, 2020

PTR No. 5908528

Issued January 3, 2017, Makati City

March 3, 2017

Makati City, Metro Manila

DISCOVERY WORLD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Financial Position

		December 31	
	Note	2016	2015
ASSETS			
Current Assests			
Cash and cash equivalents	5	Php 109,339,812	Php 88,847,060
Trade and other receivables	6	12,812,547	17,493,502
Due from related parties	23	51,722,768	70,770,768
Inventories	7	27,077,457	22,915,130
Financial assets at fair value through profit or loss (FVPL)	8	70,000,000	70,000,000
Other current assets	9	53,649,484	46,947,268
Total Current Assets		324,602,068	316,973,728
Noncurrent Assets			
Property and equipment	10	2,185,338,704	1,872,856,262
Investment properties	11	48,788,885	48,778,885
Available-for-sale (AFS) financial assets	12	14,948,000	21,070,400
Goodwill	4	151,877,118	151,877,118
Deferred tax assets	24	36,356,825	31,585,774
Other noncurrent assets	13	120,565,681	85,084,529
Total Noncurrent Assets		2,557,875,213	2,211,262,968
		Php 2,882,477,281	Php 2,528,236,696
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	Php 352,434,132	Php 244,166,745
Current portion of loans payable	15	639,083,332	570,686,877
Due to related parties	23	139,115,264	141,365,264
Current portion of obligation under finance lease	25	316,662	296,785
Income tax payable		3,081,785	3,892
Total Current Liabilities		1,134,031,175	956,519,563
Noncurrent Liabilities			
Loans payable - net of current portion	15	428,333,335	240,000,000
Obligation under finance lease - net of current portion	25	855,608	1,172,270
Net retirement benefit liability	22	6,618,411	7,816,622
Deferred tax liability	24	94,578,701	90,068,273
Total Noncurrent Liabilities		530,386,055	339,057,165
Total Liabilities		1,664,417,230	1,295,576,728
Equity			
Capital stock	16	626,000,000	626,000,000
Additional paid-in capital		353,538,678	353,538,678
Other equity reserves	16	(48,012,873)	(36,565,198)
Retained earnings		286,534,246	283,294,309
		1,218,060,051	1,226,267,789
Non-controlling interest			
		-	6,392,179
Total Equity		1,218,060,051	1,232,659,968
		Php 2,882,477,281	Php 2,528,236,696

See accompanying Notes to Consolidated Financial Statements.

DISCOVERY WORLD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

Years Ended December 31

	Note	2016	2015	2014
REVENUES				
Rooms		PhP 451,494,089	PhP 411,742,863	PhP 373,201,594
Food, beverages and others		113,807,348	96,963,415	82,868,387
		565,301,437	508,706,278	456,069,981
COSTS OF SALES AND SERVICES				
Rooms	17	228,919,077	205,208,076	185,373,781
Food, beverages and others		77,061,482	66,731,248	63,120,927
		305,980,559	271,939,324	248,494,708
GROSS PROFIT				
		259,320,878	236,766,954	207,575,273
OPERATING EXPENSES (INCOME)				
Administrative expenses	18	211,205,437	184,344,125	145,976,133
Selling and marketing expenses	18	24,706,588	23,677,605	21,058,198
Other operating income	20	(21,440,348)	(21,074,019)	(19,002,842)
		214,471,677	186,947,711	148,031,489
OPERATING PROFIT				
		44,849,201	49,819,243	59,543,784
OTHER INCOME (CHARGES) - Net				
Finance costs	15	(17,342,831)	(18,220,987)	(8,715,286)
Finance income	21	3,404,387	1,150,120	413,636
Gain from insurance claims	21	1,922,953	168,676	35,235,110
Others	21	343,000	667,783	1,007,979
		(11,672,491)	(16,234,408)	27,941,439
GAIN ARISING FROM BUSINESS COMBINATION				
	4	–	49,093,362	45,333,857
INCOME BEFORE INCOME TAX				
		33,176,710	82,678,197	132,819,080
INCOME TAX EXPENSE				
	24	(14,364,309)	(11,263,993)	(26,194,071)
NET INCOME				
		18,812,401	71,414,204	106,625,009
OTHER COMPREHENSIVE INCOME (LOSS)				
To be reclassified subsequently to profit or loss				
Unrealized loss on AFS financial assets	12	(6,412,400)	(13,952,040)	–
Not to be reclassified subsequently to profit or loss				
Remeasurement gains (losses) on retirement benefit liability	22	2,785,831	(1,243,383)	(1,144,480)
Income tax expense (benefit)	24	(835,749)	373,015	343,344
		(4,462,318)	(14,822,408)	(801,136)
TOTAL COMPREHENSIVE INCOME				
		14,350,083	56,591,796	105,823,873
Net income attributable to:				
Shareholders of the Parent Company		18,889,937	71,654,132	101,722,453
Non-controlling interests		(77,536)	(239,928)	4,902,556
		18,812,401	71,414,204	106,625,009
Total comprehensive income attributable to:				
Shareholders of the Parent Company		14,427,619	56,831,724	100,921,317
Non-controlling interests		(77,536)	(239,928)	4,902,556
		14,350,083	56,591,796	105,823,873
Basic/Diluted Earnings Per Share				
	29	0.03	0.11	0.16

See accompanying Notes to Consolidated Financial Statements.

DISCOVERY WORLD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

		Years Ended December 31		
	Note	2016	2015	2014
CAPITAL STOCK	16	626,000,000	626,000,000	626,000,000
ADDITIONAL PAID-IN CAPITAL		352,538,678	353,538,678	353,538,678
RETAINED EARNINGS				
Balance at beginning of year		283,294,309	227,290,177	125,567,724
Net income		18,889,937	71,654,132	101,722,453
Dividends declared	16	(15,650,000)	(15,650,000)	–
Balance at end of year		286,534,246	283,294,309	227,290,177
NON-CONTROLLING INTEREST				
Balance at beginning of year		6,392,179	6,710,172	22,910,633
Acquisition of subsidiaries	4	–	5,929,710	6,259,745
Comprehensive income (loss)		(77,536)	(239,928)	4,902,556
Acquisition of non-controlling interest	4	(6,314,643)	(6,007,775)	(27,362,762)
Balance at end of year		–	6,392,179	6,710,172
OTHER EQUITY RESERVES				
Balance at beginning of year		(36,565,198)	(27,750,565)	1,691,577
Fair value changes in AFS financial assets	12	(6,412,400)	(13,952,040)	–
Remeasurement gains (losses) on retirement benefit liability	22	1,950,082	(870,368)	(801,136)
Acquisition of non-controlling interest	4	(6,985,357)	6,007,775	(28,641,006)
Balance at end of year		(48,012,873)	(36,565,198)	(27,750,565)
		Php 1,218,060,051	Php 1,232,659,968	Php 1,185,788,462

See accompanying Notes to Consolidated Financial Statements.

DISCOVERY WORLD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

		Years Ended December 31		
	Note	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		Php 33,176,710	Php 82,678,197	Php 132,819,080
Adjustments for:				
Depreciation and amortization	10	69,963,927	58,926,760	55,888,775
Finance costs	15	17,342,831	18,220,987	8,715,286
Retirement benefits cost	22	3,312,210	3,141,017	2,417,028
Gain from insurance claims	21	(1,922,953)	(168,676)	(35,235,110)
Net unrealized foreign currency losses (gain)		(1,879,894)	1,676,649	456,387
Interest income	5	(534,282)	(493,839)	(870,023)
Gain on disposal of assets	21	(15,000)	(159,500)	(858,170)
Gain arising from business combination	4	–	(49,093,362)	(45,333,857)
Provision for doubtful accounts	6	–	1,691,801	–
Write-off of trade and other receivables		–	618,673	962,015
Unrealized gain on financial assets at FVPL		–	–	(149,809)
Operating profit before working capital changes		119,443,549	117,038,707	118,811,602
Decrease (increase) in:				
Trade and other receivables		4,680,955	51,891,873	47,910,149
Inventories		(4,162,327)	(2,236,469)	670,002
Other current assets		(6,702,216)	(3,390,728)	23,647,022
Other noncurrent assets		(35,481,152)	(280,069)	(54,823,994)
Increase in trade and other payables		69,274,307	58,844,078	19,269,782
Net cash generated from operations		147,053,116	221,867,392	155,484,563
Interest received		534,282	493,839	870,023
income taxes paid		(12,382,788)	(32,788,935)	(23,065,298)
Contributions paid	22	(1,724,590)	(1,724,590)	(1,883,832)
Net cash provided by operating activities		133,480,020	187,847,706	131,405,456
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	10	(329,610,915)	(283,719,876)	(268,123,302)
Non-controlling interest		(2,200,000)	–	–
Subsidiaries, gross of cash acquired	4	–	–	(86,000,000)
AFS financial assets	12	(290,000)	(9,290,440)	–
Investment properties	11	–	(10,068,967)	–
Financial assets at FVPL	8	–	–	(33,082,191)
Proceeds from insurance claims		1,922,953	168,676	10,285,766
Proceeds from disposal of assets	10	15,000	159,500	858,170
Net cash used in investing activities		(330,162,962)	(302,751,107)	(376,061,557)

(Forward)

DISCOVERY WORLD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Financial Position

Years Ended December 31

	Note	2016	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of loans payable		(181,270,210)	(973,440,271)	(148,500,000)
Proceeds from availments of loans payable		438,000,000	1,082,752,148	501,000,000
Decrease in due from related parties		19,048,000	146,010,350	26,975,466
Finance costs paid		(31,185,205)	(23,927,931)	(7,935,420)
Dividends paid	16	(15,650,000)	(15,650,000)	–
Decrease in due to related parties		(13,350,000)	(89,648,302)	(188,847,510)
Payments of obligations under finance lease		(296,785)	(164,445)	–
Net cash provided by financing activities		215,295,800	125,931,549	182,692,536
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		1,879,894	(1,676,649)	(456,387)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		20,492,752	9,351,499	(62,419,952)
CASH AND CASH EQUIVALENTS OF NEWLY-ACQUIRED SUBSIDIARIES				
		–	441,651	6,143,103
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
	5	88,847,060	79,053,910	135,330,759
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		109,339,812	88,847,060	79,053,910
NONCASH FINANCIAL INFORMATION				
Acquisition of land through advances from an officer		38,993,080	–	–
Capitalized borrowing costs		13,842,374	5,475,387	–
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	111,003,768
Acquisition of transportation equipment through finance lease obligation		–	1,450,081	–
Conversion of deposit on stock subscriptions to financial asset at FVPL		–	–	62,500,000

See accompanying Notes to Consolidated Financial Statements.

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 Terence C. Sykat

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

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

ASSISTANT CORPORATE SECRETARY

Ms. 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, 31 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., TDLCI, 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, 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 also 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.



Romualdo C. Macasaet

DIRECTOR AND TREASURER

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.



Bayani K. Tan

DIRECTOR AND CORPORATE SECRETARY

Mr. A. Bayani K. Tan is a Director and the Corporate Secretary of the Corporation (since March 2013 as Director, since July 2003 as Corporate Secretary, Publicly-Listed). He is also a Director, Corporate Secretary or both of the following reporting and/or listed companies: Asia United Bank Corporation (since February 2014 as Corporate Secretary, since June 2014 as Director, Publicly-Listed), Belle Corporation (since May 1994, Publicly Listed), Coal Asia Holdings, Inc. (since July 2012, Publicly-Listed), Destiny Financial Plans, Inc. (since 2003), First Abacus Financial Holdings Corp. (since May 1994, Publicly Listed), I-Remit, Inc. (since May 2007, Publicly-Listed), Pacific Online Systems Corporation (since May 2007, Publicly-Listed), Philequity Balanced Fund, Inc. (since March 2010), Philequity Dividend Yield Fund, Inc. (since January 2013),

Philequity Dollar Income Fund, Inc. (since March 1999), Philequity Foreign Currency Fixed Income Fund, Inc. (since March 2010), Philequity Fund, Inc. (since June 1997), Philequity Peso Bond Fund, Inc. (since June 2000), Philequity PSE Index Fund, Inc. (since February 1999), Philequity Resources Fund, Inc. (since March 2010), Philequity Strategic Growth Fund, Inc. (since April 2008), Premium Leisure Corporation (since December 1993, Publicly-Listed), TKC Metals Corporation (since February 2007, Publicly-Listed), Tagaytay Highlands International Golf Club, Inc. (since November 1993), Tagaytay Midlands Golf Club, Inc. (since June 1997), The Country Club at Tagaytay Highlands, Inc. (since August 1995), The Spa and Lodge at Tagaytay Highlands, Inc. (since December 1999) and Vantage Equities, Inc. (since January 1993, Publicly-Listed). Mr. Tan is also a Director and the Corporate Secretary of Sterling Bank of Asia Inc. (since December 2006). He is the Managing Partner of the law offices of Tan Venturanza Valdez (since it was established in 1988), Managing Director/President of Shamrock Development Corporation (since May 1988), Director of Destiny LendFund, Inc. (since December 2005) and Pascual Laboratories, Inc. (since March 2014), President of Catarman Chamber Elementary School Foundation, Inc. (since August 2012), Managing Trustee of SCTan Foundation, Inc. (since 1986), Trustee and Treasurer of Rebisco Foundation, Inc. (since April 2013) and Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. (since February 2011).

Mr. Tan holds a Master of Laws degree from New York University (Class of 1988) and earned his Bachelor of Laws degree from the University of the Philippines (Class of 1980) where he was a member of the Order of the Purple Feather (U.P. College of Law Honor Society) and ranked ninth in his class. Mr. Tan passed the bar examinations in 1981 where he placed sixth. He has a Bachelor of Arts major in Political Science degree from the San Beda College (Class of 1976) from where he graduated Class Valedictorian and was awarded the medal for Academic Excellence.



Chun Bing G. Uy

INDEPENDENT DIRECTOR

Mr. Chun Bing G. Uy is concurrently a Consultant to the Rizal Commercial Banking Corporation. He is also a Director and Stockholder of FBIA Insurance Agency and Strategic Equities Corp. He was the Head of the Corporate Banking Group as Senior Executive Vice President (2012) and as Executive Vice President (1997 - 2012) of Rizal Commercial Banking Corporation. He holds a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University.

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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