COVER SHEET

6	2	5	9	6

S.E.C Registration Number

KEPPEL PHILIPPINES HOLDINGS,
INC. AND SUBSIDIARIES

(Company's Full Name)

UNIT 3B COUNTRY SPACE I BLDG.
133 SEN GIL PUYAT AVE. SALCEDO
VIL. BRGY BELAIR MAKATI CITY

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

Alan I. Claveria/
Felicidad V. Razon

Contact Person

892 1816

Company Telephone Number

1	2		3	1

Month Day

SEC Form 17Q-September 2017

FORM TYPE

0	6		1	6

Month Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

425 as of September 2017

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 2017**

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
Unit 3B, Country Space I Bldg., Sen. Gil Puyat Avenue Salcedo Village, Barangay Bel-Air, Makati City
Postal Code **1200**

8. Issuer's telephone number, including area code
(632) 892-18-16

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

Title of each Class	Number of shares of common stock outstanding
Common 'A'	**36,166,970**
Common 'B'	**21,636,449**
Total	**57,803,419 (Net of Treasury Shares of 15,370,081)**

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 1
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 2017 QUARTERLY REPORT

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017 & DECEMBER 31, 2016
(IN PHILIPPINE PESOS)

	Unaudited September 30 2017	Audited December 31 2016
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 19)	**₱81,124,863**	₱24,316,162
Receivables – net (Notes 7, 14 and 19)	**180,251,194**	232,306,644
Other current assets - net (Note 8)	**679,402**	111,025
Total Current Assets	**262,055,459**	256,733,831
Noncurrent Assets		
Available-for-sale financial assets (Notes 9 and 19)	**20,000,001**	19,500,001
Investments in associates (Note 10)	**419,084,985**	415,186,323
Loan receivable – net of current portion (Notes 7, 14, and 19)	**111,250,000**	87,500,000
Lease receivables – net of current portion (Notes 7 and 14)	**33,162,789**	33,855,989
Investment properties – net (Note 11)	**209,264,733**	209,521,488
Property and equipment - net (Note 12)	**17,435**	33,515
Other noncurrent assets (Note 21)	**4,140,710**	4,140,710
Total Noncurrent Assets	**796,920,653**	769,738,026
TOTAL ASSETS	**₱1,058,976,112**	₱1,026,471,857
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 13)	**₱9,735,947**	₱3,599,231
Refundable deposits	**795,890**	822,239
Income tax payable	**2,444,418**	494,962
Total Current Liabilities	**12,976,255**	4,916,432
Noncurrent Liability		
Advance rentals	**-**	841,267
Refundable deposits	**-**	1,124,600
Deferred tax liability	**1,711,310**	1,737,892
	1,711,310	3,703,759
Total Liabilities	**₱14,687,565**	₱8,620,191

(Forward)

	Unaudited September 30 2017	Audited December 31 2016
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 15)	**₱73,173,500**	₱73,173,500
Additional paid-in capital	**73,203,734**	73,203,734
Retained earnings (Note 16)	**471,228,018**	438,203,772
Unrealized gains on available-for-sale financial assets (Note 9)	**19,422,058**	18,922,058
Treasury shares (Note 16)	**(22,622,976)**	(22,622,976)
Total Equity Attributable to Equity Holders of the Parent	**614,404,334**	580,880,088
Noncontrolling Interests	**429,884,213**	436,971,578
Total Equity	**1,044,288,547**	1,017,851,666
TOTAL LIABILITIES AND EQUITY	**₱1,058,976,112**	₱1,026,471,857

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2017 AND 2016
(IN PHILIPPINE PESOS)
(UNAUDITED)

	July to September		January to September	
	2017	2016	**2017**	2016
REVENUES				
Gain on sale of investment properties (Note 11)	**₱20,999,897**	₱ -	**₱39,999,893**	₱ -
Rental income (Notes 11 and 14)	**4,508,961**	5,077,132	**14,440,286**	15,196,853
Interest income (Notes 6 and 7)	**3,275,942**	2,578,462	**9,403,193**	8,002,380
Equity in net earnings of associates (Note 10)	**2,392,662**	3,023,308	**7,391,902**	8,177,131
Management fees (Note 14)	**493,500**	348,600	**1,510,700**	1,045,800
Total Revenues	**31,670,962**	11,027,502	**72,745,974**	32,422,164
OPERATING EXPENSES (Note 17)	**(5,848,047)**	(4,699,629)	**(16,102,322)**	(13,487,612)
OTHER INCOME				
Director's fee	**320,000**	80,000	**360,000**	190,000
Others	**39,163**	8,999	**137,700**	23,028
Total Other Income	**359,163**	88,999	**497,700**	213,028
INCOME BEFORE INCOME TAX	**26,182,078**	6,416,872	**57,141,352**	19,147,580
PROVISION FOR INCOME TAX	**(4,886,157)**	(976,851)	**(10,460,429)**	(3,055,527)
NET INCOME	**₱21,295,921**	₱5,440,021	**₱46,680,923**	₱16,092,053
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	**₱18,688,289**	₱2,663,659	**₱38,804,588**	₱8,230,328
Noncontrolling interests	**2,607,632**	2,776,362	**7,876,335**	7,861,725
	₱21,295,921	₱5,440,021	**₱46,680,923**	₱16,092,053
EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**₱0.323**	₱0.044	**₱0.671**	₱0.136

No. of outstanding shares as of December 31, 2016 to-date – 57,803,419; as of September 30, 2016 – 60,367,419

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2017 AND 2016
(IN PHILIPPINE PESOS)
(UNAUDITED)

	Second Quarter		To - Date	
	July to September		**January to September**	
	2017	2016	**2017**	2016
NET INCOME	**₱21,295,921**	₱5,440,021	**₱46,680,923**	₱16,092,053
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Unrealized gain (loss) in AFS financial assets (Note 9)	**500,000**	1,000,000	**500,000**	2,200,000
TOTAL COMPREHENSIVE INCOME	**₱21,795,921**	₱6,440,021	**₱47,180,923**	₱18,292,053
ATTRIBUTABLE TO:				
Equity holders of the parent	**₱19,188,289**	₱3,663,659	**₱39,304,588**	₱10,430,328
Noncontrolling interest	2,607,632	2,776,362	**7,876,335**	7,861,725
NET INCOME	**₱21,795,921**	₱6,440,021	**₱47,180,923**	₱18,292,053

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, 2017 AND 2016
(UNAUDITED)
IN PHILIPPINE PESOS

	Attributable to Equity Holders of the Parent							
	Capital Stock *(Note 15)*	Additional Paid in Capital	Retained Earnings *(Note 16)*	Unrealized Gain on Available-for-Sale Financial Assets *(Note 9)*	Treasury Shares *(Note 15 and 16)*	Total	Noncontrolling Interests	Total Equity
Balance as of January 1, 2017	**₱73,173,500**	**₱73,203,734**	**₱438,203,772**	**₱18,922,058**	**(₱22,622,976)**	**₱580,880,088**	**₱436,971,578**	**₱1,017,851,666**
Net income	**-**	**-**	**38,804,588**	**-**	**-**	**38,804,588**	**7,876,335**	**46,680,923**
Net gain on available-for-sale financial assets	**-**	**-**	**-**	**500,000**	**-**	**500,000**	**-**	**500,000**
Total comprehensive income	**-**	**-**	**38,804,588**	**500,000**	**-**	**39,304,588**	**7,876,335**	**47,180,923**
Cash dividend declared	**-**	**-**	**(5,780,342)**	**-**	**-**	**(5,780,342)**	**(14,963,700)**	**(20,744,042)**
Balance as of September 30, 2017	**₱73,173,500**	**₱73,203,734**	**₱471,228,018**	**₱19,422,058**	**(₱22,622,976)**	**₱614,404,334**	**₱429,884,213**	**₱1,044,288,547**
Balance as of January 1, 2016	₱73,173,500	₱73,203,734	₱430,671,948	₱15,222,058	(₱9,898,178)	₱582,373,062	₱436,434,544	₱1,018,807,606
Net income	-	-	8,230,328	-	-	8,230,328	7,861,725	16,092,053
Net (loss) on available-for- sale financial assets	-	-	-	2,200,000	-	2,200,000	-	2,200,000
Total comprehensive income	-	-	8,230,328	2,200,000	-	10,430,328	7,861,725	18,292,053
Cash dividend declared	-	-	(6,036,742)	-	-	(6,036,742)	(9,654,000)	(15,690,742)
Balance as of September 30, 2016	₱73,173,500	₱73,203,734	₱432,865,534	₱17,422,058	(₱9,898,178)	₱586,766,648	₱434,642,269	₱1,021,408,917

See Accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2017 AND 2016
(IN PHILIPPINE PESOS)
(UNAUDITED)

	September 30 2017	September 30 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱57,141,352	₱19,147,580
Adjustments for:		
Depreciation (Notes 11, 12, and 17)	272,824	306,937
Provision for impairment losses (Note 8)	177,973	617,713
Provision for uncollectible accounts (Note 7)	289,273	-
Equity in net earnings of associates (Note 10)	(7,391,902)	(8,177,131)
Interest income (Notes 6, 7 and 14)	(9,403,193)	(8,002,380)
Gain on sale of investment properties (Note 11)	(39,999,893)	-
Operating income before working capital changes	1,086,434	3,892,719
Decrease (increase) in:		
Receivables (Notes 7, 14, and 19)	250,970	585,375
Other assets (Note 8)	(746,350)	(234,082)
Increase (decrease) in:		
Accounts payable and other current liabilities	6,136,717	1,038,926
Refundable deposits	(1,992,217)	16,513
Net cash generated from operations	4,735,554	5,299,451
Income tax paid	(8,537,554)	(3,180,721)
Net cash provided by (used in) operating activities	(3,802,000)	2,118,730
CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of loan receivable from related party	98,250,000	119,846,000
Proceeds from sale of investment properties	39,999,904	-
Interest received	9,611,599	8,163,925
Cash dividends received (Note 10)	3,493,240	6,113,169
Acquisition of property and equipment (Note 11)	-	(34,821)
Loans granted to a related party	(70,000,000)	(53,346,000)
Net cash provided by (used in) investing activities	81,354,743	(80,742,273)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid to shareholders	(5,780,342)	(6,036,742)
Cash dividends paid to noncontrolling interest (Note 16)	(14,963,700)	(9,654,000)
Net cash provided by (used in) financing activities	(20,744,042)	(15,690,742
NET INCREASE IN CASH AND CASH EQUIVALENTS	56,808,701	67,170,261
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	24,316,162	55,133,375
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 6)	₱81,124,863	₱122,303,636

See accompanying Notes to Consolidated Financial Statements

1. Corporate 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. The Parent Company's 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.

KPHI shares are publicly traded in the Philippine Stock Exchange (PSE). As of September 30, 2017, the top three shareholders are the following:

	Percentage of Ownership
Kepwealth Inc.	52.8%
Keppel Corporation Limited (KCL)	29.2%
Public	18.0%

The following are the Parent Company's subsidiaries which all belong to the real estate industry:

	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 100% of GMRI, thus, KPHI has 51% effective ownership on GMRI.

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

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The unaudited consolidated financial statements of the Group have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is the Group's functional currency. Amounts are rounded off to the nearest Philippine Peso except when otherwise indicated.

Statement of Compliance
The accompanying unaudited consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The unaudited consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies.

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 or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Noncontrolling 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's share of components previously recognized in OCI 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, 2017 and December 31, 2016, NCI pertains to 49% and 5% ownership of KPMIRP and KPMI, respectively in GRDC.

The financial information of GRDC and its wholly-owned subsidiary, GMRI is provided below. This information is based on amounts before inter-company elimination.

	September 30, 2017			December 31, 2016		
	GRDC	GMRI	Total	GRDC	GMRI	Total
Current assets	₱431,615	₱109,627,907	₱110,059,522	₱181,153	₱151,482,138	₱151,663,291
Noncurrent assets	4,272,394	684,318,245	688,590,639	4,316,762	661,261,446	665,578,208
Total assets	4,704,009	793,946,152	798,650,161	4,497,915	812,743,584	817,241,499
Current liabilities	3,719,601	521,321	4,240,922	4,010,328	421,560	4,431,888
Noncurrent liabilities	-	1,658,139	1,658,139	-	1,692,800	1,692,800
Total liabilities	3,719,601	2,179,460	5,899,061	4,010,328	2,114,360	6,124,688
Revenue	647,131	7,638,344	8,285,475	546,857	10,177,620	10,724,477
Other income	-	10,458,844	10,458,844	-	18,656,006	18,656,006
Net income	496,821	12,137,469	12,634,290	237,923	21,644,841	21,882,764
Total comprehensive income	496,821	12,137,469	12,634,290	237,923	21,644,841	21,882,764
Cash flows from:						
Operating activities	(215,991)	9,313,719	9,097,728	(270,597)	5,065,719	4,795,122
Investing activities	458,800	31,743,240	32,202,040	296,000	(4,398,274)	(4,102,274)
Financing activities	-	(31,000,000)	(31,000,000)	-	(20,000,000)	(20,000,000)
Net increase (decrease) in cash and cash equivalents	242,809	10,056,959	10,299,768	25,403	(19,332,555)	(19,307,152)
Accumulated balance of material NCI	-	-	429,884,213	-	-	436,971,578
Net income attributable to material NCI	-	-	7,876,335	-	-	10,191,034

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

Changes in Accounting Policies and Disclosures

(a) New interpretations and amended standards adopted by the Group

There are no new standards, amendments to existing standards, and interpretations which are effective for the financial year beginning on January 1, 2017 which would have a significant impact or is considered relevant to the Group's consolidated financial statements.

(b) New standards, amendments to existing standards and interpretations not yet adopted.

A number of new standards, and amendments and interpretations to existing standards are effective for annual periods after January 1, 2017, and have not been applied in preparing these consolidated financial statements. None of these are expected to have an effect on the Group's consolidated financial statements, except as set out below:

- PFRS 9, *'Financial instruments* (effective January 1, 2018). The Group intends to adopt the standard, when becomes effective but the Group has assessed that it will not have a significant effect on its consolidated financial statements as a result of adoption of this standard as its financial instruments are limited to loans and receivables, and financial liabilities at amortized cost.
- PFRS 15, '*Revenue from contracts with customers'* (effective January 1, 2018). The Group has yet to assess the full impact of the standard, but initially does not expect to have material changes on its current accounting treatment of existing lease agreements.
- PFRS 16, *'Leases'* (effective January 1, 2019). The Group does not foresee any significant effect on the consolidated financial statements as it is mainly the lessor in the existing lease agreements. However, it will continue its assessment and finalize the same upon effective date of the new standard.

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, 2016 audited financial statements and for the period ended September 30, 2017. 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 affects 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 September 30, 2017, 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, 2016 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 2017	Audited December 31 2016
Cash on hand	**₱5,000**	₱5,000
Cash on in banks	**5,590,073**	3,551,179
Cash equivalents	**75,529,790**	20,759,983
	₱81,124,863	₱24,316,162

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term investments which are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at annual interest that ranged from 1.875% and 1.375% during the nine-months period of 2017 and from 1.0% to 1.5% in 2016, respectively,

Interest income on cash and cash equivalents amounted to ₱0.5 million both for the periods ended September 30, 2017 and 2016. Accrued interest receivable from cash and cash equivalents amounted to ₱0.05 million as of September 30, 2017 and ₱0.02 million in December 31, 2016.

7. Receivables

This account consists of:

	Unaudited September 30 2017	Audited December 31 2016
Loan receivable from a related party (Note 14)	**₱288,750,000**	₱317,000,000
Lease receivables:		
Related parties	**34,310,827**	34,991,086
Others	**895,702**	408,355
	323,956,529	352,399,441
Nontrade	**2,152,580**	2,152,580
Interest receivable (Note 14)	**996,727**	1,205,133
Due from related parties (Note 14)	**-**	58,059
	327,105,836	355,815,213
Less noncurrent portion:		
Loan receivables (Note 14)	**111,250,000**	87,500,000
Lease receivables	**33,162,789**	33,855,989
	144,412,789	121,355,989
	182,693,047	234,459,224
Less provision for impairment losses & uncollectible accounts	**2,441,853**	2,152,580
	₱180,251,194	₱232,306,644

The loan receivable from a related party pertains to unsecured, long-term and short-term interest-bearing loans obtained by KPMI, an affiliate, from the Parent Company, GMRI and KPSI. (see Note 14)

Current portion of lease receivables and due from related parties are non-interest bearing and are generally 30 to 60-day terms. The Group provided allowance for uncollectible accounts from external parties amounting to ₱0.3 million for the period September 30, 2017. The noncurrent portion of lease receivables pertains to the difference in the computation of rent income using straight-line method. These amounts are expected to reverse more than one year from financial reporting date.

Non-trade receivable represents the Group's claim against a seller of a parcel of land, the title of which has not been transferred to the Group. The nontrade receivable has been outstanding for more than one year and has been provided with allowance.

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

Due from related parties representing receivables relating to reimbursement of expenses, is non-interest bearing and is due and demandable.

8. Other Current Assets - net

This account consists of:

	Unaudited September 30 2017	Audited December 31 2016
Creditable withholding taxes (CWT)	**₱2,754,281**	₱2,032,442
Input VAT	**824,714**	1,268,275
Prepaid expenses	**136,701**	-
Deposits	**55,645**	60,645
Others	**343,550**	7,180
	4,114,891	3,368,542
Less allowance for impairment loss	**3,435,489**	3,257,517
	₱679,402	₱111,025

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

Unaudited September 30, 2017	**Input VAT**	**CWT**	**Total**
Balance at the beginning of the period	**₱1,225,075**	**₱2,032,442**	**₱3,257,517**
Provision for the period	**169,223**	**2,131,918**	**2,301,141**
Recovery of provision	**(666,783)**	**(1,456,385)**	**(2,123,168)**
Net provision (recovery)	**(497,560)**	**675,533**	**177,973**
Balance at the end of the period	**₱727,515**	**₱2,707,975**	**₱3,435,490**

Audited December 31, 2016	Input VAT	CWT	Total
Balance at the beginning of the period	₱1,840,054	₱1,281,800	₱3,121,854
Provision for the year	140,053	885,037	1,025,090
Recovery of provision	(755,032)	(134,395)	(889,427)
Net provision (recovery)	(614,979)	750,642	135,663
Balance at the end of the period	₱1,225,075	₱2,032,442	₱3,257,517

The Group recovered input VAT and CWT amounting to ₱0.7 million and ₱1.5 million, respectively as of September 30, 2017 (2016 - ₱0.05 million and nil, respectively) and such were applied against output VAT and income tax due, respectively.

9. Available-for-Sale Financial Assets

This account consists of investments in golf club shares:

	Unaudited September 30 2017	Audited December 31 2016
Quoted share–at fair value (cost ₱577,943)	**₱20,000,001**	₱19,500,001
Unquoted share - at cost	**880,000**	880,000
	20,880,001	20,380,001
Less allowance for impairment	**880,000**	880,000
	₱20,000,001	₱19,500,001

The above investments represent proprietary club shares that provide the Group with opportunities for return through capital gains. These do not have fixed maturity or coupon rate and the movement is based on closing market prices obtained in an active market.

The movements in the AFS financial assets are summarized as follows:

	Unaudited September 30 2017	Audited December 31 2016
Balance at the beginning of the period	**₱19,500,001**	₱15,800,001
Fair value gain	**500,000**	3,700,000
Balance at the end of the period	**₱20,000,001**	₱19,500,001

The roll forward analysis of unrealized gains on AFS financial assets follows:

	Unaudited September 30 2017	Audited December 31 2016
Balance at the beginning of the period	**₱18,922,058**	₱15,222,058
Fair value gain	**500,000**	3,700,000
Balance at the end of the period	**₱19,422,058**	₱18,922,058

10. Investments in Associates – at equity

This account consists of:

	Unaudited September 30 2017	Audited December 31 2016
Investments in associates	**₱337,596,800**	₱842,948,496
Investment write-off	**-**	(505,351,696)
	337,596,800	337,596,800
Accumulated shares in net income (losses):		
Balance at beginning of the period	**77,589,523**	(426,973,437)
Equity in net earnings of associates	**7,391,902**	10,314,776
Cash dividend received	**(3,493,240)**	(11,103,512)
Write-off	**-**	505,351,696
Balance at end of the period	**81,488,185**	77,589,523
	₱419,084,985	₱415,186,323

The details of investments and advances accounted for under the equity method as of September 30, 2017 and December 31, 2016 follows:

	KPCI		GVI		CLI		Total	
	Sep 30 2017	Dec 31 2016	Sept 30 2017	Dec 31 2016	Sep 30 2017	Dec 31 2016	Sep 30 2017	Dec 31 2016
Investments	**₱-**	₱273,518,182	**₱-**	₱231,833,514	**₱337,596,800**	₱337,596,800	**₱337,596,800**	₱842,948,496
Investments write-off	-	(273,518,182)	-	(231,833,514)	**-**	-	**-**	(505,351,696)
	-	-	-	-	**337,596,800**	337,596,800	**337,596,800**	337,596,800
Accumulated share in net earnings (losses):								
Balance at beginning of the period	-	(273,518,182)	-	(231,833,514)	**77,589,523**	78,378,259	**77,589,523**	(426,973,437)
Equity in net earnings	-	-			**7,391,902**	10,314,776	**7,391,902**	10,314,776
Cash dividend received	-	-			**(3,493,240)**	(11,103,512)	**(3,493,240)**	(11,103,512)
Write-off	-	273,518,182	-	231,833,514	**-**	-	**-**	505,351,696
	-	-	-	-	**81,488,185**	77,589,523	**81,488,185**	77,589,523
Balance at the end of the period	**₱-**	₱-	**₱-**	₱-	**₱419,084,985**	₱415,186,323	**₱419,084,985**	₱415,186,323

The Group has written-off its investments in KP Capital, Inc. (KPCI) and Goodwealth Ventures, Inc. (GVI) amounting to ₱505.4 million in 2016. The write-off did not impact the net assets, results of operations, and cash flows as these investments were fully provided for in 2015.

KPCI, an entity involved in investment holding with the same principal place of business as KPHI, incurred continued losses and was in a liquidating position since 2005.

On June 22, 2011 KPCI's BOD approved the dissolution and amendment of the Articles of Incorporation to shorten KPCI's corporate existence. KPCI filed notices to the SEC and Bureau of Internal Revenue (BIR) on July 25, 2011 and September 14, 2011, respectively. On March 8, 2016, KPCI obtained tax clearance from the BIR and on July 25, 2016, SEC approved the amendment of the Articles of Incorporation to shorten KPCI's existence and correspondingly issued a certificate of dissolution. KPCI has no assets, liabilities and equity as at and for the year ended December 31, 2016.

GVI, an entity involved in investment holding with the same principal business as KPHI incurred continued losses. On June 19, 2013, GVI's BOD approved the dissolution and the amendment of the Articles of Incorporation to shorten GVI's corporate existence. GVI filed notices to the SEC and BIR on July 22, 2013 and July 31, 2013, respectively. The BIR issued tax clearance on May 25, 2015 and SEC approved the shortening of corporate term on November 3, 2015.

On December 5, 2016, in the joint meeting of GVI's shareholders and the BOD, the distribution of GVI's remaining investment in Keppel IVI Capital, Inc. and cash of ₱2.0 million were approved. The Group received ₱1.6 million from GVI as liquidating dividend.

CLI

CLI is involved in property leasing and power sales with the same principal place of business as KPHI. GMRI has 25% ownership in CLI, thus has a significant influence in CLI. KPHI has 13% effective ownership in CLI.

For the period ended September 30, 2017 and 2016, the Group's equity in net earnings of CLI amounted to ₱7.4 million and ₱8.0 million, respectively. GMRI received cash dividend from CLI amounting to ₱3.5 million and ₱6.1 million in June 2017 and 2016.

There are no contingent liabilities relating to the Group's investments in associates.

CLI's financial information as of and for the periods ended September 30, 2017 and December 31, 2016 follows:

	Unaudited September 30 2017	Audited December 31 2016
Current assets	**₱70,503,222**	₱50,887,520
Noncurrent assets	**256,919,303**	259,100,163
Total assets	**327,422,525**	309,987,683
Current liabilities	**25,119,409**	23,252,178
Total liabilities	**25,199,409**	23,252,178
Revenue	**122,809,136**	148,209,191
Income before income tax	**31,920,945**	44,416,372
Total comprehensive income	**29,567,610**	41,259,105
Net assets	**302,223,116**	286,735,505
Share in net assets at 13% effective ownership	**39,289,005**	37,275,616
Acquisitions at fair value and other adjustments	**379,795,980**	377,910,707
Carrying value of investment	**₱419,084,985**	₱415,186,323

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 loans or advances made by the Group.

11. Investment Properties

This account consists of:

Unaudited September 30, 2017

	Land	**Building**	**Condominium Units**	**Total**
Cost:				
Balance at beginning and end of the period	₱205,901,939	₱2,609,001	₱25,342,689	₱233,853,629
Disposal	-	-	(14,771,797)	(14,771,797)
	P205,901,939	P2,609,001	P10,570,892	P219,081,832
Accumulated depreciation:				
Balance at beginning	–	2,135,524	22,196,617	24,332,141
Depreciation	–	44,367	212,377	256,744
Disposal	-	-	(14,771,786)	(14,771,786)
Balance at end of the period	–	2,179,891	7,637,208	9,817,099
Net book value	₱205,901,939	₱429,110	₱2,933,684	₱209,264,733

Audited December 31, 2016	Land	Building	Condominium Units	Total
Cost:				
Balance at beginning and end of the year	₱205,901,939	₱2,609,001	₱25,342,689	₱233,853,629
Accumulated depreciation:				
Balance at beginning of year	–	2,025,491	21,913,448	23,938,939
Depreciation	–	110,033	283,169	393,202
Balance at end of year	–	2,135,524	22,196,617	24,332,141
Net book value	₱205,901,939	₱473,477	₱3,146,072	₱209,521,488

Land, land improvement and building in Batangas are leased to related parties while condominium units are leased to related and third parties.

The investment properties of September 30, 2017 and December 31, 2016 have an aggregate fair value of ₱896.4 million and ₱919.6 million based on an appraisal by an independent appraiser in November 2016. The Group share based on fair market value amounts to ₱475.7 million as of September 31, 2017. The sales comparison 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.

Rental income attributable to the investment properties amounted to ₱14.4 million and ₱15.2 million for the periods ended September 30, 2017 and 2016, respectively.

In May and September 2017, condominium units with designated parking slots with original costs of ₱8.0 million and ₱6.9 million and book values of ₱4 and ₱7, were sold for ₱19.0 million and ₱21.0 million, respectively.

12. Property and Equipment

This account consists of:

Unaudited September 30, 2017	**Commercial Building**	**Office machine, furniture and fixtures**	**Transportation Equipment**	**Total**
Cost:				
Balance at beginning and end of the period	**₱5,397,020**	**₱368,455**	**₱776,186**	**₱6,541,661**
Accumulated depreciation:				
Balance at beginning	**5,397,017**	**337,976**	**773,153**	**6,508,146**
Depreciation	**-**	**13,050**	**3,030**	**16,080**
Balance at end of the period	**5,397,017**	**351,026**	**776,183**	**6,524,226**
Net Book Value	**₱3**	**₱17,429**	**₱3**	**₱17,435**

Audited December 31, 2016	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
January 1	₱5,397,020	₱333,634	₱776,186	₱6,506,840
Acquisition	-	34,821	-	34,821
	₱5,397,020	₱368,455	₱776,186	₱6,541,661
Accumulated depreciation:				
Balance at beginning of the period	5,397,017	330,767	760,913	6,488,697
Depreciation	-	7,209	12,240	19,449
Balance at end of the period	5,397,017	337,976	773,153	6,508,146
Net Book Value	₱3	₱30,479	₱3,033	₱33,515

Fully depreciated assets amounting to ₱6.3 million are still in use as of September 30, 2017 and December 31, 2016.

13. Accounts Payable and Other Current Liabilities

This account consists of:

	Unaudited September 30 2017	Audited December 31 2016
Accrued expenses	**₱5,088,830**	₱2,195,063
Payable to government agencies	**3,719,092**	209,757
Advance Rentals:		
Related parties (Note 14)	**232,956**	232,956
Third parties	**308,811**	494,478
Accounts payable	**186,004**	186,004
Others	**200,254**	280,974
	₱9,735,947	₱3,599,231

Accrued expenses pertain to accrued professional fees, audit fee, directors' fees, employee benefits and others. These are noninterest-bearing and generally have terms of 30-60 days.

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

Payable to government agencies pertains to output VAT, withholding taxes on salaries and other expenses which are normally settled within one month after the reporting period.

Accounts payable pertains to security deposit arising from expired lease contracts. These are noninterest-bearing and are due and demandable.

Other accounts payable pertains to unclaimed monies or dividends by stockholders which are noninterest-bearing and due and demandable and unearned rent.

14. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) parties owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Group; and (b) associates.

Terms and Conditions of Transactions with Related Parties

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. 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. GMRI has lease agreement with KPMI, an affiliate, covering the properties in the site of KPMI's shipyard for a period of 50 years beginning 1993. Rent income based on straight-line method amounted to ₱7.2 million as of September 30, 2017 and 2016. Total outstanding lease receivables representing lease differential in the computation of rent income using straight line method amounted to ₱34.0 million and ₱34.7 million as of September 30, 2017 and December 31, 2016, respectively.

   GMRI also leases a parcel of land to KPMI for one year from January 1, 2017 to December 31, 2017. Rental income derived from these transactions amounted to ₱0.2 million as of September 30, 2017 and 2016. Advance rentals and deposits of KPMI amounted to ₱0.1 million as at September 30, 2017 and December 31, 2016 which will be applied against the rent due at the end of the contract. Outstanding lease receivable as of September 30, 2017 and December 31, 2016 amounted to ₱0.04 million.

b. GRDC leased its properties to KPMI for one year and renewable annually. Rental income amounted to ₱0.1 million both for the periods ended September 30, 2017 and 2016. The outstanding lease receivables amounted to ₱0.02 million as of September 30, 2017 and December 31, 2016. Advance rentals and deposits from KPMI amounted to ₱0.04 million as of September 30, 2017 and December 31, 2016.

c. KPSI leases certain properties to KPMI, Keppel IVI Investment, Inc., Kepweath Property Phils., Inc., and Keppel Energy Consultancy, Inc., its affiliates, for a period of one year, renewable annually. Rental income amounted to ₱1.0 million both for the periods ended September 30, 2017 and 2016, respectively. Outstanding receivables with KPMI amounted to ₱0.04 million as of September 30, 2017 and December 31, 2016.

d. In 2008, the Parent Company and KPMI entered into a lease agreement, whereby the Parent Company leased to KPMI a piece of land which is the subject of complaint against Philippine National Oil Company (PNOC). The lease is for one-year period subject to renewal. Rental income derived from the land amounted to ₱1.6 million both during the periods ending September 30, 2017 and 2016. Outstanding receivables with KPMI as of September 30, 2017 and December 31, 2016 both amounted to ₱0.2 million.

e. The Parent Company provides accounting services to its affiliates and related parties. Management fees earned ₱2.0 million and ₱1.0 million as of September 30, 2017 and 2016, respectively.

f. GMRI granted short-term and long-term loan to KPMI as follows:

	Release Date	Principal Amount	Balance as of December 31 2016	Transactions as of September 30, 2017 Availment	Payment	Balance as of September 30 2017	Terms and Conditions
Long-term	September 5, 2014	₱200,000,000	₱137,500,000	₱-	₱37,500,000	₱100,000,000	5-year, 4 equal quarterly installments, interest subject to repricing semi-annual, option for repayment, interest rates - 3.5% to 4.6%
	February 24, 2017	87,500,000	-	87,500,000	8,750,000	78,750,000	5-year, 4.7%
			137,500,000	**87,500,000**	**46,250,000**	**178,750,000**	
Short-term	October to December 2016	87,500,000	87,500,000	-	87,500,000	-	45-90 days, 2.8% to 3.2%, converted to long-term loan
	June 16, 2017	18,000,000	-	18,000,000	-	-	90 days, 3%
			87,500,000	18,000,000	₱87,500,000	₱18,000,000	
			₱225,000,000	**₱105,500,000**	**₱133,750,000**	**₱196,750,000**	

The ₱87.5 million short-term loan of KPMI as of December 31, 2016 was converted to long-term loan in February 2017. It has five-year term, quarterly payment of principal and interest at 4.7% subject to repricing on a semi-annual basis and rate is based on market.

Of the total outstanding long-term loan of KPMI as of September 30, 2017 amounted to ₱178.8 million (₱67.5 million, current; ₱111.3 million, non-current). Interest income recognized from both the short-term and long-term loans to KPMI amounted to ₱6.8 million and ₱5.4 million for the nine-month ended September 30, 2017 and 2016, respectively. Accrued interest receivable amounted to ₱0.7 million both as of September 30, 2017 and December 31, 2016.

g. The Parent Company granted short-term loans to KPMI as follows:

Release Date	Principal Amount	Balance as of December 31 2016	Transactions as of September 30, 2017 Availment	Payment	Balance as of September 30 2017	Terms and Conditions
October 7, 2016	₱25,000,000	₱25,000,000	₱-	₱-	₱25,000,000	45-90 days, extended, 2.9% to 3.5%
October 19, 2016	24,000,000	24,000,000	-	24,000,000	-	90 days, 2.8%
November 29, 2016	28,000,000	28,000,000	-	28,000,000	-	90 days, 3.25%
June 16, 2017	52,000,000	-	52,000,000	-	52,000,000	90 days, extended, 3%
		₱77,000,000	**₱52,000,000**	**₱52,000,000**	**P77,000,000**	

Interest income recognized from these loans by the Parent Company amounted to ₱1.7 million as of September 30, 2017 and ₱1.9 million as of September 30, 2016. Accrued interest receivable amounted to ₱0.2 million as of September 30, 2017 and ₱0.4 million as of December 31, 2016.

h. KPSI has outstanding short-term loan to KPMI as of December 31, 2016 amounting to ₱15.0 million with 90-day term at 3.2%. This was extended for another 90-day term upon its maturity and interest ranged from 3.2% to 3.5%. This loan is still outstanding as of September 30, 2017 with 3% interest rate which will mature on

October 11, 2017. Interest income recognized from the short-term loans amounted to ₱0.4 million and ₱0.2 million for the periods ending September 30, 2017 and 2016. Accrued interest receivable amounted to ₱0.1 million as of September 30, 2017 and December 31, 2016.

i. In 2014, the Parent Company entered into a Memorandum of Undertaking (MOU) with KPMI to assist the latter in providing the relevant documents required to qualify to bid for projects for a 1% share in revenue. The Parent Company received no commission as of September 30, 2017 and for the year ended 2016.

j. Other transactions with related parties consist of reimbursement or sharing of common expenses such as legal, communication and business development expenses.

15. Capital Stock

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, 2017. Authorized and issued shares as of September 30, 2017 and December 31, 2016 as follows:

	Authorized	Issued
Class " A "	90,000,000	39,840,970
Class " B "	200,000,000	33,332,530
	290,000,000	73,173,500

Details of the Parent Company's shares as at September 30, 2017 and 2016 as follows:

	September 30 2017	September 30 2016
Treasury shares		
Class " A "	**3,674,000**	1,110,000
Class " B "	**11,696,081**	11,696,081
	15,370,081	12,806,081
Weighted average number of shares		
Class " A "	**36,166,970**	38,730,970
Class " B "	**21,636,449**	21,636,449
Weighted average number of shares	**57,803,419**	60,367,419

In accordance with SRC Rule 68, as Amended (2011), Annex 68-D, below is a summary of the Parent Company's track record of registration of securities as at September 30, 2017 and 2016:

Common Shares	**Number of Shares Registered**	**Issue/Offer Price**	**Date of Approval**	**Number of Holders of Securities**
September 30, 2017				
Class " A "	36,166,970	1.00	June 30, 2000	382
Class " B "	21,636,449	1.00	June 30, 2000	57
	57,803,419			
September 30, 2016				
Class " A "	38,730,970	1.00	June 30, 2000	387
Class " B "	21,636,449	1.00	June 30, 2000	58
	60,367,419			

There are 425 and 431 total shareholders per record holding both Class "A" and "B" shares as of September 30, 2017 and 2016, respectively.

16. Retained Earnings and Treasury Shares

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 ₱22.6 million and ₱9.9 million representing cost of shares held in treasury shares as of September 30, 2017 and September 30, 2016, respectively, with the following details.

	Shares		Cost	
	September 30 2017	September 30 2016	**September 30 2017**	September 30 2016
Class " A "	**3,674,000**	1,110,000	**₱13,408,963**	₱684,165
Class " B "	**11,696,081**	11,696,081	**9,214,013**	9,214,013
	15,370,081	12,806,081	**₱ 22,622,976**	₱ 9,898,178

In August and March 2017, GMRI declared cash dividend amounting to ₱10.0 million and ₱21.0 million, respectively, as against in February 2016 of ₱20.0 million. Out of this amount, the Parent Company received ₱15.6 million in 2017 as against ₱10.6 million in 2016. Dividend attributable to NCI amounted to ₱15.0 million and ₱9.7 million in 2017 and in 2016, respectively.

17. Operating Expenses

This account consists of:

	Unaudited September 30 2017	Unaudited September 30 2016
Salaries, wages, and employees' benefits	**₱7,450,970**	₱5,435,357
Taxes and licenses	**4,957,811**	4,314,411
Professional fees	**1,084,189**	945,502
Utilities	**425,167**	404,878
Transportation and travel	**396,278**	479,376
Membership dues and subscriptions	**313,860**	309,245
Provision for uncollectible accounts	**289,273**	-
Depreciation and amortization	**272,824**	306,937
Provision for impairment losses	**177,973**	617,713
Office supplies	**110,907**	145,334
Rental expense	**64,000**	72,000
Postages	**56,532**	48,097
Insurance	**44,888**	53,138
Repairs and maintenance	**36,397**	37,495
Others	**421,253**	318,129
	₱16,102,322	₱13,487,612

Other expenses consist of annual stockholders meeting expenses, out-of-pocket charges, bank charges, business development expenses and various items that are individually immaterial.

18. Segment Information

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

Unaudited September 30, 2017

	Investment Holdings	Real Estate	Combined	Eliminations	Consolidated
Revenue					
Third party	₱3,594,533	₱60,248,839	₱63,843,372	₱	₱63,843,372
Inter-segment	34,038,200	-	34,038,200	(32,527,500)	1,510,700
Equity in net earnings of an associate	-	7,391,902	7,391,902	-	7,391,902
Total Revenue	37,632,733	67,640,741	105,273,474	(32,527,500)	72,745,974
Income before tax	27,877,286	61,341,566	89,218,852	(32,077,500)	57,141,352
Provision for income tax	(178,169)	(10,282,260)	(10,460,429)	-	(10,460,429)
Net Income	27,699,117	51,059,306	78,758,423	(12,052,500)	46,680,923

Other Information					
Segment assets	**250,648,648**	**922,119,255**	**1,172,767,903**	**(113,791,791)**	**1,058,976,112**
Segment liabilities	**6,466,318**	**12,744,309**	**19,210,627**	**(4,523,062)**	**14,687,565**
Depreciation & amortization	**13,050**	**259,774**	**272,824**	**-**	**272,824**

	Audited December 31, 2016				
	Investment Holdings	Real Estate	Combined	Eliminations	Consolidated
Revenue					
Third party	₱6,203,664	₱26,270,740	₱32,474,404	₱	₱32,474,404
Inter-segment	16,032,168	-	16,032,168	(14,410,000)	1,622,168
Equity in net earnings of an associate	-	10,314,776	10,314,776	-	10,314,776
Total revenue	22,235,832	36,585,516	58,821,348	(14,410,000)	44,411,348
Income before tax	12,483,714	29,508,263	41,991,977	(14,050,000)	27,941,977
Provision for income tax	(168,471)	(4,013,906)	(4,182,377)	-	(4,182,377)
Net Income	12,315,243	25,494,357	37,809,600	(14,050,000)	23,759,600
Other Information					
Segment assets	225,257,892	915,305,757	1,140,563,649	(114,091,792)	1,026,471,857
Segment liabilities	3,494,337	9,948,917	13,443,254	(4,823,063)	8,620,191
Depreciation & amortization	4,350	408,301	412,651	-	412,651

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 Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

Rental income from KPMI amounted to ₱9.6 million both for the periods ended September 30, 2017 and 2016. Rental from KPMI comprises more than 13% of the Group's revenue for the period.

19. Financial Risk Management Objectives and Policies

The Group's principal financial assets and liabilities comprise of cash and cash equivalents, loans receivables, and AFS financial assets. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial assets and liabilities such as lease receivables and trade payables, which arise directly from its operations.

The main risk arising from the Group's consolidated financial statements are credit risk, liquidity risk, interest rate risk and equity price risk. The BOD reviews and approves the policies for managing each of these risks which are summarized below:

Credit risk

Credit risk pertains to the risk that a party to 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. 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 as of September 30, 2017 pertains to loan receivable from a related company amounting to ₱288.8 million, which comprise 88% of the Group's loan and receivables.

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

	Unaudited September 30 2017	Audited December 31 2016
Loans and receivables		
Cash and cash equivalents *	**₱81,119,863**	₱24,311,162
Receivables		
Loan receivable from related party	**288,750,000**	317,000,000
Current portion of lease receivables**	**2,043,740**	1,543,451
Interest receivable	**996,727**	1,205,133
Due from related party	**-**	58,059
	₱372,910,330	₱344,117,805

**Excluding cash on hand*
***Noncurrent portion of lease receivables arises from the straight-line recognition of rental income*

Credit quality
The Group expects the current portion of the lease receivables to be realized within three months from end of the reporting period. The amounts due from related parties are all collectible and of good credit quality. The cash and cash equivalents of the Group from a local bank with good financial standing is considered of good quality.

High grade assets are considered as having very low risk and can easily be converted to cash. These assets are considered for counterparties that possess strong to very strong capacity to meet their obligations.

Cash in bank
The Group has maintained business relationships with an accredited universal bank that has high credit standing in the financial services industry. The remaining cash in the consolidated financial position pertains to cash on hand which is not subject to credit risk.

Receivables
<u>*Loan, lease, interest and other receivables from related parties*</u>
Credit exposure of the Group on loan and other receivables from related parties is considered to be low as there is no history of default and known to have strong credit history. Additionally, credit risk is minimized since the related parties are paying on normal credit terms based on contracts.

<u>*Receivables from third parties*</u>
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 has been renegotiated in the last year or period.

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. (Note 14).

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 available-for-sale financial assets where values will fluctuate as a result of changes in market prices. Such quoted AFS financial asset is subject to price risk due to changes in market values arising from factors specific to the instruments or its issuer or factors affecting all instruments traded in the market.

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 through the use of 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 in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustment to it, in light of 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.

The debt to equity ratios as of September 30, 2017 and December 31, 2016 are as follows:

	Unaudited September 30 2017	Audited December 31 2016
Total liabilities	**₱14,687,565**	₱8,620,191
Total equity	**1,044,288,547**	1,017,851,666
Debt to equity ratio	**0.014:1**	0.008:1

The Group is not subject to any externally imposed capital requirements.

Fair Values
Due to the short-term nature of the Group's financial instruments, the fair values approximate their carrying amounts as of September 30, 2017 and December 31, 2016. The carrying amounts of interest-bearing long-term loan receivables approximate their fair values due to periodic repricing based on market interest rates.

AFS Financial Assets
The fair value of quoted available-for-sale financial assets 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. Unquoted available-for-sale financial assets are carried at cost, less any allowance for impairment loss.

Fair Value Hierarchy
As of September 30, 2017 and December 31, 2016, the Group classifies its quoted available-for-sale financial asset amounting to ₱20.0 million and ₱19.5 million, respectively, under Level 1 of the fair value hierarchy. During the reporting periods ending September 30, 2017 and December 31, 2016, 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.

20. Financial Soundness (Key Performance) Indicators

	Unaudited September 30 2017	Audited December 31 2016
A. Current and Liquidity Ratios		
1. Current Ratio		
(Current Assets/Current Liabilities)	**20.19**	52.22
2. Acid-test Ratio or Quick Ratio		
(Monetary Current Assets/Current Liabilities)	**20.14**	52.20
B. Solvency Ratio (annualized)		
(Net Income + Depreciation)/Total Liabilities	**4.26**	2.80
C. Debt to Equity Ratio		
(Total Liabilities/Stockholders' Equity)	**0.01**	0.01
D. Asset to Equity Ratio	**1.01**	1.01
E. Debt Ratio (Total Liabilities/Total Assets)	**0.01**	0.01
F. Interest Rate Coverage Ratio (EBIT/Interest Expense)	**Nil**	Nil
G. Profitability % (annualized)		
1. Return on Assets (Net Income/Total Assets)	**5.88**	2.31
2. Return on Equity (Net Income/Stockholders Equity)	**5.96**	2.33
H. Earnings per Share Attributable to Equity Holders of Parent (₱)		
(Annualized)	**0.90**	0.24
I. Book Value per Share Attributable to Equity Holders		
of the Parent (₱)	**10.63**	10.05

21. Other Matters

In September 2003, the Parent Company filed a complaint against the PNOC for specific performance with the Regional Trial Court (RTC) of Batangas City for the enforcement of the contract relating to the option to purchase a parcel of land in Batangas. A judgment was rendered in January 2006 in favor of the Parent Company ordering PNOC to accept the payment of ₱4.1 million as full and complete payment of the purchase price, and to execute a Deed of Absolute Sale in favor of the Parent Company. PNOC, however, filed an appeal with the Court of Appeals (CA) in the same year. The CA dismissed PNOC's appeal in December 2011.

In July 2012, PNOC filed with the Supreme Court (SC) a petition for review on certiorari of the decision of the CA. In July 2016, SC affirmed the decision of the CA and upheld the Parent Company's option to buy the land and remanded the case to the RTC of Batangas City for the determination of whether the Parent Company meets the required Filipino ownership to allow it to acquire full title to the land. On December 2016, SC decision became final and executory and was recorded in the Book of Entries of Judgments.

The Parent Company deposited ₱4.1 million with the Court which is presented under "Other noncurrent assets" account in the consolidated statements of financial position. The said piece of land is the subject of a lease agreement between the Parent Company and KPMI. (see Note 14)

Aging of Receivable as at September 30, 2017:

	Total	Current	2-3 Mos	4 - 6 Mos	7 -12 Mos	More than 1 year
Long-term loan receivable - current	₱177,500,000	₱177,500,000				
Lease receivables - current	2,043,740	1,754,467	289,273	-	-	-
Interest receivable	996,727	996,727	-	-	-	-
Nontrade - receivables	2,152,580	-	-	-	-	₱2,152,580
Total	**182,693,047**	**180,251,194**	**289,273**	-	-	**2,152,580**
Less Allowance for doubtful accounts	2,441,853	-	289,273	-	-	2,152,580
Net Receivables	**₱180,251,194**	**180,251,194**	-	-	-	-

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 ₱46.7 million for the nine-month ended September 30, 2017 as against ₱16.1 million in same period last year. The 190% increase was mainly due to sale of investment properties partially offset by higher operating expenses and provision for income tax.

Revenue for the nine-month ended September 30, 2017 amounted to ₱72.7 million, 124% higher than ₱32.4 million earned in same period last year. This was due to the following: a) ₱40.0 million gain on sale of investment properties; b) interest income from loan receivables and from banks amounting to ₱9.4 million which was higher than ₱8.0 million as of September 30, 2016; and, c) management fee increased to ₱1.5 million as against previous period of ₱1.0 million. The increase was slightly offset by lower rental income this period of ₱14.4 million as against ₱15.2 million as of September 30, 2016 and lower equity in net earnings of associates of ₱7.4 million as against last year of ₱8.2 million.

Operating expenses of ₱16.1 million for the nine-month period was higher by 19% as against ₱13.5 million last September 30, 2016. This was brought mainly by higher salaries and benefits of ₱7.5 million as compared with ₱5.4 million of same period in 2016. This was due to transfer of a staff from related party to KPH and accrual of retirement benefits of staff. The increase was also due to higher taxes and licenses, legal fees, utilities and provision for uncollectible accounts. This was partially offset by travel and transportation, depreciation, provision for impairment losses and others.

The Group earned fair value gain on AFS financial assets as of September 30, 2017 of ₱0.5 million as against same period last year of ₱2.2 million.

Financial Condition

The cash position of the Group as of September 30, 2017 amounted ₱81.1 million higher by ₱56.8 million as compared to ₱24.3 million as of December 31, 2016. The increase was mainly due to receipt of ₱46.2 million as payment from long-term loan receivable, proceed from sale of investment properties of ₱40.0 million, ₱9.6 million interests received from loan receivable and short-term deposits and ₱3.5 million dividend from Consort Land, Inc.(CLI) This was partially offset by payment of dividends to Group's shareholders of ₱5.8 million and to its noncontrolling interest shareholders of ₱14.9 million and the granting of new short-term loan of ₱18.0 million.

Total receivables net of allowance amounted to ₱324.7 million and ₱353.7 million in September 30, 2017 and December 31, 2016, respectively. As of September 30, 2017, current receivable amounted to ₱180.3 million while long-term receivable amounted to ₱144.4 million. As against December 31, 2016, current receivable amounted to ₱232.3 million and long-term receivable amounted to ₱121.4 million. Major transactions during the period came from a) the conversion of short-term loan of ₱87.5 million to long-term loan; b) payment of ₱46.2 million of the long-term loan and ₱52.0 million of the short-term loan; and c) new short-term loans of ₱70.0 million were granted at 3.0% interest.

Other current assets as of this period increased to ₱0.7 million as against ₱0.1 million as of December 2016 due to higher prepaid expenses and advances.

Available-for-sale financial assets as of September 30, 2017 amounted to ₱20.0 million higher than in December 31, 2016 of ₱19.5 million. Investments in associates increased from ₱415.2 million as of December 2016 to ₱419.1 million as of September 30, 2017. The increase of ₱3.9 million was due mainly to the recognition of equity in net earnings of associate of ₱7.4 million partially offset by dividend received from CLI of ₱3.5 million. Investment properties & equipment decreased from ₱209.6 million as of December 31, 2016 to ₱209.3 million this period due to depreciation. Investment properties with book value of ₱11.00 were disposed at a price of ₱40.0 million. There was no acquisition made during the period.

Total liabilities increased from ₱8.6 million as of December 31, 2016 to ₱14.7 million as of September 30, 2017 mainly due to higher income tax payable by ₱1.9 million, output tax payable by ₱3.5 million and accruals of retirement and other benefits by ₱2.7 million. This was partially offset by return of refundable deposits and advance rentals due to sale of the units being leased by ₱2.2 million.

The equity attributable to equity holders of the Parent Company as of September 30, 2017 amounted to ₱614.4 million as against last December 31, 2016 of ₱580.9 million. This was due to net income attributable to Parent Company of ₱38.8 million and gain on sale of available-for-sale financial assets of ₱0.5 million for the nine-month ended September 30, 2017 partially offset by cash dividend of ₱5.8 million paid to shareholders in July 2017.

Noncontrolling interests as of September 30, 2017 amounted to ₱429.9 million as against last December 31, 2016 of ₱437.0 million. The decrease was due to the net effect of net attributable to the noncontrolling interests of ₱7.9 million for the period ending September 30, 2017 offset by the ₱15.0 million cash dividends.

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 ₱10.63 as of September 30, 2017 income higher than in December 31, 2016 at ₱10.05 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 for the period ending September 30, 2017 was ₱0.67 per share higher than as of September 30, 2016 of ₱0.14 per share.

Material Events and Uncertainties

There are no known trends, commitments, events or uncertainties that will have a material impact on the Group's liquidity for the remaining periods of the year. There are also no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the nine-month period.

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 2017