COVER SHEET

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S.E.C. Registration Number

GRAND PLAZA HOTEL CORP

(Company's Full Name)

10F THE HERITAGE HOTEL ROXAS BLVD COR EDSA PASAY CITY

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

YAM KIT SUNG

Contact Person

8548838

Company Telephone Number

1 2 | 3 1
Month | Day

Fiscal Year

SEC 17Q

FORM TYPE

0 5 | 1 5
Month | Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1 For the quarterly period ended **March 31, 2015**

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

GRAND PLAZA HOTEL CORPORATION
4. Exact name of issuer as specified in its charter

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

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

10F, The Heritage Hotel Manila, Roxas Blvd. cor. EDSA, Pasay City 1300
7. Address of issuer's principal office

Tel. No. (632) 854-8838 **Fax No. (632) 854-8825**
8. Issuer's telephone number, including area code

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

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

Title of each Class	Number of shares of common Stock outstanding and amount Of debt outstanding
COMMON SHARES	**87,318,270***
*includes 33,600,901 treasury shares	

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

Yes [X] No [ ]

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

PHILIPPINE STOCK EXCHANGE, INC. **COMMON**

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

PART I – FINANCIAL INFORMATION

Item 1 **Financial Statements**

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

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

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

PART II – OTHER INFORMATION

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

SIGNATURES

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

Issuer **YAM KIT SUNG**
Signature and Title ______________ **General Manager & Chief Financial Officer**
Date ______________

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements Required Under SRC Rule 68.1

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

Notes to Financial Statements

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

The same accounting policies and methods of computation are followed in the interim financial statements for the year 2015 as compared with the most recent annual financial statements.

Seasonality or Cyclicality of Interim Operations
All segments of the business are in its normal trading pattern.

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

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

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

Dividends
There were no dividends declared in the current interim period.

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

The Company organized its business into 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 1st Quarter Revenue – Peso '000	YTD 1st Department Profit – Peso '000
Room	81,808,697	65,313,661
Food and Beverage	30,871,042	10,625,115
Other Operated Departments and rental	3,269,853	2,27,941

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 2015	31 March 2014
Current liquidity ratios	**1.49**	1.61
Solvency (Debt to equity)	**0.40**	0.35
Assets to equity ratios	**1.40**	1.35
Interest rate coverage ratio	**NA (No interest bearing liabilities.)**	NA (No interest bearing liabilities.)
Profitability ratios Profit before tax margin ratio	**5.7%**	3.5%
EBITDA (Earnings before interest, tax, depreciation and amortization) - Peso	**14,237,768**	9,687,536

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 decreased by 0.12 during the period of review compared to the same period of last year due to higher liabilities mainly from a higher refundable deposit for a potential tenant.

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 for the quarter due to lower equity and higher liabilities. The higher liability is due to the additional refundable security deposit due to a potential tenant.

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. This ratio has increased by 0.05 due to 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 has improved slightly from last year figure of 3.5% to 5.7% this 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 improved from last year by PhP4.5 million (46%) due to higher revenue and lower costs.

Balance Sheets Analysis:

Total assets decreased by about PhP15.8 million or 1.1% as compared to the same period of last year and decreased by PhP16.7 million or 1.2% as compared to end of last fiscal year. The decrease is mainly due to lower fixed assets and advances to associated company.

Cash and short term notes:
This balance includes short-term fixed deposits with banks. This balance increased by PhP16 million (7%) relative to same period of last year. Relative to the end of last year, there is a drop of PhP5.5 million (2%). The higher cash balance compared to same period of last year is due to better trading and increase in refundable deposit from a potential tenant.

Deferred tax assets:
This is the recognition of the deferred tax on the exchange gain/(loss), provision for bad debts and provision for retirement benefits. Compared to end of last fiscal year, there is a drop of PhP4.2 million (34%) due to fact that in December 2014, there was a significant provision for accounts receivables.

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 end of last fiscal year, there is an increase of about PhP1.5 million (13.8%) as the companies have not repaid their balances outstanding during the year. However, as compared to the same period of last year, this balance fell by PhP8.4 million (40%) as companies have repaid outstanding liabilities to Company.

Other current assets:
There is an increase in this balance by PhP8.5 million (57.5%) compared to end of last fiscal year. A check of PhP7.9 million was prepared to refund a tenant but it was not released. This amount will be adjusted in the next quarter.

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

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

Accounts payable:
Accounts payable dropped by PhP19.3 million (7%) due to lower unreleased checks and lower VAT payables and lower payables to suppliers which is consistent with lower revenue.

Accrued Liabilities:
Accrued liabilities increased by PhP12.8 million (21%) versus same period last year mainly due to increase in provision for provident funds, salary increase and dues and subscription.

Rental payable:
As compared with the end of last fiscal year, there is an increase PhP4.7 million as the Company has not settled its rental to a related company in the first quarter of the year.

Due to associated/related company:
This balance did not have any material variance versus end of last fiscal year but increased by PhP4.5 million when compared with the same period of last year as Company has not settled its outstanding liabilities with related companies.

Reserves:
Reserves increased by PhP3.5 million compared to end of last fiscal year due to the provision made during the first quarter of the year.

Treasury stock:
Compared to the same period of last year, there is an increase of PhP49.2 million and this is a result of the share buyback exercise conducted in second half of 2014.

Income Statement Analysis For the 3 Months Ended 31 March 2015

Revenue:
Total revenue increased marginally by PhP1.8 million (1.6%) versus same period last year. The main reason for the increase is due to higher room revenue offset by lower food and beverage (F&B) revenue.

Rooms division recorded an improvement in occupancy from 60% in first quarter of last year to 65% in this year. The main reason is higher contribution from corporate, groups and airline crews segments. However, Average Room Rate has dropped from PhP3,184 to PhP3,065 compared to the same period of last year. The net effect is room revenue increased by about 4%.

F&B business recorded a fall of PhP1.7 million or 5% as compared to the same period of last year. Total covers dropped by 11,492 versus same period last year. This unfavorable variance is mainly due to the fall in revenue from Riviera especially lunch and dinner periods. The proliferation of new standalone restaurants offering wider spread of buffet and at lower price has affected our Riviera. Banquet and lobby lounge maintain more or less the same revenue as last year.

Other operated departments and rental income increased marginally by 2% versus same period last year.

Cost of Sales:
Cost of sales for F&B registered a decrease of PhP1.3 million or 10% as compared to last year which is consistent with the lower food and beverage revenue. Due to lower food covers, hotel implemented cost control measures to reduce the food cost.

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 decrease in operating expenses of PhP0.25 million as compared to the same period of last year despite higher revenue.

Net Operating Income:
This is derived after deducting operating expenses from gross operating profit.

Non-operating income:
This indicator decreased by PhP0.86 million due to lower exchange gain and offset by higher share in net income of associate.

Profit after tax:

As a result of higher revenue, profit after tax improved by PhP1.9 million (67%) against the same period of last 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 2015.

PART II – OTHER INFORMATION

Tax matter:

(1) In the middle of 2008, the Company received from the Bureau of Internal Revenue ("BIR") a Final Decision on Disputed Assessment finding the Company liable for deficiency value added tax ("VAT") with respect to the years 1996 to 2002 in total amount of PhP228.94 million, inclusive of penalty and interest from January 2003 to December 2006. The Company subsequently filed a petition for review with the Court of Tax Appeal ("CTA") to contest such Final Decision on Disputed Assessment.

    The BIR further issued a Warrant of Distraint and/or Levy and Warrant of Garnishment against the Company and its assets. On 12 September 2008, the Company filed a surety bond with the CTA, and the CTA issued a Temporary Restraining Order enjoining the BIR from further efforts at collection of taxes, particularly the implementation of the Warrant of Distraint and/or Levy and the Warrant of Garnishment.

In 2009, the Company moved to have a preliminary hearing conducted to first resolve the legal issue of whether or not the services rendered by the Company to PAGCOR is subject to VAT at 10% rate. The CTA granted the motion and hearings were subsequently conducted. On 18 February 2011, the CTA ruled in favor of the Company and cancelled the VAT deficiency assessment *in toto*.

As mentioned in the CTA Resolution, in line with the decision of the Supreme Court in *Commissioner of Internal Revenue v. Acesite (Philippines) Hotel Corporation, G.R. no. 147295, 16 February 2007,* the CTA, in its decision dated 18 February 2011, cancelled the BIR's assessment against the Company for deficiency VAT in the amount of PhP228,943,589.15 for taxable years 1996 to 2002. In its resolution dated 17 May 2011, the CTA denied the Commissioner of Internal Revenue's Motion for Reconsideration of the CTA's decision rendered on 18 February 2011. According to the CTA, considering that the assessment against the Company for deficiency VAT has been cancelled, the CTA deemed it proper that the surety bond posted by the Company be discharged. The BIR shortly filed an appeal with the CTA En Banc.

On 1 September 2011, the CTA En Banc resolved to give course to BIR's appeal. The Company filed its Memorandum in October 2011. On 27th July 2012, the CTA En Banc resolved that consistent with the pronouncement of the Supreme Court in the cases of *CIR vs. Acesite Hotel Corporation* and *PAGCOR vs. CIR (G.R. no. 172087, 15 March 2011)* that services rendered to PAGCOR are exempt from VAT, CIR's petition has no leg to stand on and must necessarily fall. The BIR subsequently filed a Motion for Reconsideration.

On 8th October 2012, the CTA En Banc resolved that BIR's Motion for Reconsideration is denied and the earlier decision of the CTA promulgated on 17th May 2011 is affirmed. On 5th December 2012, BIR filed with the Supreme Court a Petition for Review. As at the date of this report, the Petition for Review is still pending with the Supreme Court.

On 6th May 2013, the Company filed its Comment/Opposition to the Petition for Review and is awaiting feedback from the Supreme Court. On 17 October 2013, the Company received a Notice from the Supreme Court directing BIR to file a reply (to the Company's Comment/Opposition) within 10 days from BIR's receipt of the Notice.

In a Notice dated 8 October 2014, the Supreme Court declared the petitioner's (BIR) Manifestation and Motion dated 11 April 2014 as unsatisfactory compliance with its Resolution dated 28 January 2013, and the Supreme Court further gave a grace period of 5 days for the BIR to comply.

On 16 December 2014, the Company filed a Manifestation and Motion to Dismiss the Petition of the BIR for non-compliance with the jurisdictional requirements.

As at 14 April 2015, the Company has not received any further notices or directives from the Supreme Court.

(2) In the meeting of the Board of Directors of Grand Plaza Hotel Corporation ("**Corporation**") ("**Board**") on 27 October 2014, the Board approved management's action to continue pursuing administrative remedies with the Bureau of Internal Revenue ("**BIR**") in respect of the BIR's tax assessment on the Corporation for the year 2008 ("**Tax Assessment**").

The above actions will seek BIR to re-investigate the Tax Assessment and review the Collection Letter that the Corporation received from the BIR on 12 December 2013. As far as the Corporation 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.

In another meeting of the Board held on 3 February 2015, the Board directed its tax counsel to study further remedies in connection with the Corporation's receipt on 7 November 2014, of the denial by the BIR of the Corporation's request for the reinvestigation / recomputation of alleged tax liability arising from the BIR's tax assessment on the Corporation for the year 2008 ("Tax Assessment).

On 20 February 2015, filed a Petition for Review with the Court of Tax Appeals ("CTA") to invalidate the collection proceedings of the Bureau of Internal Revenue ("BIR"). The Petition is based on the Corporation'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.

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 2015, 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 2015 is Peso3.6 million.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. As at 31 March 2015, the Company has Peso585 million current assets and Peso390 million liabilities so the current assets are able to cover its liability.

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

and foreign bank like Australian and New Zealand Bank (ANZ), Standard Chartered Bank 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 2015	**31 March 2015**	31 December 2014	31 December 2014
	Carrying amount	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	**231,489,854**	**231,489,854**	237,078,062	237,078,062
Receivables net	**289,255,171**	**289,255,171**	297,317,357	297,317,357
Due from/(to) related party net	**7,488,491**	**7,488,491**	6,280,346	6,280,346
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	**309,349,334**	**309,349,334**	331,097,124	331,097,124

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, 2015
(with comparative figures for the year ended December 31, 2014)
(In Philippine Pesos)

ASSETS	Unaudited March 31, 2015	Unaudited March 31, 2014	Audited Dec. 31, 2014
Current Assets			
Cash and investments in short term notes	231,489,854.87	215,432,612.75	237,078,062.72
Accrued interest receivable	18,126.98	33,718.65	12,498.16
Accounts receivable - trade	270,582,047.54	273,341,817.43	278,819,646.99
Accounts receivable - others	19,033,252.49	18,986,136.23	18,872,892.19
Provision for bad debts	(378,254.16)	(245,471.16)	(387,679.16)
Deferred tax assets/(liabilities)	8,153,427.75	6,398,007.73	12,398,139.63
Input tax	-	-	-
Advances to associated/related companies	12,527,097.60	21,024,487.74	11,000,350.00
Advances to immediate holding company	1,615,017.20	2,072,196.92	1,370,238.94
Inventories	14,661,282.02	15,378,544.08	13,993,229.16
Prepaid expenses	4,096,023.22	4,364,661.99	4,703,773.67
Creditable withholding tax	-	-	63,738.00
Other current assets	23,338,138.84	21,064,253.88	14,810,735.41
Advances to/from THHM		(174,498.64)	-
Total Current Assets	*585,136,014.35*	*577,676,467.60*	*592,735,625.71*
Property and Equipment	*615,158,714.18*	640,701,997.05	*624,662,659.59*
Organization and Pre-operating Expenses	-		
Investment in Stock of Associated Company	*50,594,737.85*	48,368,426.98	*50,241,236.91*
Deposit on Lease Contract	*78,000,000.00*	78,000,000.00	*78,000,000.00*
Loans Receivable	*15,500,000.00*	15,500,000.00	*15,500,000.00*
Other Assets			
Miscellaneous investments and deposits	5,085,790.50	5,085,790.50	5,085,790.50
Others	1,010,000.00	1,010,000.00	1,010,000.00
Total Other Assets	*6,095,790.50*	*6,095,790.50*	*6,095,790.50*
Total Assets	***1,350,485,256.88***	***1,366,342,682.13***	***1,367,235,312.71***

GRAND PLAZA HOTEL CORPORATION
Balance Sheets
March 31, 2015
(with comparative figures for the year ended December 31, 2014)
(In Philippine Pesos)

LIABILITIES AND STOCKHOLDERS' EQUIT'	Unaudited March 31, 2015	Unaudited March 31, 2014	Audited Dec. 31, 2014
Current Liabilities			
Accounts payable	235,602,003.01	254,924,318.87	257,088,483.87
Accrued liabilities	73,747,331.13	60,926,306.01	74,008,640.94
Rental payable	-	4,760,859.24	-
Due to associated/related companies	6,653,623.53	2,103,824.63	6,090,242.53
Advances from immediate holding company - net			
Advances from intermediate holding company			
Refundable deposit	55,273,308.97	29,898,592.22	53,273,638.31
Deferred rental - Pagcor & JIMEI	-	-	-
Due to Byron			
Dividend Payable	-		
Income tax payable	(3,537,740.46)	863,812.41	1,802,477.00
Other current liabilities	16,540,917.44	4,024,449.52	17,130,784.20
Reserves	6,423,245.41	744,486.52	2,858,412.55
Total Current Liabilities	*390,702,689.03*	*358,246,649.42*	*412,252,679.40*
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)	(1,630,777,870.00)	(1,680,020,370.00)
Retained earnings - beginning	1,742,466,748.82	1,742,072,850.72	1,742,072,850.72
Net income for the period	4,799,934.54	2,875,590.50	393,898.10
Dividend declared	-	-	-
Working Capital Contribution	-	-	-
Reserves / net Actuarial Loss	4,696,037.90	6,085,244.90	4,696,037.90
Total Stockholders' Equity	*959,782,567.85*	*1,008,096,032.71*	*954,982,633.31*
Total Liabilities and Stockholders' Equity	***1,350,485,256.88***	***1,366,342,682.13***	***1,367,235,312.71***

GRAND PLAZA HOTEL CORPORATION
Income Statements
For the quarters ended March 31, 2015 and 2014
(In Philippine Pesos)

	Unaudited March 31, 2015	Unaudited March 31, 2014
Revenue		
Rooms	81,808,697.15	78,344,722.34
Food & Beverage	30,871,041.91	32,573,382.74
Other Operated Depts.	1,394,529.12	1,274,836.23
Rental Income/Others	1,875,323.98	1,930,607.61
Total Revenue	115,949,592.16	114,123,548.92
Cost of Sales		
Food & Beverage	10,999,011.82	12,300,202.37
Other Operated Depts.	661,032.84	711,977.85
Total Cost of Sales	11,660,044.66	13,012,180.22
Gross Profit	104,289,547.50	101,111,368.70
Operating Expenses	99,890,277.18	100,140,729.39
Net Operating Income	4,399,270.32	970,639.31
Non-operating Income		
Interest Income	1,316,251.90	1,332,031.72
Dividend Income	-	-
Gain/(Loss) on Disposal of Fixed Assets	-	-
Exchange Gain/(Loss)	573,310.68	1,876,353.86
Share in Net Income/(Loss) of Associated Co.	353,500.94	(98,710.69)
Other Income	-	-
Total Non-Operating Income	2,243,063.52	3,109,674.89
Net Income/(Loss) Before Tax	6,642,333.84	4,080,314.20
Provision for Income Tax	1,842,399.30	1,204,723.70
Net Income/(Loss) After Tax	**4,799,934.54**	**2,875,590.50**
Basic earnings per share	***0.09***	***0.05***
Dilluted earnings per share	***0.09***	***0.05***

Notes:

In March 30, 2015 total shares outstanding is 53,717,369 net of 33,600,901 treasury shares
In March 30, 2014 total shares outstanding is 54,702,219 net of 32,616,051 treasury shares

GRAND PLAZA HOTEL CORPORATION
Statements of Changes in Equity
For the quarters ended March 31, 2015 and 2014
(In Philippine Pesos)

	Unaudited March 31, 2015	Unaudited March 31, 2014
Balance - beginning	**954,982,633.31**	**1,005,220,442.33**
Net income for the period	4,799,934.54	2,875,590.50
Dividends	-	-
Retirement of shares	-	-
Buyback of shares	-	-
Balance - end	***959,782,567.85***	***1,008,096,032.83***

GRAND PLAZA HOTEL CORPORATION
Cash Flow Statements
For the quarters ended March 31, 2015 and 2014
(In Philippine Pesos)

	Unaudited March 31, 2015	Unaudited March 31, 2014	Audited Dec. 31, 2014
Cash flows from operating activities			
Net income	4,799,934.54	2,875,590.50	393,898.10
Adjustments to reconcile net income to net cash			
provided by operating activities			
Other Comprehensive Income(loss)	-	-	(1,389,207.00)
Depreciation and amortization	9,838,498.98	8,716,897.58	39,089,809.12
Equity in net income of associated company	(353,500.94)	98,710.69	(1,774,099.24)
Provision for bad debts	378,254.16	245,471.16	387,679.16
Changes in operating assets and liabilities			
(Increase) decrease in			
Accrued interest receivable	(5,628.82)	(11,064.59)	10,155.90
Accounts receivable - trade	7,849,920.29	347,639.65	(5,130,189.91)
Accounts receivable - others	(160,360.30)	(283,277.47)	(170,033.43)
Deferred income tax	4,244,711.88	(826,152.28)	(6,826,284.18)
Input tax	-	-	-
Advances to associated/related companies	(1,526,747.60)	(1,627,848.70)	8,396,289.04
Advances to immediate holding company	(244,778.26)	(536,585.33)	165,372.65
Inventories	(668,052.86)	(1,796,097.18)	(410,782.26)
Prepaid expenses	607,750.45	2,164,460.39	1,825,348.71
Creditable withholding tax	63,738.00	-	(63,738.00)
Other current assets	(8,527,403.43)	1,436,863.89	7,690,382.36
Advances to/from THHM	-	174,498.64	-
Increase (decrease) in			
Accounts payable	(21,486,480.86)	(2,795,441.37)	(631,276.37)
Accrued liabilities	(261,309.81)	(4,221,941.17)	8,860,393.76
Notes payable	-	-	-
Rental payable	-	4,760,859.24	-
Due to associated companies	563,381.00	(11,596.14)	3,974,821.76
Advances from immediate holding company - net	-	-	-
Advances from intermediate holding company	-	-	-
Refundable deposit	1,999,670.66	777,802.53	24,152,848.62
Deferred rental - Pagcor	-	-	-
Due to City e-Solutions *(formerly CDL Hotels Int'l Ltd)*	-	-	-
Due to Byron	-	-	-
Dividend Payable	-	-	-
Output tax	-	-	-
Income tax payable	(5,340,217.46)	863,812.41	1,802,477.00
Other current liabilities	(589,866.76)	235,672.46	13,342,007.14
Reserves	3,564,832.86	732,254.63	2,846,180.66
	(5,253,654.28)	11,320,529.54	96,542,053.59
Cash flows from investing activities			
Acquisition of property and equipment - net	(334,553.59)	(1,778,571.41)	(16,112,145.49)
Dividend (declared)/received	-	-	-
(Receipts)/Refund of deposit on lease contract	-	-	-
(Receipts)/Payments relating to other assets	-	-	-
Retirement of treasury stocks	-	-	-
Buyback of shares - net	-	-	(49,242,500.00)
	(334,553.59)	(1,778,571.41)	(65,354,645.49)
Cash flows from financing activities			
Increase/(Decrease) in reserves	-	-	-
	-	-	-
Net increase in cash and short-term notes	(5,588,207.87)	9,541,958.13	31,187,408.10
Cash and short-term notes, Beginning	237,078,062.72	205,890,654.72	205,890,654.72
Cash and short-term notes, Ending	231,489,854.85	215,432,612.85	237,078,062.82

Grand Plaza Hotel Corporation

<u>Aging Report As At 31 March 2015</u>

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	1,801,618	2,636,039	2,772,384	1,228,732	169,503	218,032	8,826,308	26.22%
Credit card	1,573,130						1,573,130	4.67%
PAGCOR						8,936,199	8,936,199	26.55%
Company - local	602,011	1,552,381	1,883,389	1,276,270	45,405	756,432	6,115,888	18.17%
Overpayment	(1,695)	(6,263)	(58,914)	(138,919)		(664,413)	(870,204)	-2.59%
Permanent accounts	27,677	55,009	73,889	109,098	116,277	363,263	745,213	2.21%
Embassy & government					432,000	556,600	988,600	2.94%
Travel Agent - Local	291,944	739,252	1,266,600	7,040		6,600	2,311,436	6.87%
Temporary credit	395,186	2,730,931	568,785	30,000		40,200	3,765,102	11.19%
Travel Agent - Foreign	180,782	410,813	241,768	37,259	312,013	85,469	1,268,104	3.77%
TOTAL	4,870,653	8,118,162	6,747,901	2,549,480	1,075,198	10,298,382	33,659,776	100.00%
%	14.47%	24.12%	20.05%	7.57%	3.19%	30.60%	100.00%	