

# 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 O R A T I O N

(Company's Full Name)

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E D S A C X O R N E R R O X A S B L V D .

P A S A Y C I T Y

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

CECILLE G. BERNARDO

Contact Person

02-8854 8838

Company Telephone Number

1 2 3 1

Month Day  
Fiscal Year

1 7 Q

FORM TYPE

0 5 1 5

Month Day  
Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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) THEREUNDER

1 For the quarterly period ended **September 30, 2020**

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) 8854-8838**

**Fax No. (632). 8854-8825**

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 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: 10/27/2020

## **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 2020 as compared with the most recent annual financial statements.

##### *Seasonality or Cyclicalality 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, car parking, laundry and rental of space.

The segment revenues and results are as follows:

	YTD 3rd Quarter Revenue – Peso ‘000	YTD 3 <sup>rd</sup> Department Profit – Peso ‘000
Room	199,585	168,123
Food and Beverage	51,873	18,197
Other Operated Departments and rental	6,175	5,220

### *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:

	30 Sep 2020	30 Sep 2019
Current liquidity ratios	2.44	2.20
Solvency (Debt to equity)	0.43	0.29
Assets to equity ratios	1.42	1.29
Profitability ratios Profit/(Loss) before tax margin ratio	4.6%	-4.4%
EBITDA (Earnings before interest, tax, depreciation and amortization) - Peso	47,405	19,389

*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 0.24 during the period of review compared to the same period of last year due to increase in current assets by PhP70.1 million (16.7%) but offset by higher liabilities of PhP10.0 million (5.2%). The higher current assets is a result of higher accounts receivable as due to Covid-19, there is a slowdown in collection from customers. Similarly, the Company has also not repaid its outstanding to related company which resulted in higher current liabilities.

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 0.14 (48%) over the same period of last year and this is due to higher liabilities. Hotel lease liability has increased from PhP56.2 million to PhP168.7million in 2020 and in addition, due to related company has also increased by PhP12.2 million over last year due to Covid-19 and the lock down in Metro Manila, hotel is not able to pay some of its liabilities.

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 0.13 (10%) over last year as a result of higher assets. Assets increased mainly due to recognition of Right-of-use asset by PhP95 million in connection with the adoption of new accounting standard for operating lease effective January 2019.

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 an income for this year versus same period last year. Though total revenue is lower last year but able to manage to have an operating income compare to 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, EBITDA increased by PhP28.1 million compared to the same period of last year due to higher operating income.

### **Balance Sheets Analysis:**

Total assets increased by about PhP138.4 million (12.6%) as compared to the same period of last year and decreased by PhP9.2 million (0.7%) as compared to end of last fiscal year. Compared to the same period of last year, the increase is mainly due to additional recognition of Right-of-use asset by PhP95 million, and increase in accounts receivable by PhP60.2 million (224%).

#### *Cash and short term notes:*

This balance includes short-term fixed deposits with banks. This balance increased by PhP2.1 million (0.7%) relative to same period of last year. Relative to the end of last year, there is a drop of PhP28.9 million (9.1%). The key reason for the lower cash is due to slower collection in view of the lock down in Metro Manila since April 2020.

#### *Accounts receivable – trade:*

There is an increase in this balance by PhP60.2 million (224%) versus same period of last year and there is also an increase of PhP40.4 million (86%) relative to end of last fiscal year. Due to Covid-19 and the lock down in Metro Manila, hotel was not able to make significant collections from its customers and receivables have increased.

#### *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 an increase in the balance by PhP5.5 million (392%) and increase by PhP6.2 million (>100%) relative to end of last fiscal year. The reason for the increase is due to recognition of various related

companies' transactions during the first 3 quarters and related companies have not repaid these advances.

*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 Ph28.3 million (6.2%). The decrease in balance is due to depreciation charges for the period amounting to PhP32.1 million.

*Right-of-use assets:*

Effective 1 January 2019, the Company has adopted the new accounting standard to recognize operating lease. Due to this new standard, the Company has to recognize a Right-of-use asset amounting to PhP163.6 million.

*Rental payable:*

This is rent due to its associated company amounting to PhP14.2 million as the Company has not paid its rent to the associated company this quarter.

*Due to associated/related company:*

As compared to end of last year, this balance increased by PhP12.3 million (44.2%) as the Company has not settled its obligations with related companies.

*Income tax payable:*

Relative to same period of last year, this balance has decreased by PHP2.3 million (20.3%) as the Company is profitable and this balance is reduced by the tax payable.

*Hotel lease liability (current and non-current):*

As explained under Right-of-use asset, the adoption of the new accounting standard also required the Company to recognize a current and non-current lease liability.

**Income Statement Analysis for the 9 Months Ended 30 September 2020**

*Revenue:*

Total revenue decreased by PhP37.2 million (12.6%) versus same period last year. The decrease is mainly due to the impact of COVID-19 pandemic. The National Government declared state of public health emergency and placed under Enhanced Community Quarantine the entire Luzon which involves travel and leisure restrictions, home quarantine and temporary suspension of business operations and activities including mass gathering, social events and meetings.

Despite this pandemic, Rooms division recorded a marginal improvement in revenue from PhP198.1 million to PhP199.5 million as compared to the same period of last year.

The improvement is driven by higher occupancy by 2.6 percentage as compared to last year while Average Room Rate fell by 3.9%. The major contributor in room revenue comes from corporate groups segment. Due to the lock down, corporate companies such as online gaming firms and call centers booked their staff in the hotel. The Hotel also housed returning Filipinos.

F&B business fell by PhP34.2 million (39.7%) relative to same period of last year. During the Enhanced Community Quarantine implementation, dine in, mass gatherings, events, meetings are not allowed. Riviera and banquet were temporarily closed during this period. The F&B revenue is mainly from the in-house guests meals.

*Cost of Sales:*

Cost of sales for F&B registered decrease of PhP12 million (42.7%) as compared to last year which is consistent with the lower revenue.

*Gross Profit:*

Gross profit is derived after deducting cost of sales from gross revenue. Gross profit as compared to last year is lower by PhP23.6million (8.9%).

*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 PhP56.1 million (19.9%) compared to last year. The main drop in expenses this year versus last year are payroll and related expenses, depreciation of hotel lease asset, general expenses. With the current crisis, the hotel operates on a skeleton workforce and this helps to reduce payroll and related costs. In addition, with a lower occupancy, the hotel was able to conserve energy and energy cost fell by PhP11.3 million or 21% versus last year.

*Net Operating Income:*

This is derived after deducting operating expenses from gross operating profit. The Company registered a net operating income of PhP15.2 million as compared to a loss of PhP17.1 million in last year.

*Non-operating income:*

The Company reported an increase net non-operating loss of PhP3.3 million versus income of PhP3.4 million in the same period of last year. This is due to the recognition of unrealized exchange loss of PhP9.6 million this period arising from the strengthening of the Peso against USD.

*Profit after tax:*

The Company registered a profit after tax of PhP7.9 million as against last year loss of PhP9.2 million.

**Income Statement Analysis for Third Quarter Ended 30 September 2020**

*Revenue:*

Total revenue decreased by PhP15.0 million (14.9%) versus same quarter last year. All revenue segments fell except Rooms which improved from PhP67.4 million to PhP75.5 million. Room revenue improved due to a higher occupancy in 3Q2020 vs 3Q2019 whereby occupancy showed a significant improvement from 61% to 80%. The hotel was able to secure returning Filipinos who had to serve quarantine business and also some groups from call centers. The main reason for the fall in revenue in other segment is the significant impact of COVID-19 pandemic and the lock down of Metro Manila and this resulted in the temporarily closure of the restaurants and meeting rooms.

F&B division revenue decreased by PhP17.3 million (59.2%) as the Riviera restaurant and the meeting rooms were closed since March 2020.

*Cost of Sales:*

Cost of sales for F&B registered decrease of PhP5 million (54.3%) as compared to last year which is consistent with the lower 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 down by PhP9.3 million (10.3%).

*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 PhP23.2 million (24.8%) compared to last year. The main drop in expenses this year versus last year is payroll and related expenses, depreciation of hotel lease asset, general expenses.

*Net Operating Income:*

This is derived after deducting operating expenses from gross operating profit. The Company reported an increase net operating income of PhP10.2 million versus loss of PhP3.7 million in same quarter last year. This is a result of management's various control measure for COVID-19 pandemic.

*Non-operating income:*

This indicator showed a loss of PhP4.5 million as compared to an income of PhP4.4 million in prior year which is a result of an exchange loss of PhP6.4 million.

*Profit after tax:*

The Company registered a profit after tax of PhP3.2 million as against last year profit of PhP0.6 million.

There were 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 2020.

## **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 the 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 (“CIR”) is void because the assessment, from which the collection proceedings arose, did not comply with the requirements of law and lacked factual and legal bases.

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 Dstraint 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 CIR 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 finish 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 6 November 2015, the Company filed its Formal Offer of Documentary Evidence. In two Resolutions dated 04 January 2016 and 11 March 2016 respectively, the CTA admitted in evidence the Company's documentary exhibits.

On 15 April 2016, the Company filed its Memorandum with the CTA.

Meanwhile, 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 Company 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 the 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 Company 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.

In a Manifestation dated 01 September 2016, the CIR informed the CTA that it will adopt its arguments in its Answer as its Memorandum.

Thus, on 6 September 2016, the Company's tax counsel received a Resolution from the CTA stating that the case has been submitted 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 its tax payments.

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

On 4 July 2018, the CTA rendered its Decision.

In the Decision, the CTA held that it does not have jurisdiction to entertain the Petition. It explained that the CTA only has jurisdiction to review decisions of the CIR involving disputed assessments, and not those assessments which have become final and executory. The CTA held that due to the Company's failure to file a protest within the reglementary period, the assessment became final, executory, and demandable. In light of the foregoing, the CTA held that it had no jurisdiction to entertain the Petition.

The Company filed a Motion for Reconsideration ("MR") on 19 July 2018. In its MR, the Company argued that: (i) the CTA has jurisdiction to review collection proceedings initiated by the CIR pursuant to its powers under Section 7(A)(1) of the National Internal Revenue Code; and (ii) the tax deficiency assessment of the CIR is void for failure to indicate a due date for payment and thus, the absence of a protest does not render the assessment final and executory because no rights can emanate from a void assessment.

#### Amended Decision

On 30 October 2018, the Company received the CTA's Amended Decision granting the Company's MR. Thus, the CTA annulled and set aside the CIR's assessment against the Company for deficiency income tax, withholding tax on compensation, expanded withholding tax, documentary stamp taxes, and value-added tax, in the total amount of PhP508,101,387.12 for taxable year 2008.

In its Amended Decision, the CTA held that it had jurisdiction to review collection proceedings by the CIR pursuant to its powers under Section 7(a)(1) of the Tax Code, and in particular, "other matters" arising under the National Internal Revenue Code. The CTA held that while there is no disputed assessment, it can assume jurisdiction over the Petition under "other matters".

After a careful scrutiny of the Formal Letter of Demand and Final Assessment Notice, the CTA held that the same was not valid for failure to indicate a definite due date for payment by the taxpayer, which negates the CIR's demand for payment.

MR filed by CIR

On 20 November 2018, the MR filed by the CIR seeks to pray for a reconsideration of the Amended Decision and to uphold the Decision dated 4 June 2018 on the following grounds:

- (1) The "other matters" clause of Section 7 of Republic Act No. 9282 does not include assessment cases.
- (2) A challenge to the collection procedure under "other matters" cannot reach back and examine an undisputed assessment.
- (3) Even assuming that the present case falls under the scope of "other matters", the Petition was filed out of time.

The Corporation filed its Comment to the CIR's MR on 12 December 2018 and prayed that the same be denied for lack of merit. On 14 March 2019, the CTA issued a decision denying the CIR Motion for Reconsideration as the Court finds no cogent reasons to reverse or modify the Amended Decision.

On 21 March 2019, the CIR filed an appeal to the CTA En Banc to set aside the Amended Decision. On 19 June 2019, the Corporation received a notice from the CTA En Banc to file its comments to Petition of CIR. The corporation filed its comment on 20 June 2019.

On 2 December 2019, the CTA En Banc issued a Notice of Resolution that since both CIR and the Corporation decided not to have the case mediated by Philippine Mediation Center – Court of Tax Appeals, the mediation proceedings are terminated and the case is submitted for decision by the CTA En Banc.

On 12 October 2020, the Corporation's counsel received from CTA En Banc a Decision denying BIR's petition for lack of merit and ruled in favor of the Corporation.

Other than the above tax case, 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 30 September 2020, it holds bulk of its cash and cash equivalent in Philippines peso. The United States dollars are used to settle foreign obligations.

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 2020 is Peso87 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 2020, the Company has Peso488 million current assets and Peso200 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 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:

	<b>30 September 2020</b>	<b>30 September 2020</b>	31 December 2019	31 December 2019
	<b>Carrying amount</b>	<b>Fair value</b>	Carrying amount	Fair value
Cash and cash equivalents	<b>285,564,885</b>	<b>285,564,885</b>	314,446,524	314,446,524
Receivables net	<b>85,213,395</b>	<b>85,213,395</b>	46,392,267	46,392,267
Due from/(to) related party net	<b>(26,922,829)</b>	<b>(26,922,829)</b>	(30,177,082)	(30,177,082)
Loan receivable	<b>15,500,000</b>	<b>15,500,000</b>	15,500,000	15,500,000
Lease deposit	<b>78,000,000</b>	<b>78,000,000</b>	78,000,000	78,000,000
Accounts payable & accrued expenses	<b>102,427,129</b>	<b>102,427,129</b>	136,747,041	136,747,041

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.

### **Events After the Reporting Period**

On March 8, 2020, under Proclamation 922, the Office of the President has declared a state of public health emergency and subsequently on 16 March 2020, under Proclamation 929, a state of calamity throughout the Philippines due to the spread of the Corona Virus Disease 2019 (COVID-19). To manage the spread of the disease, the entire Luzon has been places under an Enhanced Community Quarantine (ECQ), effective from 17 March 2020 until 12 April 2020 which involved several measures including travel restrictions, home quarantine and temporary suspension or regulation of business operations, among others, limiting activities related to the provision of essential goods and services. The President however on 7 April 2020 approved the extension of the lockdown on Luzon island until 30 April 2020 as recommended by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF-EID), as the country has yet to contain the spread of the COVID-19. On 24 April 2020, the President has approved the recommendation of the IATF-EID to extend the ECQ in Metro Manila, Central Luzon, CALABARZON, and “all other high risks” provinces in Luzon until 15 May 2020. On 12 May 2020, the President has approved the proposal of the IATF-IED to place Metro Manila, Laguna Province and Cebu City under Modified ECQ until 31 May 2020. On 28 May 2020, the President approved the recommendation of the IATF-EID to downgrade the quarantine restrictions over Metro Manila. Metro Manila shifted from Modified ECQ to a more relaxed General Community Quarantine (GCQ) effective from 01 June 2020 to 15 June 2020. On 16 June 2020, the President approved the AITF-EID recommendations to continue the GCQ in Metro Manila until 30 June 2020. The President has approved the proposal of the AITF-EID on 01 July 2020 to continue the General Community Quarantine (GCQ) for 15 more days to better control the health pandemic and eventually on 16 July 2020 extended the GCQ until 31 July 2020. On 30 July 2020 the President approved the recommendation of the IATF-EID to shift the Metro Manila under Modified General Community Quarantine (MGCQ) until 15 August 2020 based on epidemic risk level, economic, social and security consideration with appeals and commitment from different local government units of balancing economic activity and public health. However, on 17 August 2020, the President shifted again the Metro Manila to GCQ until 31 August 2020 as the infection arises. Effective 01 September 2020 to 30 September 2020, the President approved the IATF-EID recommendation to shift the Metro Manila quarantine restriction to GCQ last 30 August 2020.

The measures above taken by the government to contain the virus have affected economic activity and the company was affected by these event despite the Department of Tourism allows the hotel to continue its operations to accommodate essential workers and repatriated Filipino workers, the revenue for the first nine months of the year was reduced by Php37 million (13%) compared to the same period last year. The company took number of measures to monitor and prevent the effects of COVID-19 virus such as safety and health measures for the guests and employees like social distancing and working from home and securing the supply and materials that are essentials to business operations.

At this stage, the impact on the business is limited but the company will continue to follow various government policies and advisory and in parallel to continue its operations in best and safest way possible without jeopardizing the health of the employees.

**GRAND PLAZA HOTEL CORPORATION**

**Balance Sheets**

**September 30, 2020**

*(with comparative figures for the year ended December 31, 2019)*

**(In Philippine Pesos)**

<b>ASSETS</b>	<b>Unaudited September 30, 2020</b>	<b>Unaudited September 30, 2019</b>	<b>Audited Dec. 31, 2019</b>
<b><i>Current Assets</i></b>			
Cash on hand and in bank			
Cash and investments in short term notes	285,564,885	283,443,677	314,446,524
Accrued interest receivable	182,030	830,797	1,075,389
Accounts receivable - trade	87,001,239	26,816,482	46,679,875
Accounts receivable - others	1,776,326	2,030,268	2,810,462
Provision for bad debts	(3,564,170)	(2,805,912)	(3,098,069)
Deferred tax assets/(liabilities)	27,056,466	25,049,585	26,594,140
Input tax			
Advances to associated/related companies	6,943,883	1,455,215	75,625
Advances to immediate holding company	6,233,612	5,616,229	5,917,563
Inventories	5,656,409	7,793,712	7,507,087
Prepaid expenses	8,429,949	7,086,896	6,945,608
Creditable withholding tax	2,172,664	-	726,708
Other current assets	60,888,135	60,965,868	62,852,067
Advances to/from THHM			
<b><i>Total Current Assets</i></b>	<b>488,341,429</b>	<b>418,282,817</b>	<b>472,532,979</b>
<b><i>Property and Equipment</i></b>	<b>428,975,359</b>	<b>457,201,037</b>	<b>440,250,275</b>
<b><i>Right-of-use Assets</i></b>	<b>163,630,998</b>	<b>68,687,843</b>	<b>178,571,220</b>
<b><i>Organization and Pre-operating Expenses</i></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><i>Investment in Stock of Associated Company</i></b>	<b>51,063,317</b>	<b>49,456,887</b>	<b>49,880,712</b>
<b><i>Deposit on Lease Contract</i></b>	<b>78,000,000</b>	<b>78,000,000</b>	<b>78,000,000</b>
<b><i>Loans Receivable</i></b>	<b>15,500,000</b>	<b>15,500,000</b>	<b>15,500,000</b>
<b><i>Other Assets</i></b>			
Miscellaneous investments and deposits	8,582,719	8,582,719	8,582,719
Others	1,010,000	1,010,000	1,010,000
<b><i>Total Other Assets</i></b>	<b>9,592,719</b>	<b>9,592,719</b>	<b>9,592,719</b>
<b><i>Total Assets</i></b>	<b>1,235,103,823</b>	<b>1,096,721,302</b>	<b>1,244,327,904</b>

**GRAND PLAZA HOTEL CORPORATION**
**Balance Sheets**
**September 30, 2020**
*(with comparative figures for the year ended December 31, 2019)*
**(In Philippine Pesos)**

<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>Unaudited September 30, 2020</b>	<b>Unaudited September 30, 2019</b>	<b>Audited Dec. 31, 2019</b>
<b><i>Current Liabilities</i></b>			
Accounts payable	30,463,043	39,301,732	59,826,478
Accrued liabilities	71,964,086	71,827,476	76,920,563
Rental payable	14,282,580	-	-
Due to associated/related companies	40,100,324	27,873,547	36,170,270
Advances from immediate holding company - net			
Advances from intermediate holding company			
Refundable deposit	28,228,171	29,609,107	28,423,761
Deferred rental - Pagcor & JIMEI			
Due to City e-Solutions <i>(formerly CDL Hotels Int'l Ltd)</i>			
Due to Byron			
Dividend Payable			
Hotel Lease Liability	3,823,581	13,976,089	3,594,928
Income tax payable	(9,075,604)	(11,367,861)	(9,047,419)
Other current liabilities	20,790,616	18,480,274	18,940,216
Reserves	107,019	920,403	107,019
<b><i>Total Current Liabilities</i></b>	<b><i>200,683,817</i></b>	<b><i>190,620,768</i></b>	<b><i>214,935,816</i></b>
<b><i>Long - Term Liabilities</i></b>			
Deferred rental - Pagcor	-	-	-
Hotel Lease Liability	168,768,151	56,224,054	171,665,104
<b><i>Total Long - Term Liabilities</i></b>	<b><i>168,768,151</i></b>	<b><i>56,224,054</i></b>	<b><i>171,665,104</i></b>
<b><i>Stockholders' Equity</i></b>			
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	873,182,699	873,182,699
Premium on capital stock	11,965,904	11,965,904	11,965,904
Paid-in capital in excess of par - Warrants	2,691,614	2,691,614	2,691,614
Treasury stock	(1,680,020,370)	(1,680,020,370)	(1,680,020,370)
Retained earnings - beginning	1,638,916,249	1,636,546,759	1,636,546,759
Net income for the period	7,924,871	(9,244,647)	2,369,489
Dividend declared	-	-	-
Working Capital Contribution	-	-	-
Reserves / net Actuarial Loss	10,990,889	14,754,522	10,990,889
<b><i>Total Stockholders' Equity</i></b>	<b><i>865,651,855</i></b>	<b><i>849,876,481</i></b>	<b><i>857,726,984</i></b>
<b><i>Total Liabilities and Stockholders' Equity</i></b>	<b><i>1,235,103,823</i></b>	<b><i>1,096,721,302</i></b>	<b><i>1,244,327,904</i></b>

**GRAND PLAZA HOTEL CORPORATION**  
**Income Statements**  
**For the Year-to-date ended September 30, 2020 and 2019**  
**(In Philippine Pesos)**

	<b>Unaudited September 30, 2020</b>	<b>Unaudited September 30, 2019</b>
<b>Revenue</b>		
Rooms	199,585,196	198,159,384
Food & Beverage	51,873,529	86,051,748
Other Operated Depts.	2,097,043	3,842,073
Rental Income/Others	4,078,646	6,806,721
	<u>257,634,415</u>	<u>294,859,926</u>
<b>Cost of Sales</b>		
Food & Beverage	16,154,995	28,126,080
Other Operated Depts.	414,675	2,061,817
	<u>16,569,670</u>	<u>30,187,897</u>
<b>Gross Profit</b>	241,064,745	264,672,029
<b>Operating Expenses</b>	<u>225,789,305</u>	<u>281,801,088</u>
<b>Net Operating Income</b>	<u>15,275,439</u>	<u>(17,129,058)</u>
<b>Non-operating Income</b>		
Interest Income	5,143,419	5,203,154
Dividend Income	-	-
Gain/(Loss) on Disposal of Fixed Assets	-	-
Exchange Gain/(Loss)	(9,676,860)	(2,757,226)
Share in Net Income/(Loss) of Associated Co.	1,182,605	1,001,852
Other Income	-	-
	<u>(3,350,835)</u>	<u>3,447,780</u>
<b>Total Non-Operating Income</b>	<u>(3,350,835)</u>	<u>3,447,780</u>
<b>Net Income/(Loss) Before Tax</b>	11,924,604	(13,681,278)
<b>Provision for Income Tax</b>	<u>3,999,736</u>	<u>(4,436,631)</u>
<b>Net Income/(Loss) After Tax</b>	<u><u>7,924,868</u></u>	<u><u>(9,244,647)</u></u>
<b>Basic earnings per share</b>	<u><u>0.15</u></u>	<u><u>(0.17)</u></u>
<b>Dilluted earnings per share</b>	<u><u>0.15</u></u>	<u><u>(0.17)</u></u>

**Notes:**

In Sept 30, 2020 and 2019 total shares outstanding is 53,717,369 net of 33,600,901 treasury shares

**GRAND PLAZA HOTEL CORPORATION**  
**Income Statements**  
**For the quarters ended September 30, 2020 and 2019**  
**(In Philippine Pesos)**

	<b>Unaudited September 30, 2020</b>	<b>Unaudited September 30, 2019</b>
<b>Revenue</b>		
Rooms	72,519,397	67,491,390
Food & Beverage	11,988,490	29,271,870
Other Operated Depts.	15,353	1,338,865
Rental Income/Others	684,256	2,124,685
<b>Total Revenue</b>	<b>85,207,495</b>	<b>100,226,810</b>
<b>Cost of Sales</b>		
Food & Beverage	4,636,091	9,646,346
Other Operated Depts.	19,022	729,097
<b>Total Cost of Sales</b>	<b>4,655,113</b>	<b>10,375,443</b>
<b>Gross Profit</b>	<b>80,552,382</b>	<b>89,851,367</b>
<b>Operating Expenses</b>	<b>70,318,009</b>	<b>93,572,796</b>
<b>Net Operating Income</b>	<b>10,234,373</b>	<b>(3,721,429)</b>
<b>Non-operating Income</b>		
Interest Income	1,465,836	1,347,792
Dividend Income	-	-
Gain/(Loss) on Disposal of Fixed Assets	-	-
Exchange Gain/(Loss)	(6,415,714)	2,716,732
Share in Net Income/(Loss) of Associated Co.	409,248	421,136
Other Income	-	-
<b>Total Non-Operating Income</b>	<b>(4,540,630)</b>	<b>4,485,660</b>
<b>Net Income/(Loss) Before Tax</b>	<b>5,693,743</b>	<b>764,231</b>
<b>Provision for Income Tax</b>	<b>2,407,578</b>	<b>91,352</b>
<b>Net Income/(Loss) After Tax</b>	<b>3,286,165</b>	<b>672,879</b>
<b>Basic earnings per share</b>	<b>0.06</b>	<b>0.01</b>
<b>Dilluted earnings per share</b>	<b>0.06</b>	<b>0.01</b>

**Notes:**

In June 30, 2020 and 2019 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 Year-to-date ended September 30, 2020 and 2019**  
**(In Philippine Pesos)**

	<b>Unaudited September 30, 2020</b>	<b>Unaudited September 30, 2019</b>
<b>Balance - beginning</b>	857,726,984	859,121,128
Net income for the period	7,924,868	(9,244,647)
Dividends	-	-
Retirement of shares	-	-
Buyback of shares	-	-
<b>Balance - end</b>	<b><u>865,651,852</u></b>	<b><u>849,876,481</u></b>

**GRAND PLAZA HOTEL CORPORATION**  
**Cash Flow Statements**  
**For the Year-to-date ended September 30, 2020 and 2019**  
**(In Philippine Pesos)**

	Unaudited September 30, 2020	Unaudited September 30, 2019	Audited Dec. 31, 2019
<b>Cash flows from operating activities</b>			
Net income	7,924,868	(9,244,647)	2,369,489
Adjustments to reconcile net income to net cash provided by operating activities			
Other Comprehensive Income(loss)	-	-	(3,763,633)
Depreciation and amortization	32,130,179	36,518,263	34,190,897
Equity in net income of associated company	(1,182,605)	(1,001,852)	(1,425,677)
Provision for bad debts	3,564,170	2,805,912	3,098,069
Changes in operating assets and liabilities			
(Increase) decrease in			
Accrued interest receivable	893,359	59,208	(185,384)
Accounts receivable - trade	(43,419,433)	8,229,058	(11,634,334)
Accounts receivable - others	1,034,136	62,127	(718,067)
Deferred income tax	(462,326)	(4,436,631)	(5,981,186)
Input tax	-	-	-
Advances to associated/related companies	(6,868,259)	(475,411)	904,179
Advances to immediate holding company	(316,049)	(926,142)	(1,227,476)
Inventories	1,850,678	1,435,942	1,722,568
Prepaid expenses	(1,484,342)	(4,571,067)	(4,429,778)
Creditable withholding tax	(1,445,956)	726,708	(0)
Other current assets	1,963,932	(1,077,447)	(2,963,646)
Advances to/from THHM	-	-	-
Increase (decrease) in			
Accounts payable	(29,363,435)	2,631,098	23,155,843
Accrued liabilities	(4,956,478)	8,762,817	13,855,904
Notes payable	-	-	-
Rental payable	14,282,580	(4,760,860)	(4,760,860)
Due to associated companies	3,930,054	1,188,653	9,485,376
Advances from immediate holding company - net	-	-	-
Advances from intermediate holding company	-	-	-
Refundable deposit	(195,590)	2,331,758	1,146,412
Deferred rental - Pagcor	-	-	-
Dividend Payable	-	-	-
Hotel Lease Liability	228,653	13,976,089	3,594,928
Income tax payable	(28,185)	(4,032,774)	(1,712,332)
Other current liabilities	1,850,400	615,185	1,075,126
Reserves	-	(397,349)	(1,210,733)
	<u>(20,069,647)</u>	<u>48,418,638</u>	<u>54,585,684</u>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment - net	(14,452,311)	(2,160,227)	5,669,928
Right-of-use Assets - net	8,537,269	(80,135,817)	-
Dividend (declared)/received	-	1,600,000	2,400,000
(Receipts)/Refund of deposit on lease contract	-	-	-
(Receipts)/Payments relating to other assets	-	-	-
Retirement of treasury stocks	-	-	-
Buyback of shares - net	-	-	-
	<u>(5,915,042)</u>	<u>(80,696,044)</u>	<u>8,069,928</u>
<b>Cash flows from financing activities</b>			
Increase/(Decrease) in Hotel Lease Liability	<u>(2,896,953)</u>	<u>56,224,054</u>	<u>171,665,104</u>
	<u>(2,896,953)</u>	<u>56,224,054</u>	<u>171,665,104</u>
<b>Net increase in cash and short-term notes</b>	<u>(28,881,642)</u>	<u>23,946,649</u>	<u>234,320,716</u>
<b>Cash and short-term notes, Beginning</b>	<u>314,446,524</u>	<u>259,497,028</u>	<u>259,497,028</u>
<b>Cash and short-term notes, Ending</b>	<u><u>285,564,882</u></u>	<u><u>283,443,677</u></u>	<u><u>493,817,744</u></u>

**GRAND PLAZA HOTEL CORPORATION**  
**Cash Flow Statements**  
**For the quarters ended September 30, 2020 and 2019**  
**(In Philippine Pesos)**

	Unaudited September 30, 2020	Unaudited September 30, 2019
<b>Cash flows from operating activities</b>		
Net income	3,286,165	672,879
Adjustments to reconcile net income to net cash provided by operating activities		
Other Comprehensive Income(loss)	-	-
Depreciation and amortization	10,683,176	12,264,640
Equity in net income of associated company	(409,248)	(421,136)
Provision for bad debts	3,564,170	2,805,912
Changes in operating assets and liabilities		
(Increase) decrease in		
Accrued interest receivable	314,867	350,263
Accounts receivable - trade	(25,793,154)	13,332,712
Accounts receivable - others	1,019,371	(791,102)
Deferred income tax	(2,449,551)	91,352
Input tax	-	-
Advances to associated/related companies	(945,071)	(555,046)
Advances to immediate holding company	-	(57,036)
Inventories	159,320	(255,382)
Prepaid expenses	(6,423,209)	(4,076,726)
Creditable withholding tax	(683,765)	-
Other current assets	867,040	29,261
Advances to/from THHM	-	-
Other Assets	-	-
Increase (decrease) in		
Accounts payable	(30,281,682)	5,410,790
Accrued liabilities	(1,287,180)	(640,453)
Notes payable	-	-
Rental payable	4,760,860	-
Due to associated companies	5,642,701	3,134,832
Advances from immediate holding company - net	-	-
Advances from intermediate holding company	-	-
Refundable deposit	(1,975,552)	964,806
Deferred rental - Pagcor	-	-
Dividend Payable	-	-
Hotel Lease Liability	77,789	211,877
Income tax payable	2,005,287	(1,150,533)
Other current liabilities	358,968	220,176
Reserves	(0)	(1,317,136)
	<u>(37,508,697)</u>	<u>30,224,950</u>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment - net	(15,033,084)	(2,160,227)
Right-of-use Assets - net	12,805,904	-
Dividend (declared)/received	-	-
(Receipts)/Refund of deposit on lease contract	-	-
(Receipts)/Payments relating to other assets	-	-
Retirement of treasury stocks	-	-
Buyback of shares - net	-	-
	<u>(2,227,180)</u>	<u>(2,160,227)</u>
<b>Cash flows from financing activities</b>		
Increase/(Decrease) in Hotel Lease Liability	(985,566)	(3,574,487)
	<u>(985,566)</u>	<u>(3,574,487)</u>
<b>Net increase in cash and short-term notes</b>	(40,721,443)	24,490,236
<b>Cash and short-term notes, Beginning</b>	<u>326,286,325</u>	<u>258,953,441</u>
<b>Cash and short-term notes, Ending</b>	<u><u>285,564,882</u></u>	<u><u>283,443,677</u></u>

**Grand Plaza Hotel Corporation**  
**Aging Report As At 30 Sept 2020**

<b>Customer Type</b>	<b>0 to 8 days</b>	<b>9 to 30 days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>91 to 120 days</b>	<b>Over 120 days</b>	<b>Total</b>	<b>%</b>
Airlines		298,240	194,500	(1,900)		2,175,356	2,666,196	25.99%
Credit card	559,062					541,313	1,100,375	10.73%
Company - local	188,295	206,500	(158)	(51,002)		1,089,141	1,432,776	13.97%
Permanent accounts	601	12,646	6,822	16,358		1,598,584	1,635,011	15.94%
Embassy & government							457,926	4.46%
Travel Agent - Local					10,221	276,069	286,290	2.79%
Temporary credit			343,000	62,000	(72,678)	1,951,050	2,283,372	22.26%
Travel Agent - Foreign			10,025	41,923	4,000	799,482	855,430	8.34%
<b>TOTAL</b>	747,958	517,386	554,189	67,379	(58,457)	8,430,995	10,259,450	100.00%
<b>%</b>	7.29%	5.04%	5.40%	0.66%	-0.57%	82.18%	100.00%	