

COVER SHEET

7 1 9 9
SEC Registration Number

A C E S I T E (P H I L S .) H O T E L C O R P O R A T I O N

(Company's Full Name)

7 t h F l o o r M a n i l a P a v i l i o n H o t e l
U N A v e n u e c o r n e r M . O r o s a S t r e e t
E r m i t a , M a n i l a

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

ARTHUR R. PONSARAN
Contact Person

526-1212 extension 2287
Company Telephone Number

1 2 3 1
Month Day

AMENDED
1 7 - Q 2
FORM TYPE

0 9 0 4
Month Day
Annual Meeting

Not Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

196
Total No. of Stockholders

Total Amount of Borrowings
Domestic

US\$3,281,900
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

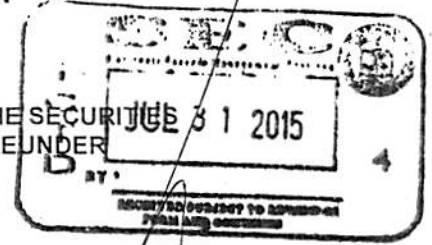
STAMPS

CORPORATE COUNSELS PHILIPPINES
LAW OFFICES
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BY: [Signature]

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES AND EXCHANGE ACT OF 1934
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER



1. For the quarterly period ended 30 June 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. [REDACTED] (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 June 30, 2015 were approved and authorized for issue by the Board of Directors (BOD) on July 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 June 30, 2015 are composed mainly of cash deposited at various banks.

Item 5. Receivables

This account consists:

	June 2015	December 2014
Trade - Net	20,204,963	23,047,322
Others	4,421,815	1,896,528
Total	24,626,778	24,943,850

Item 6. Inventories

This account consists:

	June 2015	December 2014
Food and Beverage	2,925,793	2,428,016
Operating Supplies	2,403,012	2,279,892
Others	1,098,451	1,102,180
Total	6,427,256	5,810,088

Item 7. Accounts Payable and Accrued Expenses

This account consists:

	June 2015	Décember 2014
Accrued Expenses	55,317,450	25,130,073
Trade Payables	96,737,917	88,016,276
Others	11,590,482	10,237,717
Total	163,633,849	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 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. For the year 2015, \$843,000 or P37,786,070 for the 1st quarter and \$843,000 or P37,875,990 for the 2nd 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:

	June 2015	June 2014
Net Income (Loss)	13,278,052	13,512,858
Weighted Average Number of Shares Outstanding	344,747,520	344,747,520
Earnings (Loss) per share	0.04	0.04

- 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 slightly climbed in the 2nd quarter of 2015 due to increase in room production under the consortia segment or the online market.
- v. For the second 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 2nd quarter of 2014 and 2015, and the balance sheets as of 30 June 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 June 30, 2015 and 2014 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

Quarter Ended 30 June 2015 and Quarter Ended 30 June 2014

Gross revenues registered an increase of ₱20.07 million from ₱128.59 million in the 2nd quarter of 2014 to ₱148.66 million during the same comparative period in 2015. Room sales went up by 19.03% from ₱32.54 million in 2Q2014 to ₱38.74 million in 2Q2015. Occupancy rate in 2Q2015 was 57.43% from a total of 28,881 available rooms as compared to the 49.39% in 2Q2014 from a total of 30,394 available rooms. Room revenue represents 26.06% of gross revenues for 2Q2015 compared to 25.31% in 2Q2014. Average room rate of 2Q2015 is ₱2,335.55, ₱167.61 or 7.73% higher than ₱2,167.94 of the same period in 2014.

Food and Beverage revenue for 2Q2015 amounted to ₱21.76 million, a decrease of 10.21% from ₱24.23 million. Food and beverages sales contributed 14.64% to gross revenues. Revenues generated by other operating departments including Telephone department went up by 40% from ₱0.463 million in 2Q2014 to ₱0.648 million in 2Q2015. Rent and other income has increase by 22.66% from ₱71.35 million in 2Q2014 to ₱87.51 million in 2Q2015 due to the recognition of Pagcor rental revenue for the current portion of the advance rental, while last year it was only recorded in the 3Q2014.

Cost of sales of food and beverage increased from ₱6.65 million in 2Q2014 to ₱6.93 million in 2Q2015 representing an increase of 4.19%. The food and beverage cost ratio to revenue has increased from 27.46% in 2Q2014 to 31.86% in 2Q2015. Payroll expenses which accounted for the bulk of Cost of Sales and Services at 26.74% showed a decrease of ₱0.608 million from ₱18.38 million in 2Q2014 to ₱17.77 million in 2Q2015. Other expenses went up from ₱5.43 million in 2Q2014 to ₱5.77 million in 2Q2015. The Energy cost went up by 87.35% from ₱16.09 million in 2Q2014 to ₱30.15 million in 2Q2015 mainly because of the additional cost from the chilled water supply and increase in Mactan Rock's rate per cubic meter. Property operations and maintenance cost increased from ₱5.28 million in 2Q2014 to ₱5.53 million in 2Q2015.

The Company posted a gross operating profit of ₱65.83 million in 2Q2015, representing an increase of ₱5.99 million or 10.01% from that recorded in 2Q2014 of ₱59.84 million. Gross operating profit ratio in 2Q2015 and 2Q2014 stood at 44.28% and 46.54%, respectively.

Fixed financial, operating and other expenses increased from ₱30.92 million in 2Q2014 to ₱37.15 million in 2Q2015 with the major increase coming general and administrative expense and foreign exchange loss recorded. The general and administrative expenses have a material increase from ₱20.98 million in 2Q2014 to ₱22.38 million in 2Q2015 due to the recording of provision for office equipment at ₱2 million. Marketing and guest entertainment decreased by ₱0.396 million from ₱2.2 million in 2Q2014 to ₱1.8 million in 2Q2015. Foreign exchange loss was posted at ₱0.596 million in 2Q2015 due to reinstatement of a foreign exchange denominated bank loan at the rate of ₱45.18 as of June 30, 2015 against ₱44.62 as of December 31, 2014. Interest expense decreased from ₱2.55 million in 2Q2014 to ₱1.86 million in 2Q2015 due to the decrease in principal loan amount. Corporate Expenses decreased from ₱5.04 million in 2Q2014 to ₱5 million in 2Q2015. Real estate tax went down by 34.38% from ₱6.31 million in 2Q2014 to ₱4.14 million in 2Q2015. Last year the Manila City Assessor's Office made a re-assessment which resulted to the increase in property value but at the same time on the 2Q2014 an additional payment was made for the adjusted computation on 1Q2014. Fire insurance increased from ₱1.61 million in 2Q2014 to ₱1.86 million in 2Q2015 due to the increase of property value. For 2Q2015, the Company posted a net income of ₱13.28 million representing a decrease of 1.74% from ₱13.51 million in 2Q2014.

FINANCIAL CONDITION

As of 30 June 2015 and Year Ended 31 December 2014

Total assets decreased to ₱2.4 billion in 30 June 2015 from ₱2.5 billion as of 31 December 2014. Current assets decreased from ₱493.6 million as of 31 December 2014 to ₱480 million as of end of 2Q2015. Cash ending balance as of 30 June 2015 of ₱9.5 million posted an increase of ₱0.6 million. Trade receivables of ₱24.6 million decreased by ₱0.3 million as of 30 June 2015 from ₱24.9 million as of 31 December 2014. Inventories increased to ₱6.4 million from ₱5.8 million as of 31 December 2014. Net amounts owed by related parties decreased from ₱413.4 million as of 31 December 2014 to ₱392 million as of 30 June 2015. Prepayments and other current assets increased to ₱47.5 million as of 30 June 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 1.18% from ₱1.92 billion as of 31 December 2014 to ₱1.90 billion as of 30 June 2015. No changes have been noted from the Available for Sale investment account from 31 December 2014 to the 2Q2015. Other non-current assets of ₱31.9 million as of end of 2Q2015 decreased by ₱0.5 million from ₱32.4 million as of 31 December 2014 due to the reversal of deposits on purchase contracts accounts for items already delivered.

Total liabilities decreased from ₱1.2 billion as of 31 December 2014 to ₱1.1 billion as of 30 June 2015. Trade and other current payables increased from ₱123.4 million as of 31 December 2014 to ₱166.4 million as of 30 June 2015. Provision account of ₱45.6 million represents Manila City Treasurer's local tax assessment with a pending legal case in the Supreme Court. Loan payable to Industrial and Commercial Bank of China (ICBC) represents 12.91% 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 ₱30.9 million 2Q2015 and the non-current portion amounted ₱140.3 million as of 31 December 2014 and 2Q2015. 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 2Q2015. Net retirement benefits liability increased from ₱120.5 million 31 December 2014 to ₱122.9 million as of end of 2Q2015 due the monthly retirement provision. No changes have been noted from deferred tax liabilities from 31 December 2014 to 2Q2015 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:

	June 2015	June 2014
Occupancy Rate	57.43%	49.39%
Average Room Rate	2,335.55	2,167.94
Revenues	148,655,246	128,589,010
Gross Operating Profit	65,831,308	59,841,282
Gross Operating Profit Ratio	44.28%	46.54%

- 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 2Q2015 the total available room nights were 28,881 while 30,394 were available in 2Q2014; 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 o 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 June 30, 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

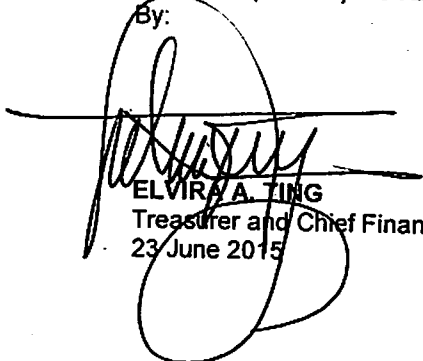
January 17, 2014	-	Change in number of Issued and/or Outstanding Shares
May 28, 2014	-	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
June 3, 2014	-	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
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
January 29, 2015	-	Certification of Directors Attendance
February 23, 2015	-	(Amended-2) Stock Rights Offering
June 1, 2015	-	Filing of Legal proceedings with RTC Manila

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

23 June 2015

ADDITIONAL REQUIREMENT (SRC Rule 68)

A schedule showing financial soundness indicators in two comparative period:

CURRENT / LIQUIDITY RATIO

Current Ratio	June 30, 2015	December 31, 2014
Current Assets	480,033,810	493,565,029
Current Liabilities	317,160,801	382,729,667
Ratio	1.5135	1.2896

Quick Ratio	June 30, 2015	December 31, 2014
Cash+AR+ST Mkt Securities	34,103,895	33,859,227
Current Liabilities	317,160,801	382,729,667
Ratio	0.1075	0.0885

Cash Ratio	June 30, 2015	December 31, 2014
Cash+ST Mkt Securities	9,477,116	8,915,377
Current Liabilities	317,160,801	382,729,667
Ratio	0.0299	0.0233

SOLVENCY RATIO

Current Liabilities to Equity Ratio	June 30, 2015	December 31, 2014
Current Liabilities	317,160,801	382,729,667
Total Equity	1,306,786,645	1,280,451,117
Ratio	0.2427	0.2989

Total Liabilities to Equity Ratio	June 30, 2015	December 31, 2014
Total Liabilities	1,123,240,296	1,186,360,836
Total Equity	1,306,786,645	1,280,451,117
Ratio	0.8595	0.9265

Fixed Assets to Equity Ratio	June 30, 2015	December 31, 2014
Fixed Assets	1,895,119,131	1,917,830,273
Total Equity	1,306,786,645	1,280,451,117
Ratio	1.4502	1.4978

Assets to Equity Ratio	June 30, 2015	December 31, 2014
Total Assets	2,430,026,941	2,466,811,953
Total Equity	1,306,786,645	1,280,451,117
Ratio	1.8595	1.9265

INTEREST COVERAGE RATIO

Interest Coverage Ratio	June 30, 2015	December 31, 2014
Net Income Before Tax + Interest Exp	30,298,599	76,042,535
Interest Expense	3,963,071	10,224,453
Ratio	7.6452	7.4373

PROFITABILITY RATIO

	June 30, 2015	December 31, 2014
Interest Coverage Ratio		
Net Income After Tax	26,335,528	45,877,769
Net Sales	296,786,855	567,559,990
Ratio	0.0887	0.0808
Return on Assets (ROA) Ratio		
Net Income After Tax	26,335,528	45,877,769
Total Assets	2,430,026,941	2,466,811,953
Ratio	0.0108	0.0186
Return on Equity Ratio		
Net Income After Tax	26,335,528	45,877,769
Total Equity	1,306,786,645	1,280,451,117
Ratio	0.0202	0.0358

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

	June 30, 2015	December 31, 2014
	Consolidated	Consolidated
ASSETS		
Current Assets		
Cash	9,477,116	8,915,377
Trade and other current receivables - net	24,626,779	24,943,850
Inventories	6,427,256	5,810,088
Due from a related party - net	391,979,963	413,450,899
Prepayments and other current assets	47,522,697	40,444,815
Total Current Assets	480,033,810	493,565,029
Noncurrent Assets		
Property and equipment - net	1,895,119,131	1,917,830,273
Available-for-sale (AFS) investment	22,978,150	22,978,150
Other noncurrent assets	31,895,850	32,438,501
Total Noncurrent Assets	1,949,993,131	1,973,246,924
Total Assets	2,430,026,941	2,466,811,953
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current payables	166,383,200	123,384,677
Provision	45,575,012	45,575,012
Current portion of advance rentals	30,944,794	61,889,587
Current portion of loan payable	74,257,795	149,376,633
Income tax payable	-	2,503,758
Total Current Liabilities	317,160,801	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	122,938,952	120,490,625
Deferred tax liabilities - net	358,666,966	358,666,966
Total Noncurrent Liabilities	806,079,496	803,631,169
Total Liabilities	1,123,240,296	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	283,881,056	257,545,528
Treasury stock at cost	(12,041,700)	(12,041,700)
Total Equity	1,306,786,645	1,280,451,117
Total Liabilities and Equity	2,430,026,941	2,466,811,953

ACESITE (PHILS.) HOTEL CORPORATION
COMPARATIVE STATEMENTS OF INCOME
FOR THE QUARTER ENDING June 30, 2015
(With Comparative Figures for June 30, 2014)

	QUARTER ENDED 30-Jun-15	YEAR TO DATE 30-Jun-15	QUARTER ENDED 30-Jun-14	YEAR TO DATE 30-Jun-14
INCOME				
Rooms	38,735,058	75,284,621	32,543,000	68,772,312
Food and Beverage	21,758,615	46,635,207	24,234,096	48,825,624
Telephone Exchange	91,685	184,322	65,488	167,038
Other Operated Departments	556,622	1,064,183	397,602	851,082
Rent and Other Income	87,513,266	173,618,521	71,348,824	143,335,842
	148,655,246	296,786,855	128,589,010	261,951,898
COST OF SALES AND SERVICES				
Cost of Sales:				
Food and Beverage	6,933,382	13,987,537	6,654,619	12,951,593
Telephone Exchange	2,476,772	3,376,908	391,171	776,364
Other Operated Departments	36,863	59,719	77,838	144,242
Rental and Other Income				
	9,447,017	17,424,163	7,123,628	13,872,199
Payroll and Related Expenses	17,774,842	35,140,271	18,382,549	36,888,230
Other Expenses	5,771,132	11,484,913	5,427,667	11,080,964
	32,992,991	64,049,347	30,933,844	61,841,393
Energy Cost	30,152,668	52,709,583	16,094,257	31,056,746
Property operations and maintenance	5,529,949	10,491,810	5,278,054	10,544,977
Depreciation on cost	13,373,134	25,019,119	15,703,293	21,130,016
Land rental	775,195	1,550,391	738,281	1,476,563
	82,823,938	153,820,250	68,747,727	126,049,694
GROSS OPERATING PROFIT	65,831,308	142,966,605	59,841,283	135,902,204
FIXED, FINANCIAL, OPERATING AND OTHER EXPENSES				
General and Administrative Expenses	22,376,131	52,850,631	20,977,819	40,463,567
Marketing and Guest Entertainment	1,806,918	3,590,088	2,202,496	3,800,507
Foreign Exchange (Gain) Loss	596,514	770,453	(7,810,480)	(1,783,572)
Interest Expense	1,865,055	3,963,071	2,548,164	5,233,395
Corporate Expenses	4,995,108	13,201,999	5,035,024	13,699,208
Real Estate Tax	4,142,304	8,343,821	6,312,208	9,617,077
Fire Insurance	1,861,426	3,722,852	1,610,018	3,277,259
Interest and Other Charges/(Income)-Net	(492,978)	(617,392)	50,397	149,711
	37,150,478	85,825,521	30,925,646	74,457,151
INCOME (LOSS) BEFORE DEPRECIATION ON REVALUATION INCREMENT AND INCOME TAX	28,680,830	57,141,083	28,915,637	61,445,053
DEPRECIATION - REVALUATION INCREMENT	15,402,778	30,805,556	15,402,778	30,805,556
INCOME (LOSS) BEFORE INCOME TAX	13,278,052	26,335,528	13,512,859	30,639,497
PROVISION FOR INCOME TAX	0	0	0	0
NET INCOME (LOSS)	13,278,052	26,335,528	13,512,859	30,639,497
OTHER COMPREHENSIVE INCOME (LOSS)				
Appraisal increase in property and equipment for the year	0	0	0	0
Unrealized Loss on AFS investment recognized for the year	0	0	0	0
Income tax on other comprehensive income	0	0	0	0
	0	0	0	0
TOTAL COMPREHENSIVE INCOME (LOSS)	13,278,052	26,335,528	13,512,859	30,639,497
Net Income(Loss)	13,278,052	26,335,528	13,512,859	30,639,497
no. of shares issued	344,747,520	344,747,520	344,747,520	344,747,520
INCOME(LOSS) PER SHARE	P0.04	P0.08	P0.04	P0.09

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR SIX MONTH ENDING June 30, 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	-	-	(30,805,556)	-	-	30,805,556	-
Net income (loss) for the six months	-	-	-	-	-	26,335,528	26,335,528
Balance at June 30, 2015	346,100,520	(12,041,700)	628,058,965	19,254,568	10,727,680	314,686,611	1,306,786,645

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTH ENDING June 30, 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 six months	-	-	-	-	-	17,126,639	17,126,639
Balance at June 30, 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 June 30, 2015
(With Comparative Figures for June 30, 2014)

	QUARTER ENDED 30-Jun-15	YEAR TO DATE 30-Jun-15	QUARTER ENDED 30-Jun-14	YEAR TO DATE 30-Jun-14
CASH FLOW FROM OPERATING ACTIVITIES				
Income(Loss) before income tax	13,278,052	26,335,528	13,512,858	30,639,497
Adjustments for:	-	-	0	-
Depreciation	27,738,460	53,876,850	29,157,371	49,226,954
Interest Expense	1,591,989	3,419,848	2,548,164	5,233,395
Unrealized foreign exchange loss	596,514	770,453	(7,810,480)	(1,783,572)
Amortization of operating equipment	1,037,452	1,947,826	1,948,700	2,708,618
Provision for doubtful accounts	(155,410)	(8,391,085)	(145,742)	(7,098,384)
Operating income before working capital changes	44,087,058	77,959,420	39,210,872	78,926,509
Decrease (increase) in:				
Receivables	(423,068)	7,588,150	(3,567,607)	(6,710,356)
Inventories	(580,509)	(617,168)	12,107	838,263
Prepaid expenses	(187,953)	(7,077,881)	719,516	(4,690,110)
Increase (decrease) in:				
Accounts payable and accrued expenses	14,170,586	12,990,480	9,406,320	(3,643,918)
Advances from subsidiary	-	0	669,106	1,040,965
Retirement benefit plan obligation	2,183,712	2,448,327	(3,603,590)	(1,306,249)
Rental paid in advance	-	0	0	29,471,232
Net cash generated from operations	59,249,826	93,291,329	42,846,725	93,926,338
Income taxes paid	-	(2,235,235)	(3,787,787)	(3,787,787)
Net cash from operating activities	59,249,826	91,056,094	39,058,938	90,138,551
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in receivable from affiliates	(12,680,131)	21,470,936	22,845,788	24,753,129
Acquisition of property and equipment	(12,711,531)	(33,113,533)	(41,945,608)	(70,895,143)
Decrease (increase) in other assets	2,999,720	230,151	(7,298,702)	(12,443,805)
Net cash from (used) in investing activities	(22,391,942)	(11,412,446)	(26,398,522)	(58,585,820)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of loan	(37,875,990)	(75,662,060)	(13,292,000)	(29,131,000)
Interest paid	(1,591,989)	(3,419,848)	(2,548,164)	(5,233,395)
Cash used in financing activities	(39,467,979)	(79,081,908)	(15,840,164)	(34,364,395)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
	-	0	0	0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,610,095)	561,739	(3,179,748)	(2,811,663)
CASH AND CASH EQUIVALENTS, BEGINNING	12,087,211	8,915,377	11,374,521	11,006,436
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,477,116	9,477,116	8,194,773	8,194,773

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

Classifications	Current	31-60	61-90	91-120	121 - Over	Total
CREDIT CARDS	235,612.57	-	-	-	-	235,612.57
CORPORATE	1,486,387.46	482,141.31	29,961.39	371,391.15	12,130,592.39	14,500,473.70
T/A LOCAL&Overseas	2,181,333.60	584,299.82	271,889.72	49,099.84	30,722.50	3,117,345.48
AIRLINES	-	6,433.87	-	-	-	6,433.87
GOVERNMENT	3,577,400.83	3,279,068.45	1,727,122.60	47,475.74	-	8,631,067.62
TENANTS	11,996.35	76,600.59	14,876.58	17,417.66	839,268.67	960,159.85
TOTAL	7,492,730.81	4,428,544.04	2,043,850.29	485,384.39	13,000,583.56	27,451,093.09