

COVER SHEET

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S.E.C. Registration Number

[illegible]

(Company's Full Name)

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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)

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

Y A M K I T S U N G

Contact Person

8 5 4 8 8 3 8

Company Telephone Number

Month Day

Fiscal Year

S	E	C	17	Q
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FORM TYPE

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1	5
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Month Day

Annual Meeting

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

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document I.D.

Cashier

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Remarks = pls. use black ink for scanning purposes

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) THEREUNDER1 For the quarterly period ended March 31, 20182. Commission identification number _____ 3. BIR Tax Identification
No. 000-460-602-000GRAND 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) 854-8838Fax 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 outstandingCOMMON SHARES87,318,270**includes 33,600,901 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 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 2018 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 3 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 rental – Business derived from telephone department, business center, carparking, laundry and rental of space.

The segment revenues and results are as follows:

	YTD 1 st Quarter Revenue – Peso '000	YTD 1 st Department Profit – Peso '000
Room	59,832	45,658
Food and Beverage	28,100	10,773
Other Operated Departments and rental	2,656	1,616

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:

	31 March 2018	31 March 2017
Current liquidity ratios	2.26	2.24
Solvency (Debt to equity)	0.20	0.18
Assets to equity ratios	1.20	1.18
Profitability ratios Profit/(Loss) before tax margin ratio	(0.01%)	(14.5%)
EBITDA (Earnings before interest, tax, depreciation and amortization) - Peso	(2,061,302)	(6,974,550)

Note: The Company has no loans due to third party or related parties.

Current liquidity ratio is derived by dividing the current assets with the current liabilities. This indicator measures the liquidity of the Company in the short-term. The current ratio has increased by 0.02 during the period of review compared to the same period of last year due to increase in current assets by Php9.3 million (2.4%) because of higher deferred tax assets, other current assets and accounts receivable trade.

Debt to equity ratio measures a company financial leverage. It is derived by dividing total liabilities over equity. There is an increase in this ratio by 0.02 (11%) over the same period of last year and this is due to lower equity.

Assets/Equity ratio measures the proportion of equity used to finance assets of the company and it is derived by dividing total assets to equity. There is an increase in this ratio by 0.02 1.6%) over last year as a result of lower equity.

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 showed a lower loss for this quarter versus same period last year.

EBITDA represents earnings before interest, tax, depreciation and amortization. This indicator measures the operating cash flow of a company. For the quarter under review, though EBITDA is negative, it has improved from (Php6.9million) to (Php2.0 million).

Balance Sheets Analysis:

Total assets decreased by about PhP61.0 million (5.4%) as compared to the same period of last year and decreased by PhP16.0 million or 1.4% as compared to end of last fiscal year. Compared to the same period of last year, the decrease is mainly due lower property and equipment by PhP69.7 million (12.1%) as a result of depreciation and impairment loss.

Cash and short term notes:

This balance includes short-term fixed deposits with banks. This balance increased marginally by PhP3.3 million (1.2%) relative to same period of last year. Relative to the end of last year, there is an increment of PhP14.4 million (5.9%). The improvement over last fiscal year is due to lower accounts receivable through improve collection from customers.

Accounts receivable – trade:

There is a drop in this balance by PhP20 million (22.2%) versus end of last fiscal year. The improvement is due to better collection from customers after year end.

Accounts receivable – others:

There is a significant drop in this balance from PhP18.0 million in 2017 to PhP1.7 million this quarter. The main reason is due to the reclassification of PhP16 million receivable to “Other current assets” in the year 2017. In addition, there is collection from Social Security System which adds to the decrease in this balance.

Deferred tax assets:

This is the recognition of the deferred tax on the exchange gain/(loss), provision for bad debts, net operating loss carried over (NOLCO) and provision for retirement benefits. Compared to same quarter last year, there is an increase of PhP4.6 million (25.6%) which is due to NOLCO from December 2017.

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 leases its hotel site from an associated company. The Company has also entered into a management agreement with Elite Hotel Management Services Pte. Ltd., 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 drop in the balance by PhP3.1 million (43%) as the related companies have settled its obligation to the Company.

Inventories:

Compared to the same period of last year, inventories fell by PhP2.9 million (25.8%). The reduction is due to lower food inventory. As compared to the end of last year, there is no significant movement in inventory.

Other current assets:

Compared to the same period last year, there is a significant increment by PhP14 million (82.3%). The reason for the increment is due to the reclassification of PhP16 million of a receivable under "Accounts receivable-others" in 2017.

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.

As compared to the same period of last year, there is a fall by PhP69.6 million (12.1%). The decrease in balance is due to depreciation charges for the year amounting to PhP9 million and recognition of impairment loss amounting to PhP34 million in December 2017.

Accounts payable:

There is a reduction in this balance by PhP13.5 million (29.3%) compared to end of last fiscal year. The reduction arose as a result of settlement of outstanding payables to suppliers after year end 2017.

Accrued liabilities:

This balance dropped by PhP4.0 million (5.6%) versus same period of last year due to reversal of accrual of dues and subscription in 2017 and due to lower tariff rate for electricity, accrual for electricity in this year also fell.

Due to associated/related company:

As compared to same period of last year, this balance increased by PhP3.6 million (12%) as the Company has not settled its outstanding liabilities with related companies.

Income tax payable:

Income tax payable showed a negative balance from PhP9.6 million to PhP6.4 million due to the profit for this quarter versus a loss in 2017.

Reserves:

Reserves decreased by PhP2.2 million (62.8%) against same period of last year due to usage of reserves for this quarter.

Income Statement Analysis For the 3 Months Ended 31 March 2018

Revenue:

Total revenue increased by PhP1.9 million (2.1%) versus same period last year. The main marginally better revenue is mainly due to improvement in room division while food and beverage (F&B) remains the same as 2017.

Rooms division recorded an improvement in revenue from PhP57.3 million to PhP59.8 million or 4.3% over the same period of last year. This improvement was driven by higher occupancy from 49.1% to 54.5% though Average Room Rate suffered a drop of PhP169 (5.8%) compared to the same period of last year. The strategy of lowering room rate to capture volume has worked for the hotel as the hotel is tired versus the newly opened hotels.

F&B business fell marginally from PhP28.2 million to PhP28.1 million. Both food covers and average check maintain about the same as last year. Riviera revenue registered a drop PhP1.3 million (8.2%) versus last year though this is offset by higher banquet revenue PhP0.8 million (10.3%).

Cost of Sales:

Cost of sales for F&B registered a decrease of PhP1.1 million (11.1%) as compared to last year due to better control of food cost and planning.

Gross Profit:

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

Operating Expenses:

Operating expenses include among others, payroll and related expenses, utilities, depreciation charges, rental and other fixed expenses. There is a drop in these expenses by PhP2.9 million (3.1%) compared to last year. The fall is mainly in property, operation and maintenance expenses and utilities. Electricity expense has shown a drop from PhP13.5 million to PhP10.3 million or PhP3.2 million (23.7%). In addition, as there were no major repairs in this quarter versus last year, there is a saving of PhP0.9 million (30%).

Net Operating Income:

This is derived after deducting operating expenses from gross operating profit. The Company reported a lower net operating loss of PhP11.1 million versus PhP17.1 million in last year.

Non-operating income:

This indicator showed an increase from PhP4.3 million to PhP11.1 million. The improvement is mainly due to recognition of exchange gain of PhP9.1 million compared to PhP2.0 million in 2017. The gain is due to translation differences from the holding of

United States dollars deposit. The Philippines pesos has weakened against the US dollar by PhP2.15 (4.2%) this year versus last year.

Profit after tax:

Due to the high exchange gain of PhP9 million, the Company registered a lower loss of PhP90,469 compared to a loss of PhP8.6 million in prior year.

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 2018.

PART II – OTHER INFORMATION

Tax matter:

(1) Grand Plaza Hotel Corporation versus Commissioner of Internal Revenue ("BIR") – Court of Tax Appeal ("CTA") Case No. 8992

This case is a Petition for Review with CTA to invalidate the tax deficiency assessment in relation to year 2008 ("Deficiency Tax Case").

On 20 February 2015, the Company filed a Petition for Review with the CTA to invalidate the collection proceedings of the BIR. The Petition is based on the Company's position, as advised by tax counsel, that the collection proceedings initiated by the Commissioner of Internal Revenue is void because the

assessments did not comply with the requirements of law and lacked factual and legal basis.

The Deficiency Tax Case seeks to have the CTA review the Collection Letter that the Company received from the BIR on 12 December 2013. As far as the Company is aware, the Collection Letter was issued by the BIR in connection with a Formal Letter of Demand for alleged deficiency income tax, value added tax, expanded withholding tax, withholding tax on compensation and documentary stamp tax for the year 2008, in the aggregate amount of PhP508,101,387.12 consisting of PhP262,576,825.03 for basic tax, and interest of PhP245,524,562.09 from 20 January 2009 to 30 September 2013.

On 24 July 2015, the Company received a Warrant of Distraint and/or Levy dated 24 July 2015 from the BIR ("Warrant"). The Warrant relates to the tax case for year 2008. Considering that a Petition for Review has been earlier filed with the CTA on 20 February 2015 to question the validity of the collection proceedings initiated by the Commissioner of Internal Revenue and that the matter is currently being litigated at the CTA, the Company has taken appropriate legal measures to ensure that such Warrant is not implemented during the course of the trial proceedings.

During the CTA hearing on 21 September 2015, the Company presented 2 witnesses and they were able to furnish their testimonies on the same day. The BIR, on the other hand, did not present any witnesses and opted to submit the case for the resolution of the CTA.

On 18 March 2016, the Company received a Notice of Resolution from the CTA with regard to the Company's Motion for Partial Reconsideration with Amended Formal Offer of Evidence. The CTA granted the Company's Motion and the Company has 30 days from receipt of the Notice to file our Memorandum.

However, on 6 April 2016, the Company received a Manifestation and Motion filed by the BIR. The BIR moved for a setting of a hearing for the comparison and marking of its documentary evidence on 13 April 2016. Within 5 days after the hearing, the BIR will be filing its Formal Offer of Documentary Evidence. In view of this Motion, the BIR has asked for the deferment of the parties' respective Memorandum until after the CTA has resolved its offer of evidence.

On 8 June 2016, management of the Company was informed by Metropolitan Bank & Trust Company ("Metrobank") via email, that the BIR has issued a Warrant of Garnishment with Warrant No. 125-2015-011 dated 2 June 2016 against the Corporation in connection with the Deficiency Tax Case. Pursuant to the Warrant, the BIR seeks to garnish the Company's deposits with Metrobank, which are currently in the amount of PhP499,049.64, as may be necessary to satisfy the alleged tax deficiency of the Company.

In addition, on 10 June 2016, management of Company was also informed by the Lank Bank of the Philippines ("Land Bank"), that the BIR has issued a Warrant of Garnishment with Warrant No. 125-2015-011 against the Corporation in connection with the Deficiency Tax Case. To date, the Company has not received the original Warrant from the BIR. Pursuant to the Warrant, the BIR seeks to garnish the Company's deposits with the Land Bank, which are currently in the amount of PhP71,718.54 as may be necessary to satisfy the alleged tax deficiency of the Company.

On 6 September 2016, the Company's tax counsel received a Resolution from the CTA and decided not to file a Legal Memorandum and instead opted to adopt the arguments raised in its earlier Answer. As such, the case is now submitted to CTA for decision.

On 7 March 2017, the Company filed an Urgent Motion to Allow Payment of Taxes with the CTA. This is with respect to the Warrant of Garnishment with Land Bank. The Company uses this bank account for tax payment. On 17 March 2017, CTA has ordered BIR to comment within 5 days from receipt of the Notice on this Urgent Motion.

On 15 August 2017, the CTA acted on the petition of the Company "Urgent Motion to Allow Payment of Taxes" and set 31 August 2017 as the hearing date while setting aside the case for decision.

On 24 August 2017, the Company withdrew its "Urgent Motion to Allow Payment of Taxes" with CTA and instead sought CTA to set the case for decision. On 31 August 2017, CTA granted the withdrawal of Motion and set case for decision.

As at 31 March 2018, the Company has not received any decision from the CTA.

Other than the above tax cases, to the best knowledge and/or information of the Company, neither itself nor any of its affiliates and subsidiaries have been involved during the past five (5) years in any material legal proceedings affecting/involving the Company, its affiliates or subsidiaries, or any material or substantial portion of their property before any court of law or administrative body in the Philippines or elsewhere.

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 2018, 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 2018 is Peso50.8 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 2018, the Company has Peso399 million current assets and Peso176 million current liabilities so the current assets are able to cover its current 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), DBS Singapore and United Overseas Bank Singapore

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 2018	31 March 2018	31 December 2017	31 December 2017
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	256,872,421	256,872,421	242,452,359	242,452,359
Receivables net	68,280,009	68,280,009	88,428,282	88,428,282
Due from/(to) related party net	(25,062,125)	(25,062,125)	(23,576,997)	(23,576,997)
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	99,076,682	99,076,682	117,321,982	117,321,982

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, 2018

(with comparative figures for the year ended December 31, 2017)

(In Philippine Pesos)

ASSETS	Unaudited March 31, 2018	Unaudited March 31, 2017	Audited Dec. 31, 2017
<i>Current Assets</i>			
Cash on hand and in bank			
Cash and investments in short term notes	256,872,421.57	260,196,207.01	242,452,359.80
Accrued interest receivable	264,080.57	142,692.41	162,740.55
Accounts receivable - trade	69,703,433.71	51,616,529.72	89,779,911.34
Accounts receivable - others	1,773,855.27	18,081,165.76	1,877,651.42
Provision for bad debts	(3,461,360.09)	(1,128,544.88)	(3,392,021.31)
Deferred tax assets/(liabilities)	22,599,260.17	17,926,448.05	22,678,086.34
Input tax	-	-	-
Advances to associated/related companies	4,177,364.62	7,297,394.75	4,415,214.25
Advances to immediate holding company	4,114,549.63	3,270,844.36	3,695,055.86
Inventories	8,311,742.99	11,205,681.53	8,226,910.62
Prepaid expenses	3,449,149.77	3,786,488.08	4,885,489.34
Creditable withholding tax	-	-	-
Other current assets	31,427,861.80	17,452,564.37	34,081,782.02
Advances to/from THHM	-	-	-
<i>Total Current Assets</i>	<i>399,232,360.01</i>	<i>389,847,471.16</i>	<i>408,863,180.23</i>
<i>Property and Equipment</i>	<i>502,084,421.61</i>	<i>571,754,792.23</i>	<i>508,863,000.00</i>
<i>Organization and Pre-operating Expenses</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Investment in Stock of Associated Company</i>	<i>50,672,212.12</i>	<i>51,412,534.32</i>	<i>50,285,508.81</i>
<i>Deposit on Lease Contract</i>	<i>78,000,000.00</i>	<i>78,000,000.00</i>	<i>78,000,000.00</i>
<i>Loans Receivable</i>	<i>15,500,000.00</i>	<i>15,500,000.00</i>	<i>15,500,000.00</i>
<i>Other Assets</i>			
Miscellaneous investments and deposits	8,781,608.50	8,781,608.50	8,781,608.50
Others	1,010,000.00	1,010,000.00	1,010,000.00
<i>Total Other Assets</i>	<i>9,791,608.50</i>	<i>9,791,608.50</i>	<i>9,791,608.50</i>
<i>Total Assets</i>	<i>1,055,280,602.24</i>	<i>1,116,306,406.21</i>	<i>1,071,303,297.54</i>

GRAND PLAZA HOTEL CORPORATION

Balance Sheets

March 31, 2018

(with comparative figures for the year ended December 31, 2017)

(In Philippine Pesos)

LIABILITIES AND STOCKHOLDERS' EQUITY	Unaudited March 31, 2018	Unaudited March 31, 2017	Audited Dec. 31, 2017
Current Liabilities			
Accounts payable	32,561,889.14	32,775,224.97	46,075,149.63
Accrued liabilities	66,514,793.75	70,522,858.63	71,246,833.01
Rental payable	4,760,860.14	-	4,760,860.14
Due to associated/related companies	33,554,039.28	29,906,089.41	31,687,267.27
Advances from immediate holding company -	-	-	-
Advances from intermediate holding company	-	-	187,004.09
Refundable deposit	28,380,455.01	29,663,873.88	27,478,961.10
Deferred rental - Pagcor & JIMEI	-	-	-
Due to Byron	-	-	-
Dividend Payable	-	-	-
Income tax payable	(6,486,698.81)	(9,665,603.99)	(5,467,413.86)
Other current liabilities	17,166,199.38	16,795,142.01	17,205,485.85
Reserves	1,297,961.05	3,536,737.59	507,576.64
Total Current Liabilities	177,749,498.94	173,534,322.50	193,681,723.87
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	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	(1,680,020,370.00)	(1,680,020,370.00)	(1,680,020,370.00)
Retained earnings - beginning	1,659,732,664.18	1,735,013,915.44	1,735,013,915.44
Net income for the period	(90,470.36)	(8,691,547.22)	(75,281,251.26)
Dividend declared	-	-	-
Working Capital Contribution	-	-	-
Reserves / net Actuarial Loss	10,069,062.90	8,629,868.90	10,069,062.90
Total Stockholders' Equity	877,531,103.31	942,772,083.71	877,621,573.67
Total Liabilities and Stockholders' Equity	1,055,280,602.25	1,116,306,406.21	1,071,303,297.54

GRAND PLAZA HOTEL CORPORATION
Income Statements
For the quarters ended March 31, 2018 and 2017
(In Philippine Pesos)

	Unaudited March 31, 2018	Unaudited March 31, 2017
Revenue		
Rooms	59,832,122.79	57,355,226.49
Food & Beverage	28,100,634.85	28,250,208.18
Other Operated Depts.	815,542.42	1,183,564.06
Rental Income/Others	1,841,444.82	1,822,613.74
Total Revenue	<u>90,589,744.88</u>	<u>88,611,612.47</u>
Cost of Sales		
Food & Beverage	8,868,929.07	9,921,473.59
Other Operated Depts.	632,150.48	679,312.30
Total Cost of Sales	<u>9,501,079.55</u>	<u>10,600,785.89</u>
Gross Profit	81,088,665.33	78,010,826.58
Operating Expenses	<u>92,232,546.54</u>	<u>95,206,283.00</u>
Net Operating Income	<u>(11,143,881.21)</u>	<u>(17,195,456.42)</u>
Non-operating Income		
Interest Income	1,552,710.02	1,551,151.06
Dividend Income	-	-
Gain/(Loss) on Disposal of Fixed Assets	-	-
Exchange Gain/(Loss)	9,192,823.68	2,042,481.92
Share in Net Income/(Loss) of Associated Co.	386,703.32	715,008.89
Other Income	-	-
Total Non-Operating Income	<u>11,132,237.02</u>	<u>4,308,641.87</u>
Net Income/(Loss) Before Tax	(11,644.19)	(12,886,814.55)
Provision for Income Tax	<u>78,826.17</u>	<u>(4,195,267.36)</u>
Net Income/(Loss) After Tax	<u>(90,470.36)</u>	<u>(8,691,547.19)</u>
Basic earnings per share	<u>Not meaningful</u>	<u>(0.16)</u>
Dilluted earnings per share	<u>Not meaningful</u>	<u>(0.16)</u>

Notes:

In March 30, 2018 and 2017 total shares outstanding is 53,717,369 net of 33,600,901 treasury shares

GRAND PLAZA HOTEL CORPORATION
 Statements of Changes in Equity
 For the quarters ended March 31, 2018 and 2017
 (In Philippine Pesos)

	Unaudited March 31, 2018	Unaudited March 31, 2017
Balance - beginning	877,621,573.67	951,463,630.90
Net income for the period	(90,470.36)	(8,691,547.19)
Dividends	-	-
Retirement of shares	-	-
Buyback of shares	-	-
Balance - end	<u>877,531,103.31</u>	<u>942,772,083.71</u>

GRAND PLAZA HOTEL CORPORATION
Cash Flow Statements
For the quarters ended March 31, 2018 and 2017
(In Philippine Pesos)

	Unaudited March 31, 2018	Unaudited March 31, 2017	Audited Dec. 31, 2017
Cash flows from operating activities			
Net income	(90,470.36)	(8,691,547.19)	(75,281,251.26)
Adjustments to reconcile net income to net cash provided by operating activities			
Other Comprehensive Income(loss)	-	-	1,439,194.00
Depreciation and amortization	9,082,578.39	10,220,906.76	43,323,363.50
Equity in net income of associated company	(386,703.32)	(715,008.89)	(1,987,983.36)
Provision for bad debts	3,461,360.09	1,128,544.88	3,392,021.31
Changes in operating assets and liabilities			
(Increase) decrease in			
Accrued interest receivable	(101,340.02)	(129,756.37)	(149,804.52)
Accounts receivable - trade	16,684,456.32	(2,298,387.69)	(40,461,769.31)
Accounts receivable - others	103,796.15	623,239.23	16,826,753.57
Deferred income tax	78,826.17	(16,004.38)	(4,767,642.67)
Input tax	-	-	-
Advances to associated/related companies	237,849.63	3,088,229.10	5,970,409.60
Advances to immediate holding company	(419,493.77)	(312,991.19)	(737,202.69)
Inventories	(84,832.37)	1,256,185.08	4,234,955.99
Prepaid expenses	1,436,339.57	500,530.85	(598,470.41)
Creditable withholding tax	-	45,091.94	45,091.94
Other current assets	2,653,920.22	11,297,278.50	(5,331,939.15)
Advances to/from THHM	-	-	-
Increase (decrease) in			
Accounts payable	(13,513,260.49)	652,851.62	13,952,776.28
Accrued liabilities	(4,732,039.26)	(646,838.26)	77,136.12
Notes payable	-	-	-
Rental payable	-	-	4,760,860.14
Due to associated companies	1,866,772.01	1,172,517.16	2,953,695.02
Advances from immediate holding company - net	-	-	-
Advances from intermediate holding company	(187,004.09)	-	187,004.09
Refundable deposit	901,493.91	890,339.11	(1,294,573.67)
Deferred rental - Pagcor	-	-	-
Dividend Payable	-	-	-
Output tax	-	-	-
Income tax payable	(1,019,284.95)	(4,857,506.74)	(659,316.61)
Other current liabilities	(39,286.47)	457,867.25	868,211.09
Reserves	790,384.41	3,002,470.91	(26,690.04)
	<u>16,724,061.77</u>	<u>16,668,011.67</u>	<u>(33,265,171.04)</u>
Cash flows from investing activities			
Acquisition of property and equipment - net	(2,304,000.02)	(17,342,768.72)	12,446,566.77
Dividend (declared)/received	-	-	2,400,000.00
(Receipts)/Refund of deposit on lease contract	-	-	-
(Receipts)/Payments relating to other assets	-	-	-
Retirement of treasury stocks	-	-	-
Buyback of shares - net	-	-	-
	<u>(2,304,000.02)</u>	<u>(17,342,768.72)</u>	<u>14,846,566.77</u>
Cash flows from financing activities			
Increase/(Decrease) in reserves	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and short-term notes	<u>14,420,061.75</u>	<u>(674,757.05)</u>	<u>(18,418,604.27)</u>
Cash and short-term notes, Beginning	<u>242,452,359.80</u>	<u>260,870,964.06</u>	<u>260,870,964.06</u>
Cash and short-term notes, Ending	<u><u>256,872,421.55</u></u>	<u><u>260,196,207.01</u></u>	<u><u>242,452,359.79</u></u>

Grand Plaza Hotel Corporation
Aging Report As At 31 March 2018

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	1,088,080	1,751,110	1,387,011	1,605,676	1,250,183	3,116,039	10,198,099	20.06%
Credit card	2,945,424	438,449					3,383,873	6.66%
PAGCOR							8,936,199	17.58%
Company - local	247,300	1,699,432	574,953	154,000	882,079	8,936,199	4,190,364	8.24%
Permanent accounts	41,270	22,757		34,173	83,324	632,600	1,755,049	3.45%
Embassy & government	405,396	819,022				1,573,525	9,654,708	18.99%
Travel Agent - Local	127,691	754,913	389,532	11,200		8,430,290	1,283,336	2.52%
Temporary credit	980,173	1,610,162	770,400	25,300	1,466,600	557,475	5,410,110	10.64%
Travel Agent - Foreign	625,193	1,801,142	3,302,376	244,499	3,639	50,410	6,027,259	11.86%
TOTAL	6,460,527	8,896,986	6,424,272	2,074,848	3,685,826	23,296,538	50,838,997	100.00%
%	12.71%	17.50%	12.64%	4.08%	7.25%	45.82%	100.00%	