

Print this page

Miscellaneous

* Asterisks denote mandatory information


| | |
|---|---------------------------|
| Name of Announcer * | CITY DEVELOPMENTS LIMITED |
| Company Registration No. | 196300316Z |
| Announcement submitted on behalf of | CITY DEVELOPMENTS LIMITED |
| Announcement is submitted with respect to * | CITY DEVELOPMENTS LIMITED |
| Announcement is submitted by * | Enid Ling Peek Fong |
| Designation * | Company Secretary |
| Date & Time of Broadcast | 06-Aug-2008 17:21:23 |
| Announcement No. | 00057 |

>> Announcement Details

The details of the announcement start here ...

Announcement Title * Announcement by Subsidiary Company, Grand Plaza Hotel Corporation on Half Year Results for the period ended 30 June 2008

Description Please see attached the half year results announcement for the period ended 30 June 2008 released by Grand Plaza Hotel Corporation on 6 August 2008.

Attachments  GPHC_2008_Half_Year_Results.pdf
Total size = **1017K**
(2048K size limit recommended)

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COVER SHEET

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(Company's Full Name)

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

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Contact Person

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Company Telephone Number

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Total No. of Stockholders

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Domestic

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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, 2008
2. Commission identification number _____ 3. BIR Tax Identification No.
000-460-602-000

GRAND PLAZA HOTEL CORPORATION

4. Exact name of issuer as specified in its charter

PHILIPPINES

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: _____ (SEC Use Only)

10F, The Heritage Hotel Manila, Roxas Blvd. cor. EDSA, Pasay City 1300

7. Address of issuer's principal office

Tel. No. (632) 854-8838 Fax No. (632) 854-8825

8. Issuer's telephone number, including area code

N.A.

9. Former name, former address and formal fiscal year if changed since last report

10. Securities registered pursuant to Sections 8 & 12 of the Code, or Sections 4 & 8 of the RSA

Title of each Class

Number of shares of common
Stock outstanding and amount
Of debt outstanding

COMMON SHARES

87,318,270*

*includes 16,856,212 treasury shares

11. Are any or all of the securities listed on Stock Exchange?

Yes [X] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

PHILIPPINE STOCK EXCHANGE, INC.

COMMON

12. Indicate by check mark whether the registrant:

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code 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 the registrant was required to file such reports)

Yes [X] No []

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

Yes [X] No []

PART I – FINANCIAL INFORMATION

Item 1 **Financial Statements**

Financial Statements and, if applicable, Pro-forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

Item 2 **Management's Discussion and Analysis of Financial Condition and Results of Operations.**

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex C"

PART II – OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report in SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

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.

Issuer YAM KIT SUUG
Signature and Title : General Manager & Chief Financial Officer
Date _____

PART I FINANCIAL INFORMATION

Item 1. Financial Statements Required Under SRC Rule 68.1

- Please see attached financial statements for interim Balance Sheets, Statements of Income, Statements of Changes in Equity and Statements of Cash flows.

Notes to Financial Statements

Summary of significant accounting policies

The financial statements of the Company have been prepared in accordance with Philippine generally accepted accounting principles (GAAP) and are denominated in Philippine pesos. The preparation of financial statements in accordance with Philippine GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies.

The same accounting policies and methods of computation are followed in the interim financial statements for the year 2008 as compared with the most recent annual financial statements.

Seasonality or Cyclicity of Interim Operations

All segments of the business are in its normal trading pattern.

Material Items

There are no material items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidents.

Estimates

There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

Issuances of Debts and Equity

There are no issuances, repurchases and repayments of debts and equity securities.

Dividends

There were no dividends declared in the current interim period.

Segment Revenue and Results

Statement of Financial Accounting Standard No. 31, “Segment Reporting”, which becomes effective for financial statements covering periods beginning on or after January 1, 2001, requires that a public business enterprise report financial and descriptive information about its reportable segments. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance.

The Company organized its business into 4 main segments:

- Room Division – Business derived from the sale of guestrooms.
- Food and Beverage Division – Business derived from the sale of food and beverage at various restaurants.
- Other Operated Departments – Business derived from telephone department, business center, carparking and laundry.
- Others- Business derived from rental of space.

The segment revenues and results are as follows:

| | YTD 2 nd Quarter Revenue – Peso | YTD 2 nd Quarter Department Profit – Peso |
|----------------------------|---|---|
| Room | 197,236,919 | 173,574,687 |
| Food and Beverage | 122,383,507 | 58,334,236 |
| Other Operated Departments | 2,686,211 | 826,499 |
| Others | 56,041,432 | 56,041,432 |

Subsequent Events

None

Composition of Company

There are no changes in the composition of the Company during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

Contingent assets or liabilities

There are no changes in contingent assets or liabilities since the last annual balance sheet date.

Contingencies

There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The top 5 Key Performance Indicators of the Company are as follows:

| <i>Balance Sheet Analysis</i> | 30 June 2008 | 30 June 2007 | 31 December 2007 |
|--|-----------------|-----------------|---------------------|
| Current ratio | 2.13 | 1.75 | 1.32 |
| Net book value per share (include treasury shares) | PhP13.15 | PhP13.47 | PhP11.99 |
| <i>Profit & Loss Analysis</i> | | | |
| Earnings per share | PhP1.42 | PhP1.06 | PhP2.35 |
| Profit before tax margin ratio | 40.91% | 35.44% | 35.83% |
| EBITDA | PhP156 million | PhP126 million | PhP277 million |

Current ratio is derived by dividing the current assets with the current liabilities. This indicator measures the liquidity of the Company in the short-term. Current ratio improved by 0.81 as compared to the end of last year due to higher current assets balance. Cash balance increased by PhP105 million from the end of last year as there were no major payments. There is also a significant drop in accounts receivables (trade) which is due to offsetting of this VAT receivable from a VAT payable for a tenant.

Net book value per share is derived by dividing the net stockholders’ equity by the total number of shares issued. This measures the value of the Company on a per share basis. This ratio improved compared to the same period last year and the year ended 31 December 2007 due to higher assets value.

Earning per share (EPS) is derived by dividing the net profit after tax by the total shares outstanding. This indicator measures the earning of the Company on a per share basis. As compared to the same period last year, EPS is the higher due to higher profit.

Profit before tax margin ratio is computed by dividing the profit before tax against the total revenue. This ratio measures whether the Company is able to contain its expenses in relation to the revenue. This ratio is higher than last year.

EBITDA represents earnings before income tax, interest, depreciation and amortization. This indicator is in effect a measure of the cash flow of the Company. EBITDA is healthier this year due to higher revenue. EBITDA is higher than the same period last year as a result of higher revenue and lower costs.

Balance Sheets Analysis:

Total assets decreased by about PhP55 million or 3.8% as compared to the year ended 31 December 2007 and decreased by about PhP156 million or 10.2% as compared to the same period of last year.

Cash and short term notes:

This balance includes short-term fixed deposits with banks. There is an increase of PhP105 million as compared to the end of last fiscal year. As compared against the same period last year, this balance decreased by PhP10 million. The main reason for the drop versus last year is due to payment for share buyback in second-half of year 2007 and payment to contractors for renovation of hotel. The increment against end of year 2007 is due to collection of 6 months advance rental from a tenant and improved trading for half year 2008.

Accounts receivable trade:

As compared to the same period of last year and year end 2007, there is a decrease of PhP143 million and PhP163 million respectively. The reason is mainly because of the offsetting of VAT receivable against payable for a tenant. Supreme Court has ruled that this tenant is not subject to VAT.

Deferred tax assets:

Deferred tax assets decreased by PhP6 million as compared to 31 December 2007. As compared to the same period of last year, there is a decrease of PhP5 million due to recognition of additional deferred tax assets. The main reason for the decrease against last year is due to higher unrealized foreign exchange gain for this half-year.

Advances to associated/related companies:

The Company, in its normal course of business, has entered into transactions with its related parties, principally consisting of cash advances.

The Company also leases its hotel site and a furnished townhouse from an associated company. The Company has also entered into a management agreement with CDL Hotels (Phils) Corporation, a related company, for the latter to operate the Hotel.

Under the terms and conditions of the agreement, the Company has to pay monthly basic management and incentive fees based on a percentage of the hotel's revenue and gross operating profit.

As compared to the same period of last year, there is a no significant movement.

As compared with the end of last fiscal year, there is an increase of PhP3.7 million as the related companies have not settled its obligation with the Company.

Prepaid expenses:

The bulk of this balance represents insurance premium prepaid at the beginning of the year. As compared to end of the last fiscal year, there is a decrease of PhP4.5 million due to amortization of insurance premium.

Other current assets:

As compared to the same period of last year, there is an increase of PhP6 million mainly due to Meralco refund due to a tenant. As compared to end of last fiscal year, there is a significant increase of PhP10 million mainly as a result of the recognition of payment to local shareholders for share buyback exercise in year 2008.

Property and Equipment:

Property and equipment are carried at cost. Depreciation is provided under the straight-line method over the estimated useful lives of the assets ranging from 5 to 50 years. Major improvements are charged to property accounts while maintenance and repairs which do not improve the lives of the assets are expensed as incurred.

There is an increase in balance as compared to the same period of last year due to addition of new assets in connection with the renovation of the hotel. Compared to end of last fiscal year, the drop is due to depreciation for the year.

Accounts payable:

There is a significant drop in this balance by PhP147 million and PhP159 million against last year same period and end of last fiscal year. The reason is similar to the drop in Accounts Receivable (trade). The reason is mainly because of the offsetting of VAT receivable against payable for a tenant. Supreme Court has ruled that this tenant is not subject to VAT.

Due to associated/related companies:

As compared against the same period of last year and end of fiscal year, there is a significant increase of PhP19 million and PhP17 million respectively. The decrease is because the Company has not settled its outstanding balance with the related company.

Other current liabilities:

The variance against end of last fiscal year was PhP9 million and this is a result of the withholding tax on cash dividend paid in December 2007.

Income Statement Analysis For the 6 Months Ended 30 June 2008:

Revenue:

Total revenue increased by PhP45 million or 13% as compared to the same period last year. The increase is observed mainly in all segments of the business.

Room revenue improved by PhP29 million as a result of higher Average Room Rate and occupancy. Occupancy registered an increase from 64% (year 2007) to 69% (year 2008). In year 2007, some of the guestrooms were closed for renovation while there is no such event in 2008. Average Room Rate also increased by PhP251 due to newly renovated rooms which command a higher room rate.

Food and beverage (F&B) business showed an improvement of PhP16 million as compared to the same period of last year. The increase is shown in most of the outlets. Both food covers and average check have increased over the same period of last year.

Cost of Sales:

Cost of sales for F&B registered an increase which is consistent with the increase in revenue.

Gross Profit:

Gross profit is derived after deducting cost of sales from gross revenue. Gross profit as compared to last year registered an increase of PhP41 million as a result of higher revenue.

Operating Expenses:

Operating expenses include among others, payroll and related expenses, utilities, depreciation charges, rental and other fixed expenses. This expense increased by PhP16 million due to higher occupancy, mandated increase in minimum wage rate and cost of energy in year 2008.

Net Operating Income:

This is derived after deducting operating expenses from gross operating profit. The better margin is due to higher revenue.

Non-operating income:

Total non-operating income increased by PhP11 million as compared to the same period of last year. This is due to lower interest income but offset by higher exchange gain of PhP11 million. The peso has weakened significantly this year versus last year against the US dollar in the second quarter of 2008.

Income Statement Analysis For the Second Quarter Ended 30 June 2008:

Revenue:

Total revenue increased by PhP22 million as compared to the same period last year.

Room revenue improved by PhP13 million as a result of higher Average Room Rate and occupancy. With the renovated rooms, the hotel is able to increase the room rates for most clients and this helps to increase the revenue.

Food and beverage (F&B) business showed an improvement of PhP9 million as compared to the same period of last year. This is due to the increase in food covers as compared to the same period of last year. During this quarter, Riviera and Casino are performing better than last year.

Cost of Sales:

Cost of sales for F&B registered an increase as compared to last year. The increase is consistent with the higher F&B revenue.

Gross Profit:

Gross profit is derived after deducting cost of sales from gross revenue. Gross profit as compared to last year is higher by PhP20 million mainly due to higher room and F&B revenues.

Operating Expenses:

Operating expenses include among others, payroll and related expenses, utilities, depreciation charges, rental and other fixed expenses. The increase in operating expenses as compared to the same period last year is due to higher revenue and operating costs. The higher inflation rate has an impact on the hotel operation.

Net Operating Income:

This is derived after deducting operating expenses from gross operating profit. The better margin is due to higher revenue.

Non-operating income:

Total non-operating income increased by PhP10 million as compared to the same period of last year. This is due to the total foreign exchange gain of PhP9 million as compared to a loss of PhP2 million in year 2007.

There are no material event(s) and uncertainties known to management that would address the past and would have an impact on the future operations of the following:

- Any known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.
- Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

- Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- Any significant elements of income or loss that did not arise from the Company's continuing operations.
- The causes for any material change(s) (5% or more) from period to period in one or more line items (vertical and horizontal) of the Company's financial statements.
- Any seasonal aspects that had a material effect on the financial condition or results of operations.

Management is not aware of any event that may trigger direct or contingent financial obligations that is material to the Company, including any default or acceleration of an obligation. Management is not aware of any material off-balance sheet transaction, arrangement, obligation (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons that were created during the first 6 months of 2008.

GRAND PLAZA HOTEL CORPORATION
Balance Sheets
June 30, 2008 and 2007
(With comparative figures for the year ended December 31, 2007)
(In Philippine Pesos)

| ASSETS | Unaudited June 30, 2008 | Unaudited June 30, 2007 | Audited Dec. 31, 2007 |
|--|------------------------------------|------------------------------------|----------------------------------|
| Current Assets | | | |
| Cash and short-term notes | 260,194,905 | 270,015,363 | 155,032,369 |
| Accrued interest receivable | 132,716 | 282,473 | 168,694 |
| Accounts receivable - trade | 55,949,546 | 199,017,351 | 218,983,053 |
| Accounts receivable - others | 6,930,431 | 1,392,500 | 2,348,939 |
| Provision for bad debts | (223,413) | (17,746) | (146,645) |
| Deferred tax assets/(liabilities) | 5,111,922 | 10,213,244 | 11,780,054 |
| Advances to associated/related companies | 21,470,087 | 23,134,318 | 17,720,019 |
| Inventories | 10,263,065 | 9,245,936 | 11,123,158 |
| Prepaid expenses | 12,008,379 | 11,894,979 | 16,517,069 |
| Creditable withholding tax | 134,472 | 43,749 | 100,824 |
| Other current assets | 28,659,519 | 34,278,062 | 18,474,554 |
| Total Current Assets | 400,631,629 | 559,500,227 | 452,320,805 |
| Property and Equipment | 815,596,128 | 812,573,785 | 818,347,211 |
| Investment in Stock of Associated Company | 46,052,180 | 45,664,729 | 45,848,645 |
| Deposit on Lease Contract | 78,000,000 | 78,000,000 | 78,000,000 |
| Loans Receivable | 15,500,000 | 15,500,000 | 15,500,000 |
| Other Assets | | | |
| Miscellaneous investments and deposits | 5,085,791 | 5,085,791 | 5,085,791 |
| Others | 1,010,000 | 1,010,000 | 1,010,000 |
| Total Other Assets | 6,095,791 | 6,095,791 | 6,095,791 |
| Total Assets | 1,361,875,727 | 1,517,334,531 | 1,416,112,451 |

| LIABILITIES AND STOCKHOLDERS' EQUITY | Unaudited June 30, 2008 | Unaudited June 30, 2007 | Dec. 31, 2007 |
|--|------------------------------------|------------------------------------|----------------------|
| Current Liabilities | | | |
| Accounts payable | 45,695,845 | 192,641,438 | 204,244,322 |
| Accrued liabilities | 60,409,359 | 61,304,060 | 58,121,331 |
| Rental payable | 5,713,030 | 1,904,343 | 952,172 |
| Due to associated/related companies | 23,776,101 | 4,858,122 | 6,007,475 |
| Advances from immediate holding company - net | - | - | - |
| Refundable deposit | 27,362,151 | 28,468,381 | 28,392,131 |
| Deferred rental | 1,718,464 | 7,364,845 | 7,364,845 |
| Dividend payable | - | - | 444,999 |
| Income tax payable | 21,011,919 | 18,860,356 | 25,675,349 |
| Other current liabilities | 2,337,777 | 2,506,919 | 11,503,656 |
| Total Current Liabilities | 188,024,645 | 317,908,464 | 342,706,281 |
| Long - Term Liabilities | | | |
| Reserves | 25,910,739 | 23,517,837 | 25,775,768 |
| Total Long - Term Liabilities | 25,910,739 | 23,517,837 | 25,775,768 |
| Capital Stock | | | |
| Authorized - 115,000,000 shares in 2006 and 2005 at P10.00 par value per share | | | |
| Capital stock | 873,182,699 | 873,182,699 | 873,182,699 |
| Premium on capital stock | 11,965,904 | 11,965,904 | 11,965,904 |
| Paid-in capital in excess of par - Warrants | 2,691,614 | 2,691,614 | 2,691,614 |
| Treasury stock | (842,785,920) | (697,078,470) | (842,785,920) |
| Retained earnings/(deficit) - beginning | 1,002,576,106 | 907,461,368 | 907,465,456 |
| Retained profit/(loss) for the period | 100,309,939 | 77,685,115 | 165,572,708 |
| Dividend declared | - | - | (70,462,058) |
| Total Stockholders' Equity | 1,147,940,342 | 1,175,908,230 | 1,047,630,403 |
| Total Liabilities and Stockholders' Equity | 1,361,875,727 | 1,517,334,531 | 1,416,112,451 |

GRAND PLAZA HOTEL CORPORATION

Income Statements

For the years ended June 30, 2008 and 2007

(With comparative figures for the year ended December 31, 2007)

(In Philippine Pesos)

| | Unaudited Year-to-date June 30, 2008 | Unaudited Year-to-date June 30, 2007 | Audited Full Year Dec. 31, 2007 |
|--|---|---|--|
| Revenue | | | |
| Rooms | 197,236,919 | 168,904,530 | 354,014,675 |
| Food & Beverage | 122,383,507 | 106,732,497 | 228,051,537 |
| Other Operated Depts. | 2,686,211 | 3,483,776 | 7,181,751 |
| Rental Income/Others | 56,041,432 | 54,365,479 | 110,421,795 |
| Total Revenue | 378,348,069 | 333,486,282 | 699,669,759 |
| Cost of Sales | | | |
| Food & Beverage | 34,478,175 | 29,594,177 | 62,005,563 |
| Other Operated Depts. | 280,130 | 1,686,808 | 3,378,134 |
| Total Cost of Sales | 34,758,305 | 31,280,986 | 65,383,697 |
| Gross Profit | 343,589,764 | 302,205,297 | 634,286,063 |
| Operating Expenses | 205,210,168 | 189,023,783 | 385,077,913 |
| Net Operating Income | 138,379,596 | 113,181,514 | 249,208,150 |
| Non-operating Income/(Loss) | | | |
| Interest Income | 4,193,044 | 6,366,352 | 11,274,535 |
| Dividend Income | 74,471 | 172,956 | 221,591 |
| Gain/(Loss) on Disposal of Fixed Assets | 161,930 | 582,263 | 1,138,010 |
| Exchange Gain/(Loss) | 11,775,239 | (3,077,349) | (12,274,496) |
| Share in Net Income/(Loss) of Associated Co. | 203,535 | 955,943 | 1,139,859 |
| Total Non-Operating Income | 16,408,219 | 5,000,166 | 1,499,499 |
| Net Income/(Loss) Before Tax | 154,787,815 | 118,181,680 | 250,707,649 |
| Provision for Income Tax | 54,477,876 | 40,496,564 | 85,134,941 |
| Net Income/(Loss) After Tax | 100,309,939 | 77,685,115 | 165,572,708 |
| Earnings per share | 1.42 | 1.06 | 2.35 |
| Dilluted earnings per share | 1.42 | 1.06 | 2.35 |

Notes:

In June 30, 2008 and December 31, 2007 , total shares outstanding is 70,462,058 shares net of 16,856,212 treasury shares.

In June 30, 2007 total shares outstanding is 73,376,207 shares, net of 13,942,063 treasury shares

GRAND PLAZA HOTEL CORPORATION
Income Statements
For the 2nd quarters ended June 30, 2008 and 2007

(In Philippine Pesos)

| | Unaudited 2nd Quarter June 30, 2008 | Unaudited 2nd Quarter June 30, 2007 |
|--|--|--|
| Revenue | | |
| Rooms | 95,671,193 | 82,831,339 |
| Food & Beverage | 57,771,938 | 48,619,423 |
| Other Operated Depts. | 1,110,580 | 1,648,399 |
| Rental Income/Others | 27,950,044 | 27,278,543 |
| | <u>182,503,755</u> | <u>160,377,704</u> |
| Cost of Sales | | |
| Food & Beverage | 16,944,999 | 13,904,925 |
| Other Operated Depts. | (378,568) | 858,982 |
| | <u>16,566,431</u> | <u>14,763,908</u> |
| Gross Profit | 165,937,324 | 145,613,796 |
| Operating Expenses | <u>103,204,014</u> | <u>91,696,323</u> |
| Net Operating Income | <u>62,733,310</u> | <u>53,917,473</u> |
| Non-operating Income/(Loss) | | |
| Interest Income | 2,136,179 | 3,265,076 |
| Dividend Income | 12,000 | 10,810 |
| Gain/(Loss) on Disposal of Fixed Assets | 155,080 | 550,971 |
| Exchange Gain/(Loss) | 9,422,459 | (2,030,099) |
| Share in Net Income/(Loss) of Associated Co. | 207,859 | 88,733 |
| | <u>11,933,577</u> | <u>1,885,492</u> |
| Net Income/(Loss) Before Tax | 74,666,887 | 55,802,965 |
| Provision for Income Tax | <u>25,739,105</u> | <u>19,404,085</u> |
| Net Income/(Loss) After Tax | <u><u>48,927,782</u></u> | <u><u>36,398,880</u></u> |

GRAND PLAZA HOTEL CORPORATION
Statements of Changes in Equity
For the years ended June 30, 2008 and 2007
(With comparative figures for the year ended December 31, 2007)
(In Philippine Pesos)

| | <u>Unaudited June 30, 2008</u> | <u>Unaudited June 30, 2007</u> | <u>Audited Dec. 31, 2007</u> |
|------------------------------|------------------------------------|------------------------------------|----------------------------------|
| Balance - beginning | 1,047,630,403 | 1,098,227,203 | 1,098,227,203 |
| Prior period adjustment | - | (4,089) | |
| Balance - as adjusted | 1,047,630,403 | 1,098,223,114 | 1,098,227,203 |
| Net income for the period | 100,309,939 | 77,685,115 | 165,572,708 |
| Dividends | - | - | (70,462,058) |
| Retirement of shares | - | - | - |
| Buyback of shares | - | - | (145,707,450) |
| Balance - end | <u>1,147,940,342</u> | <u>1,175,908,230</u> | <u>1,047,630,403</u> |

GRAND PLAZA HOTEL CORPORATION**Cash Flow Statements****For the years ended June 30, 2008 and 2007***(With comparative figures for the year ended December 31, 2007)***(In Philippine Pesos)**

| | Unaudited Year-to-date June 30, 2008 | Unaudited Year-to-date June 30, 2007 | Audited Full Year Dec. 31, 2007 |
|--|---|---|--|
| Cash flows from operating activities | | | |
| Net income | 100,309,939 | 77,685,115 | 165,572,708 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | |
| Prior period adjustments | - | (4,089) | - |
| Depreciation and amortization | 18,077,134 | 13,176,776 | 28,565,678 |
| Equity in net income of associated company | (203,535) | (955,943) | (1,139,859) |
| Provision for bad debts | 223,413 | 17,746 | 146,645 |
| Changes in operating assets and liabilities | | | |
| (Increase) decrease in | | | |
| Accrued interest receivable | 35,979 | 11,885 | 125,663 |
| Accounts receivable - trade | 162,886,861 | (1,219,741) | (21,185,443) |
| Accounts receivable - others | (4,581,493) | 712,533 | (243,906) |
| Deferred income tax | 6,668,132 | 261,335 | (1,305,475) |
| Advances to associated company | (3,750,068) | (10,132,003) | (4,717,705) |
| Advances to immediate holding company | 218,717 | - | (218,717) |
| Inventories | 860,093 | 1,431,329 | (445,893) |
| Prepaid expenses | 4,508,690 | 6,730,114 | 2,108,024 |
| Creditable withholding tax | (33,648) | (25,904) | (82,979) |
| Other current assets | (10,184,965) | (14,762,504) | 1,041,004 |
| Increase (decrease) in | | | |
| Accounts payable | (158,548,477) | 195,588 | 11,798,471 |
| Accrued liabilities | 2,288,028 | 3,146,543 | (36,186) |
| Notes payable | - | - | - |
| Rental payable | 4,760,858 | 941,472 | (10,700) |
| Due to associated company | 17,768,626 | 1,553,183 | 2,702,536 |
| Refundable deposit | (1,029,981) | 1,078,946 | 1,002,697 |
| Deferred rental - Pagcor | (5,646,381) | (26,134) | (26,134) |
| Dividend payable | (444,999) | (311,499) | 133,500 |
| Income tax payable | (4,663,430) | (5,214,193) | 1,600,800 |
| Other current liabilities | (9,165,879) | 243,796 | 9,240,533 |
| | <u>120,353,614</u> | <u>74,534,351</u> | <u>194,625,263</u> |
| Cash flows from investing activities | | | |
| Acquisition of property and equipment - net | (15,326,051) | (40,100,214) | (61,262,543) |
| Dividend (declared)/received | - | - | (70,462,058) |
| (Receipts)/Payments relating to other assets | - | 33,000 | 33,000 |
| Buyback of shares - net | - | - | (145,707,450) |
| | <u>(15,326,051)</u> | <u>(40,067,214)</u> | <u>(277,399,051)</u> |
| Cash flows from financing activities | | | |
| Increase/(Decrease) in reserves | <u>134,972</u> | <u>(2,294,476)</u> | <u>(36,546)</u> |
| | <u>134,972</u> | <u>(2,294,476)</u> | <u>(36,546)</u> |
| Net increase in cash and short-term notes | 105,162,536 | 32,172,661 | (82,810,333) |
| Cash and short-term notes, Beginning | <u>155,032,369</u> | <u>237,842,702</u> | <u>237,842,702</u> |
| Cash and short-term notes, Ending | <u><u>260,194,905</u></u> | <u><u>270,015,363</u></u> | <u><u>155,032,369</u></u> |

GRAND PLAZA HOTEL CORPORATION
Cash Flow Statements
For the 2nd quarters ended June 30, 2008 and 2007
(In Philippine Pesos)

| | Unaudited 2nd quarter June 30, 2008 | Unaudited 2nd quarter June 30, 2007 |
|--|--|--|
| Cash flows from operating activities | | |
| Net income | 48,927,782 | 36,398,880 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization | 8,990,326 | 6,648,247 |
| Equity in net income of associated company | (207,859) | (88,733) |
| Provision for bad debts | 223,413 | 17,746 |
| Changes in operating assets and liabilities | | |
| (Increase) decrease in | | |
| Accrued interest receivable | 26,200 | (14,579) |
| Accounts receivable - trade | 174,499,004 | 4,849,164 |
| Accounts receivable - others | (5,116,660) | (44,984) |
| Deferred income tax | 2,506,673 | (2,534,857) |
| Input tax | - | - |
| Advances to associated company | (2,562,560) | (7,376,573) |
| Advances to immediate holding company | 377,051 | 182,132 |
| Inventories | 374,726 | (729,046) |
| Prepaid expenses | 1,799,685 | 2,238,663 |
| Creditable withholding tax | (53,890) | (29,319) |
| Other current assets | (17,979,051) | (20,576,420) |
| Advances to/from THHM | - | - |
| Increase (decrease) in | | |
| Accounts payable | (156,487,351) | 1,331,806 |
| Accrued liabilities | 681,526 | 2,259,154 |
| Notes payable | - | - |
| Rental payable | 2,856,515 | (1,915,043) |
| Due to associated company | 10,719,071 | (6,824,707) |
| Advances from immediate holding company - net | - | - |
| Advances from intermediate holding company | - | - |
| Refundable deposit | 527,513 | 1,642,968 |
| Deferred rental - Pagcor | (22,094,535) | (22,094,535) |
| Due to City e-Solutions Limited (<i>formerly CHIL</i>) | - | - |
| Due to Byron | - | - |
| Dividend payable | (444,999) | (311,499) |
| Output tax | - | - |
| Income tax payable | 323,758 | 4,464,418 |
| Other current liabilities | 27,052 | 251,143 |
| | <u>47,913,389</u> | <u>(2,255,976)</u> |
| Cash flows from investing activities | | |
| Acquisition of property and equipment - net | (4,216,103) | (31,872,097) |
| Dividend (declared)/received | - | - |
| (Receipts)/Refund of deposit on lease contract | - | - |
| (Receipts)/Payments relating to other assets | - | 30,000 |
| Retirement of treasury stocks | - | (4,089) |
| Buyback of shares | - | - |
| | <u>(4,216,103)</u> | <u>(31,846,186)</u> |
| Cash flows from financing activities | | |
| Increase/(Decrease) in reserves | (365,345) | (1,922,812) |
| | <u>(365,345)</u> | <u>(1,922,812)</u> |
| Net increase in cash and short-term notes | 43,331,941 | (36,024,974) |
| Cash and short-term notes, Beginning | <u>216,862,963</u> | <u>306,040,337</u> |
| Cash and short-term notes, Ending | <u><u>260,194,905</u></u> | <u><u>270,015,363</u></u> |

Grand Plaza Hotel Corporation
Aging Report As At 30 June 2008

| Customer Type | 0 to 8 days | 9 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 120 days | Over 120 days | Total | % |
|------------------------|------------------------|-------------------------|--------------------------|--------------------------|---------------------------|--------------------------|--------------|----------|
| Airlines | 715,997 | 1,277,206 | 931,140 | | | | 2,924,343 | 8.07% |
| Credit card | 1,236,331 | | | | | | 1,236,331 | 3.41% |
| PAGCOR | 3,588,319 | 4,728,010 | 3,207,565 | | | | 11,523,894 | 31.79% |
| Individual - local | | | | | | | - | 0.00% |
| Company - local | 1,050,597 | 1,403,585 | 4,812,241 | 3,871,085 | 238,726 | 194,825 | 11,571,059 | 31.92% |
| Overpayment | (11,143) | (22,386) | (64,246) | (83,663) | (65,826) | (760,529) | (1,007,795) | -2.78% |
| Permanent accounts | 31,663 | 24,329 | 12,998 | 2,288 | 2,274 | 11,000 | 84,552 | 0.23% |
| Employee charges | | | | | | | - | 0.00% |
| Travel Agent - Local | 1,693,578 | 2,421,858 | 1,282,820 | | | | 5,398,256 | 14.89% |
| Temporary credit | 585,069 | 1,029,181 | 488,532 | | | | 2,102,782 | 5.80% |
| Travel Agent - Foreign | 1,191,649 | 1,079,663 | 141,389 | | | | 2,412,701 | 6.66% |
| TOTAL | 10,082,060 | 11,941,445 | 10,812,439 | 3,789,709 | 175,174 | (554,704) | 36,246,124 | 100.00% |
| % | 27.82% | 32.95% | 29.83% | 10.46% | 0.48% | -1.53% | 100.00% | |