

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 31 March 2015
2. Commission Identification Number 7199
3. BIR Tax Identification Code 002-856-627
4. ACESITE (PHILS.) HOTEL CORPORATION
Exact Name of issuer as specified in its charter
5. Manila, Philippines
Province, country of incorporation
6. (SEC Use Only)
Industry Classification Code
7. 7th Floor, Manila Pavilion Hotel, UN Ave. corner M. Orosa St., Ermita, Manila, 1000
Address of Principal Office and Postal Code
8. Issuer's telephone number (632) 526-1212 extension 2287
9. No changes from last report
Former name, former address, and former fiscal year, if changed since last report



10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common - Authorized	1,200,000,000
- Issued	344,747,520
- Treasury	1,353,000
Preferred - Authorized	20,000
- Issued	None

11. Are any or all of registrant's securities listed on a Stock Exchange?
 Yes No
 346,100,520 of issued common shares of Acesite (Phils.) Hotel Corporation are listed in the Philippine Stock Exchange, of which 1,353,000 shares are treasury shares.
12. Indicate by check mark whether the registrant:
 - (a) Has filed reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 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 that the registrant was required to file such reports);
 Yes No
 - (b) Has been subjected to such filing requirements for the past ninety (90) days.
 Yes No

NOTES TO INTERIM FINANCIAL STATEMENTS

Item 1. Reporting Entity

Acesite (Phils.) Hotel Corporation (the "Company") is a 55.49%-owned subsidiary of Waterfront Philippines, Incorporated (WPI) and its ultimate parent is The Wellex Group, Inc. It was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 10, 1952 primarily to engage in the business of operating a hotel, or other accommodations, for the general public and to construct such facilities as may be reasonably necessary or useful in connection with the same.

The Company is the owner of Manila Pavilion Hotel (the "Hotel"). The Corporate life of the Company has been extended up to 2052. The Company's shares have been listed in the Philippine Stock Exchange (PSE) since December 5, 1986.

Office Address

The Company's registered office address is 7th Floor, Manila Pavilion Hotel, United Nations Avenue, Ermita, Manila.

Item 2. Basis of Preparation

Statement of Compliance

The interim financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The financial statements of the Company as of and for the period ended March 31, 2015 were approved and authorized for issue by the Board of Directors (BOD) on April 10, 2015.

Basis of Measurement

The interim financial statements are prepared on the historical cost basis except for hotel building and equipment and furniture, fixtures and equipment, which are measured at revalued amounts less accumulated depreciation and impairment losses, and AFS investment, which is measured at fair value.

Functional and Presentation Currency

The interim financial statements are presented in Philippine peso, which is the Company's functional currency. All financial information presented in Philippine peso has been rounded off to the nearest peso, except when otherwise stated.

Use of Estimates and Judgments

The preparation of interim financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected.

Item 3. Summary of Significant Accounting Policies

The same accounting policies have been applied consistently for interim reporting as applied in the entity's annual financial.

Adoption of Revised Standards, Amendments to Standards and Interpretations

The Group has adopted the following amendments to standards and interpretations starting January 1, 2014 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Group's consolidated financial statements.

- *Offsetting Financial Assets and Financial Liabilities (Amendments to PAS 32)*. These amendments clarify that:
 - An entity currently has a legally enforceable right to set-off if that right is:
 - not contingent on a future event; and
 - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.
 - Gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
 - eliminate or result in insignificant credit and liquidity risk; and
 - process receivables and payables in a single settlement process or cycle.
- *Recoverable Amount Disclosures for Non-financial Assets (Amendments to PAS 36)*. These narrow-scope amendments to PAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarified that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

Standards Issued but Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2014. However, the Group has not applied the following new or amended standards in preparing these consolidated financial statements. The Group is still assessing the potential impact on its consolidated financial statements.

Effective July 1, 2014

- *Defined Benefit Plans: Employee Contributions (Amendments to PAS 19)*. The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- *Annual Improvements to PFRSs: 2010 - 2012 and 2011 - 2013 Cycles* – Amendments were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40. The following are the said improvements or amendments to PFRSs, none of which has a significant effect on the consolidated financial statements of the Group:
 - *Disclosures on the aggregation of operating segments (Amendment to PFRS 8)*. PFRS 8 has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include: a brief description of the operating segments that have been aggregated; and the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics. In addition, this amendment clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets is

required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- *Measurement of short-term receivables and payables (Amendment to PFRS 13)*. The amendment clarifies that, in issuing PFRS 13 and making consequential amendments to PAS 39 and PFRS 9, the intention is not to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.
- *Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)*. The amendments clarify the requirements of the revaluation model in PAS 16 and PAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset. PAS 16 and PAS 38 have been amended to clarify that, at the date of revaluation: the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset - e.g. restated in proportion to the change in the carrying amount or by reference to observable market data; and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or the accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.
- *Definition of 'related party' (Amendment to PAS 24)*. The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g. loans.
- *Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)*. PAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under PAS 40 and perform a separate assessment under PFRS 3 to determine whether the acquisition of the investment property constitutes a business combination. Entities will still need to use judgment to determine whether the acquisition of an investment property is an acquisition of a business under PFRS 3.

Effective January 1, 2016

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16 and PAS 38)*. The amendments to *PAS 38 Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The amendments to PAS 16, *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset – e.g. changes in sales volumes and prices.

Effective January 1, 2018

- **PFRS 9, Financial Instruments (2014).** PFRS 9 (2014) replaces PAS 39, *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

Certain comparative amounts in the consolidated statements of financial position and consolidated statements of comprehensive income have been reclassified to better reflect the nature of accounts as disclosed in Note 1 to the consolidated financial statements.

Item 4. Cash and Cash Equivalents

Included in cash and cash equivalents as of March 31, 2015 are composed mainly of cash deposited at various banks.

Item 5. Receivables

This account consists:

	March 2015	December 2014
Trade - Net	19,791,346	23,047,322
Others	4,958,280	1,896,528
Total	24,749,626	24,943,850

Item 6. Inventories

This account consists:

	March 2015	December 2014
Food and Beverage	2,366,226	2,428,016
Operating Supplies	2,333,353	2,279,892
Others	1,147,168	1,102,180
Total	5,846,747	5,810,088

Item 7. Accounts Payable and Accrued Expenses

This account consists:

	March 2015	December 2014
Accrued Expenses	41,490,353	25,130,073
Trade Payables	83,085,820	88,016,276
Others	9,757,113	10,237,717
Total	134,333,286	123,384,066

Item 8. Related Party Transactions

The Company's related party transactions include transactions with WPI (the Company's parent), stockholders, its fellow subsidiaries and key management personnel.

In the ordinary course of business, companies within the group extend/obtain non interest bearing, collateral free cash advances to/from one another and other related parties to finance working capital requirements, as well as to finance the construction of certain hotel projects.

Item 9. Loan Payable

The Company had committed an event of default with respect to the payment of its US\$15 million loan with the ICBC – Singapore Branch, which matured on 31 March 1998. On 03 June 2003, the loan was restructured by ICBC which stipulated six semi-annual installments payment of principal and interest until April 2006. In July 2004, the new management of the Company requested for a reprieve on loan principal payments due for the period, which the Company suggested to be placed at the end of the term of the Amended Agreement. A total of \$3,449,800 or P150,341,054 partial loan payments was made from years, 2010 up to 2014 and another \$843,000 or P37,786,070 for the 1st quarter of 2015.

The loan underwent several restructurings. The latest restructuring was approved by ICBC on November 12, 2013, based on the approved restructured loan the outstanding loan balance of US\$4,967,900 as at December 31, 2014 is scheduled to be paid as follows:

Year	US Dollar
2015	3,372,000
2016	1,595,900
	\$4,967,900

Item 10. The earnings (loss) per share is computed as follows:

	March 2015	March 2014
Net Income (Loss)	13,057,476	17,126,639
Weighted Average Number of Shares Outstanding	344,747,520	344,747,520
Earnings (Loss) per share	0.04	0.05

- i. The Company is involved in a number of legal cases (labor and civil). However, adverse judgments on these will not affect the short-term liquidity of the Company. For such contingencies, management has provided adequate reserves.

Aside from the above-mentioned items, management does not know of trends and events that would have a material impact on the Company's liquidity

- ii. Aside from the above-mentioned items, the company does not know of other material events that will trigger direct or material contingent financial obligation to the company.
- iii. There are no off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated or other persons created during the reporting period.

- iv. The business climbed in the 1st quarter of 2015 due to the availability of the Alcuaz function rooms and the renovated superior rooms at 8th, 9th and 10th floor that generate higher room rates.
- v. For the first quarter of 2015, there are no material or significant elements of income or loss that did not arise from the Company's continuing operations.
- vi. Causes of material changes in the items in the financial statements from 2014 to 2015 have been discussed under management discussion and analysis above.
- vii. Causes of material changes in the items in the income statements for the 1st quarter of 2014 and 2015, and the balance sheets as of 31 March 2015 and 31 December 2014 have been discussed under management discussion and analysis above.
- viii. The company does not know of any seasonal aspects that had a material effect on the financial condition or results of operations.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Below are the results of operations of the Company for the period ending March 31, 2015 and 2014 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

Quarter Ended 31 March 2015 and Quarter Ended 31 March 2014

Gross revenues registered an increase of ₱14.8 million from ₱133.4 million in the 1st quarter of 2014 to ₱148.1 million during the same comparative period in 2015. Room sales went up by 0.88% from ₱36.2 million in 1Q2014 to ₱36.5 million in 1Q2015. Occupancy rate in 1Q2015 was 58.44% as compared to the 56.63% in 1Q2014 or 1.81% points higher while total room nights for 1Q2014 was 30,060 and 27,734 for 1Q2015. Room revenue represents 24.67% of gross revenues for 1Q2015 compared with 27.17% in 1Q2014. Average room rate of 1Q2015 is ₱2,254.89, ₱126.63 higher than ₱2,128.26 of the same period in 2014.

Food and Beverage revenue for 1Q2015 amounted to ₱24.9 million, an increase of 1.16% from ₱24.6 million in 1Q2014. Food and beverages sales contributed 16.79% to gross revenues. Revenues generated by other operating departments including Telephone department went up by 8.14% from ₱0.555 million in 1Q2014 to ₱0.600 million in 1Q2015. Rent and other income has increase by 19.61% from ₱72 million in 1Q2014 to ₱86.1 million in 1Q2015 due to the recognition of Pagcor rental revenue for the current portion of the advance rental, while last year was it only recorded in the 3Q2014.

Cost of sales of food and beverage increased from ₱6.3 million in 1Q2014 to ₱7 million in 1Q2015 representing an increase of 12.02%. The food and beverage cost ratio to revenue has increased from 25.61% in 1Q2014 to 28.36% in 1Q2015. Payroll expenses which accounted 24.46% of Cost of Sales and Services showed a decrease from ₱18.5 million in 1Q2014 to ₱17.4 million in 1Q2015. Other expenses went up from ₱5.6 million in 1Q2014 to ₱5.7 million in 1Q2015. Energy cost increased by 50.76% from ₱15 million in 1Q2014 to ₱22.6 million in 1Q2015 mainly because of the additional cost from the chilled water supply and increase in water billings from Maynilad since the termination of contract with Mactan Rock that previously supplies water at half the rate of Maynilad. Property operations and maintenance cost decreased from ₱5.3 million in 1Q2014 to ₱5 million in 1Q2015. Depreciation on cost increased from ₱5.4 million in 1Q2014 to ₱11.6 million in 1Q2015 due to the

additional depreciation expense from the increase in property cost coming from the renovation cost of Alcuaz function rooms, 8th-10th floor guestrooms renovation and other property cost additions.

The Company posted a gross operating profit of ₱77.1 million in 1Q2015, representing an increase of ₱1.1 million or 1.41% from that recorded in 1Q2014 of ₱76.1 million. Gross operating income ratio in 1Q2015 is lower by 4.96% points over the same period last.

Fixed financial, operating and other expenses increased from ₱43.5 million in 1Q2014 to ₱48.7 million in 1Q2015 with the major increase coming general and administrative expense. The general and administrative expenses have a material increase from ₱19.5 million in 1Q2014 to ₱30.5 million in 1Q2015 due to the recording of provision for office equipment at ₱9.3 million. Marketing and guest entertainment decreased by ₱0.2 million from ₱1.6 million in 1Q2014 to ₱1.8 million in 1Q2015. Foreign exchange loss was posted at ₱0.2 million in 1Q2015 due to reinstatement of a foreign exchange denominated bank loan at the rate of ₱44.82 as of March 31, 2015 against ₱44.62 as of December 31, 2014. Interest expense decreased from ₱2.7 million in 1Q2014 to ₱2.1 million in 1Q2015 due to the decrease in principal loan amount. Corporate Expenses decreased from ₱8.7 million in 1Q2014 to ₱8.2 million in 1Q2015. Real estate tax increased from ₱3.3 million 1Q2014 to ₱4.2 million in 1Q2015 due to re-assessment by city government that took effect on 3Q2014. Fire insurance premium increased from ₱1.7 million 1Q2014 to ₱1.8 million in 1Q2015 due to the increase of property value. For 1Q2015, the Company posted a net income after tax of ₱13 million a decrease of 23.76% from ₱17.1 million in 1Q2014.

FINANCIAL CONDITION

As of 31 March 2015 and Year Ended 31 December 2014

Total assets decreased to ₱2.4 billion in 31 March 2015 from ₱2.5 billion as of 31 December 2014. Current assets decreased from ₱493.6 million as of 31 December 2014 to ₱469.3 million as of end of 1Q2015. Cash ending balance as of 31 March 2015 of ₱12.1 million posted an increase of ₱3.2 million. Trade receivables of ₱24.7 million decreased by ₱0.2 million as of 31 March 2015 from ₱24.9 million as of 31 December 2014. Inventories remain at ₱5.8 million the same as of 31 December 2014. Net amounts owed by related parties decreased from ₱413.4 million as of 31 December 2014 to ₱379.3 million as of 31 March 2015. Prepayments and other current assets increased to ₱47.3 million as of 31 March 2015 from ₱40.4 million as of 31 December 2014 due to unused input VAT and prepaid medical premium.

Property and equipment account decreased by 0.35% from ₱1.92 billion as of 31 December 2014 to ₱1.91 billion as of 31 March 2015. No changes have been noted from the Available for Sale investment account from 31 December 2014 to the 1Q2015. Other non-current assets of ₱34.9 million as of end of 1Q2015 increased by ₱2.4 million from ₱32.4 million as of 31 December 2014 due to payment of deposits on purchase contracts.

Total liabilities decreased from ₱1.2 billion as of 31 December 2014 to ₱1.1 billion as of 31 March 2015. Trade and other current payables increased from ₱123.4 million as of 31 December 2014 to ₱136.4 million as of 31 March 2015. Provision account of ₱45.6 million represents Manila City Treasurer's local tax assessment. Loan payable to Industrial and Commercial Bank of China (ICBC) represents 15.95% of the total liabilities.

The Company and PAGCOR have entered into a contract known as the Omnibus Amended Lease Contract (OALC) which requires advance rental. The balance of the outstanding rentals received in advance based on the expected dates of application against the rental due was divided to its current and non-current portion. Current portion decreased from ₱61.9 million as of 31 December 2014 to ₱47.2 million 1Q2015 and the non-current portion amounted ₱140.3 million as of 31 December 2014 and 1Q2015. Relative to the OALC, the existing refundable security deposit carried at its present value is ₱113.4 million as of the end of 2014 and 1Q2015. Net retirement benefits liability increased from ₱120.5 million 31 December 2014 to ₱120.8 million as of end of 1Q2015 due the monthly retirement provision. No changes have been noted from deferred tax liabilities from 31 December 2014 to 1Q2015 at ₱358.7 million.

As a result of PAS 19, the Company has changed its accounting policy with respect to the recognition of actuarial gains and losses. Thus, actuarial gains and losses were recognized in other comprehensive income amounting to ₱19.2 million.

TOP FIVE (5) PERFORMANCE INDICATORS

The top five (5) key performance indicators, as discussed herein, are presented on comparable basis and compared with figures attained from prior years operation, and are more fully explained as follows:

	March 2015	March 2014
Occupancy Rate	58.44%	56.63%
Average Room Rate	2,254.89	2,128.26
Revenues	148,131,609	133,362,888
Gross Operating Profit	77,135,297	76,060,923
Gross Operating Profit Ratio	52.07%	57.03%

- 1) Occupancy rate is the number of hotel room-nights sold for the period divided by the number of room-nights available for the period; in 1Q2015 the total available room nights were 27,734 while 30,060 were available in 1Q2014; 2) Average room rate is the room revenue for the period divided by the number of hotel room-nights sold for the period; 3) Revenues are broken down on a departmental basis; 4) Gross operating profit ratio is computed as a percentage of revenues; and 5) Total Fixed, Financial and Other Charges are presented in the comparative.

FINANCIAL RISK MANAGEMENT

Risk Management Structure

BOD

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee

Risk management committee is responsible for the comprehensive monitoring, evaluation and analysis of the Group's risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash, trade receivables, AFS investment, trade payables and loan payable. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial instruments such as other current receivables, other current payables, and concessionaires' and deposits which arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Group's management reviews and approves policies for managing each of these risks, and these are summarized below.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and

nontrade receivables. There has been no change to the Group's exposure to credit risk or the manner in which it manages and measures the risk since prior financial year.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group grants advances to its affiliates after the BOD reassesses the Group's strategies for managing credits and views that they remain appropriate for the Group's circumstances.

The amounts presented in the statements of financial position are net of allowances for impairment losses on receivables, estimated by the Group's management based on prior experience and its assessment of the current economic environment.

With respect to credit risk from other financial assets of the Group, which comprise mainly of cash, amounts owed by related parties and receivables from Acesite Limited (BVI), the exposure of the Group to credit risk arises from the default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

At the reporting date, other than the trade and other receivables, there were no significant concentrations of credit risk.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due because of an inability to liquidate assets or obtain adequate funding. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of the financial assets and financial liabilities. There has been no change to the Group's exposure to liquidity risk or the manner in which it manages and measures the risk since prior financial year.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained from related party advances and short-term bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves, continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

For the Group's short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Market Risks

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, foreign currency risk, and other price risks.

The Group is primarily exposed to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices of its AFS investment. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk since prior financial year.

Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its loans and borrowings.

Foreign Currency Risk

Foreign currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency.

As a result of the loan payable from ICBC which is denominated in US dollar, the Group's consolidated statements of financial position can be affected by movements in this currency. Aside from this, the Group does not have any material transactions denominated in foreign currency as its revenues and costs are substantially denominated in Philippine peso.

The Group monitors and assesses cash flows from anticipated transactions and financing agreements denominated in US Dollar. The Group manages its foreign currency risk by measuring the mismatch of the foreign currency sensitivity gap of assets and liabilities.

Equity Price Risk

Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market

The Group is exposed to equity price risk because of its investment in shares of stock of WII held by the Group which is classified in the statements of financial position as AFS investment. These securities are listed in the PSE. The Group has an outstanding investment in these securities equivalent to 86,710,000 shares as of March 31, 2015.

The Group is not exposed to commodity price risk.

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

Financial Instruments

Fair Value of Financial Assets and Liabilities

The carrying amount of cash, trade and other current receivables, amounts owed by related parties, loan payable, and trade and other current payables approximate their fair values due to the short-term maturity of these instruments.

The fair values of concessionaires and deposits approximate their carrying amount as these are carried at present values discounted using discount rates approximating average market rates as of reporting periods. Discount rates used ranged from 5.8% to 7.71% in 2011

Fair Value Hierarchy

The table below analyzes financial instruments carried at fair value by valuation levels. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The approximation of the fair value of the Company's AFS investment is based on Level 1.

Determination of Fair Value

Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. Where applicable, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable input and minimizing the use of unobservable inputs.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible.

The Group's investment is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

PART II – OTHER INFORMATION

The registrant is not aware of any other information that should be reported under this item and which was not discussed on any SEC Form 17-C.

The following were the disclosures outside of SEC Form 17-C

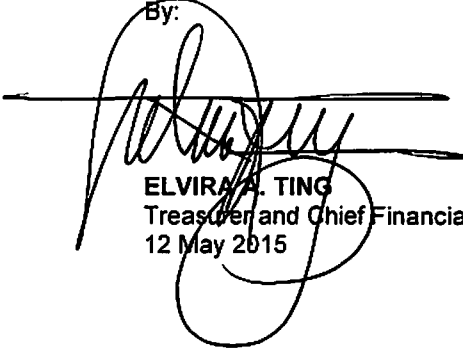
January 17, 2014	-	Change in number of Issued and/or Outstanding Shares
May 28, 2014	-	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
June 3, 2014	-	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
July 14, 2014	-	Stock Rights Offering
September 8, 2014	-	Results of Annual or Special Stockholders' Meeting
September 8, 2014	-	Results of Organizational Meeting of Board of Directors
December 16, 2014	-	(Amended-1) Stock Rights Offering
February 23, 2015	-	(Amended-2) Stock Rights Offering

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.

ACESITE (PHILS.) HOTEL CORPORATION

By:

A handwritten signature in black ink, appearing to read 'Elvira A. Ting', is written over a horizontal line. The signature is stylized and somewhat cursive.

ELVIRA A. TING
Treasurer and Chief Financial Officer/Authorized Representative
12 May 2015

ADDITIONAL REQUIREMENT (SRC Rule 68)

A schedule showing financial soundness indicators in two comparative period:

CURRENT / LIQUIDITY RATIO

Current Ratio	March 31, 2015	December 31, 2014
Current Assets	469,318,160	493,565,029
Current Liabilities	340,971,015	382,729,667
Ratio	1.3764	1.2896

Quick Ratio	March 31, 2015	December 31, 2014
Cash+AR+ST Mkt Securities	36,836,836	33,859,227
Current Liabilities	340,971,015	382,729,667
Ratio	0.1080	0.0885

Cash Ratio	March 31, 2015	December 31, 2014
Cash+ST Mkt Securities	12,087,211	8,915,377
Current Liabilities	340,971,015	382,729,667
Ratio	0.0354	0.0233

SOLVENCY RATIO

Current Liabilities to Equity Ratio	March 31, 2015	December 31, 2014
Current Liabilities	340,971,015	382,729,667
Total Equity	1,293,508,593	1,280,451,117
Ratio	0.2636	0.2989

Total Liabilities to Equity Ratio	March 31, 2015	December 31, 2014
Total Liabilities	1,144,866,799	1,186,360,836
Total Equity	1,293,508,593	1,280,451,117
Ratio	0.8851	0.9265

Fixed Assets to Equity Ratio	March 31, 2015	December 31, 2014
Fixed Assets	1,911,183,512	1,917,830,273
Total Equity	1,293,508,593	1,280,451,117
Ratio	1.4775	1.4978

Assets to Equity Ratio	March 31, 2015	December 31, 2014
Total Assets	2,438,375,392	2,466,811,953
Total Equity	1,293,508,593	1,280,451,117
Ratio	1.8851	1.9265

INTEREST COVERAGE RATIO

Interest Coverage Ratio	March 31, 2015	December 31, 2014
Net Income Before Tax + Interest Exp	15,155,491	76,042,535
Interest Expense	2,098,015	10,224,453
Ratio	7.2237	7.4373

PROFITABILITY RATIO

Interest Coverage Ratio	March 31, 2015	December 31, 2014
Net Income After Tax	13,057,476	45,877,769
Net Sales	148,131,609	567,559,990
Ratio	0.0881	0.0808

Return on Assets (ROA) Ratio	March 31, 2015	December 31, 2014
Net Income After Tax	13,057,476	45,877,769
Total Assets	2,438,375,392	2,466,811,953
Ratio	0.0054	0.0186

Return on Equity Ratio	March 31, 2015	December 31, 2014
Net Income After Tax	13,057,476	45,877,769
Total Equity	1,293,508,593	1,280,451,117
Ratio	0.0101	0.0358

ACESITE (PHILS.) HOTEL CORPORATION
[Owner of Manila Pavilion Hotel]
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2015	December 31, 2014
	Consolidated	Consolidated
ASSETS		
Current Assets		
Cash	12,087,211	8,915,377
Trade and other current receivables - net	24,749,626	24,943,850
Inventories	5,846,747	5,810,088
Due from a related party - net	379,299,833	413,450,899
Prepayments and other current assets	47,334,744	40,444,815
Total Current Assets	469,318,160	493,565,029
Noncurrent Assets		
Property and equipment - net	1,911,183,512	1,917,830,273
Available-for-sale (AFS) investment	22,978,150	22,978,150
Investment in subsidiary	-	-
Other noncurrent assets	34,895,570	32,438,501
Total Noncurrent Assets	1,969,057,232	1,973,246,924
Total Assets	2,438,375,392	2,466,811,953
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current payables	136,381,314	123,384,677
Provision	45,575,012	45,575,012
Current portion of advance rentals	47,153,971	61,889,587
Current portion of loan payable	111,860,719	149,376,633
Income tax payable	-	2,503,758
Total Current Liabilities	340,971,015	382,729,667
Noncurrent Liabilities		
Loan payable - net of current portion	70,696,966	70,696,966
Advance rentals -net of current portion	140,346,742	140,346,742
Concessionaire's deposits	113,429,870	113,429,870
Net retirement benefits liability	120,755,240	120,490,625
Deferred tax liabilities - net	358,666,966	358,666,966
Total Noncurrent Liabilities	803,895,784	803,631,169
Total Liabilities	1,144,866,799	1,186,360,836
Equity		
Capital stock	346,100,520	346,100,520
Retirement benefits reserve	19,254,568	19,254,568
Revaluation surplus in property and equipment	658,864,521	658,864,521
Unrealized valuation gain (loss) on AFS investment	10,727,680	10,727,680
Retained earnings	270,603,004	257,545,528
Treasury stock at cost	(12,041,700)	(12,041,700)
Total Equity	1,293,508,593	1,280,451,117
Total Liabilities and Equity	2,438,375,392	2,466,811,953

ACESITE (PHILS.) HOTEL CORPORATION
COMPARATIVE STATEMENTS OF INCOME
FOR THE QUARTER ENDING March 31, 2015
(With Comparative Figures for March 31, 2014)

	QUARTER ENDED 31-Mar-15	QUARTER ENDED 31-Mar-14
INCOME		
Rooms	36,549,564	36,229,312
Food and Beverage	24,876,592	24,591,528
Telephone Exchange	92,638	101,551
Other Operated Departments	507,561	453,480
Rent and Other Income	86,105,255	71,987,017
	148,131,609	133,362,888
COST OF SALES AND SERVICES		
Cost of Sales:		
Food and Beverage	7,054,155	6,296,974
Telephone Exchange	900,135	385,193
Other Operated Departments	22,856	66,404
Rental and Other Income		
	7,977,146	6,748,571
Payroll and Related Expenses	17,365,429	18,505,682
Other Expenses	5,713,781	5,653,297
	31,056,357	30,907,550
Energy Cost	22,556,915	14,962,489
Property operations and maintenance	4,961,861	5,266,923
Depreciation on cost	11,645,985	5,426,723
Land rental	775,195	738,281
	70,996,313	57,301,966
GROSS OPERATING PROFIT	77,135,297	76,060,923
FIXED, FINANCIAL, OPERATING AND OTHER EXPENSES		
General and Administrative Expenses	30,474,500	19,485,748
Marketing and Guest Entertainment	1,783,170	1,598,011
Foreign Exchange (Gain) Loss	173,939	6,026,908
Interest Expense	2,098,015	2,685,231
Corporate Expenses	8,206,891	8,664,184
Real Estate Tax	4,201,516	3,304,869
Fire Insurance	1,861,426	1,667,240
Interest and Other Charges/(Income)-Net	(124,414)	99,314
	48,675,043	43,531,505
INCOME (LOSS) BEFORE DEPRECIATION ON REVALUATION INCREMENT AND INCOME TAX	28,460,254	32,529,417
DEPRECIATION - REVALUATION INCREMENT	15,402,778	15,402,778
INCOME (LOSS) BEFORE INCOME TAX	13,057,476	17,126,639
PROVISION FOR INCOME TAX	0	0
NET INCOME (LOSS)	13,057,476	17,126,639
OTHER COMPREHENSIVE INCOME (LOSS)		
Appraisal increase in property and equipment for the year	0	0
Unrealized Loss on AFS investment recognized for the year	0	0
Income tax on other comprehensive income	0	0
	0	0
TOTAL COMPREHENSIVE INCOME (LOSS)	13,057,476	17,126,639
Net Income(Loss)	13,057,476	17,126,639
no. of shares issued	344,747,520	344,747,520
INCOME(LOSS) PER SHARE	P0.04	P0.05

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THREE MONTH ENDING March 31, 2015

	CAPITAL STOCK COMMON	TREASURY SHARES	REVALUATION INCREMENT IN PROPERTY AND EQUIPMENT	RETIREMENT BENEFITS RESERVE	UNREALIZED VALUATION LOSS ON AFS INVESTMENTS	RETAINED EARNINGS	TOTAL
Balance at December 31, 2014	346,100,520	(12,041,700)	658,864,521	19,254,568	10,727,680	257,545,528	1,280,451,117
Transfer of revaluation increment deducted from operations through additional depreciation charges	-		(15,402,778)			15,402,778	
Net income (loss) for the three months						13,057,476	13,057,476
Balance at March 31, 2015	346,100,520	(12,041,700)	643,461,743	19,254,568	10,727,680	286,005,782	1,293,508,593

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTH ENDING MARCH 31, 2014

Balance at December 31, 2013	346,100,520	(12,041,700)	697,413,515	23,369,124	4,657,980	169,389,686	1,228,889,125
Transfer of revaluation increment deducted from operations through additional depreciation charges	-		(15,402,778)			15,402,778	0
Net income (loss) for the three months						17,126,639	17,126,639
Balance at March 31, 2014	346,100,520	(12,041,700)	682,010,738	23,369,125	4,657,981	201,919,103	1,246,015,764

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDING March 31, 2015
(With Comparative Figures for March 31, 2014)

	QUARTER ENDED 31-Mar-15	QUARTER ENDED 31-Mar-14
CASH FLOW FROM OPERATING ACTIVITIES		
Income(Loss) before income tax	13,057,476	17,126,639
Adjustments for:		
Depreciation	26,138,390	20,069,582
Interest Expense	1,827,860	2,685,231
Unrealized foreign exchange loss	173,939	6,026,908
Amortization of operating equipment	910,374	759,918
Provision for doubtful accounts	(8,235,675)	(6,952,642)
Operating income before working capital changes	33,872,363	39,715,637
Decrease (increase) in:		
Receivables	8,011,218	(3,142,749)
Inventories	(36,659)	826,156
Prepaid expenses	(6,889,928)	(5,409,626)
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,180,106)	(12,678,378)
Retirement benefit plan obligation	264,615	2,297,341
Rental paid in advance	0	29,471,232
Net cash generated from operations	34,041,503	51,079,613
Interest received	0	0
Income taxes paid	(2,235,235)	0
Net cash from operating activities	31,806,268	51,079,613
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in receivable from affiliates	34,151,066	1,907,340
Acquisition of property and equipment	(20,402,001)	(28,949,534)
Decrease (increase) in other assets	(2,769,569)	(5,145,104)
Net cash from (used) in investing activities	10,979,496	(32,187,298)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loan	(37,786,070)	(15,839,000)
Interest paid	(1,827,860)	(2,685,231)
Cash used in financing activities	(39,613,930)	(18,524,231)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	0	0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,171,834	368,085
CASH AND CASH EQUIVALENTS, BEGINNING	8,915,377	11,006,436
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12,087,211	11,374,521

ACESITE (Philippines) Hotel Corporation
Accounts Receivable Aging Summary
As of March 2015

Classifications	Current	31-60	61-90	91-120	121 - Over	Total
CREDIT CARDS	263,091.48	-	-	-	-	263,091.48
CORPORATE	2,315,227.59	428,639.59	141,309.72	612,120.53	11,146,161.89	14,643,459.32
T/A LOCAL&Overseas	2,606,529.31	762,116.82	31,733.16	-	(65,200.00)	3,335,179.29
AIRLINES	64,084.70	-	-	-	-	64,084.70
EMPLOYEES LEDGER	-	-	-	-	-	-
DELINQUENT	-	-	-	-	-	-
GOVERNMENT	5,194,080.98	901,956.33	111,499.99	-	-	6,207,537.30
TENANTS	3,337.01	149,296.57	135,807.10	15,469.97	824,999.99	1,128,910.64
TOTAL	10,446,351.07	2,242,009.31	420,349.97	627,590.50	11,905,961.88	25,642,262.73