



111142016002276



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

Barcode Page

The following document has been received:

Receiving Officer/Encoder : Jojit Licudine
Receiving Branch : SEC Head Office
Receipt Date and Time : November 14, 2016 05:51:52 PM
Received From : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No. 0000007199
Company Name ACESITE (PHILS.) HOTEL CORP.
Industry Classification
Company Type Stock Corporation

Document Information

Document ID 111142016002276
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)
Document Code 17-Q
Period Covered September 30, 2016
No. of Days Late 0
Department CFD
Remarks


MARIELLE V. TAMPUCAO

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

Month

3 1

Day

1 7 - Q 3

FORM TYPE

0 9

Month

1 9

Day

Annual Meeting

Not Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

197

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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 September 2016
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>		Number of Shares of Common Stock Outstanding and <u>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 1. Basis of Preparation

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 2. Accounting Estimates and Judgment

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

Item 3. Cash and Cash Equivalents

Included in cash and cash equivalents as of September 30, 2016 are composed mainly of cash deposited at various banks.

Item 4. Receivables

This account consists:

	September 2016	December 2015
Trade - Net	26,581,997	28,751,782
Others	8,480,468	551,522
Total	35,062,465	29,303,304

Item 5. Inventories

This account consists:

	September 2016	December 2015
Food and Beverage	2,679,461	2,738,223
Operating Supplies	2,103,617	3,075,136
Others	994,661	505,327
Total	5,777,739	6,318,686

Item 6. Trade and Other Current Payables

This account consists:

	September 2016	December 2015
Accrued Expenses	19,472,573	18,182,238
Trade Payables	116,881,634	118,437,192
Others	6,587,570	16,957,920
Total	142,941,777	153,577,350

Item 7. 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 8. Loan Payable

The Company had committed an event of default with respect to the payment of its US\$15 million loan with the ICBC – Singapore Branch, which matured on 31 March 1998. On 03 June 2003, the loan was restructured by ICBC which stipulated six semi-annual installments payment of principal and interest until April 2006. In July 2004, the new management of the Company requested for a reprieve on loan principal payments due for the period, which the Company suggested to be placed at the end of the term of the Amended Agreement. The loan was paid in full on March 10, 2016.

Item 9. The earnings (loss) per share for the 3rd quarter is computed as follows:

	September 2016	September 2015
Net Income (Loss)	26,379,230	8,041,901
Weighted Average Number of Shares Outstanding	344,747,520	344,747,520
Earnings (Loss) per share	0.08	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. 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 for 3rd quarter of 2016 is higher than the 3rd quarter of 2015.
- v. For the third quarter of 2016, there is no material or significant elements of income or loss that did not arise from the Company's continuing operations. However, the closure of three guestrooms floor have been done during the quarter. The said guestrooms are old rooms subject for renovations.
- vi. During the middle of the quarter, the General Manager, Mr. Jim Boyles, has rendered his resignation.
- vii. Causes of material changes in the items in the financial statements from 2015 to 2016 have been discussed under management discussion and analysis above.
- viii. Causes of material changes in the items in the income statements for the 3rd quarter of 2015 and 2016 and the balance sheets as of 30 September 2016 and 31 December 2015 have been discussed under management discussion and analysis above.
- ix. 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 September 30, 2016 and 2015 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

Quarter Ended 30 September 2016 and Quarter Ended 30 September 2015

Gross revenues registered a decrease of ₱1.88 million from ₱146.30 million in the 3rd quarter of 2015 to ₱144.42 million during the same comparative period in 2016. Room sales went down by 4.18% from ₱34.10 million in 3Q2015 to ₱32.67 million in 3Q2016. Occupancy rate in 3Q2016 was 48.03% from a total of 31,125 available rooms as compared to the 54.48% in 3Q2015 from a total of 29,270 available rooms. Room revenue represents 22.62% of gross revenues for 3Q2016 compared to 23.31% in 3Q2015. Average room rate of 3Q2016 is ₱2,198.11, ₱59.71 or 2.79% higher than ₱2,138.40 of the same period in 2015.

Food and Beverage revenue for 3Q2016 amounted to ₱24.45 million, a decrease of 1.45% from ₱24.81 million. Food and beverages sales contributed 16.93% to gross revenues. Revenues generated by other operating departments including Telephone department went down by 11.29% from ₱0.504 million in 3Q2015 to ₱0.446 million in 3Q2016. Rent and other income has decreased by 0.04% from ₱86.88 million in 3Q2015 to ₱86.85 million in 3Q2016.

Cost of sales of food and beverage increased from ₱8.49 million in 3Q2015 to ₱8.72 million in 3Q2016 representing an increase of 2.68%. The food and beverage cost ratio to revenue has increased from 34.22% in 3Q2015 to 35.65% in 3Q2016. Payroll expenses increase by 21.60% from ₱17.87 million in 3Q2015 to ₱14.01 million in 3Q2016. Other expenses went down from ₱9.72 million in 3Q2015 to ₱9.57 million in 3Q2016. The Energy cost went down by 1.42% from ₱26.29 million in 3Q2015 to ₱25.91 million in 3Q2016.

The Company posted a gross operating profit of ₱67.35 million in 3Q2016, representing an increase of ₱27.07 million or 67.21% from that recorded in 3Q2015 of ₱40.28 million. Gross operating profit ratio in 3Q2016 and 3Q2015 stood at 46.64% and 27.53%, respectively.

Fixed financial, operating and other expenses decreased from ₱16.83 million in 3Q2015 to ₱25.57 million in 3Q2016 with the major increase coming from general and administrative expense. The general and administrative expenses have a material increase from ₱5.02 million in 3Q2015 to ₱16.73 million in 3Q2016. Marketing and guest entertainment decreased by ₱0.05 million from ₱1.61 million in 3Q2015 to ₱1.55 million in 3Q2016. Corporate Expenses decreased from ₱1.80 million in 3Q2015 to ₱0.018 million in 3Q2016. Real estate tax went up by 0.46% from ₱4.14 million in 3Q2015 to ₱4.12 million in 3Q2016. Fire insurance decreased from ₱1.97 million in 3Q2015 to ₱1.90 million in 3Q2016. For 3Q2016, the Company posted a net income of ₱26.38 million representing an increase of ₱18.34 million from ₱8.04 million in 3Q2015.

FINANCIAL CONDITION

As of 30 September 2016 and Year Ended 31 December 2015

Total assets decreased to ₱2.14 billion in 30 September 2016 from ₱2.33 billion as of 31 December 2015. Current assets decreased from ₱476.04 million as of 31 December 2015 to ₱376.74 million as of end of 3Q2016. Cash ending balance as of 30 September 2016 of ₱15.29 million posted a net increase of ₱3.68 million. Trade receivables of ₱35.06 million increased by ₱5.76 million as of 30

September 2016 from ₱29.30 million as of 31 December 2015. Inventories decreased to ₱5.78 million from ₱6.32 million as of 31 December 2015. Net amounts owed by related parties decreased from ₱370.41 million as of 31 December 2015 to ₱251.68 million as of 30 September 2016. Prepayments and other current assets increased to ₱68.93 million as of 30 September 2016 from ₱58.40 million as of 31 December 2015 due to unused input VAT, unused creditable withholding tax certificates, and prepaid medical premium.

Property and equipment account decreased by 4.34% from ₱1.82 billion as of 31 December 2015 to ₱1.74 billion as of 30 September 2016. No changes have been noted from the Available for Sale investment account from 31 December 2015 to the 3Q2016. Other non-current assets of ₱6.48 million as of end of 3Q2016 decreased by ₱11.03 million from ₱17.51 million as of 31 December 2015 due to the reversal of deposits on purchase contracts accounts for items already delivered.

Total liabilities decreased from ₱977.30 million as of 31 December 2015 to ₱711.23 million as of 30 September 2016. Trade and other current payables decreased from ₱153.58 million as of 31 December 2015 to ₱142.94 million as of 30 September 2016. Loan payable to Industrial and Commercial Bank of China (ICBC) was fully paid on March 10, 2016.

The Company and PAGCOR have entered into a contract known as the Omnibus Amended Lease Contract (OALC) which requires advance rental. Advanced decreased from ₱136.54 million as of 31 December 2015 to ₱15.31 million 3Q2016. Net retirement benefits liability slightly increased from ₱118.10 million 31 December 2015 to ₱121.2 million as of end of 3Q2016. Deferred tax liabilities from 31 December 2015 amounted ₱371.81 has been decreased to ₱371.6 million at the end of September 31, 2016 due to application to income tax due from the last quarter.

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:

	September 2016	September 2015
Occupancy Rate	48.03%	54.48%
Average Room Rate	2,198.11	2,138.40
Revenues	144,423,925	146,303,225
Gross Operating Profit	67,353,608	40,280,332
Gross Operating Profit Ratio	46.64%	27.53%

- 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 3Q2016 the total available room nights were 29,391 while 31,125 were available in 3Q2015; 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.

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.

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 September 30, 2016.

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.

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:



PRECILLA O. TORIANO

Corporate Finance Director/Authorized Representative
14Nov 2016

ADDITIONAL REQUIREMENT (SRC Rule 68)

A schedule showing financial soundness indicators in two comparative period:

CURRENT / LIQUIDITY RATIO

Current Ratio	September 30, 2016	December 31, 2015
Current Assets	376,736,802	476,044,833
Current Liabilities	218,434,568	487,384,226
Ratio	1.7247	0.9767

Quick Ratio	September 30, 2016	December 31, 2015
Cash+AR+ST Mkt Securities	50,351,054	40,910,321
Current Liabilities	218,434,568	487,384,226
Ratio	0.2305	0.0839

Cash Ratio	September 30, 2016	December 31, 2015
Cash+ST Mkt Securities	15,288,589	11,607,017
Current Liabilities	218,434,568	487,384,226
Ratio	0.0700	0.0238

SOLVENCY RATIO

Current Liabilities to Equity Ratio	September 30, 2016	December 31, 2015
Current Liabilities	218,434,568	487,384,226
Total Equity	1,431,875,935	1,354,678,208
Ratio	0.1526	0.3598

Total Liabilities to Equity Ratio	September 30, 2016	December 31, 2015
Total Liabilities	710,701,811	977,304,652
Total Equity	1,431,875,935	1,354,678,208
Ratio	0.4961	0.7214

Fixed Assets to Equity Ratio	September 30, 2016	December 31, 2015
Fixed Assets	1,741,154,772	1,820,220,029
Total Equity	1,431,875,935	1,354,678,208
Ratio	1.2160	1.3437

Assets to Equity Ratio	September 30, 2016	December 31, 2015
Total Assets	2,142,577,747	2,331,982,860
Total Equity	1,431,875,935	1,354,678,208
Ratio	1.4963	1.7214

INTEREST COVERAGE RATIO

Interest Coverage Ratio	September 30, 2016	December 31, 2015
Net Income Before Tax + Interest Exp	77,964,056	96,702,477
Interest Expense	766,329	6,763,721
Ratio	101.7371	14.2972

PROFITABILITY RATIO

Interest Coverage Ratio	September 30, 2016	December 31, 2015
Net Income After Tax	77,197,727	74,579,134
Net Sales	445,553,919	625,646,666
Ratio	0.1733	0.1192

Return on Assets (ROA) Ratio	September 30, 2016	December 31, 2015
Net Income After Tax	77,197,727	74,579,134
Total Assets	2,142,577,747	2,331,982,860
Ratio	0.0360	0.0320

Return on Equity Ratio	September 30, 2016	December 31, 2015
Net Income After Tax	77,197,727	74,579,134
Total Equity	1,431,875,935	1,354,678,208
Ratio	0.0539	0.0551

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

	September 30, 2016	December 31, 2015
	Consolidated	Consolidated
ASSETS		
Current Assets		
Cash	15,288,589	11,607,017
Trade and other current receivables - net	35,062,465	29,303,304
Inventories	5,777,739	6,318,686
Due from a related party - net	251,675,875	370,414,381
Prepayments and other current assets	68,932,134	58,401,445
Total Current Assets	376,736,802	476,044,833
Noncurrent Assets		
Property and equipment - net	1,741,154,772	1,820,220,029
Available-for-sale (AFS) investment	18,209,100	18,209,100
Investment in subsidiary	-	-
Investment property	-	-
Other noncurrent assets	6,477,072	17,508,898
Total Noncurrent Assets	1,765,840,944	1,855,938,027
Total Assets	2,142,577,747	2,331,982,860
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current payables	142,941,777	153,577,350
Concessionaires' Deposit	59,971,626	122,311,429
Rental received in advance	15,306,027	136,544,377
Current portion of loan payable	-	74,735,932
Income tax payable	215,138	215,138
Total Current Liabilities	218,434,568	487,384,226
Noncurrent Liabilities		
Loan payable - net of current portion	-	-
Concessionaire's deposits	-	-
Net retirement benefits liability	121,196,886	118,105,931
Deferred tax liabilities - net	371,070,357	371,814,495
Total Noncurrent Liabilities	492,267,243	489,920,426
Total Liabilities	710,701,811	977,304,652
Equity		
Capital stock	346,100,520	346,100,520
Retirement benefits reserve	23,671,574	23,671,575
Revaluation surplus in property and equipment	620,315,525	620,315,525
Unrealized valuation gain (loss) on AFS investment	5,958,630	5,958,630
Retained earnings	447,871,385	370,673,658
Treasury stock at cost	(12,041,700)	(12,041,700)
Total Equity	1,431,875,935	1,354,678,208
Total Liabilities and Equity	2,142,577,747	2,331,982,860

ACESITE (PHILS.) HOTEL CORPORATION
COMPARATIVE STATEMENTS OF INCOME
FOR THE QUARTER ENDING September 30, 2016
(With Comparative Figures for September 30, 2015)

	QUARTER ENDED 30-Sep-16	YEAR TO DATE 30-Sep-16	QUARTER ENDED 30-Sep-15	YEAR TO DATE 30-Sep-15
INCOME				
Rooms				
Food and Beverage	32,674,844	110,092,979	34,098,862	109,383,483
Telephone Exchange	24,452,157	73,518,338	24,815,165	71,450,372
Other Operated Departments	24,254	111,439	64,515	248,837
Rent and Other Income	422,593	1,284,092	439,228	1,503,411
	86,850,077	260,547,070	86,885,455	260,503,976
	144,423,925	445,553,919	146,303,225	443,090,080
COST OF SALES AND SERVICES				
Cost of Sales:	-		-2.6811%	
Food and Beverage	-			
Telephone Exchange	8,718,191	25,428,705	8,490,547	22,478,083
Other Operated Departments	1,395,592	5,607,361	701,182	4,078,090
Rental and Other Income	29,170	88,908	29,571	89,290
	-			
Payroll and Related Expenses	10,142,952	31,124,973	9,221,299	26,645,463
Other Expenses	14,014,560	50,172,094	17,875,542	53,015,813
	9,567,476	21,127,800	9,724,022	21,208,935
Energy Cost	33,724,988	102,424,867	36,820,863	100,870,211
Property operations and maintenance	25,912,852	77,319,534	26,285,969	78,995,552
Depreciation on cost	5,062,802	15,006,813	29,358,129	39,849,939
Land rental	11,555,720	36,167,290	12,782,735	37,801,855
	813,955	2,441,865	775,195	2,325,586
	77,070,317	233,360,370	106,022,893	259,843,143
	67,353,608	212,193,549	40,280,332	183,246,937
GROSS OPERATING PROFIT				
FIXED, FINANCIAL, OPERATING AND OTHER EXPENSES				
General and Administrative Expenses	16,747,274	57,144,041	5,018,215	57,868,845
Marketing and Guest Entertainment		5,127,848	1,607,539	5,197,627
Foreign Exchange (Gain) Loss	1,554,681	5,127,848	1,607,539	3,716,450
Interest Expense	(8,714)	1,083,572	2,945,997	3,716,450
Corporate Expenses	-	766,329	1,580,882	5,543,953
Real Estate Tax	17,707	7,291,772	1,805,151	15,007,150
Fire Insurance	4,123,234	12,486,125	4,142,304	12,486,125
Interest and Other Charges/(Income)-Net	1,898,756	5,593,976	1,968,937	5,691,788
	1,238,662	(706,174)	(2,233,373)	(2,850,765)
	25,571,599	88,787,488	16,835,653	102,661,174
INCOME (LOSS) BEFORE DEPRECIATION ON REVALUATION INCREMENT AND INCOME TAX				
	41,782,008	123,406,061	23,444,679	80,585,763
DEPRECIATION - REVALUATION INCREMENT				
	15,402,778	46,208,334	15,402,778	46,208,334
INCOME (LOSS) BEFORE INCOME TAX				
	26,379,230	77,197,727	8,041,901	34,377,429
PROVISION FOR INCOME TAX				
	-		0	0
NET INCOME (LOSS)				
	26,379,230	77,197,727	8,041,901	34,377,429
Net Income(Loss)	26,379,230	77,197,727.33	8,041,901	34,377,429
no. of shares issued	344,747,520	344,747,520	344,747,520	344,747,520
INCOME(LOSS) PER SHARE				
	P0.08	P0.22	P0.02	P0.10

ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDING September 30, 2016
(With Comparative Figures for September 30, 2015)

	QUARTER ENDED 30-Sep-16	YEAR TO DATE 30-Sep-16	QUARTER ENDED 30-Sep-15	YEAR TO DATE 30-Sep-15
CASH FLOW FROM OPERATING ACTIVITIES				
Income(Loss) before income tax	26,379,230	77,197,727	8,041,901	34,377,429
Adjustments for:	-	-	0	0
Depreciation	20,465,581	61,215,147	27,050,592	80,927,442
Interest Expense	-	766,329	1,312,909	4,732,758
Unrealized foreign exchange loss	(8,714)	1,083,572	2,945,997	3,716,450
Amortization of operating equipment	-	1,134,921	1,134,921	3,082,747
Provision for doubtful accounts	-	(7,229,701)	(151,264)	(8,542,349)
Operating income before working capital changes	47,112,737	134,167,995	40,335,057	118,294,477
Decrease (increase) in:	-	-	-	-
Receivables	1,361,601	26,948,751	(2,693,273)	4,894,877
Inventories	325,772	540,947	(444,517)	(1,061,685)
Prepaid expenses	(3,092,306)	(10,530,689)	(982,724)	(8,060,605)
Increase (decrease) in:	-	-	-	-
Accounts payable and accrued expenses	7,835,120	(2,635,656)	(32,455,446)	(19,464,966)
Advances from subsidiary	-	0	-	0
Retirement benefit plan obligation	2,778,360	3,090,955	(1,187,994)	1,260,333
Advance rental	(88,120,461)	(183,578,153)	0	0
Net cash generated from operations	(31,799,176)	(31,995,850)	2,571,103	95,862,432
Income taxes paid	-	(2,235,235)	0	(2,235,235)
Net cash from operating activities	(31,799,176)	(34,231,085)	2,571,103	93,627,197
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in receivable from affiliates	25,908,217	118,738,506	18,504,461	39,975,397
Acquisition of property and equipment	(118,828)	(3,310,367)	25,021,610	(8,091,923)
Decrease (increase) in other assets	-	(2,013,220)	142,358	372,509
Net cash from (used) in investing activities	25,789,388	113,414,919	43,668,429	32,255,983
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of loan	-	(74,735,932)	(39,095,530)	(114,757,590)
Interest paid	-	(766,329)	(1,312,909)	(4,732,758)
Cash used in financing activities	(0)	(75,502,261)	(40,408,439)	(119,490,348)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
	-	0	0	0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,009,788)	3,681,572	5,831,093	6,392,832
CASH AND CASH EQUIVALENTS, BEGINNING	21,298,377	11,607,017	9,477,116	8,915,377
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15,288,589	15,288,589	15,308,209	15,308,209

**ACESITE (PHILS.) HOTEL CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR NINE MONTHS ENDING September 30, 2016**

	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, 2015	346,100,520	(12,041,700)	620,315,525	23,671,575	5,958,630	370,673,658	1,354,678,208
Transfer of revaluation increment deducted from operations through additional depreciation charges			(46,208,334)				
Net income (loss) for the nine months						46,208,334	
Balance at September 30, 2016	346,100,520	(12,041,700)	574,107,191	23,671,575	5,958,630	494,079,719	1,431,875,935
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE THREE MONTHS ENDING June 30, 2015							
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			(46,208,334)				
Net income (loss) for the nine months						46,208,334	
Balance at September 30, 2015	346,100,520	(12,041,700)	612,656,187	19,254,568	10,727,680	34,377,429	1,314,828,546

ACESITE (Philippines) Hotel Corporation
Accounts Receivable Aging Summary
As of September 2016

Classifications	Current	31-60	61-90	91-120	121 - Over	Total
CREDIT CARDS	386,374.05	-	-	-	-	386,374.05
CORPORATE	559,027.86	191,305.60	183,396.56	79,915.01	13,515,352.17	14,528,997.20
T/A LOCAL&Overseas	1,215,236.70	824,968.36	346,354.35	47,200.00	103,522.20	2,537,281.61
INDIVIDUAL	42,937.50	-	-	-	(2,000.00)	40,937.50
AIRLINES	-	-	731.18	-	-	731.18
EMPLOYEES LEDGER	-	-	-	-	-	-
DELINQUENT	-	-	-	-	-	-
GOVERNMENT	4,441,337.74	2,873,679.04	704,500.00	1,067,429.95	728.55	9,087,675.28
TENANTS	-	-	-	-	-	-
TOTAL	6,644,913.85	3,889,953.00	1,234,982.09	1,194,544.96	13,617,602.92	26,581,996.82

Prepared by:

Rei Alden B. Tolentino

Checked By:

Angeline Mae Sinlao