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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	06-May-2011 17:10:12
Announcement No.	00071

>> Announcement Details

The details of the announcement start here ...

Announcement Title *	Announcement by Subsidiary Company, Grand Plaza Hotel Corporation on Quarterly Report for First Quarter Ended 31 March 2011
Description	Please see the attached announcement released by Grand Plaza Hotel Corporation on 6 May 2011.
Attachments	GPHC1st_QuarterResults.pdf Total size = **2673K** (2048K size limit recommended) **Total attachment size has exceeded the recommended value**

Close Window

COVER SHEET

1 6 6 8 7 8

S.E.C. Registration Number

GRAND PLAZA HOTEL CORP

(Company's Full Name)

10F THE HERITAGE HOTEL ROXAS

BLVD COR EDSA PASAY CITY

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

YAM KIT SUNG

Contact Person

8 5 4 8 8 3 8

Company Telephone Number

1 2	3 1	SEC 17Q	0 5	1 5
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

MAY 06 2011

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1 For the quarterly period ended **March 31, 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 Heritage 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 [X] 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 KIT 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 2010 as compared with the most recent annual financial statements.

Seasonality or Cyclicality 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 – Business derived from telephone department, business center, carparking and laundry.
- Others- Business derived from rental of space.

The segment revenues and results are as follows:

	YTD 1st Quarter Revenue – Peso	YTD 1st Quarter Department Profit - Peso
Room	94,439,412	82,215,564
Food and Beverage	46,205,365	19,996,587
Other Operated Departments	2,570,136	1,188,797
Others	35,113,141	35,113,141

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:

Balance Sheet Analysis	**31 March 2011**	31 March 2010	31 December 2010
Current ratio	**1.70**	1.63	1.51
Net book value per share (include treasury shares)	**PhP12.86**	PhP13.13	PhP12.34
Profit & Loss Analysis			
Earnings per share	**PhP0.74**	PhP0.79	PhP2.75
Profit before tax margin ratio	**36%**	39%	36%
EBITDA	**PhP74.6M**	PhP80.1M	PhP274.4M

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 has increased by 0.07 as compared to last year same period and 0.19 versus the end of last fiscal year. The increase is mainly due to higher cash balance and lower liabilities.

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. The higher net book value as compared to 31 December 2010 is mainly due to higher assets value and lower liabilities.

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 lower by PhP0.05 per share or 6% 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 3 percentage points lower than last year. The unfavorable variance is mainly due to weaker revenue.

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 lower this year due to lower revenue.

Balance Sheets Analysis:

Total assets increased by about PhP26 million or 1.7% as compared to the end of last fiscal year.

Cash and short term notes:
This balance includes short-term fixed deposits with banks. There is an increase of PhP40 million as compared to the end of last fiscal year. The higher cash balance compared to last fiscal year-end is due to no major capital expenditure during the first quarter. As compared to the same period of last year, cash and short term notes increase marginally by PhP1.8 million. In order for the Company to secure a Surety Bond, the Company signed a Deed of Assignment of Saving/Time Deposit with Prudential Guarantee And Assurance Inc. with an amount of Ph93 million that is placed with Australian and New Zealand Banking Corp. Manila. This amount is included in the cash and short term notes balance.

Accounts receivable – trade:
This balance fell by PhP6 million as compared to the end of last fiscal year which is consistent with the lower revenue.

Deferred tax assets:
This is the recognition of the deferred tax on the advance rental paid by Pagcor which will be amortized monthly. Relative to the end of last year, this balance fell by PhP0.58 million due to the amortization of the advance rental.

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. The Company has also entered into a management agreement with CDL Hotels (Phils) Corporation, a related company, for the latter to operate the Hotel.

Under the terms and conditions of the agreement, the Company has to pay monthly basic management and incentive fees based on a percentage of the hotel's revenue and gross operating profit.

As compared with the end of last fiscal year, there is an increase of about PhP3 million as the companies have not repaid their balances outstanding during the year.

Prepaid expenses:
There is a marginal increase of PhP0.077 million as compared to end of last fiscal year.

Other current assets:
The decrease of PhP5.4 million or 37% versus to end of last fiscal years is due to the reduction in claimed deposit from supplier by PhP4.2 million and also the reduction in input tax by PhP2.6 million.

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.

The decrease in balance is due to depreciation charges for the year.

Accounts payable:
There is a decrease of PhP7.2 million as compared to the end of last fiscal year. The decrease is consistent with the lower revenue.

Rental payable:
As compared with the end of last fiscal year, there is an increase PhP2.8 million as the Company has not settle its rental to a related company in the first quarter of the year.

Due to associated/related companies:
There is an increase of PhP12.4 million as compared to end of last fiscal year as company has not settled its obligations with the related company during the first quarter.

Income Tax Payable:
Income tax payable decreased by PhP1.4 million as compared to the end of last year as the Company has paid its tax during the first quarter of year 2011.

Reserves:
Reserves increased by PhP0.45 million due to the provision made during the first quarter.

Income Statement Analysis For the 3 Months Ended 31 March 2011:

Revenue:
Total revenue decreased by PhP4.3 million or 2% as compared to the same period last year. The decrease is observed in rooms and food and beverage (F&B) segments of the business mainly due to the fact that for year 2010, there was a national election which helped to spur the Philippines economy.

Room revenue decreased by Ph5.3 million or 5% as a result of lower occupancy and average room rate. Occupancy registered a drop from 72% in year 2010 to 69% in year 2011. Average room rate showed a slight fall by 2% versus same period of last year. As compared to the same period of last year, the unfavorable variance is due to the fact that in the first quarter of last year, there was National Election so spending had increased. There was no such event for the first quarter of year 2011.

Food and Beverage ("F&B") division also registered a fall in revenue of PhP8.1 million or 15% compared to the same period of last year. The following 3 profit centers registered the highest drop in revenue relative to the same quarter of last year. Riviera showed a fall of PhP1.6 million or 8% in revenue versus last year. Banquet had the most significant drop in revenue by PhP6 million or 39%. The main reason is as discussed above, due to the election spending in year 2010, there were many meeting and events held in the hotel by government agencies. Casino also showed a drop of PhP1.2 million or 10% compared to the same period of last year. The opening of Resort World has a significant impact on the trading of Pagcor operated casinos.

Rental income/Others:
There is a significant increase of PhP8.9 million or 34% compared to the same period of last year. The main reason is the signing of contract of lease of a new tenant at higher rental rate.

Cost of Sales:
Cost of sales for F&B registered a slight decrease as compared to last year which is consistent with the lower food and beverage revenue.

Gross Profit:
Gross profit is derived after deducting cost of sales from gross revenue. Gross profit as compared to last year is lower by PhP2.8 million as a result of lower revenue.

Operating Expenses:
Operating expenses include among others, payroll and related expenses, utilities, depreciation charges, rental and other fixed expenses. There is an increase in operating expenses of PhP2.2 million or 2% as compared to the same period of last year. The main reason is due to the implementation of minimum wage order during the year 2010.

Net Operating Income:
This is derived after deducting operating expenses from gross operating profit. The unfavorable margin is due to lower revenue and higher operating costs.

Non-operating income:
Total non-operating income decreased by PhP0.59 million as compared to the same period of last year. This is due to foreign exchange loss of PhP1.4 million as compared to last year a loss of PhP0.66 million.

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 3 months of 2011.

PART II – OTHER INFORMATION

Tax matter:

On 12 September 2008, the Company made a disclosure to the Philippine Stock Exchange and Securities and Exchange Commission via SEC 17-C report, regarding a tax assessment against the Company.

The Company filed on 12 September 2008 a surety bond with the Court of Tax Appeals ("CTA") in compliance with the condition imposed by the CTA in its Resolution dated 21 August 2008, granting the Company's Urgent Motion to Suspend Collection of Tax and Extremely Urgent Supplemental Motion to Suspend and Enjoin Collection of Taxes with Prayer for Immediate *Ex Parte* Issuance of Temporary Restraining Order.

With the filing of the surety bond, a Temporary Restraining Order came into effect enjoining the Bureau of Internal Revenue ("BIR") from, among other things, implementing (a) the Warrant of Distraint and/or Levy constructively served by the BIR on 11 August 2008 and (b) the Warrants of Garnishment issued by the BIR against the Company's bank accounts in the Philippines on 14 August 2008.

As far as the Company is aware, the Warrant of Distraint and/or Levy and the Warrants of Garnishment were issued by the BIR in connection with a Final Decision on Disputed Assessment made by the BIR against the Company (the validity of the amounts claimed in which assessment the Company has disputed and continues to dispute) for deficiency value-added tax ("VAT") in an aggregate amount of PhP228,943,589.15 (consisting of PhP128,126,970.31 for deficiency VAT and 20% interest from 25 January 2003 to 31 December 2006 amounting to PhP100,816,618.83) in relation to payments for transactions with the Philippine Amusement and Gaming Corporation ("PAGCOR") from 1996 to 2002. The Company filed with the CTA a Petition for Review of the Final Decision on Disputed Assessment against the Commissioner of Internal Revenue, docketed as CTA Case No. 7794 ("Petition for Review"), and thereafter a Supplemental Petition for Review.

On 20 April 2009, the Company received a resolution from the CTA granting the Company's "Motion for Preliminary Hearing for the Limited Purpose of Resolving the Legal Issues". There were also hearings set on 28 May 2009 and 2 June 2009 whereby the Company presented evidence and identified documents at the CTA.

On 19 June 2009, the Company presented its Formal Offer of Evidence ("FOE"). The BIR should have filed its comment to the Company's FOE within 15 days from its receipt. However, as at 17 July 2009, the Company had not received a copy of the BIR Comment.

On 4 September 2009, the CTA issued a Resolution granting the Company's FOE.

On the 26th November 2009, BIR manifested that it is resting its case. Both parties were given until 25th January 2010 to file a Memorandum to support the legal issues.

On 1 March 2010, the Company's counsel received a copy of the CTA Resolution promulgated on 23 February 2010, stating that the case (i.e., the Petition for Review) was submitted for decision.

On 6th January 2011, the Company received from its counsel (i.e., Zambrano & Gruba Law Offices), a copy of the resolution on Grand Plaza's Motion to Lift Warrant of Garnishment and To Discharge Surety Bond praying (i) for the lifting of the Warrant of Garnishment issued by the BIR to Australia and New Zealand Bank ("ANZ Bank") dated 8 August 2008 and (ii) to discharge Grand Plaza from posting a surety bond ("CTA Resolution"). In the CTA Resolution, which was promulgated on 4 January 2011, the CTA (i) found Grand Plaza's Motion to Lift Warrant of Garnishment to be well-taken considering that Grand Plaza ha complied with the filing of a surety bond and (ii) ordered the Commissioner of Internal Revenue to lift the Warrant of Garnishment issued to ANZ Bank. However, the CTA denied Grand Plaza's Motion to Discharge Surety Bond on the ground that both the suspension of the collection of tax as well as the lifting of the Warrant of Garnishment were granted on the condition that Grand Plaza posts a continuing surety bond in the amount equivalent to 1.5 times the alleged deficiency tax.

On 24th February 2011, the Company received from its counsel, a copy of the CTA's decision rendered on 18 February 2011, which grants the Company's Petition for Review and Supplemental Petition for Review ("CTA Decision").

In the CTA Decision, the CTA held that, in light of the previous ruling of the Supreme Court in the case of *Commissioner of Internal Revenue v. Acesite (Philippines) Hotel Corporation* (G.R. No. 147295, 16 February 2007), "the dealings of PAGCOR with other entities are subject to zero percent VAT rate. Consequently, [Grand Plaza's] transactions with PAGCOR are subject to zero percent VAT and [Grand Plaza] should not be liable for the amount of the VAT as indicated in the assailed assessment issued by [the BIR]." Accordingly, the CTA resolved that "the assessment issued against [Grand Plaza] for deficiency value-added tax in the amount of PhP228,943,589.15 for the taxable years 1996 to 2002 is hereby cancelled."

In view of this positive decision, the Company has also filed a Motion to lift the Surety Bond requirement.

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 31 March 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 31 March 2011 is Peso26 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 31 March 2011, the Company has Peso629 million current assets and Peso370 million liabilities so the current assets are able to cover its liability.

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) and Standard Chartered Bank.

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:

	31 March 2011	31 March 2011	31 December 2010	31 December 2010
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	317,409,632	317,409,632	277,064,268	277,064,268
Receivables net	247,403,710	247,403,710	283,108,037	283,108,037
Due from related party	28,113,663	28,113,663	24,774,021	24,774,021
Loan receivable	15,500,000	15,500,000	15,500,000	15,500,000
Lease deposit	78,000,000	78,000,000	78,000,000	78,000,000
Accounts payable & accrued expenses	277,380,050	277,380,050	283,567,248	283,567,248
Due to related party	18,407,136	18,407,136	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
March 31, 2011
(with comparative figures for the year ended December 31, 2010)
(In Philippine Pesos)

ASSETS	Unaudited March 31, 2011	Audited Dec. 31, 2010
Current Assets		
Cash and investments in short term notes	317,409,632.98	277,064,268.34
Accrued interest receivable	175,863.64	165,966.15
Accounts receivable - trade	239,151,166.89	245,704,216.78
Accounts receivable - others	8,613,465.87	9,761,505.83
Provision for bad debts	(360,921.00)	(352,275.00)
Deferred tax assets/(liabilities)	8,064,097.96	8,652,404.44
Advances to associated/related companies	27,962,797.53	24,774,021.05
Advances to immediate holding company	150,866.76	-
Inventories	12,978,671.58	13,351,591.58
Prepaid expenses	6,527,605.72	6,450,423.58
Creditable withholding tax	44.17	98.70
Other current assets	9,152,426.54	14,613,803.72
Advances to/from THHM		
Total Current Assets	*629,825,718.65*	*600,186,025.16*
Property and Equipment	*716,879,919.45*	*720,721,562.28*
Organization and Pre-operating Expenses	-	
Investment in Stock of Associated Company	*47,111,989.98*	*47,092,973.82*
Deposit on Lease Contract	*78,000,000.00*	*78,000,000.00*
Loans Receivable	*15,500,000.00*	*15,500,000.00*
Other Assets		
Miscellaneous investments and deposits	5,085,790.50	5,085,790.50
Others	1,010,000.00	1,010,000.00
Total Other Assets	*6,095,790.50*	*6,095,790.50*
Total Assets	***1,493,413,418.58***	***1,467,596,351.76***

GRAND PLAZA HOTEL CORPORATION
Balance Sheets
March 31, 2011
(with comparative figures for the year ended December 31, 2010)
(In Philippine Pesos)

LIABILITIES AND STOCKHOLDERS' EQUITY	Unaudited March 31, 2011	Audited Dec. 31, 2010
Current Liabilities		
Accounts payable	223,526,926.70	230,806,993.94
Accrued liabilities	53,853,124.22	52,760,255.61
Rental payable	4,823,144.60	1,966,629.80
Due to associated/related companies	18,407,136.86	5,950,465.27
Refundable deposit	22,846,863.17	22,031,611.49
Deferred rental	26,443,105.61	1,718,563.78
Due to Byron		
Dividend Payable	499,999.00	54,690,042.00
Income tax payable	14,637,660.68	16,136,215.70
Other current liabilities	4,619,151.45	4,521,196.70
Reserves	462,620.67	12,500.00
Total Current Liabilities	*370,119,732.96*	*390,594,474.29*
Long - Term Liabilities		
Deferred rental - Pagcor	-	-
Total Long - Term Liabilities	-	-
Stockholders' Equity		
Authorized - 115,000,000 shares in March 31, 2009 and December 31, 2008 at P10.00 par value per share		
Paid - in Capital	873,182,699.00	873,182,699.00
Premium on capital stock	11,965,903.78	11,965,903.78
Paid-in capital in excess of par - Warrants	2,691,613.81	2,691,613.81
Treasury stock	(1,245,759,170.00)	(1,245,759,170.00)
Retained earnings - beginning	1,434,920,830.88	1,323,770,734.27
Net income for the period	46,291,808.15	173,552,689.61
Dividend declared	-	(62,402,593.00)
Total Stockholders' Equity	*1,123,293,685.62*	*1,077,001,877.47*
Total Liabilities and Stockholders' Equity	***1,493,413,418.58***	***1,467,596,351.76***

GRAND PLAZA HOTEL CORPORATION
Income Statements
For the quarters ended March 31, 2011 and 2010
(In Philippine Pesos)

		Unaudited March 31, 2011	Unaudited March 31, 2010
Revenue			
	Rooms	94,439,412.64	99,831,059.20
	Food & Beverage	46,205,365.23	54,355,915.36
	Other Operated Depts.	2,570,136.95	2,307,722.78
	Rental Income/Others	35,113,141.68	26,151,839.11
	Total Revenue	178,328,056.50	182,646,536.45
Cost of Sales			
	Food & Beverage	14,250,012.63	15,312,010.70
	Other Operated Depts.	913,596.09	1,325,903.65
	Total Cost of Sales	15,163,608.72	16,637,914.35
Gross Profit		163,164,447.78	166,008,622.10
Operating Expenses		98,087,892.28	95,813,094.58
Net Operating Income		65,076,555.50	70,195,527.52
Non-operating Income			
	Interest Income	2,082,566.15	2,021,019.47
	Dividend Income	-	-
	Gain/(Loss) on Disposal of Fixed Assets	7,700.00	-
	Exchange Gain/(Loss)	(1,446,282.59)	(661,894.92)
	Share in Net Income/(Loss) of Associated Co.	19,016.16	(98,947.28)
	Other Income	-	-
	Total Non-Operating Income	662,999.72	1,260,177.27
Net Income/(Loss) Before Tax		65,739,555.22	71,455,704.79
Provision for Income Tax		19,447,747.07	20,112,400.27
Net Income/(Loss) After Tax		46,291,808.15	51,343,304.52
Basic earnings per share		*0.74*	*0.79*
Diluted earnings per share		*0.74*	*0.79*

Notes:

In March 2011, total shares outstanding is 62,402,593 net of 24,915,677 treasury shares.
In March 2010, total shares outstanding is 64,980,633 net of 22,337,637 treasury shares.

Number of Shares	Paid - in Capital (Number of Shares)	87,318,270	87,318,270
	Treasury stock (Number of Shares)	24,915,677	22,337,637
	Net	*62,402,593*	*64,980,633*

In March 2010 & December 2010, total shares outstanding is 64,980,633 net of 22,337,637 treasury shares.

GRAND PLAZA HOTEL CORPORATION
Cash Flow Statements
For the quarters ended March 31, 2011 and 2010
(In Philippine Pesos)

	Unaudited March 31, 2011	Unaudited March 31, 2010
Cash flows from operating activities		
Net income	46,291,808.15	51,343,304.52
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	9,545,503.02	9,857,906.08
Equity in net income of associated company	(19,016.16)	98,947.28
Provision for bad debts	360,921.00	1,245,916.00
Changes in operating assets and liabilities		
(Increase) decrease in		
Accrued interest receivable	(9,897.50)	(84,796.27)
Accounts receivable - trade	6,200,774.89	3,135,056.03
Accounts receivable - others	1,148,039.96	(5,567,419.66)
Deferred income tax	588,306.48	(8,342,460.71)
Input tax	-	-
Advances to associated/related companies	(3,188,776.48)	(20,645,103.86)
Advances to immediate holding company	(150,866.76)	(92,657.32)
Inventories	372,920.00	(927,252.36)
Prepaid expenses	(77,182.14)	1,421,523.50
Creditable withholding tax	54.53	10,854.65
Other current assets	5,461,377.18	4,914,125.15
Advances to/from THHM	-	(158,920.88)
Increase (decrease) in		
Accounts payable	(7,280,067.24)	7,626,964.69
Accrued liabilities	1,092,868.61	2,432,346.54
Notes payable	-	-
Rental payable	2,856,514.80	2,856,514.80
Due to associated companies	12,456,671.59	5,319,015.65
Advances from immediate holding company - net	-	-
Advances from intermediate holding company	-	-
Refundable deposit	815,251.68	444,680.51
Deferred rental - Pagcor	24,724,541.83	21,939,471.28
Due to City e-Solutions *(formerly CDL Hotels Int'l Ltd)*	-	-
Due to Byron	-	-
Dividend Payable	(54,190,043.00)	-
Output tax	-	-
Income tax payable	(1,498,555.02)	10,288,026.95
Other current liabilities	97,954.75	1,560,587.01
Reserves	450,120.67	1,200,374.82
	46,049,224.84	89,877,004.41
Cash flows from investing activities		
Acquisition of property and equipment - net	(5,703,860.19)	(265,584.82)
Dividend (declared)/received	-	-
(Receipts)/Refund of deposit on lease contract	-	-
(Receipts)/Payments relating to other assets	-	-
Retirement of treasury stocks	-	-
Buyback of shares - net	-	-
	(5,703,860.19)	(265,584.82)
Cash flows from financing activities		
Increase/(Decrease) in reserves	-	-
	-	-
Net increase in cash and short-term notes	40,345,364.65	89,611,419.59
Cash and short-term notes, Beginning	277,064,268.34	225,930,716.49
Cash and short-term notes, Ending	317,409,632.99	315,542,136.08

Grand Plaza Hotel Corporation

Aging Report As At 31 March 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	1,219,868	1,140,797		6,600			2,367,265	8.88%
Credit card	1,681,563						1,681,563	6.31%
PAGCOR	2,530,651	4,249,662	1,680,043	701,276			9,161,632	34.38%
Individual - local							-	0.00%
Company - local	719,598	1,744,326	2,382,862	100,363	186,651	487,450	5,621,250	21.10%
Overpayment	(109,783)	(66,752)	(8,224)	(13,703)	(12,537)	(369,278)	(580,277)	-2.18%
Permanent accounts	20,360	20,098		2,820	10,389	19,800	73,467	0.28%
Embassy & government	108,500	126,504					235,004	0.88%
Travel Agent - Local	596,998	1,452,042	1,526,641	21,221		17,551	3,614,453	13.57%
Temporary credit	242,043	1,305,379	401,999	9,350			1,958,771	7.35%
Travel Agent - Foreign	903,405	468,981	1,138,950				2,511,336	9.43%
TOTAL	7,913,203	10,441,037	7,122,271	827,927	184,503	155,523	26,644,464	100.00%
%	29.70%	39.19%	26.73%	3.11%	0.69%	0.58%	100.00%	