

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 . A N D S U B S I D I A R I E S

(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-March 2023

FORM TYPE

0 6

Month

1 7

Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

417 as of April 2023

Total No. of Stockholders

Domestic

Foreign

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 31 March 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:
- |                     | <b>As of April 30, 2023</b>                              |
|---------------------|--|
| Title of each Class | Number of shares of common stock outstanding             |
| <b>Common 'A'</b>   | <b>35,756,070</b>  |
| <b>Common 'B'</b>   | <b>21,476,949</b>  |
| <b>Total</b>        | <b>57,233,019 (Net of Treasury Shares of 15,940,481)</b> |
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**

## **MARCH 2023 QUARTERLY REPORT**

**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**AS AT MARCH 31, 2023 & DECEMBER 31, 2022**

**(IN PHILIPPINE PESOS)**

<b>A S S E T S</b>	<b>Unaudited March 31 2023</b>	<b>Audited December 31 2022</b>
<b>Current assets</b>		
Cash and cash equivalents (Notes 6 and 21)	581,659,651	583,003,831
Receivables – net (Notes 7, 15 and 21)	4,733,578	2,726,987
Other current assets - net (Note 8)	4,057,970	835,189
Total current assets	590,451,199	586,566,007
<b>Non-current assets</b>		
Lease receivables – net of current portion (Notes 7,15 and 21)	26,800,399	27,070,872
Financial assets at fair value through other comprehensive income, net (Note 9)	58,000,000	58,000,000
Investment in associates (Note 10)	422,237,899	421,243,232
Investment properties – net (Note 11)	205,288,439	205,288,439
Property and equipment - net (Note 12)	601,642	635,260
Intangible assets, net (Note 13)	2,337,122	2,503,923
Retirement benefit asset, net (Note 16)	1,049,440	1,049,440
Total non-current assets	716,314,941	715,791,166
<b>Total assets</b>	<b>1,306,766,140</b>	<b>1,302,357,173</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>Current liabilities</b>		
Accrued expenses and other current liabilities (Note 14)	2,464,407	2,856,284
Refundable deposits (Note 11)	231,199	193,791
Income tax payable	198,243	69,627
Total current liabilities	2,893,849	3,119,702
<b>Noncurrent liabilities</b>		
Deferred tax liability	1,394,114	1,407,638
Advance rental and deposits – net of current portion (Note 11)	598,854	598,854
Total noncurrent liabilities	1,992,968	2,006,492
Total liabilities	4,886,817	5,126,194
<b>Equity</b>		
Share capital (Note 17)	73,173,500	73,173,500
Share premium	73,203,734	73,203,734
Retained earnings (Note 18)	764,480,403	761,412,125
Investment revaluation reserve (Note 9)	57,422,057	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	945,084,529	942,016,251
Non-controlling interests	356,794,794	355,214,728
Total equity	1,301,879,323	1,297,230,979
<b>Total liabilities and equity</b>	<b>1,306,766,140</b>	<b>1,302,357,173</b>

*See accompanying Notes to Consolidated Financial Statements*

**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME  
FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022  
(IN PHILIPPINE PESOS)  
(UNAUDITED)**

	<b>March 31 2023</b>	March 31 2022
<b>Revenues and income</b>		
Interest income (Notes 6 and 7)	7,239,875	2,437,733
Rental income (Notes 11,15 and 20)	3,194,604	2,782,954
Equity in net earnings of associates (Note 10)	994,667	2,392,297
Management & accounting service fees (Note 15)	354,000	519,000
Payroll service fees (Note 15)	-	802,923
Others	55,913	83,586
<b>Total revenues and income</b>	<b>11,839,059</b>	<b>9,018,493</b>
Operating expenses (Note 19)	(5,615,466)	(6,828,363)
<b>Income before income tax</b>	<b>6,223,593</b>	<b>2,190,130</b>
Income tax expense	(1,575,249)	(305,960)
<b>Net income for the period</b>	<b>4,648,344</b>	<b>1,884,170</b>
<b>Attributable to:</b>		
Equity holders of the parent	3,068,278	63,414
Non-controlling interests	1,580,066	1,820,756
	<b>4,648,344</b>	<b>1,884,170</b>
<b>Earnings per share attributable to equity holders of the parent</b>		
	<b>P0.054</b>	<b>P0.001</b>
<i>Equity holders of the parent divided by</i>		
<i>Number of shares outstanding as of end of the period</i>	<i>P3,068,278/57,233,419</i>	<i>P63,414/57,292,519</i>

*See accompanying Notes to Consolidated Financial Statements*

**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME  
FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022  
(IN PHILIPPINE PESOS)  
(UNAUDITED)**

	<b>March 31 2023</b>	<b>March 31 2022</b>
<b>Net income for the period</b>	<b>4,648,344</b>	<b>1,884,170</b>
<b>Other comprehensive income</b>		
Item that will not be reclassified to profit and loss:		
Unrealized fair value gain on financial assets at fair value through other comprehensive income (Note 9)	-	2,000,000
<b>Total comprehensive income for the period</b>	<b>4,648,344</b>	<b>3,884,170</b>
<b>Attributable to:</b>		
Equity holders of the parent	<b>3,068,278</b>	2,063,414
Non-controlling interest	<b>1,580,066</b>	1,820,756
	<b>4,648,344</b>	<b>3,884,170</b>

*See accompanying Notes to Consolidated Financial Statements*

**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022  
(UNAUDITED)  
IN PHILIPPINE PESOS**

	Attributable to equity holders of the Parent							Non- controlling interests <i>(Note 2)</i>	Total equity
	Share capital <i>(Note 17)</i>	Share premium	Retained earnings <i>(Note 18)</i>	Investment revaluation reserve <i>(Note 9)</i>	Remeasurements on retirement benefit asset <i>(Note 16)</i>	Treasury shares <i>(Note 18)</i>	Total		
<b>Balance as of January 1, 2023</b>	<b>73,173,500</b>	<b>73,203,734</b>	<b>761,412,125</b>	<b>57,422,057</b>	<b>2,809,365</b>	<b>(26,004,530)</b>	<b>942,016,251</b>	<b>355,214,728</b>	<b>1,297,230,979</b>
<b>Comprehensive income</b>									
Net income for the period	-	-	3,068,278	-	-	-	3,068,278	1,580,066	4,648,344
Other comprehensive income	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>3,068,278</b>	-	-	-	<b>3,068,278</b>	<b>1,580,066</b>	<b>4,648,344</b>
<b>Transaction with the owners</b>									
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Cash dividend declared	-	-	-	-	-	-	-	-	-
<b>Balance as of March 31, 2023</b>	<b>73,173,500</b>	<b>73,203,734</b>	<b>764,480,403</b>	<b>57,422,057</b>	<b>2,809,365</b>	<b>(26,004,530)</b>	<b>945,084,529</b>	<b>356,794,794</b>	<b>1,301,879,323</b>
Balance as of 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	-	-	63,414	-	-	-	63,414	1,820,756	1,884,170
Other comprehensive income	-	-	-	2,000,000	-	-	2,000,000	-	2,000,000
<b>Total comprehensive income</b>	-	-	<b>63,414</b>	<b>2,000,000</b>	-	-	<b>2,063,414</b>	<b>1,820,756</b>	<b>3,884,170</b>
<b>Transaction with the owners</b>									
Purchase of treasury shares	-	-	-	-	-	(312,088)	(312,088)	-	-
Cash dividend declared	-	-	-	-	-	-	-	(245,000)	(245,000)
<b>Balance as of March 31, 2022</b>	<b>73,173,500</b>	<b>73,203,734</b>	<b>762,673,789</b>	<b>45,422,057</b>	<b>1,099,460</b>	<b>(25,593,087)</b>	<b>929,979,453</b>	<b>358,958,142</b>	<b>1,288,937,595</b>

*See Accompanying Notes to Consolidated Financial Statements*



**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022**  
**(IN PHILIPPINE PESOS)**  
**(UNAUDITED)**

	March 31 2023	March 31 2022
<b>Cash flows from operating activities</b>		
Income before income tax expense	6,223,593	2,190,130
Adjustments for:		
Retirement benefit expense	350,000	69,000
Depreciation and amortization (Notes 11, 12, 13 and 19)	200,419	390,506
Provision for (reversal of) impairment losses – net (Note 8)	(267,366)	289,749
Equity in net earnings of associates (Note 10)	(994,667)	(2,392,297)
Interest income (Notes 6, 7 and 15)	(7,239,875)	(2,437,733)
Operating loss before changes in assets and liabilities	(1,727,896)	(1,890,645)
Changes in assets and liabilities		
Receivables (Notes 7, 15, and 21)	(1,577,455)	757,159
Other assets (Note 8)	(2,955,415)	(4,014,559)
Accounts payable and other current liabilities	(741,876)	303,687
Refundable deposits	37,407	-
Net cash absorbed by operations	(6,965,235)	(4,844,358)
Interest received from cash and cash equivalent	7,081,212	528,794
Income tax paid	(1,460,157)	(88,483)
Net cash used in operating activities	(1,344,180)	(4,404,047)
<b>Cash flows from investing activities</b>		
Principal collection of loans to a related party	-	3,000,000
Interest received from loans to related parties	-	1,933,951
Loan provided to a related party	-	(100,000,000)
Net cash provided by investing activities	-	(95,066,049)
<b>Cash flows from financing activities</b>		
Cash dividend declared and paid	-	(245,000)
Purchase of treasury shares	-	(312,088)
Net cash used in financing activities	-	(557,088)
<b>Net decrease in cash and cash equivalents</b>	<b>(1,344,180)</b>	<b>(100,027,184)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>583,003,831</b>	<b>341,097,008</b>
<b>Cash and cash equivalents at the end of the period (Note 6)</b>	<b>581,659,651</b>	<b>241,069,824</b>

*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 March 31, 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 March 31, 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 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 March 31, 2023 and December 31, 2022. The administrative functions of the subsidiaries are handled by the Parent Company’s management.

As of March 31, 2023 and December 31, 2022, the Parent Company has 236 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 June 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 asset 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 March 31, 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 March 31, 2023 and for the year ended December 31, 2022 are as follows:

	March 31, 2023 (Unaudited)			December 31, 2022 (Audited)		
	GRDC	GMRI	Total	GRDC	GMRI	Total
Current assets	801,115	70,690,198	71,491,313	773,911	67,981,361	68,755,272
Noncurrent assets	3,245,288	567,660,018	570,905,306	3,246,370	567,997,060	571,243,430
<b>Total assets</b>	<b>4,046,403</b>	<b>638,350,216</b>	<b>642,396,619</b>	<b>4,020,281</b>	<b>635,978,421</b>	<b>639,998,702</b>
Current liabilities	79,929	818,009	897,938	85,713	315,806	401,519
Noncurrent liabilities	-	1,394,114	1,394,114	-	1,407,638	1,407,638
<b>Total liabilities</b>	<b>79,929</b>	<b>2,212,123</b>	<b>2,292,052</b>	<b>85,713</b>	<b>1,723,444</b>	<b>1,809,157</b>
Revenue and income	78,157	3,413,970	3,492,127	547,203	19,176,733	19,723,936
Income before income tax	39,882	2,155,267	2,195,149	415,460	13,497,204	13,912,664
Net income and total comprehensive income	31,906	1,883,114	1,915,020	391,633	12,665,307	12,665,307
Cash flows from:						
Operating activities	(21,827)	(1,597,324)	(1,619,151)	133,805	6,211,743	6,345,548
Investing activities	-	-	-	296,325	48,412,564	48,708,889
Financing activities	-	-	-	(500,000)	(20,000,000)	(20,500,000)
Net increase (decrease) in cash and cash equivalents	(21,827)	(1,597,324)	(1,619,151)	(69,870)	34,624,307	34,554,437
Accumulated balance of material NCI	2,043,431	354,751,363	356,794,794	2,027,797	353,186,931	355,214,728
Net income and total comprehensive income attributable to material NCI	15,634	1,564,432	1,580,066	46,760	7,685,391	7,732,151

Accumulated balance of material NCI, and net income and total comprehensive income attributable to material NCI as at March 31, 2022 are P359.0 million and P1.8 million. There are no significant restrictions on the Group's ability to use assets or settle liabilities within the Group. There is no difference on 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 with the disclosures made in December 31, 2022 audited financial statements and for the period ended March 31, 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 of March 31, 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:

	<b>Unaudited March 31 2023</b>	<b>Audited December 31 2022</b>
Cash in banks	6,359,990	11,049,504
Cash equivalents	575,299,661	571,954,327
	<b>581,659,651</b>	<b>583,003,831</b>

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term investments which are placed in 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 5.75% during the first quarter of 2023 and 0.5% to 1.3% in 2022.

Interest income earned from cash and cash equivalents amounted to P7.2 million for the period ended March 31, 2023 compared to P0.4 million during the same period last year. Accrued interest receivable from cash and cash equivalents amounted to P1.8 million in March 31, 2023 compared to P1.6 million as of December 31, 2022.

## 7. Receivables - Net

This account consists of:

	<b>Unaudited March 31 2023</b>	<b>Audited December 31 2022</b>
Lease receivables (Note 15)	29,263,403	28,152,763
Interest receivable (Note 6)	1,803,759	1,645,096
Due from affiliates	22,400	-
Others - sundry	444,415	-
	<b>31,533,977</b>	<b>29,727,859</b>
Less non-current portion of lease receivables (Note 15)	<b>(26,800,399)</b>	<b>(27,070,872)</b>
	<b>4,733,578</b>	<b>2,726,987</b>

There is no allowance for impairment related to lease receivables from third parties, non-trade and other receivables as of March 31, 2023 and December 31, 2022.

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 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:

	<b>Unaudited March 31 2023</b>	<b>Audited December 31 2022</b>
Prepaid expenses	3,355,844	411,245
Creditable withholding taxes (CWT)	3,278,600	3,226,557
Input value-added tax (VAT)	382,694	592,356
Advances to employees	195,435	-
Deposits	192,340	192,340
Others	-	27,000
	<b>7,404,913</b>	<b>4,449,498</b>
Less allowance for impairment loss	<b>(3,346,943)</b>	<b>(3,614,309)</b>
	<b>4,057,970</b>	<b>835,189</b>

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

<b>Unaudited March 31, 2023</b>	<b>Input VAT</b>	<b>CWT</b>	<b>Total</b>
Balance at the beginning of the period	592,356	3,021,953	3,614,309
Provision for the period	-	47,572	47,572
Recovery of provision	(314,938)	-	(314,938)
Net provision (recovery)	(314,938)	47,572	(267,366)
Balance at the end of the period	277,418	3,069,525	3,346,943

<b>Audited December 31, 2022</b>	<b>Input VAT</b>	<b>CWT</b>	<b>Total</b>
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:

	<b>Unaudited March 31 2023</b>	<b>Audited December 31 2022</b>
Original cost	316,004	316,004
Accumulated revaluation		
Beginning	57,683,996	43,683,996
Unrealized fair value gain	-	14,000,000
End	57,683,996	57,683,996
Balance at the end of the period	58,000,000	58,000,000

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

	<b>Unaudited March 31 2023</b>	<b>Audited December 31 2022</b>
Balance at the beginning of the period	57,422,057	43,422,057
Fair value gain	-	15,000,000
Balance at the end of the period	57,422,057	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:

	<b>Unaudited March 31 2023</b>	<b>Audited December 31 2022</b>
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	994,667	10,005,764
Cash dividend received	-	(6,986,479)
Balance at end of the period	84,641,099	83,646,432
	422,237,899	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.

The Group has a Share Purchase Agreement with KPMI for the transfer of 2,950,000 shares dated September 6, 2012. In March 2021, the Bureau of Internal Revenue issued the Certificate Authorizing

Registration (CAR) for the transfer of said shares. With the issuance of CAR, this gives GMRI an ownership interest of 25% in CLI.

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

	<b>Unaudited March 31 2023</b>	Audited December 31 2022
Current assets	96,225,271	71,593,545
Noncurrent assets	262,898,560	263,531,898
Current liabilities	42,305,183	22,285,465
Non-current liabilities	2,107,406	2,107,406
Net assets	<b>314,711,242</b>	310,732,572
Revenue	47,464,668	172,205,012
Income before income tax	5,056,273	43,108,057
Net income and total comprehensive income	<b>3,978,669</b>	40,023,055

The Group share in the net assets of CLI amounted to P78.5 million as at March 31, 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:

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

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 P1.3 billion as at December 31, 2021. The Parent Company's share at the aggregate fair value is P682 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 management believes that the fair value as at December 31, 2022 has not significantly changed from the last valuation date.

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 used 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 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 aforementioned lease, the Group leases out its investment properties to third 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 March 2022, there were no leases to third party.

Rental income attributable to the investment properties for the period ended March 31, 2023 and 2022 consists of the following:

	<b>Unaudited March 31 2023</b>	Unaudited March 31 2022
Related parties	<b>1,965,118</b>	2,782,954
Third parties	<b>1,229,486</b>	-
	<b>3,194,604</b>	2,782,954

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 P1.0 million as of March 31, 2023 (2022 – P1.0 million).

The outstanding balances of lease receivables from related parties as at March 31, 2023 and December 21, 2022 represent lease differential in the computation of rent income using straight-line method.

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

	<b>Unaudited March 31 2023</b>	Audited December 31 2022
Third parties	<b>430,817</b>	299,427
Related parties	<b>35,000</b>	128,982
	<b>465,817</b>	428,409
Less: Current portion	<b>166,390</b>	128,982
Non-current portion	<b>299,427</b>	299,427

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

	<b>Unaudited March 31 2023</b>	Audited December 31 2022
Third parties	<b>530,626</b>	399,236
Related parties	<b>-</b>	93,982
	<b>530,626</b>	493,218
Less: Current portion	<b>231,199</b>	193,791
Non-current portion	<b>299,427</b>	299,427

## 12. Property and Equipment - Net

This account consists of:

	<b>Unaudited March 31, 2023</b>			
	<b>Commercial Building</b>	<b>Office machine, furniture and fixtures</b>	<b>Transportation Equipment</b>	<b>Total</b>
Cost:				
January 1 & March 31	<b>5,397,020</b>	<b>1,399,986</b>	<b>776,186</b>	<b>7,573,192</b>
Accumulated depreciation:				
January 1	<b>5,397,020</b>	<b>764,726</b>	<b>776,186</b>	<b>6,937,932</b>
Depreciation	<b>-</b>	<b>33,618</b>	<b>-</b>	<b>33,618</b>
March 31	<b>5,397,020</b>	<b>798,344</b>	<b>776,186</b>	<b>6,971,550</b>
Net Book Value	<b>-</b>	<b>601,642</b>	<b>-</b>	<b>601,642</b>



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 March 31, 2023 and December 31, 2022.

### 13. Intangible Assets – Net

This account pertains to computer software programs.

	Unaudited March 31 2023	Audited December 31 2022
Cost:		
January 1	4,572,382	8,214,427
Disposal	-	(3,642,045)
March 31	4,572,382	4,572,382
Accumulated depreciation:		
January 1, 2023 and December 31, 2022	2,068,459	2,371,195
Depreciation	166,801	1,126,630
Disposal	-	(1,429,366)
	2,235,260	2,068,459
Net Book Value	2,337,122	2,503,923

The Group sold computer software with book values of P2.2 million to KPMI for a total amount of P2.32 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 March 31, 2023 and December 31, 2022.

### 14. Accrued Expenses and Other Current Liabilities

This account consists of:

	Unaudited March 31 2023	Audited December 31 2022
Accrued expenses	1,362,507	1,066,876
Payable to government agencies	214,237	792,404
Advance rentals	166,390	128,982
Unearned interest income	-	146,482
Others	721,273	721,560
	2,464,407	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 pertains 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 of March 31, 2023 and December 31, 2022 follow:

Related Party	Notes	As of March 31, 2023		As of December 31, 2022		Terms and conditions
		Transactions (1 <sup>st</sup> quarter)	Outstanding receivable (payable)	Transactions (annual)	Outstanding receivable (payable)	
<b>Entities under common control</b>						
Leases –						
Rental Income (a)						
KPMI		1,860,118	29,930,478	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)		75,000	-	300,000	-	
Keppel Energy and Consultancy Inc. (KECI)		30,000	33,600	120,000	-	
	7,11	1,965,118	29,964,078	11,131,815	28,152,763	
Advance rentals						
KPMI		(37,408)	(131,390)	-	(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	(37,408)	(166,390)	-	(128,892)	
Refundable deposits - KPMI	11	(37,408)	(131,690)	-	(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		1,400	-	221,859	-	Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
Keppel Enterprise Services Ltd.		-	-	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.		165,000	-	825,000	-	
KECI		60,000	67,200	240,000	-	
KIVI		45,000	-	180,000	-	
Kepventure, Inc.		15,000	-	60,000	-	
		285,000	67,200	1,305,000	-	
Payroll service fees (e)						
KSSI		-	-	1,806,659	-	
KPMI		-	-	1,587,965	-	
		-	-	3,394,624	-	
Other income (f)						
Director's fees - KPPI		50,000	-	230,000	-	
Sale of fixed assets - KPMI	12,13	-	-	3,354,562	-	
<b>Associates</b>						
Cash dividend received-CLI	10	-	-	6,986,479	-	

<b>Shareholders of the Parent Company</b>				
Cash dividend declared and paid				
Kepwealth Inc.	-	-	3,053,293	
KCL	-	-	1,689,409	
Others	(287)	(721,273)	981,140	(721,560)
	(287)	(721,273)	5,723,842	(721,560)
<hr/>				
Management fees – Kepwealth Inc.	69,000		276,000	-
Various expenses and charges				
Kepwealth, Inc.	-	-	29,131	-
KCL	-	-	221,100	-
<hr/>				
<b>Key management personnel (g)</b>				
Salaries and other short-term benefits		485,800	-	1,943,200
Retirement benefit	16	500,000	(500,000)	660,465
Contribution to the fund		-	-	-

Outstanding balance is collectible in cash on pay-out date as approved by the related party's BOD, non-interest bearing and unsecured

The outstanding balance is payable every designated period per employee contracts, non-interest bearing and unsecured

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. 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 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.

(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.

(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:

	<b>Unaudited March 31 2023</b>	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 at 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) *Other income*

The Group entered into an agreement with KPMI to assist the latter in its bidding activities for select projects with the Group earning a 1% share in KPMI's revenues. There was no income earned in 2022 and as of March 31, 2023.

(g) *Key management personnel*

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

(h) *Elimination*

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

	<b>Unaudited March 31 2023</b>	Audited December 31 2022
Investment in subsidiaries	<b>110,165,069</b>	110,165,069
Dividend income of Parent Company from subsidiaries	-	10,703,867
Dividend income of GRDC from GMRI	-	296,325
Management fees of Parent Company from subsidiary	<b>195,000</b>	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 P0.4 million for the period ending March 31, 2023 (2022 – P0.1 million).

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

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

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 March 31, 2023. Each share has right of one (1) vote. Authorized and issued shares as of March 31, 2023 and December 31, 2022 are as follows:

Authorized – P1 par value		
Class “A”		90,000,000
Class “B”		200,000,000
		<b>290,000,000</b>
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 March 31 2023	Audited December 31 2022	Unaudited March 31 2022
Class “A”			
Beginning	35,756,070	35,826,670	35,826,670
Purchase of treasury shares	-	(70,600)	(49,400)
End	35,756,070	35,756,070	35,777,270
Class “B”			
Beginning	21,476,949	21,515,749	21,515,749
Purchase of treasury shares	-	(38,800)	(500)
End	21,476,949	21,476,949	21,515,249
Total outstanding shares	57,233,019	57,233,019	57,292,519

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

	Unaudited March 31 2023	Audited December 31 2022	Unaudited March 31 2022
Class “A”	35,756,070	35,756,070	35,770,270
Class “B”	21,476,949	21,476,949	21,515,249
	57,233,019	57,233,019	57,292,519

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 March 31, 2023 and 2022:

Common Shares	Number of Shares Registered	Issue/Offer Price	Date of Approval	Number of Holders of Securities
March 2023				
Class “A”	35,770,270	1.00	June 30, 2000	375
Class “B”	21,515,249	1.00	June 30, 2000	55
	57,292,519			

Common Shares	Number of Shares Registered	Issue/Offer Price	Date of Approval	Number of Holders of Securities
March 2022				
Class "A"	35,770,270	1.00	June 30, 2000	377
Class "B"	21,515,249	1.00	June 30, 2000	55
	57,292,519			

There are 417 and 419 total shareholders per record holding both Class "A" and "B" shares for the periods ending March 31, 2023 and 2022, respectively.

## 18. Retained Earnings; Treasury shares

Retained earnings amounted P764.5 million as at March 31, 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 March 31, 2023 and 2022.

	March 2023		March 2022	
	Shares	Cost	Shares	Cost
Class "A"	4,084,900	15,840,946	4,063,700	15,692,317
Class "B"	11,855,581	10,163,584	11,817,281	9,900,770
	15,940,481	26,004,530	15,880,981	25,593,087

The Group purchased additional 49,400 Class "A" and 500 Class "B" shares as of March 31, 2022 amounting to P0.3 million. There is no purchase of shares as of March 31, 2023.

There are no cash dividend declared and paid during the first quarter of 2023 and 2022.

## 19. Operating Expenses

This account consists of:

	Unaudited March 31, 2023	Unaudited March 31, 2022
Salaries and benefits	2,681,899	2,532,042
Taxes and licenses	1,121,554	1,289,329
Professional fees	1,088,858	1,026,600
Depreciation and amortization	200,419	390,506
Commission	199,618	-
Utilities	174,998	217,541
Membership dues and subscriptions	122,278	154,611
Repairs and maintenance	99,289	265,919
Transportation and travel	70,306	173,238
Office supplies	25,560	38,294
Contractual services	-	273,000
Provision (recovery) for impairment losses-net	(267,366)	289,749
Others	98,053	177,534
	5,615,466	6,828,363

Other expenses consist of fringe tax expense, insurance, postages, 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:

<b>Unaudited March 31, 2023</b>					
	<b>Investment Holdings</b>	<b>Real Estate</b>	<b>Combined</b>	<b>Eliminations</b>	<b>Consolidated</b>
Revenues and income					
KPMI	-	1,787,338	1,787,338	-	1,787,338
External parties	-	1,229,486	1,229,486	-	1,229,486
Equity in net earnings of an associate	-	-	-	994,667	994,667
Other related parties	549,000	177,780	726,780	(195,000)	531,780
Interest income & others	6,296,123	999,665	7,295,788	-	7,295,788
<b>Total revenues and income</b>	<b>6,845,123</b>	<b>4,194,269</b>	<b>11,039,392</b>	<b>799,667</b>	<b>11,839,059</b>
Income before income tax	2,490,299	4,727,961	7,218,260	(994,667)	6,223,593
Income tax expense	(1,254,070)	(321,179)	(1,575,249)	-	(1,575,249)
Net Income	1,236,229	4,406,782	5,643,011	(994,667)	4,648,344
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	<b>1,236,229</b>	<b>4,406,782</b>	<b>5,643,011</b>	<b>(994,667)</b>	<b>4,648,344</b>
<i>Other Information</i>					
<b>Segment assets</b>	<b>672,929,520</b>	<b>744,001,689</b>	<b>1,416,931,209</b>	<b>(110,165,069)</b>	<b>1,306,766,140</b>
Segment liabilities	2,919,231	2,863,932	5,783,163	(896,346)	4,886,817
Depreciation & amortization	110,001	99,419	200,419	-	200,419
<b>Audited December 31, 2022</b>					
	<b>Investment Holdings</b>	<b>Real Estate</b>	<b>Combined</b>	<b>Eliminations</b>	<b>Consolidated</b>
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
<b>Total revenues and income</b>	<b>30,682,438</b>	<b>13,864,765</b>	<b>44,547,203</b>	<b>(1,078,103)</b>	<b>43,469,100</b>
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
<b>Total comprehensive income</b>	<b>22,484,175</b>	<b>15,787,340</b>	<b>38,271,515</b>	<b>(10,303,867)</b>	<b>27,967,648</b>
<i>Other Information</i>					
<b>Segment assets</b>	<b>672,051,380</b>	<b>740,470,861</b>	<b>1,412,522,241</b>	<b>(110,165,068)</b>	<b>1,302,357,173</b>
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 third party as of March 31, 2023 amounted to P1.2 million (March 2022 – nil) including revenue from KPMI for the month of March 2023 amounting to P0.9 million). Rental income from KPMI amounted to P2.8 million and P2.7 million for the periods ended March 31, 2023 and 2022, respectively (as external – P0.9 million and as related party – P1.9 million). Rental from KPMI comprises about 24% and 30% of the Group's revenue for the periods ended March 31, 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 2022.

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

	<b>Unaudited March 31 2023</b>	Audited December 31 2022
<i>Cash and receivables</i>		
Cash and cash equivalents	<b>581,659,651</b>	583,003,831
Receivables, at gross	<b>31,533,997</b>	29,797,859
	<b>613,193,628</b>	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 counterparty following the terms of the contracts without 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 a 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.

##### Third 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



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 instruments 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 March 31, 2023 and December 31, 2022 are as follows:

	<b>Unaudited March 31 2023</b>	Audited December 31 2022
Total liabilities	<b>4,886,817</b>	5,126,194
Total equity	<b>1,301,879,243</b>	1,297,230,979
Debt to equity ratio	<b>0.004:1</b>	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 March 31, 2023 and December 31, 2022. Lease receivables are not subject to discounting; thus, the fair values approximate their carrying amounts as at March 31, 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 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 March 31, 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 March 31 2023	Audited December 31 2022
A. Current and liquidity ratios		
1. Current ratio - (Current assets/Current liabilities)	204.04	188.02
2. Acid-test ratio or Quick ratio - (Monetary current assets/Current liabilities)	202.63	187.75
B. Solvency ratio		
1. Net income + depreciation/Total liabilities (annualized)	3.97	2.68
2. Total assets/Total liabilities	267.41	254.06
C. Debt to equity ratio – (Total liabilities/Total equity)	0.004	0.004
D. Asset to equity ratio (Total assets/Total equity)	1.00	1.00
E. Debt ratio (Total liabilities/Total assets)	0.004	0.004
F. Interest rate coverage ratio (EBIT/Interest expense)	Nil	Nil
G. Profitability % (annualized)		
1. Return on assets (Net income/Total assets)	1.42	0.94
2. Return on equity (Net income/Total equity)	1.43	0.94
3. Net profit margin (Net income/revenue)	39.26	28.20
H. Earnings per share attributable to equity holders of the Parent (Annualized) - (₱)	0.21	0.08
I. Book value per share attributable to equity holders of the Parent (₱)	16.51	16.46
J. Price/Earnings ratio (Price per share/EPS (Annualized) (₱)	27.08	80.44

## 23. Shares Market Price

Stock Symbol	31 March 2023		31 December 2022	
	Last Trading Date	Last Closing Price	Last Trading Date	Last Closing Price
KPH	16 March 2023	5.21	10 July 2022	6.60
KPHB	29 March 2023	6.48	29 Sept 2022	6.16

### Aging of Current Receivable as at March 31, 2023: In Philippine Pesos

	Total	Current	2-3 Mos	4 - 6 Mos	7 -12 Mos	More than 1 year
Lease receivables - current	2,463,004	2,463,004	-	-	-	-
Interest receivable	1,803,759	1,803,759	-	-	-	-
Due from related parties	22,400	22,400	-	-	-	-
Nontrade - receivables	444,415	444,415	-	-	-	-
<b>Total</b>	<b>4,733,578</b>	<b>4,733,578</b>	-	-	-	-
Less Allowance for doubtful accounts	-	-	-	-	-	-
<b>Net Receivables</b>	<b>4,733,578</b>	<b>4,733,578</b>	-	-	-	-

**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 P4.6 million for the first quarter ended March 31, 2023, P2.7 million or 146.7% higher than P1.9 million during the same period last year. The reasons for the changes in net income are discussed as follows:

Rental revenue for the quarter ending March 31, 2023 amounted to P3.2 million higher than P2.8 million in March 2022. The P0.4 million increase was due to new rental from external party of P0.3 million and increase in lease rental rate in KPMI by P0.1 million.

The Group earned interest income from short term deposits of P7.2 million as of March 31, 2023, P6.8 million higher than the interest earned from deposits of P0.4 million during the same period last year. The increase in interest earned from deposits was due to higher interest rates of 0.5% to 5.4% per annum during this period as against 0.3% to 0.5% per annum in March 2022. In addition, higher amounts of fixed deposits of P575.3 million as a result of the full repayment of loan of the related parties in November 2022 as against same period last year of P228.3 million contributed to the increase in interest income. In March 2022, interest income from loans to related party amounted to P2.0 million.

During the first quarter of the year, the Group recognized lower equity in net earnings of an associate of P1.0 million, P1.4 million lower than the same period last year of P2.4 million. The decrease in equity share was due to lower net income of P4.0 million as against the same period last year of P9.6 million recognized by the associate brought by the decrease in power sales distribution net profit by 27% due to increase in the distribution cost and increase in real property tax by 163%.

Management and accounting services fees charged to related parties amounted to P0.4 million for the period ended March 31, 2023 as against same period year of P0.5 million. The decrease was due to late booking of the 4<sup>th</sup> quarter 2021 accounting service fees from related company, Bay Philippines Holdings, Inc, a related company, booked in March 2022.

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 March 31, 2022 amounted to P0.8 million. The agreement was terminated in November 2022.

This quarter's operating expenses of P5.6 million is lower than last year of P6.8 million due to decrease in taxes and licenses, professional fees, depreciation and amortization, utilities, membership dues and subscriptions, repairs and maintenance, travel and transportation, office supplies, recovery of impairment loss on VAT booked in prior years and miscellaneous expense. This was offset against the increase in salaries and benefits, professional fees, and commission.

### **Financial Condition**

The cash position of the Group as of March 31, 2023 amounted to P581.7 million, P1.3 million lower than the P583.0 million recorded as of December 31, 2022. The decrease of P1.3 million was due to the net cash used in operating activities.

Total receivables, both current and non-current amounted to P31.5 million and P29.8 million as of March 31, 2023 and December 31, 2022, respectively. The P1.7 million increase was due to unpaid lease receivables and higher accrued interest receivable from fixed deposits.

Other current assets as of this period increased to P4.1 million as against P0.8 million as of December 31, 2022. The P3.2 million increase was due to increase in prepayments of real property tax and business tax.

Financial assets at fair value through other comprehensive income was revalued at P58.0 million both for the periods ending March 31, 2023 and December 31, 2022.

Investments in associates as of March 31, 2023 and December 31, 2022 amounted to P422.2 million and P421.2 million, respectively. The P1.0 million increase was due mainly to the recognition of equity in net earnings of associate.

Total fixed and intangible assets as of March 31, 2023 that amounted to P208.2 million as against P208.4 million as of December 31, 2022 due to the depreciation and amortization during the first quarter of P0.2 million. There was no acquisition during the first quarter of 2023.

Total liabilities as of March 31, 2023 and December 31, 2022 amounted to P4.9 million and P5.1 million, respectively. The decrease of P0.2 million was due to realized unearned income from time deposits of P0.1 million and decrease of P0.4 million in payable to government agencies which were partially offset by higher accrual of expenses by P0.3 million.

The equity attributable to equity holders of the Parent Company as of March 31, 2023 amounted to P945.1 million as against last December 31, 2022 of P942.0 million. The increase was due to P3.1 million in net income. No dividend declared during the quarter.

Non-controlling interests as of March 31, 2023 amounted to P356.8 million as against last December 31, 2022 of P355.2 million. The increase was due to net income attributable to the noncontrolling interests of P1.6 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 ₱16.51 as of March 31, 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 quarter divided by common shares outstanding) as shown in the consolidated statement of income is P0.05 and P0.001 as of the quarters ended March 31, 2023 and 2022.

### **Material Events and Uncertainties**


In compliance to the government proclamations, memorandum, and guidelines and in order to mitigate the risk of spreading COVID-19 in the workplace, the Parent Company already has 100% of its workforce on-site. The Parent Company continues to be in close communication with its stakeholders during this period that includes, among others, its employees, lessees, borrowers, industry regulators, suppliers, and service providers. 100% of the Parent Company's personnel have received their primary and booster vaccination dose.


Notwithstanding the prevailing community quarantine level and the current COVID-19 situation in the Philippines, there are no known trends, commitments, events, or uncertainties that will have a material impact, whether favorable and 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 L. CLAVERIA**  
President

  
\_\_\_\_\_  
**FELICIDAD V. RAZON**  
VP/Treasurer

Date : 12 May 2023