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Miscellaneous

* Asterisks denote mandatory information

Name of Announcer *	CITY DEVELOPMENTS LIMITED
Company Registration No.	196300316Z
Announcement submitted on behalf of	CITY DEVELOPMENTS LIMITED
Announcement is submitted with respect to *	CITY DEVELOPMENTS LIMITED
Announcement is submitted by *	Enid Ling Peek Fong
Designation *	Company Secretary
Date & Time of Broadcast	02-Aug-2011 17:15:53
Announcement No.	00054

>> Announcement Details

The details of the announcement start here ...

Announcement Title * Announcement by Subsidiary Company, Grand Plaza Hotel Corporation on Quarterly Report for Second Quarter and Six Months Ended 30 June 2011

Description Please see the attached announcement released by Grand Plaza Hotel Corporation on 2 August 2011.

Attachments

 02082011_GPHC_as-of_June302011.pdf

Total size = **3108K**
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108022011000114



SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No. 0000166878
Company Name GRAND PLAZA HOTEL CORPORATION DOING BUSINESS UNDER THE NAME OF THE HERITAGE HOTEL MANILA
Industry Classification
Company Type Stock Corporation

Document Information

Document ID 108022011000114
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COVER SHEET

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S.E.C. Registration Number

G	R	A	N	D	P	L	A	Z	A	H	O	T	E	L	C	O	R	P						

(Company's Full Name)

10	F	T	H	E	H	E	R	I	T	A	G	E	H	O	T	E	L	R	O	X	A	S		
B	L	V	D	C	O	R	E	D	S	A	P	A	S	A	Y	C	I	T	Y					

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

Y	A	M	K	I	T	S	U	N	G
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Contact Person

8	5	4	8	8	3	8
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Company Telephone Number

1	2	3	1
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Month Day
Fiscal Year

S	E	C	17	Q
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FORM TYPE

0	5	1	5
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Month Day
Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign

To be accomplished by SEC Personnel concerned

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File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1 For the quarterly period ended June 30, 2011

2. Commission identification number _____

3. BIR Tax Identification No. 000-460-602-000

GRAND PLAZA HOTEL CORPORATION

4. Exact name of issuer as specified in its charter

PHILIPPINES

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: _____ (SEC Use Only)

10F, The Horitage Hotel Manila, Roxas Blvd. cor. EDSA, Pasay City 1300

7. Address of issuer's principal office

Tel. No. (632) 854-8838

Fax No. (632) 854-8825

8. Issuer's telephone number, including area code

N.A.

9. Former name, former address and formal fiscal year if changed since last report

10. Securities registered pursuant to Sections 8 & 12 of the Code, or Sections 4 & 8 of the RSA

Title of each Class

Number of shares of common
Stock outstanding and amount
Of debt outstanding

COMMON SHARES

87,318,270*

*includes 24,915,677 treasury shares

11. Are any or all of the securities listed on Stock Exchange?

Yes [] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

PHILIPPINE STOCK EXCHANGE, INC.

COMMON

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [X] No []

PART I – FINANCIAL INFORMATION

Item 1 Financial Statements

Financial Statements and, if applicable, Pro-forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

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

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex C"

PART II – OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report in SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

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

Issuer YAM JIN SUNG
Signature and Title General Manager & Chief Financial Officer
Date _____

PART I FINANCIAL INFORMATION

Item 1. Financial Statements Required Under SRC Rule 68.1

- Please see attached financial statements for interim Balance Sheets, Statements of Income, Statements of Changes in Equity and Statements of Cash flows.

Notes to Financial Statements

Summary of significant accounting policies

The financial statements of the Company have been prepared in accordance with Philippine generally accepted accounting principles (GAAP) and are denominated in Philippine pesos. The preparation of financial statements in accordance with Philippine GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies.

The same accounting policies and methods of computation are followed in the interim financial statements for the year 2009 as compared with the most recent annual financial statements.

Seasonality or Cyclicity of Interim Operations

All segments of the business are in its normal trading pattern.

Material Items

There are no material items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidents.

Estimates

There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

Issuances of Debts and Equity

There are no issuances, repurchases and repayments of debts and equity securities.

Dividends

There were no dividends declared in the current interim period.

Segment Revenue and Results

Statement of Financial Accounting Standard No. 31, "Segment Reporting", which becomes effective for financial statements covering periods beginning on or after January 1, 2001, requires that a public business enterprise report financial and descriptive information about its reportable segments. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance.

The Company organized its business into 4 main segments:

- Room Division – Business derived from the sale of guestrooms.
- Food and Beverage Division – Business derived from the sale of food and beverage at various restaurants.
- Other Operated Departments and othes– Business derived from telephone department, business center, carparking and laundry. This also includes rental income of space to tenants.

The segment revenues and results are as follows:

	YTD 2 nd Quarter Revenue – Peso	YTD 2 nd Quarter Department Profit – Peso
Room	193,200,912	166,784,161
Food and Beverage	92,059,194	40,020,598
Other Operated Departments & others	74,378,404	74,378,404

Subsequent Events

None

Composition of Company

There are no changes in the composition of the Company during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

Contingent assets or liabilities

There are no changes in contingent assets or liabilities since the last annual balance sheet date.

Contingencies

There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

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

The top 5 Key Performance Indicators of the Company are as follows:

<i>Balance Sheet Analysis</i>	30 June 2011	30 June 2010	31 December 2010
Current ratio	1.84	1.84	1.53
Net book value per share (include treasury shares)	PhP13.37	PhP13.70	PhP12.33
<i>Profit & Loss Analysis</i>			
Earnings per share	PhP1.45	PhP1.57	PhP2.78
Profit before tax margin ratio	35.8%	40%	36%
EBITDA	PhP145 million	PHP154 million	PhP273 million

Current ratio is derived by dividing the current assets with the current liabilities. This indicator measures the liquidity of the Company in the short-term. Current ratio remains unchanged from the same period of last year. But as compared to end of last fiscal year, it increased by 0.31 due to higher cash balances.

Net book value per share is derived by dividing the net stockholders' equity by the total number of shares issued. This measures the value of the Company on a per share basis. This ratio decreased by PhP0.33 due to lower assets compared to the same period last year. This is mainly due to lower fixed assets as a result of depreciation charge.

Earning per share (EPS) is derived by dividing the net profit after tax by the total shares outstanding. This indicator measures the earning of the Company on a per share basis. As compared to the same period last year, EPS is the lower due to lower profit.

Profit before tax margin ratio is computed by dividing the profit before tax against the total revenue. This ratio measures whether the Company is able to contain its expenses in relation to the revenue. This ratio is lower than last year due to lower revenue and profit.

EBITDA represents earnings before income tax, interest, depreciation and amortization. This indicator is in effect a measure of the cash flow of the Company. EBITDA is healthier this year due to higher revenue. EBITDA is lower than last year same period by 5% as a result of lower profit.

Balance Sheets Analysis:

Total assets increased by about PhP70.8 million or 4.8% as compared to the year ended 31 December 2010 and decreased by about PhP25.2 million or 1.6% as compared to the same period of last year.

Cash and short term notes:

This balance includes short-term fixed deposits with banks. There is an increase of PhP80.6 million or 29% as compared to the end of last fiscal year. As compared against the same period last year, this balance increased by PhP18 million or 5%. The favorable variance against end of last fiscal year is because there is no major cash outflow in the first half of the year.

Provision for bad debts:

This balance fell by 74% and 58% against end of last fiscal year and same period of last year respectively due to lesser accounts receivables outstanding.

Advances to associated/related companies:

The Company, in its normal course of business, has entered into transactions with its related parties, principally consisting of cash advances.

The Company also leases its hotel site and a furnished townhouse from an associated company.

As compared to the same period of last year, there is a decrease of PhP17.9 million as the related companies have settled their obligations. As compared with the end of last fiscal year, there is an increase of PhP3.6 million as the related companies have not settled its obligation with the Company.

The obligations will be settled in the second half of the year.

Advances to immediate holding company:

There is an increase of PhP0.057million versus same period of last year as the immediate holding company has not settled its obligation with the Company.

Inventories:

Inventories decreased by PhP1.2 million compared with end of last fiscal year. This is due to holding of lesser inventories which is consistent with the lower revenue.

Prepaid expenses:

The bulk of this balance represents insurance premium prepaid at the beginning of the year. As compared to end of the last fiscal year, there is a decrease of PhP1.9 million due to amortization of insurance premium for year 2011. Compared to the same period of last year, there is a fall of PhP2.3 million due to the amortization of the Surety Bond insurance premium.

Other current assets:

There is an increase of PhP2.4 million compared to the same period of last year. As compared to the end of last fiscal year, there is a decrease of PhP2.8 million. The variance against same period last year is mainly due to a reclassification of an account from a related party to other current assets.

Property and Equipment:

Property and equipment are carried at cost. Depreciation is provided under the straight-line method over the estimated useful lives of the assets ranging from 5 to 50 years. Major improvements are charged to property accounts while maintenance and repairs which do not improve the lives of the assets are expensed as incurred.

Compared to the same period of last year and end of fiscal year, the decrease is due to depreciation charges for the period.

Accounts payable:

There is an increase in this balance as compared with the same period of last year by PhP21.9 million or 10%. The reason is due to higher purchases because of the improvement in business in this year versus last year. This is mainly due to the reclassification of a related party accounts to accounts payable this year.

Rental payable:

There is an increase in rental payable by PhP0.95 million and PhP3.8 million respectively against the same period of last year and end of last fiscal year as the Company has not settled its rental payment.

Due to associated/related companies:

As compared against the end of fiscal year, there is a significant increase of PhP7.2 million. But compared to the same period of last year, there is a decrease of PhP21.7 million. The increase in balance against last fiscal year is due to the Company has not repaid its outstanding balance to related companies.

Refundable Deposit:

There is an increase of PhP6.5 million in refundable deposit as a new tenant paid the deposit for the a space.

Treasury Stock:

There is an increase of PhP129million in treasury stock compared with the same period of last year due to the share buyback exercise of the Company in the second half of year 2010.

Income Statement Analysis For the 6 Months Ended 30 June 2011:

Revenue:

Total revenue increased by PhP7.2 million or 2% as compared to the same period last year. The increase is mainly due to higher rental income.

Room revenue showed a marginal decrease by PhP0.43 million or less than 1%. Occupancy increased from 67.9% in year 2010 to 69% in the current year of review. However, the increase in room revenue is offset by the lower Average Room Rate by PhP106 or 3% versus prior period. The same period of last year was an exceptionally strong year for the Philippines economy due to the national election.

Food and beverage (F&B) business showed a decrease of PhP6 million or 6% compared to the same period of last year. The biggest drop in revenue is in Banquet department which fell by PhP7.4 million or 31%. The main factor is due to the national election campaign last year which have a lot of meetings in the hotel.

Rental Income/Others showed an increase in revenue by PhP13 million or 23% compared to last year same period due to the commencement of a new tenancy agreement of one tenant.

Cost of Sales:

Cost of sales for F&B registered a slight decrease which is consistent with the lower revenue.

Gross Profit:

Gross profit is derived after deducting cost of sales from gross revenue. Gross profit as compared to last year registered an increase of PhP8.2 million as a result of higher revenue.

Operating Expenses:

Operating expenses include among others, payroll and related expenses, utilities, depreciation charges, rental and other fixed expenses. This expense increased by PhP16.5 million or 8.8% compared to the same period of last year. This is mainly due to higher energy and utilities costs and higher payroll costs. Payroll cost is higher as there was a government mandated minimum wage increase in the second half of year 2010. Energy cost is higher this year because in last year results, there were some rebates from the utility company while there was none for this year.

Net Operating Income:

This is derived after deducting operating expenses from gross operating profit. Net operating income decreased by PhP8.2 million or 6% versus last year which is a result of higher operating costs

Non-operating income:

This balance registered decreased of PhP5.7 million versus last year same period due to lower foreign exchange gain.

Provision for income tax:

This balance decreased by PhP3.9 million or 7.2% which is consistent with the lower profit before tax.

Income Statement Analysis For the Second Quarter Ended 30 June 2011:

Revenue:

Total revenue increased by PhP11 million as compared to the same period last year.

Room revenue showed an increase of PhP4.9 million as a result of higher occupancy but offset by lower Average Room Rate.

Food and beverage (F&B) business showed an improvement in revenue by PhP2.1 million as a result of higher revenue for the casino.

Cost of Sales:

Cost of sales for F&B registered an increase as compared to last year. The increase is consistent with the higher F&B revenue.

Gross Profit:

Gross profit is derived after deducting cost of sales from gross revenue. Gross profit as compared to last year is higher by PhP11 million mainly due to higher room revenue.

Operating Expenses:

Operating expenses include among others, payroll and related expenses, utilities, depreciation charges, rental and other fixed expenses. There is an increase of approximately PhP14.2 million.

Net Operating Income:

This is derived after deducting operating expenses from gross operating profit. The lower margin is due to higher operating expenses.

Non-operating income:

Total non-operating income increased by PhP5.1 million as compared to the same period of last year. This is due to the total foreign exchange gain of PhP4 million in year 2010.

There are no material event(s) and uncertainties known to management that would address the past and would have an impact on the future operations of the following:

- Any known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

- Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- Any significant elements of income or loss that did not arise from the Company's continuing operations.
- The causes for any material change(s) (5% or more) from period to period in one or more line items (vertical and horizontal) of the Company's financial statements.
- Any seasonal aspects that had a material effect on the financial condition or results of operations.

Management is not aware of any event that may trigger direct or contingent financial obligations that is material to the Company, including any default or acceleration of an obligation. Management is not aware of any material off-balance sheet transaction, arrangement, obligation (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons that were created during the first 6 months of 2011.

PART II – OTHER INFORMATION

Tax matter:

In the middle of 2008, the Company received from the Bureau of Internal Revenue (BIR) a Final Decision on Disputed Assessment finding the Company liable for deficiency value added tax (VAT) with respect to the years 1996 to 2002 in total amount of P228.94 million and that the Company filed a petition for review with the Court of Tax Appeal (CTA) to appeal against such Final Decision on Disputed Assessment.

The BIR also issued a Warrant of Distraint and/or Levy and Warrant of Garnishment against the Company and its assets. On 12 September 2008, the Company filed a surety bond with the CTA, and the CTA granted the Company's Urgent Motion to Suspend Collection of Tax and Extremely Urgent Supplemental Motion to Suspend and Enjoin Collection of Taxes and issued a Temporary Restraining Order enjoining the BIR from further efforts at collection of taxes, and particularly the implementation of the Warrant of Distraint and/or Levy and the Warrant of Garnishment.

In 2009, the Company moved to have a preliminary hearing conducted to first resolve the legal issues. The CTA granted the motion and hearings were subsequently conducted. On 4 September 2009, the CTA granted the evidence presented by the Company.

On 6 January 2011, the Company received a CTA Resolution in which the CTA resolved to lift the Warrant of Garnishment (thereby lifting the Warrant of Distraint and/or Levy as well) but denied the Company's Motion to Discharge Surety Bond.

On 22 June 2011, a copy of the CTA's resolution promulgated on 17 June 2011, which resolved the Motion in favor of the Company, thereby ordering that the surety bond posted by the Company for the suspension of collection of taxes be cancelled and withdrawn.

As mentioned in the CTA Resolution, in line with the decision of the Supreme Court in *Philippine Amusement and Gaming Corporation (PAGCOR) vs. The Bureau of Internal Revenue, et al.*, the CTA, in its decision dated 18 February 2011, cancelled the Bureau of Internal Revenue's ("BIR") assessment against the Company for deficiency value-added tax in the amount of PhP228,943,589.15 for taxable years 1996 to 2001. In its resolution dated 17 May 2011, the CTA denied the Commissioner of Internal Revenue's Motion for Reconsideration of the CTA's decision rendered on 18 February 2011. According to the CTA, considering that the assessment against the Company for deficiency VAT has been cancelled, the CTA deemed it proper that the surety bond posted by the Company be discharged.

The Company will continue to monitor the case.

Financial Risk Exposure:

In the context of the current global financial condition, the Securities and Exchange Commission sent us a memorandum to companies on 29 October 2008, which requires companies to make a self-assessment or evaluation to determine whether any of the items below are applicable. If applicable, these items must be disclosed in the interim financial report on SEC Form 17-Q ("Quarterly Report"):

1. The qualitative and quantitative impact of any changes in the financial risk exposures of GPHC, particularly on currency, interest, credit, market and liquidity risks, that would materially affect its financial condition and results of operation, and a description of any enhancement in the Company's risk management policies to address the same.
2. A description of the financial instruments of the Company and the classification and measurements applied for each. If material in amount, provide detailed explanation or complex securities particularly on derivatives and their impact on the financial condition of the Company.
3. The amount and description of the Company's investments in foreign securities.
4. The significant judgments made in classifying a particular financial instrument in the fair value hierarchy.
5. An explanation of how risk is incorporated and considered in the valuation of assets or liabilities.
6. A comparison of the fair values as of date of the recent interim financial report and as date of the preceding interim period, and the amount of gain or loss recognized for each of the said periods.
7. The criteria used to determine whether the market for a financial instrument is active or inactive, as defined under Philippine Accounting Standard 39 – Financial Instruments.

The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the Company's risk management framework. The BOD has established the Executive Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee identifies all issues affecting the operations of the Company and reports regularly to the BOD on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to

monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. All risks faced by the Company are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Company's operations and detriment forecasted results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee directly interfaces with the internal audit function, which undertakes reviews of risk management controls and procedures and ensures the integrity of internal control activities which affect the financial management system of the Company. The results of procedures performed by Internal Audit are reported to the Audit Committee.

Credit Risk

Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from the Company's trade receivables.

Exposure to credit risk is monitored on an ongoing basis, credit checks being performed on all clients requesting credit over certain amounts. Credit is not extended beyond authorized limits, established where appropriate through consultation with a professional credit vetting organization. Credit granted is subject to regular review, to ensure it remains consistent with the clients' current credit worthiness and appropriate to the anticipated volume of business.

The investment of the Company's cash resources is managed so as to minimize risk while seeking to enhance yield. The Company's holding of cash and money market placements expose the Company's to credit risk of the counterparty if the counterparty is unwilling or unable to fulfill its obligations and the Company consequently suffers financial loss. Credit risk management involves entering into financial transactions only with counterparties with acceptable credit rating. The treasury policy sets aggregate credit limits of any one counterparty and annually reviews the exposure limits and credit ratings of the counterparties.

Receivables balance is being monitored on a regular basis to ensure timely execution of necessary intervention efforts. As of balance sheet date, there were no significant concentrations of credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements.

Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to various market risks, including risks from changes in room rates, interest rates and currency exchange rates.

Room Rates

The risk from room rate changes relates to the Company's ability to recover higher operating costs through price increases to customers, which may be limited due to the competitive pricing environment that exists in the Philippine hotel industry and the willingness of customers to avail of hotel rooms at higher prices.

The Company minimizes its exposure to risks in changes in room rates by signing contracts with short period of expiry so this gives the Company the flexibility to adjust its room rates in accordance to market conditions.

Interest Rate Risk

The Company has no interest-bearing debt obligations to third parties. As such, the Company has minimal interest rate risk.

Foreign Currency Risk

Foreign assets and financing facilities extended to the Company were mainly denominated in Philippine Peso. As such, the Company's foreign currency risk is minimal.

The Company functional currency is Philippines peso. As at 30 June 2011, it holds bulk of its cash and cash equivalent in Philippines peso. The United States dollars are used to settle foreign obligations. As such, the Company does not have currency risk exposure.

The Company does not have any third party loans so it has no interest rate risk. The Company in the ordinary course of business extends credit to its customers. Exposure to credit risk is monitored on an ongoing basis, credit review being performed for clients requesting for credit limit. The total exposure to trade receivables as at 30 June 2011 is Peso33.6 million.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and

flexibility. As at 30 June 2011, the Company has Peso681 million current assets and Peso370 million liabilities so the current assets are able to cover its liabilities.

The Company does not invest in any other financial instruments. Any surplus funds are placed in short-term fixed deposits with local bank like Metropolitan Bank and Trust Co. and foreign bank like Australian and New Zealand Bank (ANZ).

The Company also does not invest in foreign securities.

The fair values together with the carrying amounts of the financial assets and liabilities shown in the balance sheet date are as follows:

	30 June 2011	30 June 2011	31 December 2010	31 December 2010
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	357,688,703	357,688,703	277,064,268	277,064,268
Receivables net	258,872,425	258,872,425	255,279,412	255,279,412
Due from related party	28,857,239	28,857,239	24,774,021	24,774,021
Loan receivable	15,500,000	15,500,000	15,000,000	15,000,000
Lease deposit	78,000,000	78,000,000	78,000,000	78,000,000
Accounts payable & accrued expenses	297,391,788	297,391,788	283,567,248	283,567,248
Due to related party	13,231,928	13,231,928	5,950,465	5,950,465

The following summarizes the methods and assumptions used in estimating the fair values of financial instruments reflected in the above table:

Cash and cash equivalent – the carrying amount approximates the fair value due to its short maturity.

Receivables/ due from related party/ loan receivable/ lease deposit/ accounts payable and accrued expenses/ due to related party – current receivables are reported at their net realizable values, at total amount less allowances for uncollectible amounts. Current liabilities are stated at amounts reasonably expected to be paid within the next 12 months or operating cycle. Due from/to related party and loan receivable are payable on demand. In the case of lease deposit, the fair value approximates the carrying amount.

GRAND PLAZA HOTEL CORPORATION

Balance Sheets

June 30, 2011 and 2010

(With comparative figures for the year ended December 31, 2010)

(In Philippine Pesos)

ASSETS	Unaudited June 30, 2011	Unaudited June 30, 2010	Audited Dec. 31, 2010
<i>Current Assets</i>			
Cash and short-term notes	357,688,703.95	339,781,477.28	277,064,268.34
Accrued interest receivable	198,681.45	679,051.76	165,966.15
Accounts receivable - trade	250,004,307.40	241,209,225.44	245,704,216.78
Accounts receivable - others	8,758,700.20	13,856,413.95	9,761,505.83
Provision for bad debts	(89,263.00)	(212,329.00)	(352,275.00)
Deferred tax assets/(liabilities)	8,213,168.51	6,797,688.73	8,652,404.44
Input tax			
Advances to associated/related companies	28,471,805.79	46,374,595.50	24,774,021.05
Advances to immediate holding company	385,433.46	328,869.46	-
Inventories	12,079,599.72	12,525,418.93	13,351,591.58
Prepaid expenses	4,487,453.17	6,858,798.65	6,450,423.58
Creditable withholding tax	81.62	73,962.77	98.70
Other current assets	11,735,797.48	9,263,193.36	14,613,803.72
Advances to/from THHM	-	-	-
<i>Total Current Assets</i>	681,934,469.75	677,536,366.84	600,186,025.16
<i>Property and Equipment</i>	709,886,406.43	739,745,682.41	720,721,562.28
<i>Investment in Stock of Associated Company</i>	47,076,757.86	46,883,589.15	47,092,973.82
<i>Deposit on Lease Contract</i>	78,000,000.00	78,000,000.00	78,000,000.00
<i>Loans Receivable</i>	15,500,000.00	15,500,000.00	15,500,000.00
<i>Other Assets</i>			
Miscellaneous investments and deposits	5,085,790.50	5,085,790.50	5,085,790.50
Others	1,010,000.00	1,010,000.00	1,010,000.00
<i>Total Other Assets</i>	6,095,790.50	6,095,790.50	6,095,790.50
<i>Total Assets</i>	<u>1,538,493,424.54</u>	<u>1,563,761,428.90</u>	<u>1,467,596,351.76</u>

GRAND PLAZA HOTEL CORPORATION

Balance Sheets

June 30, 2011 and 2010

(With comparative figures for the year ended December 31, 2010)

(In Philippine Pesos)

LIABILITIES AND STOCKHOLDERS' EQUITY	Unaudited June 30, 2011	Unaudited June 30, 2010	Dec. 31, 2010
<i>Current Liabilities</i>			
Accounts payable	244,496,538.28	224,356,889.17	230,806,993.94
Accrued liabilities	52,895,250.16	50,046,113.39	52,760,255.61
Rental payable	5,775,316.20	4,823,144.60	1,966,629.80
Due to associated/related companies	13,231,928.46	34,998,621.35	5,950,465.27
Advances from immediate holding company - net			
Refundable deposit	28,537,477.97	28,409,260.74	22,031,611.49
Deferred rental	4,896,160.88	1,734,762.63	1,718,563.78
Dividend payable	499,999.00		54,690,042.00
Income tax payable	17,175,768.93	16,156,521.58	16,136,215.70
Other current liabilities	3,841,754.49	4,926,439.96	4,521,196.70
Reserves	(614,198.61)	1,765,171.01	12,500.00
<i>Total Current Liabilities</i>	<u>370,735,995.76</u>	<u>367,216,924.43</u>	<u>390,594,474.29</u>
<i>Long - Term Liabilities</i>			
<i>Total Long - Term Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Capital Stock</i>			
Authorized - 115,000,000 shares in March 31, 2009 and December 31, 2008 at P10.00 par value per share			
Capital stock	873,182,699.00	873,182,699.00	873,182,699.00
Premium on capital stock	11,965,903.78	11,965,903.78	11,965,903.78
Paid-in capital in excess of par - Warrants	2,691,613.81	2,691,613.81	2,691,613.81
Treasury stock	(1,245,759,170.00)	(1,116,857,170.00)	(1,245,759,170.00)
Retained earnings/(deficit) - beginning	1,434,920,830.88	1,323,770,734.27	1,323,770,734.27
Retained profit/(loss) for the period	90,755,551.31	101,790,723.61	173,552,689.61
Dividend declared	-	-	(62,402,593.00)
<i>Total Stockholders' Equity</i>	<u>1,167,757,428.78</u>	<u>1,196,544,504.47</u>	<u>1,077,001,877.47</u>
<i>Total Liabilities and Stockholders' Equity</i>	<u>1,538,493,424.54</u>	<u>1,563,761,428.90</u>	<u>1,467,596,351.76</u>

GRAND PLAZA HOTEL CORPORATION

Income Statements

For the years ended June 30, 2011 and 2010

(With comparative figures for the year ended December 31, 2010)

(In Philippine Pesos)

	Unaudited Year-to-date June 30, 2011	Unaudited Year-to-date June 30, 2010	Audited Full Year Dec. 31, 2010
Revenue			
Rooms	193,200,912.64	193,631,052.87	361,588,294.17
Food & Beverage	92,059,194.15	98,067,860.50	192,168,743.62
Other Operated Depts.	5,345,532.14	4,765,522.90	10,661,422.43
Rental Income/Others	69,032,872.77	55,955,398.67	115,530,944.74
Total Revenue	359,638,511.70	352,419,834.94	679,949,404.96
Cost of Sales			
Food & Beverage	27,706,963.80	28,308,432.78	56,982,130.12
Other Operated Depts.	1,834,815.89	2,278,707.38	4,383,473.11
Total Cost of Sales	29,541,779.69	30,587,140.16	61,365,603.23
Gross Profit	330,096,732.01	321,832,694.78	618,583,801.73
Operating Expenses	203,872,154.05	187,339,274.75	384,013,679.61
Net Operating Income	126,224,577.96	134,493,420.03	234,570,122.12
Non-operating Income/(Loss)			
Interest Income	4,388,455.17	4,728,799.41	9,600,032.34
Dividend Income	-	-	-
Gain/(Loss) on Disposal of Fixed Assets	12,600.00	-	-
Exchange Gain/(Loss)	(1,837,574.60)	3,481,842.14	(782,646.79)
Share in Net Income/(Loss) of Associated Co.	(16,215.96)	82,175.87	291,560.54
Other Income	-	-	2,471,408.86
Total Non-Operating Income	2,547,264.61	8,292,817.42	11,580,354.95
Net Income/(Loss) Before Tax	128,771,842.57	142,786,237.45	246,150,477.07
Provision for Income Tax	38,016,291.26	40,995,513.84	72,597,787.46
Net Income/(Loss) After Tax	90,755,551.31	101,790,723.61	173,552,689.61
Earnings per share	1.45	1.57	2.78
Dilluted earnings per share	1.45	1.57	2.78

Notes:

In June 30, 2011 and December 31, 2010 , total shares outstanding is 62,402,593 shares net of 24,915,677 treasury shares.

In June 30, 2010 total shares outstanding is 64,980,633 shares, net of 22,337,637 treasury shares

GRAND PLAZA HOTEL CORPORATION
Income Statements
For the 2nd quarters ended June 30, 2011 and 2010
(In Philippine Pesos)

	Unaudited 2nd Quarter June 30, 2011	Unaudited 2nd Quarter June 30, 2010
Revenue		
Rooms	98,761,500.00	93,799,993.67
Food & Beverage	45,853,828.92	43,711,945.14
Other Operated Depts.	2,775,395.19	2,457,800.12
Rental Income/Others	33,919,731.09	29,803,559.56
	<u>181,310,455.20</u>	<u>169,773,298.49</u>
Cost of Sales		
Food & Beverage	13,456,951.17	12,996,422.08
Other Operated Depts.	921,219.80	952,803.73
	<u>14,378,170.97</u>	<u>13,949,225.81</u>
Gross Profit	166,932,284.23	155,824,072.68
Operating Expenses	<u>105,784,261.77</u>	<u>91,526,180.17</u>
Net Operating Income	<u>61,148,022.46</u>	<u>64,297,892.51</u>
Non-operating Income/(Loss)		
Interest Income	2,305,889.02	2,707,779.94
Dividend Income	-	-
Gain/(Loss) on Disposal of Fixed Assets	4,900.00	-
Exchange Gain/(Loss)	(391,292.01)	4,143,737.06
Share in Net Income/(Loss) of Associated Co.	(35,232.12)	181,123.15
	<u>1,884,264.89</u>	<u>7,032,640.15</u>
Net Income/(Loss) Before Tax	63,032,287.35	71,330,532.66
Provision for Income Tax	<u>18,568,544.19</u>	<u>20,883,113.57</u>
Net Income/(Loss) After Tax	<u><u>44,463,743.16</u></u>	<u><u>50,447,419.09</u></u>

GRAND PLAZA HOTEL CORPORATION
Statements of Changes in Equity
For the years ended June 30, 2011 and 2010
(With comparative figures for the year ended December 31, 2010)
(In Philippine Pesos)

	<u>Unaudited June 30, 2011</u>	<u>Unaudited June 30, 2010</u>	<u>Audited Dec. 31, 2010</u>
Balance - beginning	1,077,001,877.47	1,094,753,780.86	1,094,753,780.86
Prior period adjustment	<u>-</u>		
Balance - as adjusted	1,077,001,877.47	1,094,753,780.86	1,094,753,780.86
Net income for the period	90,755,551.31	101,790,723.61	173,552,689.61
Dividends	-	-	(62,402,593.00)
Retirement of shares	-	-	-
Buyback of shares	<u>-</u>	<u>-</u>	<u>(128,902,000.00)</u>
Balance - end	<u>1,167,757,428.78</u>	<u>1,196,544,504.47</u>	<u>1,077,001,877.47</u>

GRAND PLAZA HOTEL CORPORATION

Cash Flow Statements

For the years ended June 30, 2011 and 2010

(With comparative figures for the year ended December 31, 2010)

(In Philippine Pesos)

	Unaudited Year-to-date June 30, 2011	Unaudited Year-to-date June 30, 2010	Audited Full Year Dec. 31, 2010
Cash flows from operating activities			
Net income	90,755,551.31	101,790,723.61	173,552,689.61
Adjustments to reconcile net income to net cash provided by operating activities			
Prior period adjustments	-	-	-
Depreciation and amortization	19,054,507.12	19,591,573.24	38,805,450.51
Equity in net income of associated company	16,215.96	(82,175.87)	(291,560.54)
Provision for bad debts	89,263.00	212,329.00	352,275.00
Changes in operating assets and liabilities			
(Increase) decrease in			
Accrued interest receivable	(32,715.30)	(404,550.82)	108,534.80
Accounts receivable - trade	(4,652,365.62)	(1,888,928.68)	(6,383,920.02)
Accounts receivable - others	1,002,805.63	(5,993,550.94)	(1,898,642.82)
Deferred income tax	439,235.93	(437,087.26)	(2,291,802.97)
Input tax	-	-	-
Advances to associated company	(3,697,784.74)	(23,495,209.95)	(1,894,635.50)
Advances to immediate holding company	(385,433.46)	(272,757.46)	56,112.00
Inventories	1,271,991.86	(2,121,857.24)	(2,948,029.89)
Prepaid expenses	1,962,970.41	(2,545,964.11)	(2,137,589.04)
Creditable withholding tax	17.08	(62,062.73)	11,801.34
Other current assets	2,878,006.24	3,246,232.65	(2,104,377.71)
Advances to/from THHM	-	(158,920.88)	(158,920.88)
Increase (decrease) in			
Accounts payable	13,689,544.34	6,929,286.72	13,379,391.49
Accrued liabilities	134,994.55	(3,292,962.95)	(578,820.73)
Notes payable	-	-	-
Rental payable	3,808,686.40	4,760,858.00	1,904,343.20
Due to associated company	7,281,463.19	15,120,673.78	(13,927,482.30)
Advances from immediate holding company - net	-	-	-
Advances from intermediate holding company	-	-	-
Refundable deposit	6,505,866.48	277,258.83	(6,100,390.42)
Deferred rental - Pagcor	3,177,597.10	16,198.85	-
Due to City e-Solutions Limited (formerly CHIL)	-	-	-
Due to Byron	-	-	-
Dividend payable	(54,190,043.00)	-	54,690,042.00
Output tax	-	-	-
Income tax payable	1,039,553.23	314,375.95	294,070.07
Other current liabilities	(679,442.21)	582,108.04	176,864.78
Reserves	(626,698.61)	1,765,171.01	12,500.00
	<u>88,843,786.89</u>	<u>113,850,760.79</u>	<u>242,627,901.07</u>
Cash flows from investing activities			
Acquisition of property and equipment - net	(8,219,351.27)	0.00	(189,757.14)
Dividend (declared)/received	-	-	(62,402,593.00)
(Receipts)/Refund of deposit on lease contract	-	-	-
(Receipts)/Payments relating to other assets	-	-	-
Buyback of shares - net	-	-	(128,902,000.00)
	<u>(8,219,351.27)</u>	<u>0.00</u>	<u>(191,494,350.14)</u>
Cash flows from financing activities			
Increase/(Decrease) in reserves	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and short-term notes	80,624,435.62	113,850,760.79	51,133,551.83
Cash and short-term notes, Beginning	<u>277,064,268.34</u>	<u>225,930,716.49</u>	<u>225,930,716.49</u>
Cash and short-term notes, Ending	<u><u>357,688,703.96</u></u>	<u><u>339,781,477.29</u></u>	<u><u>277,064,268.32</u></u>

GRAND PLAZA HOTEL CORPORATION
Cash Flow Statements
For the 2nd quarters ended June 30, 2011 and 2010
(In Philippine Pesos)

	Unaudited 2nd quarter June 30, 2011	Unaudited 2nd quarter June 30, 2010
Cash flows from operating activities		
Net income	44,463,743.16	50,447,419.09
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,509,004.10	9,733,667.16
Equity in net income of associated company	35,232.12	(181,123.15)
Provision for bad debts	89,263.00	212,329.00
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accrued interest receivable	(22,817.80)	(319,754.55)
Accounts receivable - trade	(11,214,061.51)	(6,269,900.71)
Accounts receivable - others	(145,234.33)	(426,131.28)
Deferred income tax	(149,070.55)	7,905,373.45
Input tax	-	-
Advances to associated company	(509,008.26)	(2,850,106.09)
Advances to immediate holding company	(234,566.70)	(180,100.14)
Inventories	899,071.86	(1,194,604.88)
Prepaid expenses	2,040,152.55	(3,967,487.61)
Creditable withholding tax	(37.45)	(72,917.38)
Other current assets	(2,583,370.94)	(1,667,892.50)
Advances to/from THHM	-	-
Increase (decrease) in:		
Accounts payable	20,969,611.58	(697,677.97)
Accrued liabilities	(957,874.06)	(5,725,309.49)
Notes payable	-	-
Rental payable	952,171.60	1,904,343.20
Due to associated company	(5,175,208.40)	9,801,658.13
Advances from immediate holding company - net	-	-
Advances from intermediate holding company	-	-
Refundable deposit	5,690,614.80	(167,421.68)
Deferred rental - Pagcor	(21,546,944.73)	(21,923,272.43)
Due to City e-Solutions Limited (formerly CHIL)	-	-
Due to Byron	-	-
Dividend payable	-	-
Output tax	-	-
Income tax payable	2,538,108.25	(9,973,651.00)
Other current liabilities	(777,396.96)	(978,478.97)
Reserves	(1,076,819.28)	564,796.19
	<u>42,794,562.05</u>	<u>23,973,756.39</u>
Cash flows from investing activities		
Acquisition of property and equipment - net (Receipts)/Payments relating to other assets	(2,515,491.08)	265,584.82
Retirement of treasury stocks	-	-
Buyback of shares	-	-
	<u>(2,515,491.08)</u>	<u>265,584.82</u>
Cash flows from financing activities		
Increase/(Decrease) in reserves	-	-
	<u>-</u>	<u>-</u>
Not increase in cash and short-term notes	40,279,070.97	24,239,341.21
Cash and short-term notes, Beginning	<u>317,409,632.98</u>	<u>315,542,136.07</u>
Cash and short-term notes, Ending	<u>357,688,703.95</u>	<u>339,781,477.28</u>

Grand Plaza Hotel Corporation
Aging Report As At 30 June 2011

Customer Type	0 to 8 days	9 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days	Total	%
Airlines	2,108,210	2,051,751	1,504,106	53,620	5,600	6,600	5,729,887	17.02%
Credit card	1,861,792						1,861,792	5.53%
PAGCOR	3,060,273	4,255,386	806,814	562,710			8,685,183	25.79%
Individual - local							-	0.00%
Company - local	1,760,797	2,311,170	3,592,850	78,500	48,250	75,873	7,867,440	23.37%
Overpayment	(27,600)	(20,418)	(6,757)	(41,600)	(61,153)	(354,056)	(511,584)	-1.52%
Permanent accounts	48,027	10,667	5,545	5,520	24,682	12,720	107,161	0.32%
Embassy & government	283,249	49,000					332,249	0.99%
Travel Agent - Local	593,896	2,120,215	966,679	3,695		4,800	3,689,285	10.96%
Temporary credit	194,232	1,995,754	1,938,429	6,500			4,134,915	12.28%
Travel Agent - Foreign	1,255,065	395,312	123,762				1,774,139	5.27%
TOTAL	11,137,941	13,168,837	8,931,428	668,945	17,379	(254,063)	33,670,467	100.00%
%	33.08%	39.11%	26.53%	1.99%	0.05%	-0.75%	100.00%	