

COVER SHEET

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S.E.C Registration Number

K E P P E L P H I L I P P I N E S H O L D I N G S ,

I N C .

(Company's Full Name)

U N I T 3 B C O U N T R Y S P A C E I B L D G .

1 3 3 S E N G I L P U Y A T A V E . S A L C E D O

V I L . B R G Y . B E L A I R M A K A T I C I T Y

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

Alan I. Claveria/
Felicidad V. Razon

Contact Person

8892 1816

Company Telephone Number

1 2

Month

3 1

Day

SEC Form 17Q-September 2023

FORM TYPE

0 6

Month

1 6

Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

413 as of September 2023

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 2023

2. Commission identification number 62596

3. BIR Tax Identification No. 000-163-715-000

4. Exact name of issuer as specified in its charter
KEPPEL PHILIPPINES HOLDINGS, INC.

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

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code
Unit 3B, Country Space I Bldg., Sen. Gil Puyat Avenue 1200
Salcedo Village, Barangay Bel-Air, Makati City

8. Issuer's telephone number, including area code
(632) 8892-18-16

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

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

	As of September 30, 2023
Title of each Class	Number of shares of common stock outstanding
Common 'A'	35,756,070
Common 'B'	21,476,949
Total	57,233,019 (Net of Treasury Shares of 15,940,481)

11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes [/] No []
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange Common Shares

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 [/] No []

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [/] No []

DOCUMENTS INCORPORATED BY REFERENCE

**PART I
FINANCIAL INFORMATION**

- 1) **Financial Statements (see EXHIBIT 1)**
- 2) **Management's Discussion and Analysis of Financial Condition and Results of Operations (see EXHIBIT II)**

**PART II
OTHER INFORMATION**

Information not previously reported and made in this report in lieu of a report on SEC Form 17-C.

NONE

EXHIBIT I

SEPTEMBER 2023 QUARTERLY REPORT

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023 & DECEMBER 31, 2022
(IN PHILIPPINE PESOS)**

A S S E T S	Unaudited September 30 2023	Audited December 31 2022
Current assets		
Cash and cash equivalents (Notes 6 and 21)	569,539,934	583,003,831
Receivables – net (Notes 7, 15 and 21)	2,540,648	2,726,987
Other current assets - net (Note 8)	1,999,027	835,189
Total current assets	574,079,609	586,566,007
Non-current assets		
Lease receivables – net of current portion (Notes 7,15 and 21)	26,259,454	27,070,872
Financial assets at fair value through other comprehensive income, net (Note 9)	70,000,000	58,000,000
Investment in associates (Note 10)	417,527,443	421,243,232
Investment properties – net (Note 11)	205,288,439	205,288,439
Property and equipment - net (Note 12)	528,094	635,260
Intangible assets, net (Note 13)	2,014,024	2,503,923
Retirement benefit asset, net (Note 16)	1,049,440	1,049,440
Total non-current assets	722,666,894	715,791,166
Total assets	1,296,746,503	1,302,357,173
<u>LIABILITIES AND EQUITY</u>		
Current liabilities		
Accrued expenses and other current liabilities (Note 14)	4,257,329	2,856,284
Refundable deposits (Note 11)	235,199	193,791
Income tax payable	37,106	69,627
Total current liabilities	4,529,634	3,119,702
Noncurrent liabilities		
Deferred tax liability	1,367,067	1,407,638
Advance rental and deposits – net of current portion (Note 11)	598,854	598,854
Total noncurrent liabilities	1,965,921	2,006,492
Total liabilities	6,495,555	5,126,194
Equity		
Share capital (Note 17)	73,173,500	73,173,500
Share premium	73,203,734	73,203,734
Retained earnings (Note 18)	767,965,229	761,412,125
Investment revaluation reserve (Note 9)	69,422,057	57,422,057
Remeasurements on retirement benefits (Note 16)	2,809,365	2,809,365
Treasury shares (Note 18)	(26,004,530)	(26,004,530)
Attributable to equity holders of the Parent	960,569,355	942,016,251
Non-controlling interests	329,681,593	355,214,728
Total equity	1,290,250,948	1,297,230,979
Total liabilities and equity	1,296,746,503	1,302,357,173

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(IN PHILIPPINE PESOS)
(UNAUDITED)**

	Third Quarter		To – Date	
	July to September		January to September	
	2023	2022	2023	2022
Revenue and other income				
Interest income (Notes 6 and 7)	8,264,410	4,595,324	23,794,752	10,542,568
Rental income (Notes 11 and 15)	3,218,604	2,782,954	9,607,812	8,348,861
Equity in net earnings of associates (Note 10)	329,494	2,658,028	1,524,070	7,806,001
Management fees (Note 15)	354,000	354,000	1,062,000	1,227,000
Payroll service fees (Note 15)	-	777,703	-	2,386,057
Others (Note 15)	4,786	2,785	151,218	189,560
	12,171,294	11,170,794	36,139,852	30,500,047
Operating expenses (Note 19)	(4,361,071)	(7,119,570)	(14,872,475)	(21,260,653)
Income before income tax expense	7,810,223	4,051,224	21,267,377	9,239,394
Income tax expense	(1,838,384)	(502,417)	(5,216,681)	(1,174,724)
Net income for the period	5,971,839	3,548,807	16,050,696	8,064,670
Attributable to:				
Equity holders of the parent	4,995,964	1,474,036	12,276,406	2,248,619
Noncontrolling interests	975,875	2,074,771	3,774,290	5,816,051
	5,971,839	3,548,807	16,050,696	8,064,670

Earnings Per Share Attributable to Equity Holders of the Parent*	P0.087	P0.026	P0.214	P0.039
<i>*Equity holders of the parent divided by Number of shares outstanding as of end of the period</i>	<i>P4,995,965/ 57,233,019</i>	<i>P1,474,036 / 57,233,019</i>	<i>P12,276,408/ 57,233,019</i>	<i>P2,248,619/ 57,233,019</i>

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(IN PHILIPPINE PESOS)
(UNAUDITED)

	Third Quarter		To - Date	
	July to September		January to September	
	2023	2022	2023	2022
NET INCOME	5,971,839	3,548,807	16,050,696	8,064,670
OTHER COMPREHENSIVE INCOME				
Item that may be reclassified to profit and loss:				
Unrealized fair value gain on available- for-sale financial assets (Note 9)	12,000,000	3,000,000	12,000,000	9,000,000
TOTAL COMPREHENSIVE INCOME	17,971,839	6,548,807	28,050,696	17,064,670
ATTRIBUTABLE TO:				
Equity holders of the parent	16,995,964	4,474,036	24,276,406	11,248,619
Noncontrolling interest	975,875	2,074,771	3,774,290	5,816,051
	17,971,839	6,548,807	28,050,696	17,064,670

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(UNAUDITED)
IN PHILIPPINE PESOS**

	Attributable to equity holders of the Parent							Non- controlling interests (Note 2)	Total equity
	Share capital (Note 17)	Share premium	Retained earnings (Note 18)	Investment revaluation reserve (Note 9)	Remeasurements on retirement benefit asset (Note 16)	Treasury shares (Note 18)	Total		
Balance as at January 1, 2023	73,173,500	73,203,734	761,412,125	57,422,057	2,809,365	(26,004,530)	942,016,251	355,214,728	1,297,230,979
Comprehensive income									
Net income for the period	-	-	12,276,406	-	-	-	12,276,406	3,774,290	16,050,696
Other comprehensive income	-	-	-	12,000,000	-	-	12,000,000	-	12,000,000
Total comprehensive income	-	-	12,276,406	12,000,000	-	-	24,276,406	3,774,290	28,050,696
Transaction with the owners									
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Cash dividend declared	-	-	(5,723,302)	-	-	-	(5,723,302)	(29,307,425)	(35,030,727)
Total transaction with the owners	-	-	(5,723,302)	-	-	-	(5,723,302)	(29,307,425)	(35,030,727)
Balance as at September 30, 2023	73,173,500	73,203,734	767,965,229	69,422,057	2,809,365	(26,004,530)	960,569,355	329,681,593	1,290,250,948
Balance as at January 1, 2022	73,173,500	73,203,734	762,610,375	43,422,057	1,099,460	(25,280,999)	928,228,127	357,382,386	1,285,610,513
Comprehensive income									
Net income for the period	-	-	2,248,619	-	-	-	2,248,619	5,816,051	8,064,670
Other comprehensive income	-	-	-	9,000,000	-	-	9,000,000	-	9,000,000
Total comprehensive income	-	-	2,248,619	9,000,000	-	-	11,248,619	5,816,051	17,064,670
Transaction with the owners									
Purchase of treasury shares	-	-	-	-	-	(723,531)	(723,531)	-	(723,531)
Cash dividend declared	-	-	(5,723,842)	-	-	-	(5,723,842)	(245,000)	(5,968,842)
Total transaction with the owners	-	-	(5,723,842)	-	-	(723,531)	(6,447,373)	(245,000)	(6,692,373)
Balance as at September 30, 2022	73,173,500	73,203,734	759,135,152	52,422,057	1,099,460	(26,004,530)	933,029,373	362,953,437	1,295,982,810

See Accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(IN PHILIPPINE PESOS)
(UNAUDITED)

	September 30 2023	September 30 2022
Cash flows from operating activities		
Income before income tax expense	21,267,377	9,239,394
Adjustments for:		
Retirement benefit expense	896,000	333,000
Depreciation and amortization (Notes 11, 12, 13 and 19)	597,065	1,170,741
Provision for (reversal of) impairment losses – net (Note 8)	(459,498)	1,054,908
Equity in net earnings of associates (Note 10)	(1,524,070)	(7,806,001)
Interest income (Notes 6, 7 and 15)	(23,794,752)	(10,542,568)
Operating loss before changes in assets and liabilities	(3,017,878)	(6,550,526)
Changes in assets and liabilities		
Receivables (Notes 7, 15, and 21)	772,735	(409,551)
Other assets (Note 8)	(704,340)	(2,134,605)
Accounts payable and other current liabilities	505,045	1,308,320
Refundable deposits	41,408	299,427
Net cash absorbed by operations	(2,403,030)	(7,486,935)
Interest received from cash and cash equivalent	24,019,774	1,856,903
Income tax paid	(5,289,773)	(177,995)
Net cash provided by (used in) operating activities	16,326,971	(5,808,027)
Cash flows from investing activities		
Cash dividend received	5,239,859	6,986,479
Interest received from loans to related parties	-	7,563,843
Principal collection of loans to a related party	-	3,000,000
Acquisition of property and equipment	-	(206,250)
Loan provided to a related party	-	(100,000,000)
Net cash provided by (used in) investing activities	5,239,859	(82,655,928)
Cash flows from financing activities		
Cash dividend declared and paid	(35,030,727)	(5,968,842)
Purchase of treasury shares	-	(723,531)
Net cash used in financing activities	(35,030,727)	(6,692,373)
Net decrease in cash and cash equivalents	(13,463,897)	(95,156,328)
Cash and cash equivalents at the beginning of the period	583,003,831	341,097,008
Cash and cash equivalents at the end of the period (Note 6)	569,539,934	245,940,680

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in Philippine Pesos)

1. General Information

Keppel Philippines Holdings, Inc. (KPHI or the Parent Company) and its subsidiaries, KPSI Property, Inc. (KPSI) and Goodwealth Realty Development Corporation (GRDC), including GRDC’s subsidiary, Goodsoil Marine Realty, Inc. (GMRI) (collectively referred to as “the Group”), are incorporated in the Philippines.

The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 1975, with registered office address is Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City. The Parent Company is involved in investment holding while the subsidiaries are in the real estate industry.

In 1987, the Parent Company became a publicly listed entity through initial public offering (IPO) of its shares. There was no follow on offering after the IPO. The Parent Company’s shares are publicly traded in the Philippine Stock Exchange (PSE).

As of September 30, 2023 and December 31, 2022, the top three (3) shareholders are the following:

	Percentage of Ownership
Kepwealth, Inc.	53.4%
Keppel Corporation Limited (KCL)	29.5%
Public	17.1%

As at September 30, 2023 and December 31, 2022, the following are the Parent Company’s subsidiaries are as follows:

	Percentage of Ownership
KPSI	100%
GRDC	51%
GMRI	51%

GRDC is 44% owned by Keppel Philippines Marine, Inc. Retirement Plan (KPMIRP) and 5% by Keppel Philippines Marine, Inc. (KPMI). GRDC owns 93.7% of GMRI, thus, KPHI has 51% effective ownership on GMRI, including its 3.2% separate interest in GMRI.

GMRI has 25% shareholdings with Consort Land, Inc. (CLI), providing KPHI with a 13% indirect ownership in CLI.

The ultimate parent company of the Group is KCL, a company incorporated in Singapore and listed in Singapore Exchange.

The Parent Company has four (4) and six (6) regular employees as at September 30, 2023 and December 31, 2022. The administrative functions of the subsidiaries are handled by the Parent Company’s management.

As of September 30, 2023 and December 31, 2022, the Parent Company has 231 and 238 shareholders respectively, each owning at least 100 shares.

Impact of Coronavirus Disease 2019(COVID-19)

Subsequent to the outbreak of 2019 (“COVID-19”) since the first quarter of 2020, a series of measures to curb the pandemic have been and continues to be implemented in the Philippines. As a result of the implementation of the community quarantine, the Group has extended lease concessions to its related party lessees from March 15, 2020 to September 30, 2021 (Note 15). Management continues to implement measures to mitigate and reduce any negative impact to its profitability or any other economic effects on its business. Measures have likewise been undertaken to preserve the health and safety of its employees and other stakeholders.

Management is closely monitoring the status of the pandemic and its related impact on its business operations. Based on the results of management assessment, the Group believes that COVID-19 has no

significant impact on the Group's liquidity ratios, impairment of the Group's assets and ability of the entities in the Group to continue to operate as going concern within the year.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The unaudited consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretation of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The unaudited consolidated financial statements have been prepared on a historical cost basis, except for financial assets at FVOCI and fair value plan assets within retirement liability, net.

The preparation of the unaudited consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where estimates and assumptions are significant to the consolidated financial statements are disclosed in Note 5.

Basis of Consolidation

The unaudited consolidated financial statements comprise the separate financial statements of the Parent Company and its subsidiaries. The Group uses uniform accounting policies; any difference between subsidiaries and Parent Company are adjusted properly.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Assessment of Control

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights assessing from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Parent Company re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Non-controlling interests (NCI) pertain to the equity in a subsidiary not attributable, directly, or indirectly to the Parent Company. NCI represent the portion of profit or loss and the net assets not held by the Group and are presented separately in the consolidated statements of income and consolidated statement of comprehensive income and within equity in the consolidated statement of financial position and consolidated statement of changes in equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the NCI, even if it results in the NCI having a deficit balance.

Acquisitions of NCI are accounted for using the acquisition method, whereby the Group considers the acquisition of NCI as an equity transaction. Any premium or discount on subsequent purchases from NCI shareholders is recognized directly in equity and attributed to the owners of the parent.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an acquisition. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary,
- Derecognizes the carrying amount of any non-controlling interests,
- Derecognizes the cumulative translation differences recorded in equity,
- Recognizes the fair value of the consideration received,
- Recognizes the fair value of any investment retained,
- Recognizes any surplus or deficit in profit and loss,

- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit of loss or retained earnings, an appropriate as would be required if the Group had directly disposed of the related assets and liabilities.

As of September 30, 2023 and December 31, 2022, NCI pertains to 44% and 5% ownership in GRDC of KPMIRP and KPMI, respectively.

The financial information (before the intercompany eliminations) of GRDC and its wholly owned subsidiary, GMRI, and NCI (after intercompany eliminations) as at September 30, 2023 and for the year ended December 31, 2022 are as follows:

	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	GRDC	GMRI	Total	GRDC	GMRI	Total
Current assets	1,081,911	20,668,887	21,750,798	773,911	67,981,361	68,755,272
Noncurrent assets	3,243,124	566,985,934	570,229,058	3,246,370	567,997,060	571,243,430
Total assets	4,325,035	587,654,821	591,979,856	4,020,281	635,978,421	639,998,702
Current liabilities	103,463	712,381	815,844	85,713	315,806	401,519
Noncurrent liabilities	-	1,367,067	1,367,067	-	1,407,638	1,407,638
Total liabilities	103,463	2,079,448	2,182,911	85,713	1,723,444	1,809,157
Revenue and income	1,123,309	15,310,941	16,434,250	547,203	19,176,733	19,723,936
Income before income tax	1,011,512	12,105,704	13,117,216	415,460	13,497,204	13,912,664
Net income and total comprehensive income	987,004	11,320,393	12,307,397	391,633	12,665,307	12,665,307
Cash flows from:						
Operating activities	111,774	6,386,717	6,498,491	133,805	6,211,743	6,345,548
Investing activities	888,975	5,239,859	6,128,834	296,325	48,412,564	48,708,889
Financing activities	(700,000)	(60,000,000)	(60,700,000)	(500,000)	(20,000,000)	(20,500,000)
Net increase (decrease) in cash and cash equivalents	300,749	(48,373,424)	(48,072,675)	(69,870)	34,624,307	34,554,437
Accumulated balance of material NCI	2,075,831	327,605,762	329,681,593	2,027,797	353,186,931	355,214,728
Net income and total comprehensive income attributable to material NCI	48,034	3,726,256	3,774,290	46,760	7,685,391	7,732,151

There are no significant restrictions on the Group's ability to use assets or settle liabilities within the Group. There is no difference in the voting rights of non-controlling interests as compared to majority stockholders.

3. Summary of Changes in Significant Accounting Policies and Disclosures

There are no new standards, amendments to existing standards, and interpretations that are effective for the annual periods as at January 1, 2023, which would have a significant impact or are considered relevant to the Group's consolidated financial statements

4. Significant Accounting Policies

The Group's disclosures on significant accounting principles and policies and practices are substantially the same as the disclosures made on December 31, 2022 audited financial statements and for the period ended September 30, 2023. Any additional disclosures on the significant changes of accounts and subsequent events are disclosed in the succeeding notes and presented in the Management Discussion and Analysis.

5. Significant Accounting Judgment, Estimates and Assumptions

The Group's unaudited consolidated financial statements prepared under PFRS require management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Future events may occur which will cause the judgment and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

As at September 30, 2023, there were no judgment, seasonal or cyclical aspects that materially affect the operation of the Group, no substantial nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in the estimates of amounts reported in

December 31, 2022 audited financial statements, and no unusual items that materially affect the Group's assets, liabilities, equity, net income or cash flows.

6. Cash and Cash Equivalents

This account consists of:

	Unaudited September 30 2023	Audited December 31 2022
Cash in banks	6,954,670	11,049,504
Cash equivalents	562,585,264	571,954,327
	569,539,934	583,003,831

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term investments which are placed with financial institutions for varying periods of up to six (6) months depending on the immediate cash requirements of the Group and earned interest at annual interest that ranged from 5% to 6.0% as at September 30, 2023 and 0.5% to 3.25% in 2022.

Interest income earned from cash and cash equivalents amounted to P23.8 million for the period ended September 30, 2023 compared to P2.3 million during the same period last year. Accrued interest receivable from cash and cash equivalents amounted to P1.4 million on September 30, 2023 compared to P1.6 million as at December 31, 2022.

7. Receivables - Net

This account consists of:

	Unaudited September 30 2023	Audited December 31 2022
Lease receivables (Note 15)	27,341,345	28,152,763
Interest receivable (Note 6)	1,420,074	1,645,096
Non-trade receivable	26,693	-
Others	11,990	-
	28,800,102	29,797,859
Less non-current portion of lease receivables (Note 15)	(26,259,454)	(27,070,872)
	2,540,648	2,726,987

There is no allowance for impairment related to lease receivables from external parties, non-trade and other receivables as at September 30, 2023 and December 31, 2022.

The current portion of lease receivables and due from related parties are non-interest bearing and are generally 30 to 60-day terms. The noncurrent portion of lease receivables pertains to the difference between straight line method and contractual annual rents. These amounts are expected to reverse more than one (1) year from the financial reporting date.

Interest receivable represents the Group's accrued interest on cash and cash equivalents.

Other receivables are due from advances to sundry debtors and are generally 30 to 60-day terms.

8. Other Current Assets – Net

This account consists of:

	Unaudited September 30 2023	Audited December 31 2022
Creditable withholding taxes (CWT)	3,566,466	3,226,557
Prepaid expenses	1,167,175	411,245
Deposits	209,840	192,340
Advances to employees	210,357	-
Input value-added tax (VAT)	-	592,356
Others	-	27,000
	5,153,838	4,449,498
Less allowance for impairment loss	(3,154,811)	(3,614,309)
	1,999,027	835,189

Movements in the provision for impairment related to Input VAT and CWT as follows:

Unaudited September 30, 2023	Input VAT	CWT	Total
Balance at the beginning of the period	592,356	3,021,953	3,614,309
Provision for the period	-	132,858	132,858
Recovery of provision	(592,356)	-	(592,356)
Net provision (recovery)	(592,356)	132,858	(459,498)
Balance at the end of the period	-	3,154,811	3,154,811

Audited December 31, 2022	Input VAT	CWT	Total
Balance at the beginning of the period	489,600	1,400,974	1,890,574
Provision for the year	102,756	1,620,979	1,723,735
Recovery of provision	-	-	-
Net provision (recovery)	102,756	1,620,979	1,723,735
Balance at the end of the period	592,356	3,021,953	3,614,309

9. Financial Assets through Other Comprehensive Income

Details and movement of financial asset at FVOCI as at and for the end of the period:

	Unaudited September 30 2023	Audited December 31 2022
Original cost	316,004	316,004
Accumulated revaluation		
Beginning	57,683,996	43,683,996
Unrealized fair value gain	12,000,000	14,000,000
End	69,683,996	57,683,996
Balance at the end of the period	70,000,000	58,000,000

The movement of investment revaluation reserve for the period is as follows:

	Unaudited September 30 2023	Audited December 31 2022
Balance at the beginning of the period	57,422,057	43,422,057
Fair value gain	12,000,000	14,000,000
Balance at the end of the period	69,422,057	57,422,057

This account pertains to proprietary golf club share that provides the Group with opportunities for return of capital gains. This share does not have fixed maturity or coupon rate and the movement is based on quoted market prices or executable dealer quotes for identical or similar instruments in inactive markets.

10. Investment in Associates – at Equity

This account consists of:

	Unaudited September 30 2023	Audited December 31 2022
Investment in associate - CLI	337,596,800	337,596,800
Accumulated share in net income:		
Balance at beginning of the period	83,646,432	80,627,147
Equity in net earnings of associate	1,524,070	10,005,764
Cash dividend received	(5,239,859)	(6,986,479)
Balance at end of the period	79,930,643	83,646,432
	417,527,443	421,243,232

This account consists of GMRI's 25% investment or 17,466,196 shares out of 70,000,000 shares in CLI, a company incorporated in the Philippines. CLI is involved in property leasing and power distribution located at Cabangaan Point, Cawag, Subic, Zambales.

CLI's financial information for the periods ended September 30, 2023 and December 31, 2022 follows:

	Unaudited September 30 2023	Audited December 31 2022
Current assets	62,133,253	71,593,545
Noncurrent assets	259,678,734	263,531,898
Current liabilities	23,875,728	22,285,465
Non-current liabilities	2,107,406	2,107,406
Net assets	295,828,853	310,732,572
Revenue	138,090,201	172,205,012
Income before income tax	7,320,371	43,108,057
Net income and total comprehensive income	6,096,279	40,023,055

The Group share in the net assets of CLI amounted to P73.8 million as at September 30, 2023 (December 31, 2022 –P77.5 million).

The non-current assets of CLI represent prime lots held for appreciation, which are carried at cost. The fair value of the property is P3.0 billion as at December 31, 2022 (2021 – P2.5 billion) based on the latest valuation report of an independent appraiser.

The difference between the Group's share in net asset of CLI and carrying amount of its investment an associate is attributable to the price premium from fair values of land holdings of CLI.

There are no significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends or to repay any loans and advances made by the Group. There are no contingent liabilities relating to the Group's investment in associate.

11. Investment Properties - Net

This account consists of:

Unaudited September 30, 2023 and Audited December 31, 2022			
	Condominium		
	Land	Units	Total
Cost	205,288,439	3,689,178	208,977,617
Accumulated depreciation	–	3,689,178	3,689,178
Net book values	205,288,439	–	205,288,439

Investment properties represent the parcel of lands situated in Batangas City and condominium units in Makati City which are held for lease.

Based on an appraisal made by an independent appraiser, the investment properties have an aggregate fair value of P1.6 billion as at September 30, 2023, as against P1.3 billion as at December 31, 2021. The Parent Company's share at the aggregate fair value is P815.5 million. The market approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The appraiser determined that the highest and best use of the subject properties are those of industrial uses, commercial and residential properties, which are aligned with the current use. The fair value of the investment properties is categorized at Level 3 which uses adjusted inputs for valuation that are unobservable as at the date of valuation. The inputs used were asking prices of similar listings and offerings, discounts, and physical adjustments (such as location, neighborhood, size, and development). Significant increases or decreases in the inputs would result in higher or lower fair value of the asset. None of the properties are impaired.

Group as lessor

The Group leases out a parcel of land used as a shipyard site in San Miguel, Bauan, Batangas to KPMI. The agreement is for a period of 50 years beginning in 1993. The annual rental on the leased property is originally subject to 5% escalation after every five (5) years. In May 2007, the agreement was amended revising the annual lease rate and escalation rate to 1.50% escalation after every five (5) years.

Aside from the lease, the Group leases out its investment properties to external party and related party customers for periods ranging from one (1) month to three (3) years with option to renew for another one

(1) month to three (3) years under such terms and conditions as may be mutually agreed upon by the parties to the contracts. As of September 30, 2022, there were no leases to external parties.

Rental income attributable to the investment properties for the periods ended September 30, 2023 and 2022 consists of the following:

	Unaudited September 30 2023	Unaudited September 30 2022
External parties	7,432,694	-
Related parties	2,175,118	5,565,907
	9,607,812	5,565,907

As of March 1, 2023, due to KCL's sale of KPMI to an external party, KPMI and KPHI are no longer related parties.

The operating expenses directly attributable to the investment properties pertaining to real estate taxes amounted to P3.0 million as at September 30, 2023 (2022 – P2.9 million).

The outstanding balances of lease receivables from related parties as at September 30, 2023 and December 31, 2022 represent lease differential in the computation of rent income using straight-line method.

Advance rentals as at September 30, 2023 and December 31, 2022 are as follows:

	Unaudited September 30 2023	Audited December 31 2022
External parties	434,817	299,427
Related parties	35,000	128,982
	469,817	428,409
Less: Current portion	170,390	128,982
Non-current portion	299,427	299,427

Refundable deposits as at September 30, 2023 and December 31, 2022 are as follows:

	Unaudited September 30 2023	Audited December 31 2022
External parties	534,626	399,236
Related parties	-	93,982
	530,626	493,218
Less: Current portion	235,199	193,791
Non-current portion	299,427	299,427

12. Property and Equipment - Net

This account consists of:

	Unaudited September 30, 2023			
	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
January 1 & September 30	5,397,020	1,399,986	776,186	7,573,192
Accumulated depreciation:				
January 1	5,397,020	764,726	776,186	6,937,932
Depreciation	-	107,166	-	107,166
September 30	5,397,020	871,892	776,186	7,045,098
Net Book Value	-	528,094	-	528,094

Audited December 31, 2022

	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
January 1	5,397,020	2,693,736	776,186	8,427,365
Additions	-	206,250	-	206,250
Disposal	-	(1,500,000)	-	(1,500,000)
December 31	5,397,020	1,399,986	776,186	7,573,192
Accumulated depreciation:				
January 1	5,397,020	913,310	776,186	7,086,516
Depreciation	-	369,273	-	369,273
Disposal	-	(517,857)	-	(517,857)
December 31	5,397,020	764,726	776,186	6,937,932
Net Book Value	-	635,260	-	635,260

The Group sold computer hardware with book values of P0.98 million to KPMI for a total amount of P1.03 million, resulting in net gain of P0.05 million in 2022.

Based on the results of management assessment, the Group believes that there was no objective evidence that indicators of impairment exist as at September 30, 2023 and December 31, 2022.

13. Intangible Assets – Net

This account pertains to computer software programs.

	Unaudited September 30 2023	Audited December 31 2022
Cost:		
January 1	4,572,382	8,214,427
Disposal	-	(3,642,045)
September 30	4,572,382	4,572,382
Accumulated depreciation:		
January 1, 2023 and December 31, 2022	2,068,459	2,371,195
Depreciation	489,899	1,126,630
Disposal	-	(1,429,366)
	2,558,358	2,068,459
Net Book Value	2,014,024	2,503,923

The Group sold computer software with book values of P2.2 million to KPMI for a total amount of P2.3 million, resulting in net gain of P0.1 million in 2022.

Based on the results of management assessment, the Group believes that there was no objective evidence that indicators of impairment exist as at September 30, 2023 and December 31, 2022.

14. Accrued Expenses and Other Current Liabilities

This account consists of:

	Unaudited September 30 2023	Audited December 31 2022
Accrued expenses	2,790,245	1,066,876
Payable to government agencies	528,808	792,404
Advance rentals	170,390	128,982
Unearned interest income	-	146,482
Others	767,886	721,560
	4,257,329	2,856,284

Accrued expenses pertain to accrued professional fees, audit fee, directors' fees, fringe, membership dues, taxes and licenses, and other expenses.

Payable to government agencies pertains to output VAT and withholding taxes.

Advance rentals from related parties and third-party customers are applied against rent due at the end of the lease term.

Other accounts payable pertain to unclaimed monies or dividends by stockholders.

15. Related Party Transactions

In the normal course of business, the Group transacts with companies which are considered related parties. Significant related transactions and balances as at September 30, 2023 and December 31, 2022 follow:

Related Party	Notes	As at September 30, 2023		As at December 31, 2022		Terms and conditions
		Transactions (Jan to Sept)	Outstanding receivable (payable)	Transactions (annual)	Outstanding receivable (payable)	
Entities under common control						
Leases –						
Rental Income (a)						
KPMI		8,394,531	27,341,345	10,711,815	28,152,763	The outstanding balance is collectible in cash, within first five (5) days of each month, non-interest bearing and unsecured.
Keppel IVI Investments, Inc. (KIVI)		225,000	-	300,000	-	
Keppel Energy and Consultancy Inc. (KECI)		90,000	-	120,000	-	
	7,11	8,709,531	27,341,345	11,131,815	28,152,763	
Advance rentals						
KPMI		(41,408)	(135,390)	-	(93,982)	The outstanding balance is to be applied on the last monthly rental at the end of the lease term, is non-interest bearing and unsecured.
KIVI		-	(25,000)	-	(25,000)	
KECI		-	(10,000)	-	(10,000)	
	11	(41,408)	(170,390)	-	(128,892)	
Refundable deposits - KPMI	11	(41,408)	(135,390)	-	(93,982)	Outstanding balance is payable in cash within 60 days from end of lease term, non-interest bearing and unsecured.
Various expenses and charges (b)						
KPMI		170,931	-	221,859	-	Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
Keppel Enterprise Services Ltd.		56,232	-	377,035	-	
Loans (c)						
KPMI						Outstanding balance is collectible in cash, with terms of 88 to 92 days subject for renewal, interest-bearing at 2.9% to 5% per annum in 2022 (2021 – 3.1% to 3.8%), and unsecured.
Principal		-	-	(240,000,000)	-	
Interest		-	-	7,225,921	-	
KSSI						
Principal		-	-	-	-	
Interest		-	-	2,865,294	-	
Management & accounting services fees (d)						
Bay Phils. Holdings Inc.		495,000	-	825,000	-	
KECI		180,000	-	240,000	-	
KIVI		135,000	-	180,000	-	
Kepventure, Inc.		45,000	-	60,000	-	
		855,000	-	1,305,000	-	
Payroll service fees (e)						
KSSI		-	-	1,806,659	-	
KPMI		-	-	1,587,965	-	
		-	-	3,394,624	-	
Other income						
Director's fees - KPPI		140,000	-	230,000	-	
Sale of fixed assets - KPMI	12,13	-	-	3,354,562	-	
Associates						
Cash dividend received-CLI	10	5,239,859	-	6,986,479	-	

Shareholders of the Parent Company				
Cash dividend declared and paid				
				Outstanding balance is collectible in cash on pay-out date as approved by the related-party's BOD, non-interest bearing and unsecured
Kepwealth Inc.		3,053,293	-	3,053,293
KCL		1,689,409	-	1,689,409
Other (unclaimed)		980,600	(767,886)	981,140 (721,560)
		5,723,302	(767,886)	5,723,842 (721,560)
<hr/>				
Management fees – Kepwealth Inc. (d)		207,000		276,000 -
Various expenses and charges				
				Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured
Kepwealth, Inc.		7,359	-	29,131 -
KCL		85,276	-	221,100 -
<hr/>				
Non-controlling interest (NCI)				
Cash dividend declared and paid	18	29,307,425		9,899.808
<hr/>				
Key management personnel (f)				
Salaries and other short-term benefits				
		1,606,500	-	1,943,200 -
Retirement benefit	16	896,000	(896,000)	660,465 -
Contribution to the fund		-	-	- -
<hr/>				

The Group always observes and adheres with the related party transactions policy and all other relevant laws, rules, and regulations, as may be applicable, in the review, approval and disclosure of related party transactions. The members of the Audit, Risk and Compliance Committee and management disclose to the BOD all material facts related to the material related party transactions, whether potential or actual conflict of interest, including their direct and indirect interest in any transaction or matter that may affect or is affecting the Group. The materiality threshold of the Group is ten percent (10%) of the Group's total consolidated assets based on the latest audited financial statements. The material related party transactions are approved by two-thirds vote of the BOD with at least the majority of the independent directors voting to approve. In case the majority of the independent directors' vote is not secured, the material related party transactions may be ratified by the vote of the shareholders representing at least two-thirds of the outstanding share capital of the Parent Company. As of March 1, 2023, due to KCL's sale of KPMI and KSSI to an external party, KPMI and KSSI are no longer considered related parties by KPHI.

Outstanding balances of transactions with related parties are unsecured and settlements are made in cash. As of this period, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties because of the strong financial condition of the concerned entities. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

The following are the Group's significant transactions with related parties:

(a) *Leases*

The Group leases certain investments properties to related parties (Note 11). The Group granted lease concessions to KPMI which amounted to P2.7 million in 2021 which were netted to rental income. The Group did not grant lease concessions since 2022.

In March 2023, KPMI was considered as external party. As of September 30, 2023, rental revenue from KPMI as an external party amounted to P6.5 million and as a related party, P1.9 million.

(b) *Advances for various expenses and charges*

The Group paid for various reimbursable expenses which are utilized in the normal operations of the related parties. Expenses paid to KPMI as of September 30, 2023 amounted to P0.1 million as external party and P59 thousand as related party.

(c) *Loans*

The Group granted short-term, interest-bearing loans to KPMI and KSSI. The loans were fully paid in 2022. Movements in loans receivable for the periods ended are as follows:

	Unaudited September 30 2023	Audited December 31 2022
Beginning	-	240,000,000
New loans granted	-	100,000,000
Collection	-	(340,000,000)
End	-	-

(d) *Management and accounting services fees*

Since 2013, the Parent Company had management agreements with related companies for monthly management fees which are subject to change depending upon the extent and volume of services provided by the Parent Company. The services cover regular consultancy, handling of financial reporting, personnel and administration services and other government documentary requirements. The agreements are considered renewed every year thereafter, unless one (1) party gives the other a written termination at least three (3) months prior to the date of expiration.

In April 2021, the Parent Company signed an accounting services agreement with Bay Philippines Holdings Corp., an entity under common control, with monthly fee of P55,000 excluding out-of-pocket expenses. The services cover handling of financial reporting and government documentary requirements. The agreement is subject to automatic annual renewal until terminated by either party at any time by giving not less than 90 days' written notice to the other party.

(e) *Payroll service fees*

In 2020, the Group entered into payroll service agreements with KSSI and KPMI for the use of the payroll system of the Group. The Group charges these parties agreed service fees for the one-time and recurring charges incurred by the Group. These agreements are considered renewed every year thereafter and subject to mutual amendments or termination by the parties. The agreement was terminated effective November 2022.

(f) *Key management personnel*

There was no share-based compensation, other long-term and termination benefits provided to key management personnel.

(g) *Elimination*

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

	Unaudited September 30 2023	Audited December 31 2022
Investment in subsidiaries	110,165,069	110,165,069
Dividend income of Parent Company from subsidiaries	30,146,600	10,703,867
Dividend income of GRDC from GMRI	888,975	296,325
Management fees of Parent Company from subsidiary	585,000	780,000

16. Retirement benefit plan

The Group has a funded, non-contributory defined benefit plan covering the retirement and disability benefits to its qualified employees and is being administered by a trustee bank. The normal retirement age is 60 years and optional retirement date is at age 50 and completion of at least fifteen (15) years of service. The retirement obligation is determined using the "Projected Unit Credit" (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined using the amount necessary to provide for the portion of the retirement benefit accruing during the year.

The fair value of plan assets of the Group as at December 31, 2022 amounts to P8.8 million (2021 – P9.1 million). Payment of benefit as of 2021 amounted to P2.8 million from its original contribution of P10.6 million. Contribution to the plan in 2021 amounted to P0.3 million and nil in 2022.

The Group recognized provision for retirement benefit amounting to P0.9 million for the period ending September 30, 2023 (2022 – P0.3 million).

Details of retirement benefit liability, net in the consolidated statements of financial position as at December 31, 2022 and 2021 are as follows:

	2022	2021
Fair value of plan assets	8,830,923	9,052,516
Present value of defined benefit obligation	(7,781,483)	(9,052,516)
	1,049,440	-

Annual movements in remeasurements on retirement benefits as at and for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
January 1	1,099,460	(948,862)
Remeasurement gain	1,709,905	2,048,322
Tax effect	-	-
Remeasurement gain on retirement benefits, net of tax	1,709,905	2,048,322
December 31	2,809,365	1,099,460

17. Share capital

The Class “A” and Class “B” shares of stock are identical in all respects and have ₱1 par value, except that Class “A” shares are restricted in ownership to Philippine nationals. Class “B” shares are 18% and 82% owned by Philippine nationals and foreign nationals, respectively, as of September 30, 2023. Each share has the right of one (1) vote. Authorized and issued shares as of September 30, 2023 and December 31, 2022 as follows:

Authorized – P1 par value	
Class “A”	90,000,000
Class “B”	200,000,000
	290,000,000
Issued	
Class “A”	39,840,970
Class “B”	33,332,530
Share capital	73,173,500
Share premium	73,203,734

Movements in the number of outstanding shares (issued) less treasury shares are as follows:

	Unaudited September 30 2023	Audited December 31 2022	Unaudited September 30 2022
Class “A”			
Beginning	35,756,070	35,826,670	35,826,670
Purchase of treasury shares	-	(70,600)	(70,600)
End	35,756,070	35,756,070	35,756,070
Class “B”			
Beginning	21,476,949	21,515,749	21,515,749
Purchase of treasury shares	-	(38,800)	(38,800)
End	21,476,949	21,476,949	21,476,949
Total outstanding shares	57,233,019	57,233,019	57,233,019

Details of the Parent Company’s weighted average number of shares as follows:

	Unaudited September 30 2023	Audited December 31 2022	Unaudited September 30 2022
Class “A”	35,756,070	35,756,070	35,756,070
Class “B”	21,476,949	21,476,949	21,476,949
	57,233,019	57,233,019	57,233,019

In accordance with SRC Rule 68, as Amended (2019), Annex 68-K, below is a summary of the Parent Company’s track record of registration of securities as at September 30, 2023 and 2022:

Common Shares	Number of Shares Registered	Issue/Offer Price	Date of Approval	Number of Holders of Securities
September 2023				
Class "A"	35,756,070	1.00	June 30, 2000	371
Class "B"	21,476,949	1.00	June 30, 2000	55
	57,233,019			
September 2022				
Class "A"	35,756,070	1.00	June 30, 2000	377
Class "B"	21,476,949	1.00	June 30, 2000	55
	57,233,019			

There are 413 and 419 total shareholders per record holding both Class "A" and "B" shares for the periods ending September 30, 2023 and 2022, respectively.

18. Retained Earnings; Treasury shares

Retained earnings amounted to P768.0 million as at September 30, 2023 (December 31, 2022 – P761.4 million). The portion of retained earnings, corresponding to the undistributed equity in net earnings of the associates, is not available for distribution as dividends until declared by the associates.

Retained earnings are further restricted to the extent of treasury shares with the following details as of September 30, 2023 and 2022.

	Shares	Cost
Class "A"	4,084,900	15,840,946
Class "B"	11,855,581	10,163,584
	15,940,481	26,004,530

The Group purchased an additional 65,200 Class "A" and 38,800 Class "B" shares as of September 30, 2022 amounting to P0.7 million and no purchases since then.

The Parent Company paid a cash dividend of P5.7 million for both periods July 2023 and 2022.

Dividends declared and paid by the subsidiary to its non-controlling interest shareholders as of September 30, 2023 amounted to P29.3 million and P0.3 million in 2022.

19. Operating Expenses

This account consists of:

	Unaudited September 30 2023	Unaudited September 30 2022
Salaries and benefits	5,194,799	8,158,678
Professional fees	4,057,888	3,118,505
Taxes and licenses	3,282,795	3,833,092
Depreciation and amortization	597,065	1,170,741
Utilities	544,571	706,209
Repairs and maintenance	404,039	739,246
Membership dues and subscriptions	390,776	438,241
Commission on property leasing	199,618	-
Transportation and travel	143,369	435,776
Advertising	58,725	66,226
Office supplies	54,173	125,340
Contractual services	-	819,000
Provision (recovery) for impairment losses-net	(459,498)	1,054,908
Others	404,155	594,691
	14,872,475	21,260,653

Other expenses consist of fringe tax expense, insurance, postage, out-of-pocket charges, bank charges, business development expenses and various items that are individually immaterial.

20. Operating segments

For management reporting purposes, the Group's businesses are classified into the following business segments - (1) investment holding and (2) real estate. Details of the Group's business segments are as follows:

Unaudited September 30, 2023					
	Investment Holdings	Real Estate	Combined	Eliminations	Consolidated
Revenues and income					
KPMI	-	1,860,118	1,860,118	-	1,860,118
External parties	-	7,432,694	7,432,694	-	7,432,694
Equity in net earnings of an associate	-	-	-	1,524,070	1,524,070
Other related parties	32,150,600	315,000	32,465,600	(31,088,600)	1,377,000
Interest income & others	21,042,972	2,902,998	23,945,970	-	23,945,970
Total revenues and income	53,193,572	12,510,810	65,704,382	(29,564,530)	36,139,852
Income before income tax	42,117,656	8,129,251	50,246,907	(28,979,530)	21,267,377
Income tax expense	(4,205,715)	(1,010,966)	(5,216,681)	-	(5,216,681)
Net Income	37,911,941	7,118,285	45,030,226	(28,979,530)	16,050,696
Other comprehensive income	12,000,000	-	12,000,000	-	12,000,000
Total comprehensive income	49,911,941	7,118,285	57,030,226	(28,979,530)	28,050,696
<i>Other Information</i>					
Segment assets	717,192,140	689,719,432	1,406,911,572	(110,165,069)	1,296,746,503
Segment liabilities	4,229,442	3,162,458	7,391,900	(896,345)	6,495,555
Depreciation & amortization	327,287	269,776	597,063	-	597,063

Audited December 31, 2022					
	Investment Holdings	Real Estate	Combined	Eliminations	Consolidated
Revenues and income					
KPMI	7,250,351	12,485,350	19,735,701	-	19,735,701
External customers	-	99,809	99,809	-	99,809
Equity in net earnings of an associate	-	-	-	10,005,764	10,005,764
Other related parties	17,336,821	210,000	17,546,821	(11,083,867)	6,462,954
Interest income from banks & others	6,095,266	1,069,606	7,164,872	-	7,164,872
Total revenues and income	30,682,438	13,864,765	44,547,203	(1,078,103)	43,469,100
Income before income tax	8,053,411	16,685,213	24,738,624	(10,303,867)	14,434,757
Income tax benefit (expense)	(1,279,141)	(897,873)	(2,177,014)	-	(2,177,014)
Net Income	6,774,270	15,787,340	22,561,610	(10,303,867)	12,257,743
Other comprehensive income	15,709,905	-	15,709,905	-	15,709,905
Total comprehensive income	22,484,175	15,787,340	38,271,515	(10,303,867)	27,967,648
<i>Other Information</i>					
Segment assets	672,051,380	740,470,861	1,412,522,241	(110,165,068)	1,302,357,173
Segment liabilities	3,277,319	2,745,221	6,022,540	(896,346)	5,126,194
Depreciation & amortization	1,119,229	376,674	1,495,903	-	1,495,903

Segment assets and segment liabilities are measured in the same way as in the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment. Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated in consolidation.

All the Group's revenues are derived from operation within the Luzon, an island in the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

Revenue from external party as of September 30, 2023 amounted to P7.4 million (September 2022 – nil) including revenue from KPMI for the month of September 2023 amounting to P6.5 million. Rental income from KPMI amounted to P8.4 million and P8.1 million for the periods ended September 30, 2023 and 2022, respectively (as external – P6.5 million and as related party – P1.9 million). Rental from KPMI comprises about 23% and 26% of the Group's revenue for the periods ended September 30, 2023 and 2022. KPMI is no longer a related company effective March 1, 2023.

21. Financial Risk Management Objectives and Capital Management

Financial Risk Management

The Group's activities expose it to a variety of financial risks: credit risk, interest rate risk, equity price risk, and liquidity risk that could affect its financial position and results of operations. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The BOD reviews and approves the policies for managing each of these risks.

(a) Credit risk

Credit risk pertains to the risk that a party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group transacts mostly with related parties, thus, there is no requirement for collateral. There are significant concentrations of credit risk within the Group.

Receivables are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Significant concentration of credit risk pertains to loan receivables from a related company in 2022. The loan receivables from related parties were fully paid in November 2022.

The table below shows the maximum exposure to credit risk of the financial assets of the Group:

	Unaudited September 30 2023	Audited December 31 2022
<i>Cash and receivables</i>		
Cash and cash equivalents	569,539,934	583,003,831
Receivables, at gross	28,800,102	29,797,859
	598,340,036	612,801,690

The Group's financial assets are categorized based on the Group's collection experience with the counterparties as follows:

- a. High performing – settlements are obtained from the counterparty following the terms of the contracts without a history of default.
- b. Underperforming – some reminder follow-ups are performed to collect accounts from counterparty.
- c. Credit impaired – evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the counterparty, a breach of contract such as a default or being more than 120 days past due; or it is probable that the borrower will enter bankruptcy or other financial reorganization.

The credit quality of financial assets is discussed below:

(i) *Cash and cash equivalents*

There is low credit risk exposure and immaterial expected credit losses (ECL) as these are deposited/placed in accredited universal banks as defined by the Philippine Banking System that have high credit standing in the financial services industry.

(ii) *Receivables*

Related parties

There is low credit exposure and immaterial ECL on lease receivable, due from and refundable deposits from related parties since these accounts are considered high performing with no history of defaults. These accounts are classified as high performing. Additionally, credit risk is minimized since the related parties are paying on normal credit terms based on contracts. The Group does not hold any collateral as security for these receivables.

External parties - Credit impaired

The credit quality of receivables that are neither past due nor impaired can be assessed as reference to historical information about counterparty default rates. The Group does not hold any collateral in relation to the receivables. None of the financial assets that are fully performing have been renegotiated in the last year or period.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term loan receivable with interest rate repriced on a

periodic basis. Since the Group's long-term loan was granted to a related party, there is no requirement for collateral or guaranty. The Group has no long-term receivable with related parties.

(c) Equity Price Risk

Equity price risk is the risk that the fair values of the equities will decrease resulting from changes in the levels of equity indices and the value of the individual stocks. The Group's price risk exposure relates to its quoted equity investments where values will fluctuate due to changes in market prices. Such quoted equity investments are subject to price risk due to changes in market values arising from factors specific to the instrument or its issuer or factors specific to the instruments traded in the market.

(d) Liquidity Risk

Liquidity is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. The Group's objective is to maintain a balance between continuity of funding and flexibility using cash and cash equivalents, and loans. The Group also monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value. The Group manages its capital structure and adjusts it, considering the changes in economic conditions.

The Group monitors capital using a debt-to-equity ratio, which is the total liabilities divided by total equity. Total liabilities include current and noncurrent liabilities. Equity comprises all components of equity.

The Group's objective is to ensure that there are no known events that may trigger direct or contingent financial obligation that is material to the Group, including default or acceleration of an obligation that will require increased capitalization.

The debt-to-equity ratios as of September 30, 2023 and December 31, 2022 are as follows:

	Unaudited September 30 2023	Audited December 31 2022
Total liabilities	6,495,555	5,126,194
Total equity	1,290,250,948	1,297,230,979
Debt to equity ratio	0.005:1	0.004:1

The Group is not exposed to externally imposed capital requirements and there were no changes in the Group's approach to capital management during the period.

Fair Value Estimation of Financial Assets

(a) Financial assets and liabilities at amortized cost

Due to the short-term nature of the Group's financial assets and liabilities at amortized costs, the fair values approximate their carrying amounts as at September 30, 2023 and December 31, 2022. Lease receivables are not subject to discounting; thus, the fair values approximate their carrying amounts as at September 30, 2023 and December 31, 2022.

(b) Financial assets at fair value through other comprehensive income

The fair value of quoted equity instruments is determined by reference to the quoted market bid price at the close of business at the end of the reporting dates since this is actively traded in organized financial markets. As at September 30, 2023 and December 31, 2022, the Group classifies its financial asset as FVOCI under Level 2 of the fair value hierarchy and there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

22. Financial Soundness - Key Performance Indicators

	Unaudited September 30 2023	Audited December 31 2022
A. Current and liquidity ratios		
1. Current ratio - (Current assets/Current liabilities)	126.74	188.02
2. Acid-test ratio or Quick ratio - (Monetary current assets/Current liabilities)	126.30	187.75
B. Solvency ratio		
1. Net income + depreciation/Total liabilities (annualized)	3.42	2.68
2. Total assets/Total liabilities	199.64	254.06
C. Debt to equity ratio – (Total liabilities/Total equity)	0.005	0.004
D. Asset to equity ratio (Total assets/Total equity)	1.005	1.00
E. Debt ratio (Total liabilities/Total assets)	0.005	0.004
F. Interest rate coverage ratio (EBIT/Interest expense)	Nil	Nil
G. Profitability % (annualized)		
1. Return on assets (Net income/Total assets)	1.65	0.94
2. Return on equity (Net income/Total equity)	1.66	0.94
3. Net profit margin (Net income/revenue)	44.41	28.20
H. Earnings per share attributable to equity holders of the Parent (Annualized) - (₱)	0.29	0.08
I. Book value per share attributable to equity holders of the Parent (₱)	16.78	16.46
J. Price/Earnings ratio (Price per share/EPS (Annualized) (₱)	14.97	80.44

23. Shares Market Price

Stock Symbol	September 30, 2023		December 31, 2022	
	Last Trading Date	Last Closing Price	Last Trading Date	Last Closing Price
KPH	September 22, 2023	4.03	October 7, 2022	6.60
KPHB	August 31, 2023	4.86	September 29, 2022	6.16

Aging of Current Receivable as at September 30, 2023: In Philippine Pesos

	Total	Current	2-3 Mos	4 - 6 Mos	7 -12 Mos	More than 1 year
Interest receivable	1,420,074	1,420,074	-	-	-	-
Lease receivables - current	1,081,891	1,081,891	-	-	-	-
Others	38,683	38,683	-	-	-	-
Total	2,540,648	2,540,648	-	-	-	-
Less Allowance for doubtful accounts	-	-	-	-	-	-
Net Receivables	2,540,648	2,540,648	-	-	-	-

EXHIBIT II

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS
OF OPERATIONS AND FINANCIAL CONDITION**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

The Group recorded a net income of P16.1 million for the period ended September 30, 2023, P8.0 million or 99% higher than P8.1 million during the same period last year. The reasons for the changes in net income are discussed as follows:

The Group earned P23.8 million interest income from short term deposits as of September 30, 2023, P13.3 million or 126% higher than the P10.5 million interest earned during the same period last year. The increase in interest earned was due to better interest rates of 0.5% to 6.0% per annum during this period as against 0.3% to 3.25% per annum in September 2022. Likewise, the fixed deposits have increased from P237.6 million as of September 2022 to P562.6 million due to the full repayment of loan by the related parties in November 2022. With the loan repayment in November 2022, no more interest income from loans has been recorded during this period as compared with the P8.2 million as of September 2022.

Rental revenue for the period ending September 30, 2023 amounted to P9.6 million, which is higher than P8.3 million in September 2022. The P1.3 million or 16% increase was due to a new lease rental from external party of P0.9 million and increase in lease rental rate to KPMI by P0.4 million.

For the period under review, the Group recognized lower equity in net earnings of an associate of P1.5 million, P6.3 million or 81% lower than the same period last year of P7.8 million due to lower net income of P6.1 million recognized by the associate as against P31.2 million in 2022. This was brought about by the decrease in net profit from significant increase in power costs, increase in real property tax and other operating expenses.

Management and accounting services fees charged to related parties amounted to P1.1 million for the period ended September 30, 2023 as against same period year of P1.2 million. The decrease was due to timing difference in booking of the 4th quarter 2021 accounting service fees from related company, Bay Philippines Holdings, Inc.

In February 2020, the Parent Company entered into a payroll service agreement with related companies with regards to the payroll system upgrade of KPMI, KSSI and the Parent Company. Payroll service fee earned by the Parent Company as of September 30, 2022 amounted to P2.4 million. The agreement was terminated in November 2022.

The operating expenses for the period of P14.9 million is lower than last year of P21.3 million due to the decrease in salaries and allowances, taxes and licenses, depreciation and amortization, repairs and maintenance, utilities, membership dues and subscriptions, travel and transportation, advertising, office supplies, recovery of impairment loss on VAT booked in prior years and miscellaneous expense. This was offset by the increase in professional fees and commission.

Financial Condition

The cash position of the Group as of September 30, 2023 amounted to P569.5 million, P13.5 million lower than the P583.0 million recorded as of December 31, 2022. The decrease of P13.5 million was due to the payment of dividends to shareholders of P35.0 million partially offset by the cash dividend received of P5.2 million and net cash provided by the operating activities of P16.3 million.

Total receivables, both current and non-current, amounted to P28.8 million and P29.8 million as of September 30, 2023 and December 31, 2022, respectively. The P1.0 million decrease was due to collection from rentals and lower accrued interest receivable from fixed deposits.

Other current assets as of this period increased to P2.0 million as against P0.8 million as of December 31, 2022. The P1.2 million increase was due to an increase in prepayments of real property tax, business tax, and creditable withholding tax, deposits and advances which were partially offset by recovery of input tax.

Financial assets at fair value through other comprehensive income was revalued at P70.0 million as of September 30, 2023 as compared with P58 million recorded as of December 31, 2022.

Investments in associates as of September 30, 2023 and December 31, 2022 amounted to P417.5 million and P421.2 million, respectively. The P3.7 million decrease was due to the cash dividend paid by the associate of P5.2 million and partially offset by the recognition of equity in net earnings of P1.5 million.

Total fixed and intangible assets as of September 30, 2023 amounted to P207.8 million as against P208.4 million as of December 31, 2022. The decrease was due to the depreciation and amortization during the nine-month period of P0.6 million. There was no acquisition made during the nine-month period.

Total liabilities as of September 30, 2023 and December 31, 2022 amounted to P6.5 million and P5.1 million, respectively. The P1.4 million increase was due to higher accrual and provision of operating expenses.

The equity attributable to equity holders of the Parent Company as of September 30, 2023 amounted to P960.6 million as against last December 31, 2022 of P942.0 million. The increase was due to net income of P6.6 million and revaluation of financial assets at fair value of P12.0 million.

Non-controlling interests as of September 30, 2023 amounted to P329.7 million as against last December 31, 2022 of P355.2 million. The decrease of P25.5 million was due to payment of dividends of P29.3 million offset by a share in net income attributable to the noncontrolling interests of P3.8 million.

The book value per share attributable to equity holders of the parent (equity attributable to equity holders of the parent divided by common shares outstanding) at ₱16.78 as of September 30, 2023 as against December 31, 2022 of ₱16.46 per share.

Earnings per share attributable to the equity holders of the Parent (net earnings for the period divided by common shares outstanding) as shown in the consolidated statement of income is P0.21 and P0.04 as of the periods ended September 30, 2023 and 2022.


Material Events and Uncertainties

There are no known trends, commitments, events, or uncertainties that will have a material impact, whether favorable or unfavorable, on the revenues or income from continuing operations of the Parent Company. There are also no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Parent Company with unconsolidated entities or other persons created during the year.

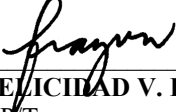
SIGNATURES

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 : **KEPPEL PHILIPPINES HOLDINGS, INC.**

Signature and Title : 

ALAN I. CLAVERIA
President



FELICIDAD V. RAZON
VP/Treasurer

Date : 10 November 2023