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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	04-Nov-2011 17:09:03
Announcement No.	00038

>> Announcement Details

The details of the announcement start here ...

Announcement Title * Announcement by Subsidiary Company, Grand Plaza Hotel Corporation on Quarterly Report for Third Quarter and Nine Months Ended 30 September 2011

Description Please see the attached announcement released by Grand Plaza Hotel Corporation on 4 November 2011.

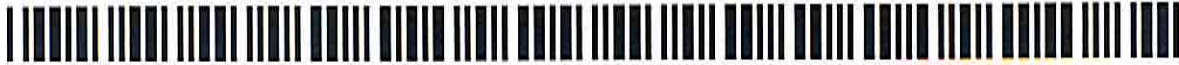
Attachments

 [GPHC_3rd_Qtr_FS.pdf](#)

Total size = **2765K**
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111042011000203



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Doc Source

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 111042011000203
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)
Document Code 17-Q
Period Covered September 30, 2011
No. of Days Late 0
Department CFD
Remarks

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								
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(Company's Full Name)

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(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
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Month

3	1
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Day

Fiscal Year

S	E	C	17	Q
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FORM TYPE

0	5
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Month

1	5
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Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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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 September 30, 2011

2. Commission identification number 000-460-602-000 3. BIR Tax Identification No.

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 27,390,759 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/os 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

Date


General Manager & Chief Financial Officer

24 Oct 2011

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 2011 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 – 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 3 rd Quarter Revenue – Peso	YTD 3 rd Quarter Department Profit - Peso
Room	276,851,541	236,686,005
Food and Beverage	140,578,002	61,341,106
Other Operated Departments	8,286,590	4,188,150
Others	102,869,165	102,869,165

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 September 2011	30 September 2010	31 December 2010
Current ratio	1.58	1.59	1.53
Net book value per share (include treasury shares)	PhP12.37	PhP12.61	PhP12.33
<i>Profit & Loss Analysis</i>			
Earnings per share	PhP2.12	PhP2.16	PhP2.78
Profit before tax margin ratio	34%	36%	36%
EBITDA	PhP205M	PhP211M	PhP273M

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 a margin fall by 0.01 as compared to last year same period. The decrease is mainly due to higher 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. There is a decrease of PhP0.24 in net book value compared to the same period of last year as a result of lower asset values.

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 higher by PhP0.04 per share or 1.8%. The higher EPS is due to lower profit after tax.

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 2 percentage point lower than last year. The unfavorable variance is mainly due to lower income.

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 income.

Balance Sheets Analysis:

Total assets decreased by about PhP2.6 million or 0.1% as compared to the same period last year and increased by PhP13 million or 0.8% as compared to year ended 31 December 2010. The decrease against last year same period is due to lower fixed assets as a result of depreciation.

Cash and short term notes:

This balance includes short-term fixed deposits with banks. There is an increase in this balance by PhP26 million and PhP31 million against the same period of last year and end of last fiscal year respectively. The increase is due to there are no major capital expenditures.

Accounts receivable – trade:

Due to higher revenue for September 2011 versus 2010, the trade receivable is also higher than same period last year.

Accounts receivable – others:

There is a fall in this balance by PhP5 million or 36% because included in last year's balance was an amount due from a tenant which was eventually collected.

Provision for bad debts:

There is a decrease in this balance by PhP0.275 million against the same period of last year as there are lesser receivables more than 60 days.

Deferred income tax:

As compared to the same period of last year, there is an increase of PhP6.6 million. This is because in prior year, there was an unrealized foreign exchange loss of PhP3.5 million while in the current period, the unrealized foreign exchange loss is only PhP0.2 million.

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 from an associated company. The Company has also entered into a management agreement with Elite Hotel Management Services (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 same period of last year, there is a decrease of about PhP14 million and as the companies have repaid their balances outstanding during the year.

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.

There is a decrease of PhP27 million and PhP18 million compared with the same period of last year and end of last fiscal year respectively. The decrease is mainly due to depreciation charges for the year.

Accounts payable:

There is an increase of PhP24 million in this balance as compared against the same period of last year. The increase is due to higher payables to suppliers and also a reclassification of an amount for a related company to other payables.

Accrued liabilities:

The increase in this balance is due to higher accrual of salary for agency staffs and also accruals for professional and legal fees.

Rental payable:

As compared with the end of last fiscal year, there is a decrease of PhP7.6 million as the Company has settled its rental to a related company.

Due to associated/related companies:

As compared against the same period of last year, there is a decrease of PhP14.9 million as the Company has repaid its inter-company balances during the year.

Income Tax Payable:

Income tax payable decreased by PhP5.3 million as compared to 31 December 2010 due to lower profit.

Treasury stock:

During the year 2011 the Company embarked on a share buyback exercise which is duly approved by the Board of Directors. The buyback offer is 1 share for every 25 shares and at the price of PhP50 per share. When the buyback offer was completed, the Company spent PhP123 million in this exercise.

The shares re-purchased were recorded as treasury shares and this account for the increase in treasury shares balance.

Income Statement Analysis For the 9 Months Ended 30 September 2011:

Revenue:

Total revenue increased by PhP16 million or 3% as compared to the same period last year. The increase is observed in food and beverage (F&B) and rental income segments.

Room revenue fell by PhP2 million or 0.7% as a result of lower Average Room Rate. Occupancy showed an increase from 65% to 67%. Average Room Rate (ARR) dropped by 3.7% as compared to year 2010.

F&B business showed a slight improvement of about PhP2 million versus the same period last year. The improvement is observed in the Casino and Lobby Lounge outlets. Casino increased revenue by PhP6.2 million or 19% as compared to the same period of last year whereas Lobby Lounge increased revenue by PhP3 million. Casino revenue has improved this year as PAGCOR has worked on new marketing initiatives to draw back the crowd to the casinos due to new competition from Resort World.

The increase in Other Operated Departments is mainly due to higher telephone revenue. Rental income increased by about PhP16 million due to higher rental rate for this year.

Cost of Sales:

Cost of sales for F&B departments increased due to 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 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. There is an increase in operating expenses of PhP21 million or 7.3% as compared to the same period of last year. One of the main reasons for this unfavorable variance is due to the fact that last year, there was a refund from the electricity company while there was non for this year. Moreover, this year, the unit cost of electricity has increased by 14%.

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 decreased by PhP2.7 million as compared to the same period of last year. This is due to a higher foreign exchange loss of PhP2.3 million as compared to last year loss of PhP0.1 million.

Provision for income tax:

Income tax decreased by PhP0.9 million versus last year due to lower profit before tax.

Income Statement Analysis For the Third Quarter Ended 30 September 2011:

Revenue:

Total revenue increased by PhP8.9 million or 5% as compared to the same period last year. The main increment is from F&B and Rental business.

F&B business improved mainly in casino while rental income due to higher rental rate this year.

Cost of Sales:

Cost of sales for F&B registered an increase as compared to last year. The increase is due to 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 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. There is an increase in operating expenses by PhP4 million due to higher electricity rate this year.

Net Operating Income:

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

Non-operating income:

There is a net gain of PhP1.9 million mainly due to a lower exchange loss of PhP0.4 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 9 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 Dstraint 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 Dstraint 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 Dstraint 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.

On 1 September 2011, the CTA En Banc resolved to give course to BIR's appeal. The Company has filed its Memorandum in early October 2011.

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 September 2011, it holds bulk of its cash and cash equivalent in Philippines peso of Peso258 million and United

States dollars of about US\$0.699 million. 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 September 2011 is Peso24 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 September 2011, the Company has Peso630 million current assets and Peso399 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 DBS 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:

	30 Sept 2011	30 Sept 2011	31 December 2010	31 December 2010
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	308,393,833	308,393,833	277,064,268	277,064,268
Receivables net	248,347,740	248,347,740	255,279,412	255,279,412
Due from related party	23,357,418	23,357,418	24,774,021	24,774,021
Loan receivable	15,000,000	15,000,000	15,000,000	15,000,000
Lease deposit	78,000,000	78,000,000	78,000,000	78,000,000
Accounts payable & accrued expenses	310,363,453	310,363,453	283,567,248	283,567,248
Due to related party	16,094,144	16,094,144	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

September 30, 2011 and 2010

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

(In Philippine Pesos)

ASSETS	Unaudited Sept. 30, 2011	Unaudited Sept. 30, 2010	Audited Dec. 31, 2010
Current Assets			
Cash and short-term notes	308,393,833.79	282,280,124.16	277,064,268.34
Accrued interest receivable	181,886.61	695,059.26	165,066.15
Accounts receivable - trade	248,920,444.54	236,248,444.76	245,704,216.78
Accounts receivable - others	8,904,373.22	13,915,423.26	9,761,505.83
Provision for bad debts	(85,704.00)	(361,021.00)	(352,275.00)
Deferred income tax	7,869,278.18	1,266,592.94	8,652,404.44
Advances to associated/related companies	22,913,067.21	36,971,576.25	24,774,021.05
Advances to immediate holding company	444,351.06	328,869.46	
Inventories	13,840,123.91	12,134,202.83	13,351,591.58
Prepaid expenses	6,140,926.09	7,812,098.55	6,450,423.58
Creditable withholding tax	5,334.62	(11,490.71)	98.70
Other current assets	13,080,895.88	14,682,779.37	14,613,803.72
Advances to/from THHM	-	-	
Total Current Assets	630,617,813.11	605,962,739.13	600,186,025.16
Property and Equipment	702,648,431.65	730,175,312.25	720,721,562.28
Investment in Stock of Associated Company	47,215,249.32	46,959,501.65	47,092,973.82
Deposit on Lease Contract	78,000,000.00	78,000,000.00	78,000,000.00
Loans Receivable	15,500,000.00	15,500,000.00	15,500,000.00
Other Assets			
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
Total Other Assets	6,095,790.50	6,095,790.50	6,095,790.50
Total Assets	1,480,077,284.59	1,482,693,343.53	1,467,596,351.76

GRAND PLAZA HOTEL CORPORATION

Balance Sheets

September 30, 2011 and 2010

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

(In Philippine Pesos)

LIABILITIES AND STOCKHOLDERS' EQUITY	Unaudited Sept. 30, 2011	Unaudited Sept. 30, 2010	Audited Dec. 31, 2010
Current Liabilities			
Accounts payable	249,266,762.74	224,437,274.25	230,806,903.04
Accrued liabilities	61,006,691.14	51,722,476.11	52,760,255.61
Rental payable		7,679,659.40	1,966,629.80
Due to associated/related companies	16,094,144.15	31,029,484.89	5,050,465.27
Refundable deposit	30,265,673.48	29,208,839.16	22,031,611.49
Deferred rental - Pagcor	20,212,793.62	27,311,891.22	1,718,583.78
Dividend payable			54,690,042.00
Income tax payable	10,740,305.27	4,232,234.46	16,136,215.70
Other current liabilities	3,841,224.77	3,886,680.00	4,521,106.70
Reserves	(5,036.07)	2,237,172.01	12,500.00
Total Current Liabilities	399,512,639.30	381,745,712.20	390,594,474.29
Long - Term Liabilities			
Reserves			
Total Long - Term Liabilities	-	-	-
Capital Stock			
Authorized - 115,000,000 shares in 2008 and 2007 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	(1,369,513,270.00)	(1,245,759,170.00)	(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	127,316,067.82	136,005,650.47	173,552,689.61
Dividend declared	-	-	(62,402,593.00)
Total Stockholders' Equity	1,080,564,645.29	1,100,947,631.33	1,077,001,877.47
Total Liabilities and Stockholders' Equity	1,480,077,284.59	1,482,693,343.53	1,467,596,351.76

GRAND PLAZA HOTEL CORPORATION
Income Statements
For the years ended September 30, 2011 and 2010
(With comparative figures for the year ended December 31, 2010)
(In Philippine Pesos)

	Unaudited Year-to-date Sept. 30, 2011	Unaudited Year-to-date Sept. 30, 2010	Audited Full Year Dec. 31, 2010
Revenue			
Rooms	276,851,541	278,949,662	361,588,294
Food & Beverage	140,578,002	138,429,068	192,168,744
Other Operated Depts.	8,286,590	8,083,290	10,661,422
Rental Income/Others	102,869,165	86,967,792	115,530,945
Total Revenue	528,585,297	512,429,812	679,949,405
Cost of Sales			
Food & Beverage	42,544,694	40,974,786	56,982,130
Other Operated Depts.	2,738,868	3,433,764	4,383,473
Total Cost of Sales	45,283,562	44,408,551	61,365,603
Gross Profit	483,301,735	468,021,262	618,583,802
Operating Expenses	306,711,247	285,771,015	384,013,680
Not Operating Income	176,590,488	182,250,246	234,570,122
Non-operating Income/(Loss)			
Interest Income	6,658,394	7,248,005	9,600,032
Dividend Income	-		
Gain/(Loss) on Disposal of Fixed Assets	12,600		
Exchange Gain/(Loss)	(2,314,225)	(128,635)	(782,647)
Share in Net Income/(Loss) of Associated Co.	122,276	158,088	291,561
Other Income			2,471,409
Total Non-Operating Income	4,479,045	7,277,458	11,580,355
Net Income/(Loss) Before Tax	181,069,533	189,527,704	246,150,477
Provision for Income Tax	53,752,665	54,431,854	72,597,787
Net Income/(Loss) After Tax	127,316,868	135,095,850	173,552,690
Earnings per share	2.12	2.16	2.78
Dilluted earnings per share	2.12	2.16	2.78

Notes:

In September 2011, total shares outstanding is 59,927,511 shares net of 27,390,759 treasury shares.

In September & December 2010, total shares outstanding is 62,402,593 shares net of 24,915,677 treasury shares.

GRAND PLAZA HOTEL CORPORATION
Income Statements
For the 3rd quarters ended September 30, 2011 and 2010
(In Philippine Pesos)

	<u>Unaudited 3rd Quarter Sept. 30, 2011</u>	<u>Unaudited 3rd Quarter Sept. 30, 2010</u>
Revenue		
Rooms	83,650,628	85,318,609
Food & Beverage	48,518,807	40,361,208
Other Operated Depts.	2,941,058	3,317,767
Rental Income/Others	33,836,292	31,012,393
Total Revenue	<u>168,946,786</u>	<u>160,009,977</u>
Cost of Sales		
Food & Beverage	14,837,730.13	12,666,353.43
Other Operated Depts.	904,052.52	1,155,056.91
Total Cost of Sales	<u>15,741,783</u>	<u>13,821,410</u>
Gross Profit	153,205,003	146,188,567
Operating Expenses	<u>102,839,093</u>	<u>98,431,740</u>
Net Operating Income	<u>50,365,910</u>	<u>47,756,826</u>
Non-operating Income/(Loss)		
Interest Income	2,269,939	2,519,205
Dividend Income	-	-
Gain/(Loss) on Disposal of Fixed Assets	-	-
Exchange Gain/(Loss)	(476,650)	(3,610,477)
Share in Net Income/(Loss) of Associated Co.	138,491	75,913
Total Non-Operating Income	<u>1,931,780</u>	<u>(1,015,359)</u>
Net Income/(Loss) Before Tax	52,297,690	46,741,467
Provision for Income Tax	<u>15,736,374</u>	<u>13,436,340</u>
Net Income/(Loss) After Tax	<u>36,561,317</u>	<u>33,305,127</u>

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

	<u>Year-to-date</u> <u>Sept. 30, 2011</u>	<u>Year-to-date</u> <u>Sept. 30, 2010</u>	<u>Audited</u> <u>Dec. 31, 2010</u>
Balance - beginning	1,077,001,877	1,094,753,781	1,094,753,781
Prior period adjustment	-		
Balance - as adjusted	1,077,001,877	1,094,753,781	1,094,753,781
Net income for the period	127,316,868	135,095,850	173,552,690
Dividends	-	-	(62,402,593)
Buyback of shares	(123,754,100)	(128,902,000)	(128,902,000)
Balance - end	<u>1,080,564,645</u>	<u>1,100,947,631</u>	<u>1,077,001,877</u>

GRAND PLAZA HOTEL CORPORATION
Cash Flow Statements
For the years ended September 30, 2011 and 2010
(With comparative figures for the year ended December 31, 2010)
(In Philippine Pesos)

	Unaudited Year-to-date Sept. 30, 2011	Unaudited Year-to-date Sept. 30, 2010	Audited Full Year Dec. 31, 2010
Cash flows from operating activities			
Net income	127,316,868	135,095,850	173,552,690
Adjustments to reconcile net income to net cash provided by operating activities			
Prior period adjustments	-		-
Depreciation and amortization	28,874,042	29,254,801	38,805,451
Equity in net income of associated company	(122,276)	(158,088)	(291,561)
Provision for bad debts	85,704	361,021	352,275
Changes in operating assets and liabilities			
(Increase) decrease in			
Accrued interest receivable	(15,920)	(420,558)	108,535
Accounts receivable - trade	(3,568,503)	3,071,852	(6,383,920)
Accounts receivable - others	857,133	(6,052,560)	(1,898,643)
Deferred income tax	783,126	5,094,009	(2,291,803)
Advances to associated company	1,860,954	(14,092,191)	(1,894,636)
Advances to immediate holding company	(444,351)	(272,757)	56,112
Inventories	(488,532)	(1,730,721)	(2,948,030)
Prepaid expenses	309,495	(3,499,264)	(2,137,589)
Creditable withholding tax	(5,236)	23,391	11,801
Other current assets	1,523,908	(2,173,353)	(2,104,378)
Increase (decrease) in			
Accounts payable	18,459,769	7,009,672	13,379,391
Accrued liabilities	8,336,436	(1,616,600)	(578,821)
Rental payable	(1,966,630)	7,617,373	1,904,343
Due to associated company	10,143,679	11,151,537	(13,927,482)
Refundable deposit	8,234,062	1,076,836	(6,100,390)
Deferred rental - Pagcor	26,494,230	25,593,327	-
Dividend payable	(54,690,042)	-	54,690,042
Income tax payable	(5,395,830)	(11,609,911)	294,070
Other current liabilities	(679,972)	(457,651)	176,865
Reserves	(17,536)	2,237,173	12,500
	<u>165,884,577</u>	<u>185,344,265</u>	<u>242,627,902</u>
Cash flows from investing activities			
Acquisition of property and equipment - net	(10,800,911)	(92,857)	(189,757)
Dividend (declared)/received	-	-	(62,402,593)
(Receipts)/Payments relating to other assets	-	-	-
Buyback of shares - net	(123,754,100)	(128,902,000)	(128,902,000)
	<u>(134,555,011)</u>	<u>(128,994,857)</u>	<u>(191,494,350)</u>
Cash flows from financing activities			
Increase/(Decrease) in reserves	-	-	-
Net increase in cash and short-term notes	<u>31,329,565</u>	<u>56,349,408</u>	<u>51,133,552</u>
Cash and short-term notes, Beginning	<u>277,064,268</u>	<u>225,930,716</u>	<u>225,930,716</u>
Cash and short-term notes, Ending	<u><u>308,393,834</u></u>	<u><u>282,280,124</u></u>	<u><u>277,064,268</u></u>

GRAND PLAZA HOTEL CORPORATION
Cash Flow Statements
For the 3rd quarters ended September 30, 2011 and 2010
(In Philippine Posos)

	Unaudited 3rd quarter Sept. 30, 2011	Unaudited 3rd quarter Sept. 30, 2010
Cash flows from operating activities		
Net income	36,561,317	33,305,127
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	9,819,535	9,663,227
Equity in net income of associated company	(138,491)	(75,913)
Provision for bad debts	85,704	361,021
Changes in operating assets and liabilities		
(Increase) decrease in		
Accrued interest receivable	16,795	(16,007)
Accounts receivable - trade	994,600	4,748,452
Accounts receivable - others	(145,673)	(59,009)
Deferred income tax	343,890	5,531,096
Advances to associated company	5,558,739	9,403,019
Advances to immediate holding company	(58,918)	-
Inventories	(1,760,524)	391,136
Prepaid expenses	(1,653,475)	(953,300)
Creditable withholding tax	(5,253)	85,453
Other current assets	(1,354,098)	(5,419,586)
Advances to/from THHM	-	-
Increase (decrease) in		
Accounts payable	4,770,224	80,385
Accrued liabilities	8,201,441	1,676,363
Rental payable	(5,775,316)	2,856,515
Due to associated company	2,862,216	(3,969,136)
Refundable deposit	1,728,196	799,577
Deferred rental - Pagcor	23,316,633	25,577,129
Income tax payable	(6,435,384)	(11,924,287)
Other current liabilities	(530)	(1,039,759)
Reserves	609,163	472,002
	<u>77,040,790</u>	<u>71,493,504</u>
Cash flows from investing activities		
Acquisition of property and equipment - net	(2,581,560)	(92,857)
Buyback of shares	(123,754,100)	(128,902,000)
	<u>(126,335,660)</u>	<u>(128,994,857)</u>
Cash flows from financing activities		
Increase/(Decrease) in reserves	<u>-</u>	<u>-</u>
Net increase in cash and short-term notes	(49,294,870)	(57,501,353)
Cash and short-term notes, Beginning	<u>357,688,704</u>	<u>339,781,477</u>
Cash and short-term notes, Ending	<u><u>308,393,834</u></u>	<u><u>282,280,124</u></u>

Grand Plaza Hotel Corporation
Aging Report As At 30 September 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	1,310,229	1,792,273	1,231,121				4,333,623	17.47%
Credit card	1,608,733						1,608,733	6.48%
Embassy	443,699	832,498		115,199			1,391,396	5.61%
Pagcor	2,208,550	6,119,686	1,830,464	971,925			11,130,625	44.86%
Company - local	592,377	1,003,675	615,491	13,000	86,979	60,033	2,371,555	9.56%
Overpayment	(43,802)	(11,835)	(601)	(9,547)	(21,285)	(273,621)	(360,691)	-1.45%
Permanent accounts	3,204	5,568	6,041	23,977	5,232	19,162	63,184	0.25%
Travel Agent - Local	531,602	1,150,989	151,755				1,834,346	7.39%
Temporary credit	139,254	673,944	34,019	4,700			851,917	3.43%
Travel Agent - Foreign	968,316	530,461	87,757				1,586,534	6.39%
TOTAL	7,762,162	12,097,259	3,956,047	1,119,254	70,926	(194,426)	24,811,222	100.00%
%	31.28%	48.76%	15.94%	4.51%	0.29%	-0.78%	100.00%	