111122018001842

# SECURITIES AND EXCHANGE COMMISSION

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Company Information

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

**Document Information**

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11/13/18
ROSEHELLE V. TAMPUCAO

# COVER SHEET

7199

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)

| | |
|---|---|
| RICHARD RICARDO | 231 10 73 (TEMPORARY) |
| Contact Person | Company Telephone Number |

| | | | | |
|---|---|---|---|---|
| 12 | 31 | 17-Q3 | 10 | 25 |
| *Month* | *Day* | FORM TYPE | *Month* | *Day* |
| | | | Annual Meeting | |

Not Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

| | | |
|---|---|---|
| 198 | | |
| Total No. of Stockholders | 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 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. [redacted] (SEC Use Only)
   Industry Classification Code

7. Cayene's Staging Office, Maria Orosa St. Ermita, Manila (Temporary)
   Address of Principal Office and Postal Code

8. Issuer's telephone number (632) 231-1073 (Temporary)

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

| Title of Each Class | | | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---|---|---|---|
| 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 [x] 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 [x] No [ ]

    (b) Has been subjected to such filing requirements for the past ninety (90) days.

    Yes [x] No [ ]

# SECURITIES AND EXCHANGE COMMISSIONSEC 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
   September 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 Pavivilion Hotel, UN Ave. corner Ma. Orosa St., Ermita, Manila Postal Code1000
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?
    xYes
    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)

xYes
No

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

xYes
No

# 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** September 30, 2018

**Currency (indicate units, if applicable)** Php

Balance Sheet

| | Period Ended | Fiscal Year Ended (Audited) |
|---|---|---|
| | September 30, 2018 | December 31, 2017 |
| **Current Assets** | 1,410,091,900 | 243,747,668 |
| **Total Assets** | 2,522,563,749 | 2,273,527,437 |
| **Current Liabilities** | 545,123,512 | 134,261,496 |
| **Total Liabilities** | 1,055,094,393 | 718,644,034 |
| **Retained Earnings/(Deficit)** | 406,361,085 | 493,775,131 |
| **Stockholders' Equity** | 1,467,469,356 | 1,554,883,403 |
| **Stockholders' Equity - Parent** | 1,457,936,471 | 1,545,770,179 |
| **Book Value per Share** | 4.26 | 4.51 |

Income Statement

| | Current Year-To-Date | Previous Year-To-Date | Current Year (3 Months) | Previous Year (3 Months) |
|---|---|---|---|---|
| **Operating Revenue** | 46,037,889 | 180,019,947 | - | 52,564,349 |
| **Other Revenue** | 7,071,587 | 173,350,201 | - | 23,834,727 |
| **Gross Revenue** | 53,109,476 | 353,370,148 | - | 76,399,076 |
| **Operating Expense** | 74,933,098 | 221,891,395 | 4,475,158 | 72,045,037 |
| **Other Expense** | 65,590,425 | 127,389,976 | 20,848,365 | 44,277,777 |
| **Gross Expense** | 140,523,523 | 349,281,371 | 25,323,523 | 116,322,813 |
| **Net Income/(Loss) Before Tax** | (87,414,047) | 4,088,777 | (25,323,523) | (39,923,737) |
| **Income Tax Expense** | - | | - | |
| **Net Income/(Loss) After Tax** | (87,414,047) | 4,088,777 | (25,323,523) | (39,923,737) |
| **Net Income Attributable to Parent Equity Holder** | | | | |
| **Earnings/(Loss) Per Share (Basic)** | (0.25) | 0.01 | (0.07) | (0.12) |
| **Earnings/(Loss) Per Share (Diluted)** | (0.25) | 0.01 | (0.07) | (0.12) |

**Other Relevant Information**

| | CURRENT YEAR (Trailing 12 months) | Previous Year (Trailing 12 months) |
|---|---|---|
| Earning/(Loss) Per Share (Basic) | (0.06) | 0.52 |
| Earning/(Loss) Per Share (Diluted) | (0.06) | 0.52 |

## 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 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 **September 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 costumer. 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 **September 30, 2018** are composed mainly of cash deposited at various banks.

**Item 5. Receivables**

This account consists:

| | September 2018 | December 2017 |
|---|---|---|
| Trade - Net | 14,056,153 | 29,637,637 |
| Others | - | 1,515,384 |
| Total | 14,056,153 | 31,153,021 |

**Item 6. Inventories**

This account consists:

| | September 2018 | December 2017 |
|---|---|---|
| Food and Beverage | - | 2,789,164 |
| Operating Supplies | - | 2,672,300 |
| Others | 580,782 | 438,321 |
| Total | **580,782** | **5,899,785** |

**Item 7. Accounts Payable and Accrued Expenses**

This account consists:

| | September 2018 | December 2017 |
|---|---|---|
| Accrued Expenses | 40,127,731 | 22,686,374 |
| Trade Payables | 65,659,226 | 105,509,064 |
| Others | 301,379,576 | 5,942,987 |
| Total | **407,166,533** | **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 with in 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:**

| | Sept 2018 | Sept 2017 |
|---|---|---|
| Net Income (Loss) | (25,323,523.02) | (39,923,737.23) |
| Weighted Average Number of Shares Outstanding | 344,747,520 | 344,747,520.00 |
| Earnings (Loss) per share | (0.07) | (0.12) |

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 third 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 3rd quarter of 2018 and 2017, and the balance sheets as of 30 September 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 September 30, 2018 and 2017 together with its financial conditions as of the same period.

**RESULTS OF OPERATIONS**

Quarter Ended 30 September 2018 and Quarter Ended 30 September 2017

Gross revenues registered a major decrease of 100% from ₱76.40 million in the 3rd quarter of 2017 compared to same period of 2018. Room sales totally went down by 100% from ₱32.22 million in 3Q2017 due to the fire incident and the operations remained suspended in the 3rd quarter of 2018. There was zero occupancy in 3Q2018 as compared to the 57.98% in 3Q2017 from a total of 30,002 available rooms. No room revenue contribution to the gross revenues for 3Q2018 compared to 42.17% in 3Q2017. Zero average room rate for 3Q2018 compared to ₱ 2,218.60 of the same period in 2017.

Zero Food and Beverage revenue as well for 3Q2018 compared to ₱20.35 million in 3Q2017. Food and beverages sales have no contribution to gross revenues. Revenues generated by other operating departments including Telephone department went down by 100% from ₱0.342 million in 3Q2017. Rent and other income has decreased by 100% from ₱23.49 million in 3Q2017.

There was no F&B Revenue, thus, no cost of sales in 3Q2018 from ₱7.61 million in 3Q2017. Payroll expenses decreased by 83.42% from ₱18.70 million in 3Q2017 to ₱3.10 million in 3Q2018. 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 ₱4.95 million in 3Q2017 to ₱.23 million in 3Q2018. The Energy cost went down by 100% from ₱23.47 million in 3Q2017.

The Company posted a gross operating loss of ₱4.47 million in 3Q2018, representing a decrease of ₱8.83 million or 202.78% from that recorded in 3Q2017 of ₱4.35 million profit. Gross operating profit/loss ratio in 3Q2018 and 3Q2017 stood at 0% and 5.70%, respectively.

Fixed financial, operating and other expenses decreased from ₱28.87 million in 3Q2017 to ₱20.85 million in 3Q2018 with the major decrease coming from general and administrative expenses. The general and administrative expenses have a material decrease from ₱20.18 million in 3Q2017 to ₱15.67 million in 3Q2018 due to the various reasons like the reduction in usage of office supplies in 3Q2018. Marketing and guest entertainment decreased by ₱1.08 million from ₱1.92 million in 3Q2017 to ₱0.84 million in 3Q2018. Corporate Expenses decreased from ₱1.20 million in 3Q2017. Real estate tax went down by 27.05% from ₱3.87 million in 3Q2017 to ₱2.83 million in 3Q2018. Insurance decreased from ₱2.04 million in 3Q2017 to ₱2.00 million in 3Q2018. For 3Q2018, the Company posted a net loss of ₱25.32 million representing an increase of 36.57% from loss of ₱39.92 million in 3Q2017.

**FINANCIAL CONDITION**

As of 30 September 2018 and Year Ended 31 December 2017

Total assets increased to ₱2.52 billion in 30 September 2018 from ₱2.27 billion as of 31 December 2017. Current assets increased from ₱243.75 million as of 31 December 2017 to ₱1.41 billion as of end of 3Q2018, this is due to receivable from insurance claim. Cash ending balance as of 30 September 2018 of ₱225.81 million posted an increase of ₱209.21 million. Trade receivables of ₱14.06 million decreased by ₱17.10 million as of 30 September 2018 from ₱31.15 million as of 31 December 2017. Inventories decreased to ₱.58 million compared to ₱5.90 million as of 31 December 2017. ₱973.75 million has been recorded for the Insurance claim as of 30 September 2018.

Prepayments and other current assets increased to ₱66.79 million as of 30 September 2018 from ₱60.99 million as of 31 December 2017.

Property and equipment account decreased by 45.55% from ₱2.00 billion as of 31 December 2017 to ₱1.09 billion as of 30 September 2018. No changes have been noted from the Available for Sale investment account from 31 December 2017 to the 3Q2018. Other non-current assets of ₱7.87 million as of end of 3Q2018 decreased by ₱6.44 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 ₱1.05 billion as of 30 September 2018. Trade and other current payables increased from ₱134.14 million as of 31 December 2017 to ₱545.12 million as of 30 September 2018. Non-current liabilities decreased by ₱74.41 million from ₱584.38 million as of 31 December 2017 to ₱509.97 million as of 30 September 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:

| | Sept 2018 | Sept 2017 |
|---|---|---|
| Occupancy Rate | - | 54.83% |
| Average Room Rate | - | 2,218.60 |
| Revenues | - | 353,370,148 |
| Gross Operating Profit | (11,718,075.75) | 104,033,118 |
| Gross Operating Profit Ratio | - | 29% |

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 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 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 September 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 |
| Sep 14, 2018 | - | Reply on Exchange's Query Regarding Company's Update |

**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
7 November 2018

**ADDITIONAL REQUIREMENT (SRC Rule 68)**

A schedule showing financial soundness indicators in two comparative period:

**CURRENT / LIQUIDITY RATIO**

| **Current Ratio** | **September 30, 2018** | **December 31, 2017** |
|---|---|---|
| Current Assets | 1,410,091,900 | 243,747,668 |
| Current Liabilities | 545,123,512 | 134,261,496 |
| Ratio | 2.5867 | 1.8155 |

| **Quick Ratio** | **September 30, 2018** | **December 31, 2017** |
|---|---|---|
| Cash+AR+ST Mkt Securities | 239,864,303 | 47,752,267 |
| Current Liabilities | 545,123,512 | 134,261,496 |
| Ratio | 0.4400 | 0.3557 |

| **Cash Ratio** | **September 30, 2018** | **December 31, 2017** |
|---|---|---|
| Cash+ST Mkt Securities | 225,808,151 | 16,599,246 |
| Current Liabilities | 545,123,512 | 134,261,496 |
| Ratio | 0.4142 | 0.1236 |

**SOLVENCY RATIO**

| **Current Liabilities to Equity Ratio** | **September 30, 2018** | **December 31, 2017** |
|---|---|---|
| Current Liabilities | 545,123,512 | 134,261,496 |
| Total Equity | 1,467,469,356 | 1,554,883,403 |
| Ratio | 0.3715 | 0.0863 |

| **Total Liabilities to Equity Ratio** | **September 30, 2018** | **December 31, 2017** |
|---|---|---|
| Total Liabilities | 1,055,094,393 | 718,644,034 |
| Total Equity | 1,467,469,356 | 1,554,883,403 |
| Ratio | 0.7190 | 0.4622 |

| **Fixed Assets to Equity Ratio** | **September 30, 2018** | **December 31, 2017** |
|---|---|---|
| Fixed Assets | 1,088,650,366 | 1,999,520,088 |
| Total Equity | 1,467,469,356 | 1,554,883,403 |
| Ratio | 0.7419 | 1.2860 |

| **Assets to Equity Ratio** | **September 30, 2018** | **December 31, 2017** |
|---|---|---|
| Total Assets | 2,522,563,749 | 2,273,527,437 |
| Total Equity | 1,467,469,356 | 1,554,883,403 |
| Ratio | 1.7190 | 1.4622 |

**INTEREST COVERAGE RATIO**

| **Interest Coverage Ratio** | **September 30, 2018** | **December 31, 2017** |
|---|---|---|
| Net Income Before Tax + Interest Exp | (87,414,047) | 112,954,194 |
| Interest Expense | - | 673,726 |
| Ratio | - | 167.6560 |

**PROFITABILITY RATIO**

| Interest Coverage Ratio | September 30, 2018 | December 31, 2017 |
|---|---|---|
| Net Income After Tax | (87,414,047) | (43,956,182) |
| Net Sales | 53,109,476 | 436,555,965 |
| Ratio | (1.6459) | (0.1007) |

| Return on Assets (ROA) Ratio | September 30, 2018 | December 31, 2017 |
|---|---|---|
| Net Income After Tax | (87,414,047) | (43,956,182) |
| Total Assets | 2,522,563,749 | 2,273,527,437 |
| Ratio | (0.0347) | (0.0193) |

| Return on Equity Ratio | September 30, 2018 | December 31, 2017 |
|---|---|---|
| Net Income After Tax | (87,414,047) | (43,956,182) |
| Total Equity | 1,467,469,356 | 1,554,883,403 |
| Ratio | (0.0596) | (0.0283) |

**ACESITE (PHILS.) HOTEL CORPORATION**

**(Owner of Manila Pavilion Hotel)**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash | 225,808,151 | 16,599,246 |
| Trade and other current receivables - net | 14,056,153 | 31,153,021 |
| Inventories | 580,782 | 5,899,785 |
| Note Receivable | 129,106,906 | 129,106,906 |
| A/R Others -Insurance Claim | 973,750,628 | - |
| Prepayments and other current assets | 66,789,280 | 60,988,710 |
| **Total Current Assets** | 1,410,091,900 | 243,747,668 |
| **Noncurrent Assets** | | |
| Property and equipment - net | 1,088,650,366 | 1,999,520,088 |
| Investment in a subsidiary | - | - |
| Available-for-sale (AFS) investment | 15,954,640 | 15,954,640 |
| Other noncurrent assets | 7,866,844 | 14,305,041 |
| **Total Noncurrent Assets** | 1,112,471,849 | 2,029,779,769 |
| **Total Assets** | 2,522,563,749 | 2,273,527,437 |
| | | |
| **LIABILITIES AND EQUITY** | | |
| **Current Liabilities** | | |
| Trade and other current payables | 407,166,533 | 134,138,425 |
| Due to a related party | 137,956,979 | 123,071 |
| **Total Current Liabilities** | 545,123,512 | 134,261,496 |
| **Noncurrent Liabilities** | | |
| Retirement liability | 60,264,585 | 134,385,559 |
| Deferred tax liabilities - net | 449,706,297 | 449,996,979 |
| **Total Noncurrent Liabilities** | 509,970,881 | 584,382,538 |
| **Total Liabilities** | 1,055,094,393 | 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 |
| Unrealized valuation gain (loss) on AFS investment | 3,704,170 | 3,704,170 |
| Retained earnings | 406,361,085 | 493,775,131 |
| Treasury stock at cost | (12,041,700) | (12,041,700) |
| **Total Equity** | 1,467,469,356 | 1,554,883,403 |
| | 2,522,563,750 | 2,273,527,437 |
| | 0 | 0 |

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

| | QUARTER ENDED 30-Sep-18 | YTD ENDED 30-Sep-18 | QUARTER ENDED 30-Sep-17 | YEAR TO DATE 30-Sep-17 |
|---|---|---|---|---|
| **INCOME** | | | | |
| Rooms | - | 30,839,728 | 32,218,460 | 110,622,118 |
| Food and Beverage | - | 15,198,161 | 20,345,889 | 69,397,830 |
| Telephone Exchange | - | 344 | 10,422 | 55,310 |
| Other Operated Departments | - | 174,270 | 332,083 | 1,135,352 |
| Rent and Other Income | - | 6,896,972 | 23,492,222 | 172,159,539 |
| | - | **53,109,476** | **76,399,076** | **353,370,148** |
| **COST OF SALES AND SERVICES** | | | | |
| Cost of Sales: | | | | |
| Food and Beverage | - | 5,168,412 | 7,609,330 | 24,443,318 |
| Telephone Exchange | - | 128,019 | 206,471 | 715,003 |
| Other Operated Departments | - | 14,753 | 30,076 | 80,841 |
| | - | **5,311,183** | **7,845,877** | **25,239,162** |
| Payroll and Related Expenses | 3,101,463 | 28,460,427 | 18,702,905 | 51,986,995 |
| Other Expenses | 233,513 | 5,814,770 | 4,945,978 | 20,311,574 |
| | **3,334,975** | **34,275,197** | 23,648,883 | 72,298,569 |
| Energy Cost | - | 21,084,372 | 23,468,943 | 75,020,073 |
| Property operations and maintenance | 1,140,182 | 6,688,106 | 5,789,608 | 15,649,164 |
| Depreciation on cost | - | 7,574,240 | 11,291,725 | 33,684,428 |
| Land rental | - | - | - | - |
| | **1,140,182** | **35,346,718** | 40,550,276 | 124,353,664 |
| | **4,475,158** | **74,933,098** | 72,045,037 | 221,891,395 |
| **GROSS OPERATING PROFIT (LOSS)** | **(4,475,158)** | **(21,823,622)** | 4,354,039 | 131,478,753 |
| **FIXED, FINANCIAL, OPERATING AND OTHER EXPENSES** | | | | 0 |
| General and Administrative Expenses | 15,670,465 | 34,955,082 | 20,182,582 | 55,438,077 |
| Marketing and Guest Entertainment | 840,729 | 2,329,794 | 1,916,731 | 5,776,202 |
| Foreign Exchange (Gain) Loss | (496,238) | (508,915) | (343,932) | (361,855) |
| Corporate Expenses | - | 1,957,921 | 1,203,975 | 2,055,515 |
| Real Estate Tax | 2,826,168 | 11,087,989 | 3,874,154 | 12,135,975 |
| Insurance - Building and Contents | 2,007,241 | 5,500,035 | 2,041,487 | 6,137,727 |
| | **20,848,365** | **55,321,906** | **28,874,999** | **81,181,642** |
| **INCOME (LOSS) BEFORE DEPRECIATION** | | | | 0 |
| **ON REVALUATION INCREMENT AND INCOME TAX** | (25,323,523) | (77,145,528) | (24,520,959) | 50,297,111 |
| | | | | 0 |
| DEPRECIATION - REVALUATION INCREMENT | - | 10,268,519 | 15,402,778 | 46,208,334 |
| **INCOME (LOSS) BEFORE INCOME TAX** | (25,323,523) | (87,414,047) | (39,923,737) | 4,088,777 |
| PROVISION FOR INCOME TAX | | - | - | - |
| **NET INCOME (LOSS)** | **(25,323,523)** | **(87,414,047)** | **(39,923,737)** | **4,088,777** |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | | | |
| Appraisal increase in property and equipment for the yeai | - | - | 0 | 0 |
| Unrealized Loss on AFS investment recognized for the yea | - | - | 0 | 0 |
| Income tax on other comprehensive income | - | - | 0 | 0 |
| | - | - | 0 | 0 |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | **(25,323,523)** | **(87,414,047)** | **(39,923,737)** | **4,088,777** |
| | | | | 0 |
| Net Income(Loss) | (25,323,523) | (87,414,047) | (39,923,737) | 4,088,777 |
| no. of shares issued | 344,747,520 | 344,747,521 | 344,747,520 | 344747520 |
| **INCOME(LOSS) PER SHARE** | **(0.07)** | **(0.25)** | **(P0.12)** | **P0.01** |

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

| | 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, 2017 | 346,100,520 | (12,041,700) | 706,108,249 | 17,237,033 | 3,704,170 | 493,775,131 | 1,554,883,403 |
| Transfer of revaluation increment deducted from operations through additional depreciation charges | | | (10,268,519) | | | 10,268,519 | |
| Net income (loss) for the nine months | | | | | | (87,414,047) | (87,414,047) |
| Balance at September 30, 2018 | 346,100,520 | (12,041,700) | 695,839,730 | 17,237,033 | 3,704,170 | 416,629,603 | 1,467,469,356 |
| | | | | | | | |
| Balance at December 31, 2016 | 346,100,520 | (12,041,700) | 764,146,466 | 34,677,561 | 4,571,270 | 479,693,096 | 1,617,147,213 |
| Transfer of revaluation increment deducted from operations through additional depreciation charges | - | | (15,402,778) | | | 15,402,778 | |
| Net income (loss) for the nine months | | | | | | 4,088,777 | 4,088,777 |
| Balance at September 30, 2017 | 346,100,520 | (12,041,700) | 748,743,688 | 34,677,561 | 4,571,270 | 499,184,651 | 1,621,235,990 |

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

| | QUARTER ENDED 30-Sep-18 | YEAR TO DATE 30-Sep-18 | QUARTER ENDED 30-Sep-17 | YEAR TO DATE 30-Sep-17 |
|---|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Income(Loss) before income tax | (25,323,523) | (87,414,047) | (39,923,737) | 4,088,777 |
| Adjustments for: | | | | |
| Depreciation | - | 9,497,846 | 25,698,077 | 77,142,539 |
| Interest Expense | - | - | - | - |
| Unrealized foreign exchange loss | - | (12,678) | (343,932) | (361,855) |
| Amortization of operating equipment | - | 770,673 | 996,426 | 2,750,223 |
| Provision for doubtful accounts | - | (8,479,539) | (165,067) | (7,882,898) |
| Interest Income | | - | - | - |
| Loss on sale of equipment | | - | - | - |
| Operating income before working capital changes | (25,323,523) | (85,637,745) | (13,738,233) | 75,736,786 |
| Decrease (increase) in: | | | | |
| Receivables | 1,671,620 | 17,096,868 | 7,904,618 | 21,575,093 |
| Inventories | 21,432 | 5,319,003 | 157,723 | 462,122 |
| Prepaid expenses | 1,402,572 | (5,800,570) | 5,153,248 | (11,288,578) |
| Increase (decrease) in: | | | 0 | |
| Accounts payable and accrued expenses | 281,669,689 | 273,028,108 | 4,554,553 | 1,562,897 |
| Net Cash flow from Insurance claims | - | - | - | - |
| Retirement benefit plan obligation | (33,170,576) | (74,120,974) | 3,795,087 | 3,573,861 |
| Concessionaires and other deposits | - | - | - | - |
| Rental paid in advance | - | - | - | - |
| Net cash generated from operations | 226,271,215 | 129,884,690 | 7,826,996 | 91,622,181 |
| Interest received | - | - | - | - |
| Income taxes paid | - | - | - | - |
| Net cash from operating activities | 226,271,215 | 129,884,690 | 7,826,996 | 91,622,181 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Decrease (increase) in receivable from affiliates | (6,896,340) | 137,833,908 | 60,972,529 | 71,182,324 |
| Decrease (increase) in receivable from Acesite Ltd. (BVI) | - | - | - | - |
| Proceeds from sale of property and equipment | - | - | - | - |
| Acquisition of property and equipment | - | (616,966) | (98,620,458) | (102,895,955) |
| Decrease (increase) in other assets | (9,044,300) | (57,892,727) | (45,024,353) | (60,365,146) |
| Net cash from (used) in investing activities | (15,940,640) | 79,324,215 | (82,672,282) | (92,078,776) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Payment of loan | - | - | - | - |
| Interest paid | - | - | - | - |
| Increase (decrease) in contract payable | - | - | - | - |
| Increase (decrease) in lease rental payable (Cimar) | - | - | - | - |
| Cash used in financing activities | - | - | - | - |
| **EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS** | - | - | - | - |
| **NET INCREASE (DECREASE IN CASH AND CASH EQUIVALENTS** | 210,330,575 | 209,208,905 | (74,845,286) | (456,595) |
| **CASH AND CASH EQUIVALENTS, BEGINNING** | 15,477,576 | 16,599,246 | 100,738,458 | 26,349,768 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **225,808,151** | **225,808,151** | **25,893,173** | **25,893,173** |

**ACESITE (Philippines) Hotel Corporation**
**Accounts Receivable Aging Summary**
As of September 2018

| Inter- Company | Current | 31-60 | 61-90 | 91-120 | 121 - 0ver | Total |
|---|---|---|---|---|---|---|
| ALEC | | | | | 1,015,834.08 | 1,015,834.08 |
| Metro Alliance Holdings | | | | | 5,627,201.51 | 5,627,201.51 |
| Sands Mining | | | | | 61,130.54 | 61,130.54 |
| Wellex Group | | | | | 169,057.95 | 169,057.95 |
| Wellex Mining | | | | | 8,785,045.52 | 8,785,045.52 |
| TOTAL | - | - | - | - | **15,658,269.60** | **15,658,269.60** |