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SECURITIES AND EXCHANGE COMMISSION

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SEC Registration Number

ACESITE (PHILS.) HOTEL CORPORATION

(Company's Full Name)

7th Floor Manila Pavilion Hotel
UN Avenue corner M. Orosa Street
Ermita, Manila

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

ARSENIO A. ALFILER

(Contact Person)

526-1212, extension 2403

(Company Telephone Number)

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198
Total No of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

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STAMPS

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 30 June 2018
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

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
June 30, 2018
2. SEC Identification Number
7199
3. BIR Tax Identification No.
002-856-627
4. Exact name of issuer as specified in its charter
ACESITE (PHILS.) HOTEL CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
Manila, Philippines
6. Industry Classification Code (SEC Use Only)
7. Address of principal office
7th Floor, Manila Pavillion Hotel, UN Ave. corner Ma. Orosa St., Ermita, Manila Postal Code 1000
8. Issuer's telephone number, including area code
632-526-12-12 extension 2287
9. Former name or former address, and former fiscal year, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	344,747,520

11. Are any or all of registrant's securities listed on a Stock Exchange?
 Yes
 No
 If yes, state the name of such stock exchange and the classes of securities listed therein:
 PSE

12. Indicate by check mark whether the registrant:
 (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)
 Yes
 No
 (b) has been subject to such filing requirements for the past ninety (90) days
 Yes
 No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

ACESITE (PHILS) HOTEL CORP

PSE Disclosure Form 17-2 - Quarterly Report References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended June 30, 2018

Currency (indicate units, if applicable)

Php

Balance Sheet

	Period Ended	Fiscal Year Ended
	June 30, 2018	(Audited) December 31, 2017
Current Assets	1,192,195,523	243,747,668
Total Assets	2,306,284,499	2,273,527,437
Current Liabilities	270,350,163	134,261,496
Total Liabilities	813,491,620	718,644,034
Retained		
Earnings/(Deficit)	431,684,607	493,775,131
Stockholders' Equity	1,492,792,879	1,554,883,403
Stockholders' Equity - Parent	1,480,186,106	1,545,770,179
Book Value per Share	4.33	4.51

Income Statement

	Current Year-To- Date	Previous Year-To- Date	Current Year (3 Months)	Previous Year (3 Months)
Operating Revenue	45,926,746	127,455,598	-	63,731,808
Other Revenue	7,071,587	149,515,474	-	60,109,481
Gross Revenue	52,998,333	276,971,073	-	123,841,290
Operating Expense	70,457,941	149,846,359	11,718,076	75,552,323
Other Expense	44,630,915	83,112,199	1,581,578	41,896,120
Gross Expense	115,088,856	232,958,558	13,299,654	117,448,443
Net Income/(Loss) Before Tax	(62,090,523)	44,012,515	(13,299,654)	6,392,846
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	(62,090,524)	44,012,515	(13,299,654)	6,392,846
Net Income Attributable to Parent Equity Holder				
Earnings/(Loss) Per Share				
(Basic)	(0.18)	0.13	(0.04)	0.02
Earnings/(Loss) Per Share (Diluted)	(0.18)	0.13	(0.04)	0.02

Other Relevant Information

	CURRENT YEAR (Trailing 12 months)	Previous Year (Trailing 12 months)
Earning/(Loss) Per Share (Basic)	(0.44)	0.18
Earning/(Loss) Per Share (Diluted)	(0.44)	0.18

NOTES TO INTERIM FINANCIAL STATEMENTS

Item 1. Reporting Entity

Acesite (Phils.) Hotel Corporation (the "Company") is a 55.71%-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 temporary address until the end of September 2018 is at 2nd Floor Dynasty Restaurant & Leisure, 1024 Maria Orosa Street, 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, 2018 were approved.

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 Amendments to Standards

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.
- The Company is still completing its assessment of the impact of PFRS 9 on its consolidated financial statements. The new standard is to be applied retrospectively.
- PFRS 15, *Revenue from Contracts with Customers*, replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, International Financial Reporting Interpretations Committee (IFRIC) 13, *Customer Loyalty Programmes*, IFRIC 18, *Transfer of Assets from Customers* and Standard Interpretations Committee 31, *Revenue- Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to the customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or to a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease of contracts, which fall in the scope of other PFRS. It also does not apply if two companies in the same line of business exchange non monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence. The new standard is to be applied retrospectively.
- Philippine interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*. The interpretation clarifies that the transaction date to be used for translation for foreign currency transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when an entity pays or receives consideration in a foreign currency and recognizes a on-monetary asset or liability before recognizing the related item.

To be adopted on January 1, 2019

- PFRS 16, *Leases*, supersedes PAS 17, *Leases*, and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remain unchanged except for a number of details including the application of the new lease definition, new sale-and leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of twelve months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and

judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced. The new standard is to be applied retrospectively.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments* clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes* when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Company's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty- either the most likely amount or the expected value. The interpretation also requires the reassessment of judgments and estimates applied if facts and circumstances change- e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

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, 2018 are composed mainly of cash deposited at various banks.

Item 5. Receivables

This account consists:

	June 2018	December 2017
Trade - Net	15,727,773	29,637,637
Others	-	1,515,384
Total	15,727,773	31,153,021

Item 6. Inventories

This account consists:

	June 2018	December 2017
Food and Beverage	-	2,789,164
Operating Supplies	-	2,672,300
Others	602,215	438,321
Total	602,215	5,899,785

Item 7. Accounts Payable and Accrued Expenses

This account consists:

	June 2018	December 2017
Accrued Expenses	28,703,572	22,686,374
Trade Payables	90,878,147	105,509,064
Others	5,915,125	5,942,987
Total	125,496,844	134,138,425

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

There is no currently existing loan

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

	June 30, 2018	June 30, 2017
Net Income (Loss)	(13,299,653.93)	6,392,846
Weighted Average Number of Shares Outstanding	344,747,520	344,747,520
Earnings (Loss) per share	(0.04)	0.02

- 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. On March 18, 2018, a fire broke out in the hotel property that damaged the lower floors of the main building as well as the Podium building occupied by the casino area that resulted to the suspension of the hotel operations.
- iii. The Company has an ongoing compliance for its insurance claims, the proceeds of which shall be used to restore the hotel for its continued operation.
- iv. 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.
- v. The business operation during the 2nd quarter of 2018 has temporary ceased due to the damages caused by fire to the property.
- vi. For the second quarter of 2018, the material or significant elements of loss did not arise from the Company's operations, however, contributable to the non generation of any revenue brought by temporary closure.
- vii. Causes of material changes in the items in the financial statements from 2017 to 2018 have been discussed under management discussion and analysis above.
- viii. Causes of material changes in the items in the income statements for the 2nd quarter of 2018 and 2017, and the balance sheets as of 30 June 2018 and 31 December 2017 have been discussed under management discussion and analysis above.
- ix. The hotel operation is currently suspended. This has a material effect on the financial condition and 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, 2018 and 2017 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

Quarter Ended 30 June 2018 and Quarter Ended 30 June 2017

Gross revenues registered a decrease of ₱53.02 million from ₱123.84 million in the 2nd quarter of 2017 to ₱1.27 million during the same comparative period in 2018. Room sales totally went down by 100% from ₱39.53 million in 2Q2017 due to the fire incident, room sales went down by 100% from ₱39.53 million in 2017. There was zero occupancy in 2Q2018 as compared to the 57.98% in 2Q2017 from a total of 30,002 available rooms. No room revenue contribution to the gross revenues for 2Q2018 compared to 31.92% in 2Q2017. Zero average room rate for 2Q2018 compared to ₱2,255.50 of the same period in 2017.

Zero Food and Beverage revenue as well for 2Q2018 compared to ₱24.20 million. Food and beverages sales have no contribution to gross revenues. Revenues generated by other operating departments including Telephone department went down by 100% from ₱0.406 million in 2Q2017. Rent and other income has decreased by 97.87% from ₱59.70 million in 2Q2017 to ₱1.27 million in 2Q2018.

There was no F&B Revenue, thus, no cost of sales in 2Q2018 from ₱8.49 million in 2Q2017. Payroll expenses decreased by 35.26% from ₱15.75 million in 2Q2017 to ₱10.20 million in 2Q2018. Temporary Lay Off has been filed at the DOLE NCR on April 20, 2018 which shall take effect May 25, 2018 until November 24, 2018 due to the fire incident that occurred in the hotel last March 18, 2018. Other expenses went down from ₱8.79 million in 2Q2017 to ₱.29 million in 2Q2018. The Energy cost went down by 89.90% from ₱25.98 million in 2Q2017.

The Company posted a gross operating loss of ₱11.72 million in 2Q2018, representing a decrease of ₱60.00 million or 124.27% from that recorded in 2Q2017 of ₱48.29 million. Gross operating profit/loss ratio in 2Q2018 and 2Q2017 stood at 0% and 38.99%, respectively.

Fixed financial, operating and other expenses decreased from ₱26.49 million in 2Q2017 to ₱6.72 million in 2Q2018 with the major decrease coming from general and administrative expenses. The general and administrative expenses have a material decrease from ₱17.71 million in 2Q2017 to ₱.55 million in 2Q2018 due to the various reasons like the reduction in usage of office supplies in 2Q2018. Marketing and guest entertainment decreased by ₱1.45 million from ₱2.14 million in 2Q2017 to ₱.21 million in 2Q2018. Corporate Expenses decreased from ₱.490 million in 2Q2017. Real estate tax went down by 1.41% from ₱4.12 million in 2Q2017 to ₱4.18 million in 2Q2018. Fire insurance decreased from ₱2.04 million in 2Q2017 to ₱1.59 million in 2Q2018. For 2Q2018, the Company posted a net loss of ₱13.30 million representing an increase of 308.04% from profit of ₱6.39 million in 2Q2017.

FINANCIAL CONDITION

As of 30 June 2018 and Year Ended 31 December 2017

Total assets increased to ₱2.31 billion in 30 June 2018 from ₱2.27 billion as of 31 December 2017. Current assets increased from ₱243.75 million as of 31 December 2017 to ₱1.19 billion as of end of 2Q2018, this is due to receivable from insurance claim. Cash ending balance as of 30 June 2018 of ₱15.48 million posted a decrease of ₱1.12 million. Trade receivables of ₱15.73 million decreased by ₱15.42 million as of 30 June 2018 from ₱31.15 million as of 31 December 2017. Inventories decreased to ₱.602 million compared to ₱5.90 million as of 31 December 2017. ₱963.09 billion has been recorded for the Insurance claim as of 30 June 2018. Prepayments and other current assets

increased to ₱68.19 million as of 30 June 2018 from ₱60.99 million as of 31 December 2017 due to creditable withholding taxes.

Property and equipment account decreased by 45.55% from ₱2.00 billion as of 31 December 2017 to ₱1.09 billion as of 30 June 2018. No changes have been noted from the Available for Sale investment account from 31 December 2017 to the 2Q2018. Other non-current assets of ₱9.48 million as of end of 2Q2018 decreased by ₱4.82 million from ₱14.31 million as of 31 December 2017 due to decrease of deposits on purchase contracts during the second month of the quarter.

Total liabilities increased from ₱718.64 million as of 31 December 2017 to ₱813.49 million as of 30 June 2018. Trade and other current payables decreased from ₱134.14 million as of 31 December 2017 to ₱125.50 million as of 30 June 2018. Non-current liabilities decreased by ₱41.24 million from ₱584.38 million as of 31 December 2017 to ₱543.14 million as of 30 June 2018.

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 30, 2018	June 30, 2017
Occupancy Rate	0.00%	57.98%
Average Room Rate	0.00	2,255.50
Revenues	0	123,841,290
Gross Operating Profit	(11,718,076)	48,288,967
Gross Operating Profit Ratio	-	39%

- 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; 2) Average room rate is the total room revenue for the period divided by the total 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 WPI 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, 2018.

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

- Feb 2, 2018 - Update on Pagcor Lease
- Feb 7, 2018 - Change in Contact Details and/or Website
- Mar 19, 2018 - Occurrence of Fire at the Manila Pavilion Hotel on March 18, 2018
- Mar 20, 2018 - Update on Manila Pavilion Hotel Fire

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:



RICHARD RICARDO
Compliance Officer/Authorized Representative

13 Aug 2018

ADDITIONAL REQUIREMENT (SRC Rule 68)

A schedule showing financial soundness indicators in two comparative period:

CURRENT / LIQUIDITY RATIO

Current Ratio	June 30, 2018	December 31, 2017
Current Assets	1,192,195,523	243,747,668
Current Liabilities	270,350,163	134,261,496
Ratio	4.4098	1.8155

Quick Ratio	June 30, 2018	December 31, 2017
Cash+AR+ST Mkt Securities	31,205,349	47,752,267
Current Liabilities	270,350,163	134,261,496
Ratio	0.1154	0.3557

Cash Ratio	June 30, 2018	December 31, 2017
Cash+ST Mkt Securities	15,477,576	16,599,246
Current Liabilities	270,350,163	134,261,496
Ratio	0.0573	0.1236

SOLVENCY RATIO

Current Liabilities to Equity Ratio	June 30, 2018	December 31, 2017
Current Liabilities	270,350,163	134,261,496
Total Equity	1,492,792,879	1,554,883,403
Ratio	0.1811	0.0863

Total Liabilities to Equity Ratio	June 30, 2018	December 31, 2017
Total Liabilities	813,491,620	718,644,034
Total Equity	1,492,792,879	1,554,883,403
Ratio	0.5449	0.4622

Fixed Assets to Equity Ratio	June 30, 2018	December 31, 2017
Fixed Assets	1,088,650,365	1,999,520,088
Total Equity	1,492,792,879	1,554,883,403
Ratio	0.7293	1.2860

Assets to Equity Ratio	June 30, 2018	December 31, 2017
Total Assets	2,306,284,499	2,273,527,437
Total Equity	1,492,792,879	1,554,883,403
Ratio	1.5449	1.4622

INTEREST COVERAGE RATIO

Interest Coverage Ratio	June 30, 2018	December 31, 2017
Net Income Before Tax + Interest Exp	(62,090,524)	112,954,194
Interest Expense	-	673,726
Ratio	-	167.6560

PROFITABILITY RATIO

Interest Coverage Ratio	June 30, 2018	December 31, 2017
Net Income After Tax	(62,090,524)	(43,956,182)
Net Sales	52,998,332	436,555,965
Ratio	(1.1716)	(0.1007)

Return on Assets (ROA) Ratio	June 30, 2018	December 31, 2017
Net Income After Tax	(62,090,524)	(43,956,182)
Total Assets	2,306,284,499	2,273,527,437
Ratio	(0.0269)	(0.0193)

Return on Equity Ratio	June 30, 2018	December 31, 2017
Net Income After Tax	(62,090,524)	(43,956,182)
Total Equity	1,492,792,879	1,554,883,403
Ratio	(0.0416)	(0.0283)

ACESITE (PHILS.) HOTEL CORPORATION
(Owner of Manila Pavilion Hotel)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash	15,477,576	16,599,246
Trade and other current receivables - net	15,727,773	31,153,021
Inventories	602,215	5,899,785
Note Receivable	129,106,906.40	129,106,906
A/R Others -Insurance Claim	963,089,200	-
Prepayments and other current assets	68,191,852	60,988,710
Total Current Assets	1,192,195,523	243,747,668
Noncurrent Assets		
Property and equipment - net	1,088,650,365	1,999,520,088
Available-for-sale (AFS) investment	15,954,640	15,954,640
Other noncurrent assets	9,483,972	14,305,041
Total Noncurrent Assets	1,114,088,976	2,029,779,769
Total Assets	2,306,284,499	2,273,527,437
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current payables	125,496,844	134,138,425
Due to a related party	144,853,319	123,071
Total Current Liabilities	270,350,163	134,261,496
Noncurrent Liabilities		
Retirement liability	93,435,160	134,385,559
Deferred tax liabilities - net	449,706,297	449,996,979
Total Noncurrent Liabilities	543,141,457	584,382,538
Total Liabilities	813,491,620	718,644,034
Equity		
Capital stock	346,100,520	346,100,520
Revaluation surplus in property and equipment - net	706,108,249	706,108,249
Actuarial losses on defined benefit plan, net of deferred tax	17,237,033	17,237,033
Unrealized valuation gain (loss) on AFS investment	3,704,170	3,704,170
Retained earnings	431,684,607	493,775,131
Treasury stock at cost	(12,041,700)	(12,041,700)
Total Equity	1,492,792,879	1,554,883,403
	2,306,284,499	2,273,527,437
	(0)	0

ACESITE (PHILS.) HOTEL CORPORATION
COMPARATIVE STATEMENTS OF INCOME
FOR THE QUARTER ENDING June 30 2018
(With Comparative Figures for June 30, 2017)

	QUARTER ENDED 30-Jun-18	YTD ENDED 30-Jun-18	QUARTER ENDED 30-Jun-17	YEAR TO DATE 30-Jun-17
INCOME				
Rooms	-	30,728,585	39,527,355	78,403,658
Food and Beverage	-	15,198,161	24,204,454	49,051,941
Telephone Exchange	-	344	15,929	44,888
Other Operated Departments	-	174,270	390,444	803,269
Rent and Other Income	-	6,896,972	59,703,108	148,667,317
	-	52,998,332	123,841,290	276,971,073
COST OF SALES AND SERVICES				
Cost of Sales:				
Food and Beverage	-	5,168,412	8,478,563	16,833,988
Telephone Exchange	-	128,019	256,441	508,532
Other Operated Departments	-	14,753	23,107	50,765
	-	5,311,184	8,758,112	8,635,173
Payroll and Related Expenses	10,197,684	25,358,964	15,751,759	33,284,090
Other Expenses	292,312	5,581,257	8,787,153	15,365,597
	10,489,996	30,940,221	24,538,912	24,110,775
Energy Cost	2,623,577	21,084,372	25,979,427	51,551,130
Property operations and maintenance	2,071,692	5,547,924	4,982,817	9,859,555
Depreciation on cost	(3,467,189)	7,574,240	11,293,056	22,392,703
	1,228,080	34,206,536	42,255,300	83,803,388
	11,718,076	70,457,941	75,552,323	149,846,359
GROSS OPERATING PROFIT (LOSS)	(11,718,076)	(17,459,609)	48,288,967	127,124,714
FIXED, FINANCIAL, OPERATING AND OTHER EXPENSES				
General and Administrative Expenses	552,683	21,791,824	17,711,186	35,255,495
Marketing and Guest Entertainment	211,578	1,508,547	2,138,503	3,859,471
Foreign Exchange (Gain) Loss	(11,617)	(12,678)	(9,782)	(17,923)
Corporate Expenses	-	-	489,581	851,540
Real Estate Tax	4,373,132	8,261,821	4,119,516	8,261,821
Fire Insurance	1,590,060	2,812,883	2,044,339	4,096,240
	6,715,837	34,362,396	26,493,343	52,306,643
INCOME (LOSS) BEFORE DEPRECIATION ON REVALUATION INCREMENT AND INCOME TAX	(18,433,913)	(51,822,005)	21,795,624	74,818,070
DEPRECIATION - REVALUATION INCREMENT	(5,134,259)	10,268,519	15,402,778	30,805,556
INCOME (LOSS) BEFORE INCOME TAX	(13,299,654)	(62,090,524)	6,392,846	44,012,515
PROVISION FOR INCOME TAX	-	-	-	-
NET INCOME (LOSS)	(13,299,654)	(62,090,524)	6,392,846	44,012,515
OTHER COMPREHENSIVE INCOME (LOSS)				
TOTAL COMPREHENSIVE INCOME (LOSS)	(13,299,654)	(62,090,524)	6,392,846	44,012,515
Net Income(Loss)	(13,299,654)	(62,090,524)	6,392,846	44,012,515
no. of shares issued	344,747,520	344,747,520	344,747,520	344,747,520
INCOME(LOSS) PER SHARE	(0.04)	(0.18)	P0.02	P0.13

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR SIX - MONTH ENDING June 30, 2018

	CAPITAL STOCK COMMON	TREASURY SHARES	REVALUATION INCREMENT IN RETIREMENT PROPERTY AND EQUIPMENT	UNREALIZED VALUATION LOSS ON AFS INVESTMENTS	RETAINED EARNINGS	TOTAL
Balance at December 31, 2017	346,100,520	(12,041,700)	706,108,249	17,237,033	3,704,170	493,775,131
Transfer of revaluation increment deducted from operations through additional depreciation charges			(10,268,519)		10,268,519	
Net income (loss) for the six months					(62,090,524)	(62,090,524)
Balance at June 30, 2018	346,100,520	(12,041,700)	695,839,730	17,237,033	3,704,170	1,492,792,879
Balance at December 31, 2016	346,100,520	(12,041,700)	764,146,466	34,677,561	4,571,270	479,693,096
Transfer of revaluation increment deducted from operations through additional depreciation charges			(15,402,778)		15,402,778	
Net income (loss) for the six months					44,012,515	44,012,515
Balance at June 30, 2017	346,100,520	(12,041,700)	748,743,688	34,677,561	4,571,270	1,661,159,728

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDING June 30, 2018
(With Comparative Figures for June 30, 2017)

	QUARTER ENDED 30-Jun-18	YEAR TO DATE 30-Jun-18	QUARTER ENDED 30-Jun-17	YEAR TO DATE 30-Jun-17
CASH FLOW FROM OPERATING ACTIVITIES				
Income(Loss) before income tax	(13,299,653)	(62,090,524)	6,392,846	44,012,515
Adjustments for:				
Depreciation	(4,084,725)	9,497,846	25,710,502	51,444,462
Unrealized foreign exchange loss	(11,617)	(12,678)	(9,782)	(17,923)
Amortization of operating equipment	-	770,673	985,332	1,753,797
Provision for doubtful accounts	-	(8,479,539)	165,067	(7,717,830)
Operating income before working capital changes	(17,395,995)	(60,314,222)	33,243,965	89,475,019
Decrease (increase) in:				
Receivables	4,148,638	15,425,248	(2,925,776)	13,670,475
Inventories	312,187	5,297,570	62,037	304,399
Prepaid expenses	(4,459,390)	(7,203,142)	(10,013,578)	(16,441,826)
Increase (decrease) in:				
Accounts payable and accrued expenses	(8,036,392)	(8,641,581)	(13,281,759)	(13,281,759)
Retirement benefit plan obligation	(42,768,433)	(40,950,399)	(4,016,313)	(4,016,313)
Net cash generated from operations	(68,199,386)	(96,386,526)	49,343,348	49,343,348
Interest received	-	-	-	-
Income taxes paid	-	-	-	-
Net cash from operating activities	(68,199,387)	(96,386,526)	49,343,348	49,343,348
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in receivable from affiliates	122,867,200	144,730,248	1,227,344	10,209,795
Acquisition of property and equipment	(616,966)	(616,966)	(3,534,271)	(4,275,496)
Decrease (increase) in other assets	(41,089,637)	(48,848,427)	(10,384,140)	(15,340,793)
Net cash from (used) in investing activities	81,160,598	95,264,856	(12,691,066)	(9,406,494)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of loan	-	-	-	-
Interest paid	-	-	-	-
Cash used in financing activities	-	-	-	-
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
	-	-	-	-
NET INCREASE (DECREASE IN CASH AND CASH EQUIVALENTS	12,961,211	(1,121,670)	21,760,771	74,388,691
CASH AND CASH EQUIVALENTS, BEGINNING	2,516,365	16,599,246	78,977,687	26,349,768
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15,477,576	15,477,576	100,738,458	100,738,458

ACESITE (Philippines) Hotel Corporation**Accounts Receivable Aging Summary**

As of June 2018

Classifications	Current	31-60	61-90	91-120	121 - Over	Total
CREDIT CARDS	-	-	-	-	-	-
CORPORATE	-	-	-	-	15,043,076.65	15,043,076.65
T/A LOCAL&Overseas	-	-	-	-	-	-
AIRLINES	-	-	-	-	-	-
EMPLOYEES LEDGER	-	-	-	-	-	-
DELINQUENT	-	-	-	-	-	-
GOVERNMENT	-	-	-	-	1,650,312.54	1,650,312.54
TENANTS	-	-	-	-	-	-
TOTAL	-	-	-	-	16,693,389.19	16,693,389.19