

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 N U E ,
S A L C E D O V I L L A G E , 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)

Stefan Tong Wai Mun/
Felicidad V. Razon/ Ma. Melva E. Valdez
Contact Person

892 1816
815-9071
Company Telephone Number

1 2 3 1
Month Day

SEC FORM 17A – Annual Report 2015

0 6 1 9
Month Day

FORM TYPE

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

433 as of December 31,
2015
Total No. of Stockholders

Domestic

Foreign

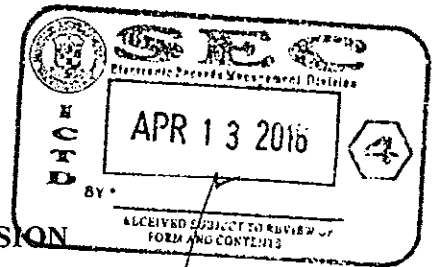
To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier
STAMPS



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

- 1. For the fiscal year ended December 31, 2015
- 2. SEC Identification Number 62596
- 3. BIR Tax Identification No. 000-163-715-000

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

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

6. Industry Classification Code: (SEC Use Only)

7. Unit 3B, Country Space I Bldg., 133 Sen. Gil Puyat Ave., Salcedo Village,
Barangay Bel-Air, Makati City
Address of registrant's principal office Postal Code

8. (632) 892-1816
Registrant's telephone number, including area code

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

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

Title of each Class	Number of Shares of Common Stock	
	Outstanding	
Common - Class 'A' P1.00 Par Value	38,730,970	
Common - Class 'B' P1.00 Par Value	21,636,449	
Total	60,367,419	
(Net of Treasury Shares of 12,806,081)		

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

Yes [/] No [] **Philippine Stock Exchange** **Common Shares of Stock**

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports);

Yes [/] No []

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

Yes [/] No []

13. Aggregate market value of the voting stock held by non-affiliates of the registrant:
P96,801,553 as of December 31, 2015 closing price (KPH P5.99; KPHB P4.99)

14. Documents Incorporated By Reference:
None

KEPPEL PHILIPPINES HOLDINGS, INC.
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PART 1 – BUSINESS AND GENERAL INFORMATION

1 - Business

- (a) **Keppel Philippines Holdings, Inc.** (hereafter Company or KPH) was incorporated in July 1975 under the former name of Keppel Philippines Shipyard, Inc. The Company was established as a subsidiary of Keppel Corporation Ltd. (KCL) of Singapore to carry out ship repair and shipbuilding activities in the Philippines. In 1993, the Company was converted into an investment holding company under the name of Keppel Philippines Holdings, Inc. KPH shares are being traded at the Philippine Stock Exchange (PSE).

Currently, KPH has two core businesses: namely, investment holdings and real estate.

- (b) The Company is not involved in any bankruptcy, receivership or similar proceedings.
- (c) There is no material reclassification, merger, consolidation, purchase or sale of a significant amount of assets not in the ordinary course of business.
- (d) The Company does not have any patents, trademarks, licenses, franchises, concessions, and/or royalty agreements.
- (e) As an investment holding company, KPH only has five (5) regular employees from 2013 to 2015. There is no collective bargaining agreement between the Company and the employees.
- (f) **Brief Description of Business**

KPH has two main business segments: Investment Holdings and Real Estate. The contribution from each segment of the businesses to the consolidated revenues and net income of the Company is stated in Note 20 of the audited financial statements.

Real Estate

The Company owns office space at Fedman Suites, while **KPSI Property, Inc.** (KPSI), a wholly owned subsidiary of KPH, owns and leases out the office spaces in Country Space 1 Building at Makati City and at Keppel Center, Cebu City. **Goodwealth Realty Development Corp.** (GRDC), 51% owned by KPH, owns and leases parcels of land and improvements in Batangas City. **Goodsoil Marine Realty, Inc.** (GMRI), wholly owned by GRDC and effectively 51% owned by KPH, owns and leases the land in Bauan, Batangas to Keppel Philippines Marine Inc. (KPMI) used for the construction and repair of all types and classes of vessels together with the related services and operations of a shipyard. GMRI is a PEZA-registered Ecozone Developer/Operator since 2007. **Consort Land, Inc.** (CLI), 25% owned by GMRI and effectively 13% owned by KPH, owns and leases the land in Subic, Zambales to Keppel Subic Shipyard, Inc. (KSSI) used for the construction and repair of all types and classes of vessels. CLI also manages and operates the Subic Shipyard-special Export Processing Zone and distribute power to locators in Subic Shipyard Marine Industrial park.

2 - Properties

KPH Group owns the following properties:

Owned by	Property Description	Area
KPH	Two (2) office condominium units at Fedman Suite in Makati City	166 sqm
KPSI	Six (6) office condominium units at Country Space I Building in Makati City	1,204 sqm
KPSI	One (1) office condominium unit at Keppel Center in Cebu City	206 sqm
GRDC	Five (5) lots of residential land in Batangas City	1,500 sqm
GRDC	Two (2) residential land and improvement	409 sqm
GMRI	Land located in Bauan, Batangas	249,584 sqm
CLI	Land and building located in Subic, Zambales	721,456 sqm

The properties owned by the Company and its subsidiary and associates are free from any lien.

3 - Legal Proceedings

In September 2003, the Company filed a complaint against Philippine National Oil Company (PNOC) for specific performance with the Regional Trial Court in Batangas City for the enforcement of the contract relating to the option to purchase parcels of land in Batangas. Judgment was rendered in January 2006 in favor of the Company ordering PNOC to accept the payment of ₱4.1 million, which was consigned with the Clerk of Court, as full and complete payment of the purchase price, and to execute a Deed of Absolute Sale in favor of the Company. PNOC, however, filed an appeal with the Court of Appeals (CA). The CA dismissed PNOC's appeal in December 2011. In July 2012, PNOC filed a petition with the Supreme Court (SC) for review on certiorari of the decision of the CA. In November 2013, the Company filed a Motion to Resolve with the SC to ask for an early resolution and issue an order dismissing the petition. The case is still outstanding as at December 31, 2015.

In July 2007, the Company and PNOC signed a compromise agreement wherein both parties agreed to increase the price to ₱6.1million. The compromise agreement is still pending approval by the Office of the Solicitor General as of December 31, 2015. Given the length of time that had lapsed, it is unlikely that the Compromise Agreement will be approved.

4 - Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the third and fourth quarter of the fiscal year covered by the report. The last meeting of the Company's stockholders was the annual stockholders' meeting, which was held on June 19, 2015.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

5 -Market Price of and Dividends on Registrant’s Common Equity and Related Stockholder Matters

(a) Market Information

The principal market of the Company’s common equity is the Philippine Stock Exchange (PSE) where it was listed on 26 August 1987. The high and low closing prices for each quarter within the last two (2) fiscal years and first quarter of 2016 as traded at the Philippine Stock Exchange are as follows:

STOCK PRICES	2015		2014	
	High	Low	High	Low
First Quarter	‘A’ ₱5.50	‘A’ ₱5.00	‘A’ ₱4.99	‘A’ ₱4.47
	‘B’ ₱5.30	‘B’ ₱4.82	‘B’ ₱5.00	‘B’ ₱4.90
Second Quarter	‘A’ ₱6.60	‘A’ ₱5.00	‘A’ ₱5.08	‘A’ ₱3.42
	‘B’ ₱9.00	‘B’ ₱4.80	‘B’ ₱6.66	‘B’ ₱3.52
Third Quarter	‘A’ ₱6.78	‘A’ ₱3.60	‘A’ ₱6.00	‘A’ ₱4.51
	‘B’ ₱4.99	‘B’ ₱4.99	‘B’ ₱6.99	‘B’ ₱4.24
Fourth Quarter	‘A’ ₱6.50	‘A’ ₱3.70	‘A’ ₱5.20	‘A’ ₱4.41
	‘B’ ₱4.99	‘B’ ₱4.99	‘B’ ₱5.10	‘B’ ₱4.30

	2016	
	High	Low
First Quarter	‘A’ ₱8.98	‘A’ ₱4.01
	‘B’ ₱7.48	‘B’ ₱4.99

(b) Holders

The number of shareholders of record as of December 31, 2015 was 433.

Common shares outstanding as of December 31, 2015 were 60,367,419 broken down as follows:

Nationality	Class	No. of Shares	Percentage
Filipino - A	A	38,730,970	64.16
Filipino - B	B	3,869,458	6.41
Foreign	B	17,766,991	29.43
Total		60,367,419	100.00

The top 20 stockholders as of December 31, 2015 are as follows:

	Shareholder	No. of Shares Held	%
1.	Kepwealth, Inc.	26,807,533	44.407
2.	Keppel Corporation Ltd.	16,894,082	27.985
3.	PCD Nominee Corp. – Filipino	13,067,014	21.646
4.	International Container Terminal Services, Inc,	2,121,287	3.514
5.	PCD Nominee Corp. – Foreign	604,916	1.002
6.	Soh Ngoi May	83,179	0.138
7.	Willy Y. C. Lim	60,175	0.100
8.	Edbert G. Tantuco	50,017	0.083
9.	New Court Nominees Ltd.	49,779	0.082
10.	El Observatorio De Manila	45,070	0.075
11.	Emilio C. Tiu	23,238	0.038
12.	National Book Store, Inc.	22,422	0.037
13.	Ang Guan Piao	21,900	0.036
14.	Manolo Z. Alcasabas	21,170	0.035
15.	Willy Yew Chai Lim	20,085	0.033
16.	Yeo Chee Chiow	18,848	0.031
17.	Liwayway Sy	17,938	0.030
18.	Ma. Victoria R. Del Rosario	17,938	0.030
19.	Ramon R. Del Rosario Jr.	17,938	0.030
20.	Dr. Victorino Medrano Jr. &/or Ofelia R. Medrano	13,952	0.023

(c) Dividends

The declaration and payment of dividends will depend, among others, upon the Company's earnings, cash flow, capital requirements and financial condition in addition to other factors. Cash dividends are subject to approval by the Board of Directors but no stockholders' approval is required. Dividends are payable to stockholders whose names are recorded in the stock and transfer books as of the record date fixed by the Board. The Company declared cash dividends in 2015, 2014 and 2013. Details of cash dividend are as follows:

	Y2015	Y2014	Y2013
Date of BOD Approval	June 19	May 28	June 6
Record Date	July 6	June 13	June 21
Payment Date	July 30	July 9	July 17
Amount of Dividend per Share	₱0.10 or 10%	₱0.10 or 10%	₱0.10 or 10%

(d) Recent Sales of Unregistered Securities

There has been no sale of securities within the past three years which were not registered under the SRC. Neither is there any claim for exemption from registration made by the Company.

6 - Management's Discussion and Analysis

Year Ended 2015

Results for the Year

Keppel Philippines Holdings, Inc. (KPH) recorded a net income of ₱26.9 million in 2015 as against ₱26.2 million in 2014 and ₱20.8 million in 2013. The Company achieved revenues of ₱45.0 million this year as against ₱45.1 million in 2014, and ₱44.7 million in 2013. Revenues in 2015 were mainly from rental income, equity share in net earnings of associates, interest income, and management fees.

The Company realized rental revenue of ₱19.4 million, ₱19.3 million and ₱18.8 million in 2015, 2014 and 2013, respectively, brought by increase in rental rate. The equity share in net earnings of associate, Consort Land, Inc. (CLI), as of December 31, 2015 of ₱14.8 million was lower than in 2014 of ₱20.0 million and in 2013 of ₱17.9 million. This was brought by lower income realized by CLI in 2015. The Company received cash dividend from CLI amounting to ₱17.5 million in 2015 and ₱14.0 million in 2014 and stock dividend of 6,549,823 shares in 2013.

The Company earned interest income of ₱9.6 million in 2015, ₱4.7 million in 2014 and ₱6.9 in 2013. Out of the ₱9.6 million interest earned by the Company in 2015, ₱8.0 million came from interest on loan granted to related party and ₱1.6 million from short-term deposits. In 2014, interest on loan to related party amounted to ₱2.0 million and nil in 2013. Interest earned from short-term deposits went down to ₱1.6 million this year from ₱2.7 million in 2014 and ₱6.9 million in 2013. This was due to the decrease in short term deposits brought by the payment of dividends and granting of loans to related company

Management fees charged to related parties amounted to ₱1.2 million in 2015, 2014, and 2013.

Operating expenses in 2015 amounted to ₱16.7 million, 8% lower as against ₱18.2 million in 2014, and 23% lower as against ₱21.7 million in 2013. Lower expenses in 2015 was brought by a) lower provision of impairment losses relating to input VAT and withholding tax receivable of ₱0.3 million in 2015 as against ₱0.5 million in 2014 and ₱3.3 million in 2013, and b) lower depreciation expense in 2015 amounting to ₱0.4 million as against ₱1.8 million in 2014 and ₱2.3 million in 2013. The decrease was partially offset by higher personnel expenses of ₱7.0 million in 2015 as against ₱6.6 million in 2014 and ₱6.7 million in 2013 and provision for impairment on investment in an associate of ₱0.2 million this year.

The Company generated other income of ₱3.3 million this year as against ₱1.9 million in 2014 and ₱0.4 million in 2013. The increase was brought by recovery of provision for impairment losses relating to withholding tax receivable of ₱2.0 million, reversal of prior years' accrual amounting to ₱0.7 million and commission earned from joint venture agreement with related company of ₱0.3 million.

The Company realized other comprehensive income from fair value gain adjustment on AFS financial assets of ₱0.8 million as against nil in 2014 and fair value loss of ₱1.5 million in 2013.

Financial Condition

The cash position of the Company for the year ended December 31, 2015 amounted to ₱55.1 million as against same period last year of ₱127.9 million. The decrease of 57% or ₱72.8 million was brought mainly by the loan granted to a related company of ₱100.0 million and dividend payment of ₱14.2 million by the Parent Company and a subsidiary. This was offset by receipt of ₱18.2 million dividends, receipt of ₱12.5 million as first installment payment of long-

term loan, receipt of interest income from loans and short-term deposits of ₱9.3 million and net cash provided by operating activities of ₱1.5 million.

Total receivables this year amounted to ₱324.2 million as against last year of ₱236.1 million. The increase was brought mainly by ₱100.0 million short-term loan with 90-day, interest bearing of 2.9% to 3.4% granted to related company, increase in interest receivable of ₱0.8 million in 2015 from ₱0.5 million in 2014 and increase in other receivables of ₱1.2 million as against last year of ₱0.2 million. The increase was partially offset by first installment payment of ₱12.5 million of the ₱200 million long-term loan granted in 2014.

Other current assets increased to ₱1.0 this year as against ₱0.2 million in 2014. The increase was due primarily to net recovery of provision for fully impaired creditable withholding tax and input VAT of ₱1.7 million. This was offset by lower creditable withholding tax as of December 31, 2015 of ₱2.1 million as against ₱3.0 million in 2014.

Available-for-sale financial assets related to a quoted club share as of December 2015 and 2014 amounted to ₱15.8 million and ₱15.0 million, respectively. Investment in an associate decreased from ₱419.6 million in 2014 to ₱416.0 million this year. The decrease was due primarily to lower equity share in net income of CLI of ₱14.9 million this year as against ₱20.0 million 2014. The share was reduced by the cash dividend received from CLI this year amounting to ₱17.5 million as against ₱14.0 million in 2014 and provision for impairment on investment in an associate of ₱0.2 million this year. Investment properties and Property and equipment decreased from ₱210.4 million in 2014 to ₱209.9 million this period due to depreciation. There were no major purchases made in 2015 and 2014.

Total liabilities decreased from ₱7.9 million in 2014 to ₱7.4 million this year. The slight decrease was due to reversal of accruals and provisions.

Total equity as of December 31, 2015 amounted to ₱1,018.8 million and ₱1,005.3 million in December 2014. Retained earnings amounted to ₱430.7 million as of December 2015 as compared to ₱423.5 million in 2014. The increase was due to net income after non-controlling interests of ₱13.2 million partially offset by cash dividend of ₱6.0 million.

The equity attributable to equity holders of the parent amounted to ₱582.4 million and ₱574.4 million as of December 2015 and 2014, respectively. The net book value per share as of December 2015 was ₱9.65 as against same period last year of ₱9.52. The earnings per share attributable to the equity holders of the parent as of December 2015 and 2014 were ₱0.22 and ₱0.20, respectively.

Year Ended 2014

Results for the Year

Keppel Philippines Holdings, Inc. (KPH) recorded a net income of ₱26.2 million in 2014 as against ₱20.8 million in 2013 and ₱158.1 million in 2012. The Company achieved revenues of ₱45.1 million this year as against ₱44.7 million in 2013, and ₱126.3 million in 2012. Revenues in 2014 were mainly from equity share in net earnings of an associate, rental income, interest income, and management fees.

The Company realized an equity share in net earnings of associates of ₱20.0 million as of December 31, 2014 as against in 2013 of ₱17.9 million and in 2012 of ₱77.2 million. The 2012 share earnings arose from the realized gain on the upstream sale to GMRI amounting to ₱72.5 million and equity share in net earnings of associates of ₱4.7 million.

The rental revenue this year amounted to ₱19.3 million, 2% higher than in 2013 of ₱18.8 million and 8% higher than in 2012 of ₱17.9 million due to increase in rental rate.

The Company earned interest income of ₱4.7 million where in ₱2.7 million came from short-term deposits and ₱2.0 million came from the long-term loan of ₱200.0 million granted to a related company last September 2014. Interest income from short term deposits went down to ₱2.7 million this year from ₱6.9 million in 2013 and ₱14.6 million in 2012. This was due decrease in short term deposits brought by the payment of dividends and the drop of the annual interest rates ranging from 1.0% to 1.4% in 2014 as against 1.0% to 3.5% in 2013 and 3.5% to 4.6% in 2012.

Management fees charged to related parties amounted to ₱1.2 million this year and in 2013 as against ₱0.6 million in 2012. The Company received from an associate, CLI, cash dividend of ₱14.0 million in 2014, stock dividend of 6,549,823 shares in 2013 and cash dividend of ₱16.0 million in 2012 prior to step-acquisition of CLI by GMRI.

Operating expenses in 2014 amounted to ₱18.2 million, lower by 16% as against ₱21.7 million in 2013. Higher expenses were incurred in 2013 primarily due to ₱3.3 million provisions for impairment losses relating to input VAT and withholding tax receivables. Operating expenses in 2014 was 6% higher than in 2012 of ₱17.2 million. This was due to higher personnel expenses, professional fees, taxes and licenses partially offset by lower depreciation expenses, membership dues and subscriptions.

The Company generated other income of ₱1.9 million this year as against ₱0.4 million in 2013 and ₱52.8 million in 2012. The increase in 2014 as against 2013 was due to recovery of provision for impairment losses of ₱0.8 million and reversal of prior years' accrual amounting to ₱0.9 million. Higher income in 2012 of ₱52.8 million came from realized gain on purchase of investment in an associate.

The Company did not realize other comprehensive income from fair value gain or loss adjustment on AFS financial assets this year as against fair value loss of ₱1.5 million in 2013 and gain of ₱5.3 million in 2012. The unrealized gain of ₱72.5 million in 2011 from dividend distributed by Goodwealth Ventures, Inc. (GVI) from its income generated from the sale of its investments in CLI was realized in 2012.

Financial Condition

The cash position of the Company for the year ended December 31, 2014 amounted to ₱127.9 million as against same period last year of ₱312.3 million. The decrease of 59% or ₱184.4 million was brought mainly by the loan granted to a related company of ₱200.0 million and dividend payment of ₱8.5 million by the Parent Company and a subsidiary. This was offset by higher lease rental yield and collection.

Receivables-current portion increased from ₱2.0 million in 2013 to ₱13.2 million this year. This was brought mainly by the recognition of ₱13.0 million current portion of ₱200.0 million long-term granted to a related company. Other current assets decreased from ₱0.5 million in 2013 to ₱0.2 million this year. The decrease was due primarily to fully impaired creditable withholding tax.

Available-for-sale financial assets related to a quoted club share as of December 2014 and 2013 amounted to ₱15.0 million. Investment in an associate increased from ₱413.6 million in 2013 to ₱419.6 million this year due primarily to equity share in net income of CLI of ₱20.0 million this year as against ₱17.9 million 2013. The share was reduced by the cash dividend received from CLI this year amounting to ₱14.0 million. Investment properties and Property and equipment decreased from ₱212.1 million in 2013 to ₱210.4 million this period due to depreciation. There were no major purchases made in 2014.

Current liabilities decreased from ₱6.3 million in 2012 to ₱6.2 million this year. The slight decrease was due to reversal of accruals and provisions.

Total equity was ₱1,005.3 million in December 2014 and ₱987.6 million in December 2013. Retained earnings amounted to ₱423.5 million as of December 2014 as compared with ₱417.3 million in 2013. The increase was due to net income after non-controlling interests of ₱12.3 million partially offset by cash dividend of ₱6.0 million, as compared to ₱9.2 million in 2013.

The equity attributable to equity holders of the parent amounted to ₱574.4 million and ₱568.2 million as of December 2014 and 2013, respectively. The net book value per share as of December 2014 was ₱9.52 as against same period last year of ₱9.41. The earnings per share attributable to the equity holders of the parent as of December 2014 and 2013 were ₱0.20 and ₱0.15, respectively.

Year Ended 2013

Results for the Year

Keppel Philippines Holdings, Inc. (KPH) recorded a net income of ₱20.8 million in 2013 as against ₱158.1 million in 2012 and ₱511.3 million in 2011. The Company achieved revenues of ₱44.7 million this year as against ₱126.3 million in 2012, and ₱33.4 million in 2011. Revenues in 2013 were mainly from equity share in net earnings of an associate, rental income, interest income, and management fees.

The rental revenue this year amounted to ₱18.8 million which was 5% higher than in 2012 of ₱17.9 million and 2% higher than in 2011 of ₱18.5 million due to increase in rental rate and 100% occupancy. The Company realized equity share in net earnings of associates of ₱17.9 million as of December 31, 2013 as against in 2012 of ₱77.2 million which came from the realized gain on the upstream sale to GMRI amounting to ₱72.5 million and equity share in net earnings of associates of ₱4.7 million. Interest income this year went down to ₱6.9 million from ₱14.6 million in 2012 and ₱12.2 million in 2011. This was due decrease in short term deposits brought by the payment of dividends and decrease in interest annual rates ranging from 1.0% to 3.5% in 2013, 3.5% to 4.6% in 2012 and 3.4% to 4.1% in 2011. Management fees charged to related parties amounted to ₱1.2 million this year as against ₱0.6 million both in 2012 and 2011. The Company did not receive cash dividend income from CLI this year as against ₱16.0 million and ₱2.1 million in 2012 and 2011, respectively.

Operating expenses in 2013 amounted to ₱21.7 million, higher by 26% as compared to 2012 of ₱17.2 million and 22% higher than in 2011 of ₱17.7 million. Higher expenses were incurred in 2013 primarily due to ₱3.3 million provisions for impairment losses relating to input VAT and withholding tax receivables. There was no interest expense incurred in 2013 and 2012 due to full payment of GMRI's loan with KPMI in January 2012 as against ₱1.8 million interests paid in 2011.

The Company generated other income of ₱0.4 million this year as against ₱52.8 million and ₱501.4 million in 2012 and 2011, respectively. In 2011, the Company generated a gain of ₱500.3 million from the disposal of shares in KCSLI. Also in 2011, when GVI sold its shares in CLI to GMRI, the Company recorded unrealized gain on the net income of GVI amounting to ₱72.5 million since the transaction was an upstream sale to GMRI which was reported under "Other Comprehensive Income". This unrealized gain on upstream sale to GMRI was then realized in 2012 and was included as part of the equity share in net earnings of associates as mentioned above. The realized gain was due to the increase in shareholdings of GMRI in CLI from 18% to 25% when GMRI availed CLI's right issue and purchased additional shares from KPMI. The increase in shareholdings also resulted to the reclassification of its investment in

CLI from AFS financial assets to investment in an associate. The step-acquisition resulted to a total gain on purchase of an investment in an associate amounting to ₱52.2 million from fair value adjustments.

Other comprehensive income from unrealized gain on available-for-sale financial assets on quoted share amounted to loss of ₱1.5 million this year as against gain of ₱5.3 million and ₱0.2 million in 2012 and 2011, respectively. The unrealized gain of ₱72.5 million in 2011 from dividend distributed by GVI from its income generated from the sale of its investments in CLI was realized in 2012.

Financial Condition

The cash position of the Company for the year ended December 31, 2013 amounted to ₱312.3 million as against same period last year of ₱308.8 million. The increase of ₱3.5 million was brought mainly by the higher lease rental yield and interest income from short term deposits. This was offset by dividend payment of ₱6.0 million last July 2013.

Receivables and other current assets decreased from ₱5.2 million in 2012 to ₱2.4 million this year. The decrease was due primarily to provisions for impairment losses relating to input VAT and withholding tax receivables.

Available-for-sale financial assets related to a quoted club share as of December 2013 amounted to ₱15.0 million as compared to last year of ₱16.5 million. Investment in an associate increased from ₱395.7 million in 2012 to ₱413.6 million this year due to equity share of ₱17.9 million in net income of CLI this year as against ₱4.8 million from September to December 2012. Investment properties and Property and equipment decreased from ₱214.4 million in 2012 to ₱212.1 million this period due to depreciation. There were no purchases made in 2013.

Current liabilities increased from ₱5.4 million in 2012 to ₱6.3 million this year. The increase was due to increase in rental deposits and higher accrual of operating expenses.

Total equity was ₱987.6 million in December 2013 and ₱974.3 million in December 2012. Retained earnings amounted to ₱417.3 million as of December 2013 as compared with ₱414.1 million in 2012. The increase was due to net income of ₱9.2 million after non-controlling interests partially offset by cash dividend of ₱6.0 million or ₱0.10 per share released to stockholders last July 17, 2013, as per record date of June 21, 2013. There was also a decrease in unrealized cumulative gain of AFS financial assets by ₱1.5 due to decrease in market price of a club share from ₱16.5 million in 2012 to ₱15.0 million in 2013.

The equity attributable to equity holders of the parent amounted to ₱568.2 million and ₱566.5 million as of December 2013 and 2012, respectively. The net book value per share as of December 2013 was ₱9.41 as against same period last year of ₱9.38. The basic/diluted earnings per share as of December 2013 and 2012 were ₱0.15 and ₱1.92, respectively.

Plan of Action for 2015

KPH shall focus on maintaining and adding value on its investment properties. Among others, the strategies may include purchase of shares of stock, purchase of additional investment properties, increasing occupancy and rental rates. Certain properties may be considered for sale where it can contribute the best value to the Company and its shareholders. Investment properties of strategic value shall be reviewed for further investments where appropriate.

Key Performance Indicators

The key performance indicators of the Company for the last three (3) fiscal years are follows:

Particulars	2015	2014	2013
Current Ratio (Current Assets/Current Liabilities)	37.01	22.90	49.58
Acid Test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	36.83	22.87	49.50
Solvency Ratio (Net Income + Depreciation)/Total Liabilities	3.72	3.52	2.82
Assets to Equity Ratio	1.01	1.01	1.01
Debt Ratio (Total Liabilities/Total Assets)	0.01	0.01	0.01
Debt to Equity Ratio (Total Liabilities/Stockholders' Equity)	0.01	0.01	0.01
Return on Assets (%) (Net Income/Total Assets)	2.62	2.59	2.09
Return on Equity (%) (Net Income/Stockholders' Equity)	2.64	2.61	2.10
Earnings per Share Attributable to Equity Holders of Parent (₱)	0.22	0.20	0.15

There are no known events that may trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that was not disclosed. There are no material off-balance sheet transactions, obligations (including contingent obligations), and other relationships of the Company with unsolicited entities or other persons created during the reporting period that has not been disclosed. The Company has no material commitment for capital expenditures for the next 12 months that would need to raise or generate funds for.

There are no trends, events or uncertainties that may have a material effect or impact, whether favorable or unfavorable, on the revenues or income from continuing operations of the Company. The financial condition or results of operations of the Company is not affected by any seasonal change.

7 - Financial Statements

The audited consolidated financial statements as of and for the year ended December 31, 2015 and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

The financial statements attached to the report include the audited statements of financial position, statements of income, statements of comprehensive income, statements of changes in stockholders' equity, statements of cash flows and notes to the financial statements. Such reports form part of the attachment to the SEC Annual Report Form 17-A.

8 - Information on Independent Accountants and Other Related Matters

(a) External Audit Fees and Services

(i) Audit and Related Fees - The Company retains the previous year's auditors, SyCip Gorres Velayo & Co. (SGV) to audit the current year's financial statements. The aggregate fee billed by SGV for the audit of the Company's annual financial statements was ₱350,000 for 2015, ₱320,000 for 2014, and ₱310,000 for 2013. There were no other services performed by SGV for each of the last three fiscal years. The services performed by the Company's external auditors and the fees are reviewed by the Audit Committee prior to submission to the Board of Directors for approval.

(ii) Tax Fees –No tax fees were paid for the years 2015, 2014 and 2013.

(iii) Other Fees – No other fees were paid for the years 2015, 2014 and 2013.

(iv) Audit Committee's Approval Policies & Procedures – The Committee evaluates proposals based on the quality of service, commitment for deadline and fees. The Committee may require a presentation from each proponent to clarify some issues.

(b) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Accounting standards in accordance with PFRS are stated in Note 2 to the financial statements. For the last three (3) fiscal years, there were no disagreements with the independent accountants relating to accounting principles or practices, financial statements disclosure, or auditing scope or procedure.

PART III – CONTROL AND COMPENSATION INFORMATION

9 - Directors and Executive Officers of the Issuer

(a) Directors, Including Independent Directors and Executive Officers

There are nine (9) members of the Board, two (2) of whom are independent directors. The term of office of each member is one (1) year and the members are elected at the Annual Stockholders' Meeting, to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified. A director who is elected to fill any vacancy holds office for the unexpired portion of the term of his predecessor. The current members of the Board of Directors are the following:

Board of Directors

(i) **Chow Yew Yuen**, 61, Singaporean, was elected Chairman of the Company in June 2014. He is currently the Chief Executive Director of Keppel Offshore & Marine (Keppel O&M), Ltd. He also serves on Board of Keppel O&M and holds directorships on the Board of several Keppel subsidiaries including Keppel FELS, Keppel Shipyard, Keppel O&M Technology Centre, Keppel Infrastructure Holdings and Keppel Energy. He is also the Chairman of Keppel Singmarine, Keppel AmFels, Keppel O&M USA and Keppel FELS Brazil. Mr. Chow has a Bachelor of Science degree in Mechanical Engineering with First Class Honours from the University of Newcastle-upon-Tyne. He has attended the Harvard Business School's Advance Management Program. He is the Vice President of

Association of Singapore Marine Industries, a Council Member of Singapore Accreditation Council and a member of The American Bureau of Shipping (ABS), ABS Southeast Asia Regional Committee, ABS Offshore Technical Committee and DNV GL South East Asia & Pacific Committee. Mr. Chow has been with Keppel companies for more than 31 years and first joined Keppel FELS in 1981 as Project Engineer.

- (ii) **Stefan Tong Wai Mun**, 43, Malaysian, was elected as President and regular Director in June 2007. He has been a regular Director of Keppel Philippine Properties, Inc. since June 2007 and was elected as regular Director of Keppel Philippines Marine, Inc. in February 2010 and Executive Vice-President in June 2011. He is also a regular Director of various Keppel companies in the Philippines. Mr. Tong graduated from University of Western Australia with a Bachelor's Degree in Accounting and Finance (Honors). He is a Chartered Accountant and a member of the Institute of Chartered Accountants in Australia. He has 19 years of experience in banking, finance and real estate.
- (iii) **Celso P. Vivas**, 69, Filipino, has been an Independent Director since June 2005 and is currently the Chairman of the Audit Committee of the Company. Mr. Vivas is a Certified Public Accountant. He is a member of Marubeni Foundation's Board of Trustees and Canadian Chamber of Commerce's Board of Governors. He is an Independent Director and Chairman of the Audit Committee of Keppel Philippines Marine, Inc. and Independent Director and member of the Audit Committee of Keppel Philippines Properties, Inc. He was Risk Consulting Partner and Assurance Business Advisory Partner of SGV & Company until his retirement in 2001. Mr. Vivas obtained his Bachelor's Degree in Business Administration (Cum Laude) from the University of the East. He also obtained a Master's Degree in Business Management from the Asian Institute of Management (SGV & Co. Scholar). He is also a graduate of Company Directors' Course from Australian Institute of Company Directors (ICD Scholar). Mr. Vivas has 49 years of experience in audit, finance, enterprise risk management and corporate governance.
- (iv) **Noel M. Mirasol**, 78, Filipino, was elected Independent Director of the Company in June 2003 and currently a member of its Audit Committee. He currently serves as Special Consultant to the CEO of International Container Terminal Services, Inc. He is also a regular Director and President of ICTSI Georgia Corporation-Cayman Islands. He is also a regular Director of ICTSI Warehousing, Inc., Container Terminal Systems Solutions, Inc. - Mauritius, and Guam-International Container Terminal, Inc., and of other international container terminals both here and abroad. Mr. Mirasol graduated from the De La Salle College, Manila with a Bachelor of Science Degree in Mechanical Engineering. He also obtained Masters of Science Degree in Management from Rennselaer Polytechnic Institute, Troy, New York and a PhD in Operations Research from Case Institute of Technology, Cleveland, Ohio. Mr. Mirasol has 49 years of experience in finance in various industries.
- (v) **Enrico L. Cordoba**, 43, Filipino, was elected as regular Director of the Company in June 2015 and currently a member of its Audit Committee. He is a holder of a Master's degree in Business Administration at Ateneo Graduate School of Business and Bachelor of Science degree in Mathematics Major in Actuarial Science at University of Santo Tomas. He has also earned the professional designations of Fellow of the Financial Services Institute, Fellow of the Life Management Institute, Associate in Annuity Products and Administration, Associate in Customer Service and Associate in Reinsurance Administration from the Life Office Management Association, as well as the designation of

Associate in Research and Planning from the Insurance Institute of America. Currently, he is the Vice President for Corporate Planning of The Insular Life Assurance Co., Ltd. He is a regular director of the Insular Life Management and Development Corp., Insular Life Foundation and PPI Prime Venture, Inc. He is also a Professional Lecturer for Management Science at De La Salle University Graduate School of Business. He has more than 20 years of experience in his area of expertise.

- (vi) **Benjamin P. Mata**, 85, Filipino, was first elected regular Director of the Company in 1975 on its incorporation, resigned in 1991 and was subsequently re-elected as regular Director again in 2003. Admiral Mata has been serving as Vice-Chairman of the Board of Marine Inquiry, Philippine Coast Guard and Chief of Marine Environment Protection Group of the Philippine Coast Guard Auxiliary since 2004. Admiral Mata also serves as Chairman of B. P. Mata, Inc., Goodsoil Marine Realty Inc. and Goodwealth Realty Development Corp. He graduated from the Philippine Merchant Marine Academy with a Bachelor of Science degree in Marine Transportation and taken up Shipbuilding Management Course at the Yokohama Shipbuilding Cooperation Center, Japan. As a licensed Master Mariner, Admiral Mata has more than 48 years of experience in the maritime industry and has sat in various committees relating to maritime issues.

- (vii) **Toh Ko Lin***, 63, Singaporean, was a regular Director and President of the Company from 2002 to 2007. He was also President of Keppel Philippines Marine, Inc. from 2001 until 2011. In October 2012, he was appointed as the Chairman of the Board and President of Keppel Philippines Marine, Inc. He holds chairmanship in Keppel Subic Shipyard, Inc. and also regular directorship in various affiliated companies in the Keppel Group. He is currently the Executive Director of Keppel Singmarine Pte. Ltd. in Singapore. Mr. Toh graduated from the University of Newcastle-upon-Tyne in UK with a Bachelor of Science (Honors) degree in Naval Architecture. He also obtained a degree of Master of Business Administration from the University of Western Ontario, Canada. His work experience includes 39 years in the marine industry.
**Deceased as of 12 February 2016*

- (viii) **Ma. Melva E. Valdez**, 56, Filipino, holder of degrees of Bachelor of Arts in Political Science and Bachelor of Laws from the University of the Philippines, has been the Corporate Secretary of the Company since 1998 and a regular Director since 2001. She is a name Partner of the law firm of Bello Valdez Caluya and Fernandez Law Offices. She is also currently the Corporate Secretary of Keppel Philippines Properties, Inc. and Mabuhay Vinyl Corporation (both listed companies) and Keppel Philippines Marine, Inc. She is likewise the Corporate Secretary of Asian Institute of Management and Keppel Subic Shipyard, Inc., and various Keppel companies in the Philippines and a regular Director of Leighton Contractors (Phils.) Inc. Atty. Valdez has more than 30 years of working experience in her field of profession as a lawyer.

- (ix) **Felicidad V. Razon**, 55, Filipino, was elected as a regular Director of the Company last May 2014. She joined the Company as Finance Manager in May 2008 and was elected as Treasurer in June 2008 and was appointed as Vice President/Treasurer and Compliance Officer in November 2013. She is also a regular Director of Goodsoil Marine Realty, Inc. and Goodwealth Realty Development Corp., Treasurer of Kepwealth Property Philippines, Inc., President of Keppel Center Condominium Inc. and Finance Manager of KPH related companies. She graduated from Polytechnic University of the Philippines with Bachelor of Science Degree in Commerce major in Accountancy and a Certified Public Accountant.

Executive Officers

- (i) **Stefan Tong Wai Mun**, President – (See foregoing Director’s Profile)
- (ii) **Ma. Melva E. Valdez**, Corporate Secretary – (See foregoing Director’s Profile)
- (iii) **Felicidad V. Razon**, Vice President/Treasurer/Compliance Officer – (See foregoing Director’s Profile)
- (iv) **Lory Anne P. Manuel-McMullin**, 46, Filipino, has been the Asst. Corporate Secretary of the Company since 1998. She is also the Asst. Corporate Secretary of Keppel Philippines Marine, Inc., Kepwealth Property Phils., Inc., Phil. Nagano Seiko, Inc., Cavite Nagano Seiko, Inc., South Sea Nagano Dev. Inc., Karumona Nagano Seiko, Inc., Mitsuba Philippines Technical Center Corp., Sunnelit Philippines Corp., Logwin Air + Ocean Phils., Inc., Goodsoil Marine Realty, Inc., Goodwealth Realty Dev. Corp., Goodwealth Ventures, Inc., KPSI Property, Inc., Keppel Batangas Shipyard, Inc., Consort Capital, Inc., Kepwealth, Inc. and Kepventure, Inc. She is also a Director and Corporate Secretary/Treasurer of Cominix (Philippines), Inc.; Director/Corporate Secretary of Mektec (Philippines) Corp., Tokai Precision Philippines, Inc. and A + O Distribution Corp.; Director of Yosemite Holdings, Inc., Cushman Wakefield Philippines, Inc. and Shopee Philippines, Inc.; Corporate Secretary of Nachi Pilipinas Industries, Inc., Technol Eight Philippines Corp., CMC Communications (Philippines), Inc., Sumi Philippines Wiring Systems Corp. and Saint-Gobain Philippines Co. Ltd., Inc.; and Resident Agent of Mektec Corp. (Singapore) Pte. Ltd., Entel HK Ltd. and Roquette Singapore Pte. Ltd. Atty. McMullin is a Junior Partner of JGLaw Offices. She graduated from the University of Santo Tomas with Bachelor’s degrees in Communication Arts and Laws.

(b) Significant Employees

There are no employees other than the officers mentioned in the preceding subsection who are expected to make a significant contribution to the business.

(c) Family Relationship

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, officers, and persons nominated or chosen by the company to become directors, officers, any security holder of certain record, beneficial owner or management.

(d) Involvement in Certain Legal Proceedings

To the knowledge and/or information of the Company, none of the directors and officers was involved in any bankruptcy proceedings during the last five (5) years. Neither have they been convicted by final judgment in any criminal proceedings, or been subjected to any order, judgment or decree of any court of jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in an action by any court or administrative bodies to have violated a securities and commodities law or regulation.

10 - Executive Compensation

As the Company is an investment holding company, it has only two (2) executive officers, namely the President and Vice President - Treasurer.

The total aggregate compensation (inclusive of perquisites and other personal benefits) of the senior officers of the Company during the last two (2) fiscal years and the projected aggregate compensation to be paid for the current fiscal year are as follows:

Description	Year	Salary	Bonus	Other Annual Compensation
Aggregate for All Officers	2016 Estimate	₱4,700,000	None	None
	2015	₱4,530,000	None	None
	2014	₱4,565,000	None	None
Aggregate for All Officers & Directors as a Group	2016 Estimate	₱5,190,000	None	None
	2015	₱5,020,000	None	None
	2014	₱5,053,000	None	None

Under the Company's By-Laws, directors shall receive such compensation for their services from time to time as maybe fixed by the stockholders. There are no warrants or options held by the Company's officers and directors. The Company does not have any other arrangements pursuant to which any director is compensated directly or indirectly for any service provided as a director. There are also no special employment contracts with executive officers of the Company. The Company has no existing options, warrants or rights to purchase any securities.

11- Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2015, the Company knows of no one who beneficially owns in excess of 5% of the Company's common stock except as set forth in the table below:

Title of Class	Name, Address of Record/ Beneficial Owner	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	Kepwealth, Inc. ¹ Unit 3B, Country Space 1 Bldg. Sen. Gil J. Puyat Ave., Makati City	None	Filipino	'A': 25,091,784 'B': 1,715,749 26,807,533	44.407
Common	Keppel Corporation Ltd. ² 1 Harbour Front Ave., #18-01 Keppel Bay Tower, Singapore 098632	None	Singaporean	'B': 16,894,082	27.985

Common	PCD Nominee Corp. ³ 37/F Enterprise Bldg., Ayala Avenue, Makati City	<ul style="list-style-type: none"> HSBC Securities Services⁴ 	The Insular Life Assurance Co. Ltd. (ultimate beneficial owner)	Filipino	'A': 11,013,145	22.648
				Filipino Foreign	'B': 2,053,869 'B': 604,916 13,671,930	
					'A': 6,408,422	10.616

1. *Kepwealth, Inc. is majority-owned by Kepventure, Inc. The Chairman, or in his absence, the President of Kepwealth, Inc. is duly authorized as proxy to vote in the shares of Kepwealth, Inc. in the Company.*
2. *Keppel Corporation Ltd. (KCL) is listed in the Singapore Stock Exchange. The Chairman of the Board or in his absence, the President or in his absence the Chairman of the meeting shall have the right to vote or direct voting or disposition of the shareholdings of KCL in the Company.*
3. *PCD Nominee Corp. is a wholly-owned subsidiary of the Philippine Central Depository, Inc. (PCD). It is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants. PCD holds the shares on their (beneficial owner behalf or on behalf of their (PCD) clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.*
4. *HSBC Securities Services is the beneficial owner of 6,408,422 shares or 10.616% of the total outstanding capital stock. HSBC Securities Services is a corporation organized and existing under and by virtue of the Republic of the Philippines as a Securities Broker. The Insular Life Assurance Co. Ltd. (Insular Life), a non-stock corporation incorporated in the Philippines, is the ultimate beneficial owner of 6,408,422 shares.*

Security Ownership of Management as of December 31, 2015

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Chow Yew Yuen / Chairman / Director	'B' : 1(r)	Singaporean	-
	Stefan Tong Wai Mun / President / Director	'B' : 1(r)	Malaysian	-
	Celso P. Vivas / Independent Director	'A' : 1(r)	Filipino	-
	Noel M. Mirasol / Independent Director	'B' : 1(r)	Filipino	-
	Mayo Jose B. Ongsingco / Director	'A' : 1(r)	Filipino	-
	Benjamin P. Mata / Director	'A' : 897(r) 'B' : 1(r)	Filipino	-
	Toh Ko Lin/ Director	'B' : 1(r)	Singaporean	-
	Ma. Melva E. Valdez / Director / Corp. Sec.	'B' : 1(r)	Filipino	-
	Felicidad V. Razon / Vice President -Treasurer	'A' : 1(r)	Filipino	-
	Lory Anne P. Manuel-McMullin / Asst. Corp. Sec.	-	Filipino	-

Free float level

The Company has 17% or 10,256,476 shares owned by the public out of the 60,367,419 total outstanding shares as of December 31, 2015.

12 - Certain Relationships and Related Transactions

In the ordinary course of business, the Company has transactions with its affiliates. The significant transactions with affiliates are as follows:

- (a) Since 1993, GMRI has lease agreement with Keppel Philippines Marine, Inc. (KPMI) for a period of 50 years, covering the property which is the site of KPMI's shipyard. The annual lease rate amounted to ₱10.4 million and is subject to escalation clause of 2% after every five (5) years. Rent income based on straight-line method amounted to ₱9.6 million in 2015, 2014, and 2013. Total outstanding balance of lease receivables amounted to ₱34.6 million and ₱35.4 million as of December 31, 2015 and 2014, respectively.

GMRI also leases a parcel of land for one year from January 1, 2015 to December 31, 2015. The lease contract was renewed for another year effective January 1, 2016. Rental income derived from these transactions amounted to ₱0.4 million in 2015, 2014 and 2013.

- (b) GRDC leased its properties to KPMI for one year and renewable annually. Rental income derived from this transaction amounted to ₱0.2 million in 2015, 2014 and 2013. The outstanding balance of lease receivable amounted to ₱0.02 million and nil as of December 31, 2015 and 2014, respectively.
- (c) KPSI leases certain properties to KPMI, Keppel IVI Investments, Inc., Kepwealth Property Phils, Inc. and Keppel Energy Consultancy, Inc., its affiliates, for a period of one year, renewable annually. Rental income derived from the lease amounted to ₱1.2 million in 2015, 2014 and 2013.
- (d) The Parent Company and KPMI has an existing land lease agreement on a piece of land which is the subject of complaint against the Philippine National Oil Company (PNOC). The monthly rent for the said piece of land is ₱0.2 million for a period of one year, subject to yearly renewal. In July 2015, the lease agreement was renewed for another year with 5% increase. Rental income derived from the land amounted to ₱2.1 million in 2015, ₱2.0 million in 2014 and 2013. Outstanding balance of lease receivables amounted to ₱0.2 million and nil as of December 31, 2015 and 2014, respectively.
- (e) In September 2014, GMRI granted a long-term interest bearing loan to KPMI amounting to ₱200.0 million. The loan has five-year term, 15 months grace period on principal payment and payable in equal quarterly installment. The loan is subject to interest repricing on semi-annual basis. The loan has an option for prepayment. The interest rate applied in 2014 ranges from 3.4% to 3.5% and from 3.5% to 4.0% in 2015. Outstanding long-term loan amounted to ₱187.5 million and ₱200.0 million as of December 31, 2015 and 2014, respectively. In December 2015, KPMI obtained another loan from GMRI amounting to ₱15.0 million with term of 45 days and interest rate of 2.9%. Interest income earned by GMRI from these loans amounted to ₱7.5 million and ₱2.0 million as of December 31, 2015 and 2014, respectively.
- (f) In June 2015, the Parent Company granted short-term loan to KPMI amounting to ₱31.0 million with term of 18 days which was collected the following month. In September 2015, KPMI obtained short-term loan amounting to ₱50.0 million due after 45 days which was extended for additional 90 days starting November 2015. KPMI obtained another loan amounting to ₱35.0 million in December 2015 with term of 90 days. Interest applied ranges from 2.85% to 3.4% in 2015. Interest income recognized by the Parent Company from these loans amounted to ₱0.5 million in 2015.
- (g) Compensation of the key management personnel of the Company pertains to salaries and other short-term employee benefits amounting to ₱4.8 million in 2015, ₱4.5 million in 2014 and ₱4.3 million in 2013.

- (h) In 2014, the Parent Company entered into a Memorandum of Understanding (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 ₱0.3 million in July 2015.
- (i) Other transactions with related parties consist of reimbursements or sharing of common expenses such as legal, communication and business development expenses.

PART IV - CORPORATE GOVERNANCE

13 – Corporate Governance

Please refer to the attached Y2015 Annual Corporate Governance Report (ACGR) as Annex A.

PART V - EXHIBITS AND SCHEDULES

14 - Exhibits and Reports on SEC Form 17-A

- (a) **Exhibits** – See accompanying Index to Exhibits
- (b) **Reports on SEC Form 17-C** – The Company has filed all reports on Form 17-C (Current Report) on matters needed in compliance with the SEC’s SRC during the fiscal year 2015 as follows:

February 3, 2015	Setting of date of the Annual Stockholders Meeting on June 19, 2015 and the record date for stockholders entitled to notice of and to vote at said meeting on May 19, 2015
	Board of Directors’ approval of KPH’s 2014 SEC Form 17-A (Annual Report and Audited Financial Statements (AFS) for the year ended 31 December 2014 and release of said AFS
March 27, 2015	Resignation of a Director, Mayo Jose B. Ongsingco
May 5, 2015	Notice of Agenda/Details for Annual Stockholders Meeting on June 19, 2015
May 14, 2015	Acceptance of Resignation of a Director and replacement to be announced in the forthcoming stockholders meeting
	Board approval on the reappointment of SGV & Co. as KPH’s external auditor for the year 2015
June 19, 2015	Result of Board of Directors Meeting June 19, 2015 - Approval of Directors’ Remuneration for 2014 - Declaration of Cash Dividend - declaration of 10% or P0.10 per share cash dividend to all stockholders of record of the Company as of July 6, 2015 to be paid on or before July 30, 2015
	Results of the Annual Stockholders Meeting Held June 19, 2015 - Appointment of External Auditor, SGV & Co. for the financial year 2015 - Election of Directors for year 2015-2016 - Approval of the Corporation’s Audited Financial Statements for the year ended December 31, 2014 - Approval of Directors’ Annual Remuneration of P60,000 for 2014
	Results of Organizational Meeting – June 19, 2015 Election of officers for the ensuing year 2015-2016, appointment of chairman, members of the various committees and compliance officer/corporate information officer

Upon the written request of the stockholder, the Company undertakes to furnish said stockholder a copy of SEC Form 17-A free of charge, except for exhibits attached thereto which shall be charged at cost. Any written request for a copy of SEC Form 17-A shall be addressed as follows:

**Keppel Philippines Holdings, Inc.
Unit 3B Country Space 1 Building
133 Sen. Gil Puyat Avenue, Salcedo Village
Barangay Bel-Air, Makati City 1200**

Attn: The Corporate Secretary


SIGNATURES


Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Makati on _____, 2016.

KEPPEL PHILIPPINES HOLDINGS, INC.


Issuer

By:


Stefan Tong Wai Mun
President

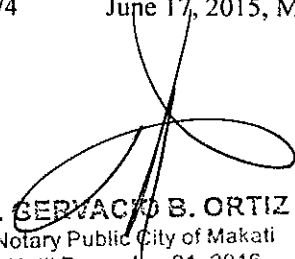

Felicidad V. Razon
Vice President /Treasurer

Ma. Melva. E. Valdez
Corporate Secretary
(currently out of the country)


Lory Anne P. Manuel-McMullin
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this **APR 12 2016** day of April 2016; affiants exhibiting to me their Passport or Social Security System (SSS) IDs, as follows:

<u>Names</u>	<u>Passport /SSS Nos.</u>	<u>Expiry</u>
Stefan Tong Wai Mun	Passport No. A22011774	June 17, 2015, Malaysia
Felicidad V. Razon	SSS No. 03-5429848-7	
Ma. Melva E. Valdez	SSS No. 03-8437676-4	
Lory Anne P. Manuel-McMullin	SSS No. 03-9635662-0	


ATTY. SERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2016
IBP No. 656155-Lifetime Member
MCLE Compliance No. V-0006934
Appointment No. M-38-(2015-2016)
PTR No. 5323504 Jan. 4, 2016
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Dei Pilar, Makati City

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SECURITIES AND EXCHANGE COMMISSION

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 Period Covered January 08, 2016
 No. of Days Late 0
 Department CED/CFD/CRMD/MRD/NTD
 Remarks ACGR

COVER SHEET

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S.E.C Registration Number

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(Company's Full Name)

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M	A	K	A	T	I		C	I	T	Y																																

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

**Ms. Fely Razon/
Atty. Ma. Melva E. Valdez/
Lory Anne P. Manuel-McMullin**

Contact Persons

**892 1816
815 9071**

Company Telephone Number

1	2
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Month

3	1
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Day

**Summary of Changes
in the Y2015 ACGR of KPHI**

FORM TYPE

	6
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Month

1	9
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Day

Annual Meeting

N/A

Secondary License Type, if Applicable

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Dept. Requiring this Doc.
Number/Section

n/a

Amended Articles

**433 as of December
2015**

Total No. of Stockholders

--

Domestic

--

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

Cashier

STAMPS

Keppel Philippines Holdings, Inc.
Head Office
3B Country Space 1 Bldg.
Sen. Gil Puyat Avenue
Makati, Philippines

Tel.: (632) 892 1816
Tel.: (632) 892 1820 to 24
Fax: (632) 8152581, 8926510

08 January 2016

Atty. Justina F. Callangan

Director

**Corporate Governance and Finance Department
Securities & Exchange Commission (SEC)
SEC Building
Mandaluyong City**

Dear Director Callangan:

Re: **Summary of Changes in the Y2015
Annual Corporate Governance Report
of Keppel Philippines Holdings, Inc.**

In compliance with *SEC Memorandum Circular nos. 1, 5 and 12*, series of 2014, please see attached notarized Secretary's Certificate which reflects the summary of changes in the **Y2015 ACGR of Keppel Philippines Holdings, Inc.** with relevant excerpts of minutes of the meetings of the Board of Directors and Stockholders.

We hope that said Secretary's Certificate meets substantially your formal requirements/standards.

Very truly yours,


MA. MELVA E. VALDEZ
Corporate Secretary

SECRETARY'S CERTIFICATE

I, MA. MELVA E. VALDEZ, of legal age, Filipino with postal address at 6th Floor, SOL Building, 112 Amorsolo Street, Legaspi Village, Makati City, after being duly sworn, hereby depose and state that:

1. I am the **Corporate Secretary of Keppel Philippines Holdings, Inc.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal office at Unit 3-B, Country Space I Building, #133 Sen. Gil Puyat Avenue, Salcedo Village, Brgy. Bel-Air, Makati City;
2. In connection with SEC Memorandum Circular nos. 1, 5 and 12, series of 2014, the following are the excerpts of Board of Directors and Stockholders' Minutes of Meetings reflecting the Consolidated Changes in KPHI's Annual Corporate Governance Report for year 2015 and other details relevant thereto:

• **Item A(1)(a) Board Matters --Composition of the Board**

Director's Name	Type (Executive (ED), Non-Executive (NED) or Independent Director (ID))	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual/Special Meeting)	No. of years served as director
Chow Yew Yuen	NED	N/A	Keppel Corp. Ltd.	June 2014	2015	ASM	1
Stefan Tong Wai Mun	ED	N/A	Kepwealth, Inc.	June 2007	2015	ASM	8
Celso P. Vivas	ID	N/A	Stefan Tong Wai Mun	June 2005	2015 (4)	ASM	10
Noel M. Mirasol	ID	N/A	Ma. Melva E. Valdez	June 2003	2015 (4)	ASM	12
Enrico L. Cordoba	NED	N/A	PCD Nominee	June 2015	2015	ASM	0
Toh Ko Lin	NED	N/A	Keppel Corp. Ltd.	June 2002	2015	ASM	7**
Benjamin P. Mata	NED	N/A	Kepwealth, Inc.	1975	2015	ASM	40
Felicidad V. Razon	NED	N/A	Kepwealth, Inc.	May 2014	2015	ASM	1
Ma. Melva E. Valdez	NED	N/A	Kepwealth, Inc.	2001	2015	ASM	14

¹**First Elected in 2002 and served up to 2007, then re-elected in 2014.

In the Annual Stockholders' meeting of KPHI, held on 19 June 2015, "the Chairman inquired from the Corporate Secretary if there had been any nominations submitted in accordance with the Corporation's By-laws and Manual on Corporate Governance. The Secretary answered in the affirmative and read the names of the seven (7) nominees for election as regular members of the Board of Directors and two (2) nominees for independent

directors for the year 2015-2016. She added that there were no other nominations filed in accordance with the By-laws and Manual on Corporate Governance other than the names she had mentioned.

Considering that there were nine (9) nominees to fill in nine (9) seats in the Board, the Chairman directed the Corporate Secretary to cast the votes equally in favor of the 9 nominees. The following were elected as directors of the Corporation for the year 2015-2016 and shall serve as such until their successors are elected and shall have qualified:

1. Chow Yew Yuen
2. Stefan Tong Wai Mun
3. Celso P. Vivas – Independent Director
4. Noel M. Mirasol – Independent Director
5. Enrico L. Cordoba
6. Toh Ko Lin
7. Benjamin P. Mata
8. Ma. Melva E. Valdez
9. Felicidad V. Razon

After having been elected in the just concluded stockholders' meeting, the members of the Board of Directors proceeded to organize the Corporation by electing its officers.

On even date, an organizational meeting was also held, "whereupon, after proper nomination and on motion duly seconded, the following officers were elected to the position(s) indicated opposite their respective names for the year 2015-2016 and shall serve as such until their successors are elected and shall have qualified:

Chow Yew Yuen	-Chairman
Stefan Tong Wai Mun	-President
Felicidad V. Razon	-Vice President/Treasurer
Ma. Melva E. Valdez	-Corporate Secretary
Lory Anne P. Manuel-McMullin	-Assistant Corporate Secretary

In said organizational meeting, the following were appointed as chairmen, members of various committees and compliance officer/corporate information officer:

a. Executive Committee

Chairman: Stefan Tong Wai Mun

Members: Toh Ko Lin

Ma. Melva E. Valdez

b. Nominations Committee

Chairman: Toh Ko Lin

Members: Celso P. Vivas – Independent Director

Noel M. Mirasol - Independent Director
 Stefan Tong Wai Mun

c. Compensation Committee

Chairman: Toh Ko Lin
 Members: Celso P. Vivas – Independent Director
 Enrico L. Cordoba
 Stefan Tong Wai Mun

d. Audit Committee

Chairman: Celso P. Vivas - Independent Director
 Members: Noel M. Mirasol - Independent Director
 Enrico L. Cordoba
 Toh Ko Lin
 Stefan Tong Wai Mun

e. Compliance Officer & Corporate Information Officer

Felicidad V. Razon”

• Item A(1) (d)(i) Directorship in the Company's Group

Following the resignation of Mr. Teo Soon Hoe from KPHI, his name was excluded or deleted on the above captioned item.

• Item A(1) (e) Shareholdings in the Company

Name of Director	Number of Direct shares	Number of Indirect shares /Through (name of record owner)	% of Capital Stock
Enrico L. Cordoba	Class 'A' : 1	-	0.00%

• A(5)(a) Changes in the Board of Directors-- Resignation/Death/Removal

Name	Position	Date of Cessation	Reason
Mayo Jose B. Ongsingco	Director	14 May 2015	Resignation

On 14 May 2015, the Board of Directors accepted the resignation of Mr. Mayo Jose B. Ongsingco.

“Mr. Toh, as Chairman of the Nomination Committee, reported to the Board that a resignation letter dated 27 March 2015 was previously received from Mr. Mayo Jose B. Ongsinco, informing the Company of his resignation as

Director of Keppel Philippines Holdings, Inc. x x x. Furthermore, a copy of said resignation letter was also given to the Nomination Committee. The Nomination Committee had convened earlier today to discuss the matter and proceeded on the business of selecting a replacement for Mr. Ongsingco.

Anent thereto, he presented the signed resignation letter of Mr. Ongsingco; said resignation to take effect upon submission by the Nomination Committee of the Final List of Candidates which contained one qualified candidate, Mr. Enrico L. Cordoba, and acceptance thereof by the Board there being no other nomination received by the Committee.

The Board likewise noted that Mr. Ongsingco was also a member of the Audit and Compensation Committee and, as a result of said resignation from the Board, is likewise effectively resigned as a member of said Committees.

After several discussions and on motion duly made and seconded, the Board resolved as follows:

"RESOLVED, That the Board of Directors hereby accepts with regrets the resignation of Mr. Mayo Jose B. Ongsingco as a member of the Board of Directors as well as the Audit and Compensation Committee effective immediately and hereby expresses its appreciation for his invaluable services/contribution to the Company;

"RESOLVED FURTHER, That in light of the vacancy created by such resignation, the stockholders will elect his replacement at the forth coming annual stockholders' meeting;

"RESOLVED FURTHERMORE, That by reason of Mr. Ongsingco's resignation as Director, his appointment as member of the Audit and Compensation Committee is likewise deemed vacated. Mr. Ongsingco's replacement in the said committees will be appointed during the Board's organizational meeting on 19 June 2015, to be held shortly after the annual stockholders' meeting."

• **Item A(5)(b) Voting Result of 19 June 2015 Annual General**

Name of Director	Votes Received
Chow Yew Yuen	100% of shares present and voting
Stefan Tong WaiMun	100% of shares present and voting
Celso P. Vivas	100% of shares present and voting
Noel M. Mirasol	100% of shares present and voting
Enrico L. Cordoba	100% of shares present and voting

TohKo Lin	100% of shares present and voting
Benjamin P. Mata	100% of shares present and voting
Ma. Melva E. Valdez	100% of shares present and voting
Felicidad V. Razon	100% of shares present and voting

• **Item A(6)(c) Continuing Education Programs for Directors**

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Chow Yew Yuen (Chairman/Director)	15 October 2015	SEC-PSE Corporate Governance Forum	Securities and Exchange Commission
Stefan Tong Wai Mun (President/Director)	15 October 2015	SEC-PSE Corporate Governance Forum	Securities and Exchange Commission
Celso P. Vivas (Independent Director)	15 October 2015	SEC-PSE Corporate Governance Forum	Securities and Exchange Commission
Noel M. Mirasol (Independent Director)	15 October 2015	SEC-PSE Corporate Governance Forum	Securities and Exchange Commission
Enrico L. Cordoba (Director)	30 October 2015	Corporate Governance	Risk, Opportunities, Assessment & Management (ROAM), Inc.
TohKo Lin (Director)	15 October 2015	SEC-PSE Corporate Governance Forum	Securities and Exchange Commission
Ma. Melva E. Valdez (Director/Corporate Secretary)	15 October 2015	SEC-PSE Corporate Governance Forum	Securities and Exchange Commission
Felicidad V. Razon (Director/Treasurer/ Compliance Officer/ Corporate Information Officer)	15 October 2015	SEC-PSE Corporate Governance Forum	Securities and Exchange Commission

• **Item C(2) Board Meetings and Attendance--Details of the Attendance of Directors (Y2015)**

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Chow Yew Yuen	19 June 2015	6	6	100%*
Member	Stefan Tong Wai Mun	19 June 2015	6	6	100%
Independent	Celso P. Vivas	19 June 2015	6	6	100%
Independent	Noel M. Mirasol	19 June 2015	6	6	100%
Member	Mayo Jose B. Ongsingco*	19 June 2015	6	1	100%
Member	Enrico L. Cordoba**	19 June 2015	6	3	100%**
Member	Toh Ko Lin	19 June 2015	6	6	100%
Member	Benjamin P. Mata	19 June 2015	6	6	100%
Member	Ma. Melva E. Valdez	19 June 2015	6	6	100%
Member	Felicidad V. Razon	19 June 2015	6	6	100%

*resigned as Director of KPHI on 14 May 2015

**elected as director only on 19 June 2015

- Item D(2) Remuneration Matters-- Total Remuneration Details for the last 3 years and Item D(3) Aggregate Remuneration

Total remuneration details for the last 3 years

Remuneration Scheme	Date of Stockholders' Approval
Fixed amount (Php60,000.00)	19 June 2015
Fixed amount (Php60,000.00)	28 May 2014
Fixed amount (Php60,000.00)	06 June 2013

Aggregate Remuneration

Remuneration Item	Executive Director/President & Treasurer	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	Php4,565,000 as stated in the 17A and IS	Php336,000 as stated in the 17A and IS	Php152,000 as stated in the 17A and IS
(b) Variable Remuneration			
(c) Per diem Allowance			
(d) Bonuses			
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
Total			

On 19 June 2015, the following resolution was approved and adopted by the Stockholders:

“RESOLVED, That the amount of SIXTY THOUSAND PESOS (P60,000.00) per director be as it is hereby appropriated as and by way of directors' remuneration for the last fiscal year.”

- Item E(1) Number of Members, Functions, and Responsibilities

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Nomination	1	1	2	N/A	Under Section K, Article III, KPHI Manual on Corporate Governance, the Nomination Committee shall: a) Pre-screen and shortlist all candidates to the Board and other appointments that require Board approval, in		

					<p>accordance with the qualifications and disqualifications enumerated provided under this Manual, the Corporation Code, Securities & Regulations Code, and other pertinent rules and regulations.</p> <p>b) Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.</p> <p>c) In consultation with the Executive Committee, re-define the role, duties and responsibilities of the Chief Executive Officer/President by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.</p> <p>Under Section 3, Article IV of KPHI's By-Laws, the Nomination Committee "shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the qualifications and disqualifications provided under the Code of Corporate Governance.</p> <p>"The Nomination Committee shall, in consultation with the Executive Committee, re-define the role, duties and responsibilities of the Chief Executive Officer/President by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance for the Board."</p>
Remuneration	1	2	1	N/A	<p>Under Section X, Article III, KPHI Manual on Corporate Governance, the Compensation and Remuneration Committee shall:</p> <p>a) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.</p> <p>b) Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully.</p> <p>c) Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.</p> <p>d) Disallow any director to decide his or her own remuneration.</p> <p>e) Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.</p> <p>f) Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.</p> <p>g) In the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above."</p>

• **Item E(2)(a) Board Committees--Executive Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman/Member (ED)	Stefan Tong Wai Mun	19 June 2015	0	0		9years
Member (NED)	Ma. Melva E. Valdez	19 June 2015	0	0		9years
Member (NED)	Toh Ko Lin	19 June 2015	0	0		3 years

• **Item E(2)(b) Audit Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Celso P. Vivas	19 June 2015	4	4	100%	9 years
Member (ID)	Noel M. Mirasol	19 June 2015	4	4	100%	9 years
Member (ED)	Stefan Tong Wai Mun	19 June 2015	4	4	100%	8years
Member (NED)	Toh Ko Lin	19 June 2015	4	4	100%	1year
Member (NED)	Enrico L. Cordoba*	19 June 2015	4	2	100%	0year

*elected as Member of the Audit Committee on 19 June 2015.

• **Item E(2)(c) Nomination Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Toh Ko Lin	19 June 2015	1	1	100%	3years
Member (ED)	Stefan Tong Wai Mun	19 June 2015	1	1	100%	8years
Member (ID)	Noel M. Mirasol	19 June 2015	1	1	100%	9years
Member (ID)	Celso Vivas	19 June 2015	1	1	100%	1 year

• **Item E(2)(d) Remuneration Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Toh Ko Lin	19 June 2015	0	N/A	N/A	1 year
Member (ED)	Stefan Tong Wai Mun	19 June 2015	0	N/A	N/A	8 years
Member (ID)	Celso P. Vivas	19 June 2015	0	N/A	N/A	9 years
Member (NED)	Enrico L. Cordoba	19 June 2015	0	N/A	N/A	0 year

• **Item E(3) Changes in Committee Members**

Name of Committee	Name	Reason
Executive	None	N/A
Audit	Mayo Jose B. Ongsingco	Resignation
Nomination	None	N/A
Remuneration	Mayo Jose B. Ongsingco	Resignation
Others (specify)	N/A	N/A

**Please see above excerpt of 19 June 2015 organizational minutes re appointment of Committee members.*

• **Item H(3)(c) Role of Stockholders – Training and Development Programmes**

(c) State the company's training and development programmes for its employees. Show the data.

Addressing the Power Crisis: Assessment & Outlook by Center for Phil. Futuristic Studies & Management, Inc. – May 2015; The Future of Bio Fuel Industry: Status, Policy and Directions by Center for Phil. Futuristic Studies & Management, Inc. – July 2015; and July 2015; PSE-SEC Corporate Governance Seminar-October 2015.

• **Item I(1)(a) Disclosure and Transparency – Ownership Structure**

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Kepwealth, Inc.	26,807,533	44.40%	N/A
Keppel Corporation Ltd.	16,894,082	27.99%	N/A
PCD Nominee Corp. – Filipino *****	13,067,679	21.64%	N/A

***** The Insular Life and Assurance Co., Ltd has 6,408,422 shares or 10.616% - under PCD Nominee Corporation. Filipino; Net of the share of The Insular Life and Assurance Co., Ltd., PCD Nominee-Filipino will have 10.945%

• **Item I(3) External Auditor's Fee**

Name of auditor	Audit Fee	Non-audit Fee
SyCip Gorres Velayo & Co. (SGV)	Php385,000.00 (including out-of-pocket expenses)	N/A

• **Item I(5) Disclosure and Transparency – Release of Audited Financial Report**

The 17A or Annual Report was submitted to Philippine Stock Exchange and was posted on its website on April 13, 2015. It was also posted on KPHI website on April 28, 2015.

- **Item I(6) Company Website**

On 14 May 2014, KPHI submitted with the SEC an advisement letter and formally informed SEC of its compliance with SEC Resolution no. 393, series of 2011. Further, in compliance with SEC Memorandum Circular No.11, series of 2014, KPHI has reconstructed its website in accordance with SEC template. The website of KPHI may be visited at: <http://www.keppelph.com>.

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

- **Item J(1)(c) Rights of Stockholders--Dividends**

Declaration Date	Record Date	Payment Date
19 June 2015	06 July 2015	30 July 2015

On 19 June 2015 the Board of Directors, the following resolution was approved:

“RESOLVED, That the Board of Directors of Keppel Philippines Holdings, Inc. (the “Corporation”) hereby declares a cash dividend of **Php 0.10 (10%) per share**, or equivalent **Php 6.04 Million** from the unrestricted retained earnings of the Corporation as of 31 December 2014, to be distributed to all stockholders record as of **06 July 2015**;

RESOLVED FURTHER, That the payment date shall not be later than **30 July 2015**;

x x x. “

• Item J(1)(d)(5) Results of 19 June 2015 Annual Stockholders' Meeting

Resolution	Approving	Dissenting	Abstaining
Reading and Approval of the Minutes of the Annual Stockholders' meeting held on 08 May 2014	All	None	None
Presentation of the Annual Report and Approval of the Audited Financial Statements of 2014	All	None	None
Ratification of the Acts and Proceedings of the Board of Directors, Officers and Management	All	None	None
Election of Directors for year 2015-2016	All	None	None
Directors' Remuneration of Php60,000 each for the last fiscal year	All	None	None
Appointment of the External Auditor	All	None	None
Announcement of Cash Dividend	N/A	N/A	N/A

During the 2015 Annual Stockholders' Meeting, it was "indicated that copies of the minutes of the last annual meeting held on 28 May 2014 were made available to the stockholders before the start of the meeting. Thus, on proper motion duly made and seconded, the reading of the aforesaid minutes was dispensed with and the minutes of the 06 June 2013 Annual Stockholder's Meeting was accordingly approved."

PRESENTATION OF ANNUAL REPORT AND APPROVAL OF AUDITED FINANCIAL STATEMENTS

"The Chairman stated that the Annual Report was not prepared for 2014 and even prior to that to save on costs. However, he indicated that all relevant information can be found under the Company's Annual Report (SEC Form 17-A) and/or Definitive Information Statement (SEC Form 20-IS). Furthermore, a copy of SEC Form 17-A is available at the PSE website or may be requested from the Corporate Secretary. The SEC Form 20-IS which contained the audited financial statements has been sent out to the stockholders prior to the stockholders' meeting and that copies thereof were made available at the entrance of the venue for the meeting for those who have not received a copy yet.

There being no questions and on motion duly made and seconded, the Audited Financial Statements for the year ended 2014 was approved."

RATIFICATION OF THE ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, OFFICERS AND MANAGEMENT DURING THE YEAR UNDER REVIEW

"Whereupon, on motion duly made and seconded, the following resolution was adopted:

"RESOLVED, That all the official or corporate acts and proceedings of the Board of Directors, Officers and Management of the Corporation since the last annual meeting of the stockholders up to the present are hereby ratified."

x x x"

ELECTION OF DIRECTORS

The Chairman inquired from the Corporate Secretary if there had been any nominations submitted in accordance with the Corporation's By-laws and Manual on Corporate Governance. The Secretary answered in the affirmative and read the names of the seven (7) nominees for election as regular members of the Board of Directors and two (2) nominees for independent directors for the year 2015-2016. She added that there were no other nominations filed in accordance with the By-laws and Manual on Corporate Governance other than the names she had mentioned.

Considering that there were nine (9) nominees to fill in nine (9) seats in the Board, the Chairman directed the Corporate Secretary to cast the votes equally in favor of the 9 nominees. The following were elected as directors of the Corporation for the year 2015-2016 and shall serve as such until their successors are elected and shall have qualified:

1. Chow Yew Yuen
2. Stefan Tong Wai Mun
3. Celso P. Vivas – Independent Director
4. Noel M. Mirasol – Independent Director
5. Enrico L. Cordoba
6. Toh Ko Lin
7. Benjamin P. Mata
8. Ma. Melva E. Valdez
9. Felicidad V. Razon

DIRECTORS' REMUNERATION

Whereupon, on motion duly made and seconded, the following resolution was adopted:

"RESOLVED, That the amount of SIXTY THOUSAND PESOS (P60,000.00) per director be as it is hereby appropriated as and by way of directors' remuneration for the last fiscal year."

APPOINTMENT OF EXTERNAL AUDITOR

“Whereupon, on motion duly made and seconded, the following resolution was adopted:

RESOLVED, That SyCip Gorres Velayo & Co. be as it is hereby reappointed as the external auditor of the Corporation for the year 2014 at a fee to be fixed by Management.”

- **Item J(1)(d)(6) Date of Publishing of the result of the votes taken during the most recent AGM for all resolutions**

The result of the votes taken during the most recent AGM for all resolutions was submitted to SEC thru Form 17C on same day of AGM on 19 June 2015. It was likewise submitted to PSE on even date at 5:00 in the afternoon.

- **Item J(1)(f)(i) Details of AGM Attendance**

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Chow Yew Yuen, Stefan Tong Wai Mun, Celso P. Vivas, Noel M. Mirasol, Enrico L. Cordoba, Toh Ko Lin Benjamin P. Mata, Ma. Melva E. Valdez Felicidad V. Razon	19 June 2015	One share, one vote	0.005%	86.523%	86.528%

During the 2015 Annual Stockholders’ Meeting, “the Corporate Secretary advised the Chairman that x x x out of the total outstanding shares, about 86.53% were present either in person or by proxy; hence, there was a quorum.”

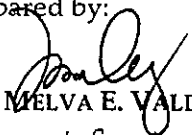
- **Item J(1)(i) Definitive Information Statements and Management Report**

Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	25 May 2015
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3. The foregoing information is in accordance with the records of the Corporation in my custody as Corporate Secretary.
4. This certification is being issued in compliance with SEC Memorandum Circulars no. 1, 5 and 12, series of 2014 and for whatever legal purposes it may serve.

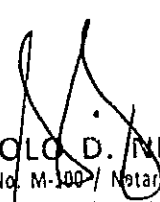
IN WITNESS WHEREOF, I have hereunto affixed my signature at Makati City, on 8th day of January 2016.

Prepared by:


MA. MELVA E. VALDEZ
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 8th day of January 2016 in Makati City; affiant MA. MELVA E. VALDEZ exhibited to me her Social Security System (SSS) ID No. 03-8437676-4

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Appointment No. M-100 / Notary Public / Makati
Valid Until 31 December 2016
JGLaw, 6th Floor, SOL Bldg., 112 Amorsolo St.,
Legaspi Village, Makati City
PTR No. 4750994 / 05 January 2015 / Makati City
IBP No. 978195 / 06 January 2015 / Makati City
Roll No. 62942

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT


1. Report is Filed for the Year 2015
2. Exact Name of Registrant as Specified in its Charter - KEPPEL PHILIPPINES HOLDINGS, INC.
3. Unit 3-B, Country Space I Building,
#133 Sen. Gil Puyat Avenue, Salcedo Village,
Brgy. Bel-Air, Makati City
Address of Principal Office 1200
Postal Code

4. SEC Identification Number 62596
Industry Classification Code
5. (SEC Use Only)
6. BIR Tax Identification Number 000-163-715-000
7. (632) 892-1816
Issuer's Telephone number, including area code
8. N/A
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	9
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Actual number of Directors for the year	9 ¹
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(a) Composition of the Board

Complete the table with information on the Board of Directors as of 2012:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual/Special Meeting)	No. of years served as director
Chow Yew Yuen	NED	N/A	Keppel Corp. Ltd.	June 2014	2015	ASM	1
Stefan Tong Wai Mun	ED	N/A	Kepwealth, Inc.	June 2007	2015	ASM	8
Celso P. Vivas	ID	N/A	Stefan Tong Wai Mun	June 2005	2015 (4)	ASM	10
Noel M. Mirasol	ID	N/A	Ma. Melva E. Valdez	June 2003	2015 (4)	ASM	12
Enrico L. Cordoba	NED	N/A	PCD Nominee	June 2015	2015	ASM	0
TohKo Lin	NED	N/A	Keppel Corp. Ltd.	June 2002	2015	ASM	7**
Benjamin P. Mata	NED	N/A	Kepwealth, Inc.	1975	2015	ASM	40
Felicidad V. Razon	NED	N/A	Kepwealth, Inc.	May 2014	2015	ASM	1
Ma. Melva E. Valdez	NED	N/A	Kepwealth, Inc.	2001	2015	ASM	14

**First Elected in 2002 and served up to 2007, then re-elected in 2014.

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Company's objective is to protect and enhance the interest of its stakeholders by committing itself to the principles of risk management, fairness, accountability and transparency. Thus, it fully embraces and practices sound corporate governance in order to instill trust and confidence to the organization. (Article I, Amended Manual on Corporate Governance)

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. (Article VI B, Amended Manual on Corporate Governance)

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or

¹Reckoned from their election as of the annual stockholders' meeting (ASM) held on 19 June 2015

by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation. (Article VI B, Amended Manual on Corporate Governance)

The Board of Directors, Management, employees and shareholders believe that corporate governance is an indispensable component towards achieving long-term success and profitability in the company. Furthermore, sound strategic business management must be implemented and observed awhile creating full awareness within the organization. (Article I, Amended Manual on Corporate Governance)

(c) How often does the Board review and approve the vision and mission? None.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Chow Yew Yuen	Keppel Singmarine	Chairman
	Keppel AmFELS	Chairman
	Keppel O&M USA	Chairman
	Keppel FELS Brasil	Chairman
	Keppel Offshore & Marine (Keppel O&M), Ltd.	Executive
	Keppel FELS	Non-Executive
	Keppel Shipyard	Non-Executive
	Keppel O&M Technology Centre	Non-Executive
	Keppel Infrastructure Holdings	Non-Executive
	Keppel Energy	Non-Executive
Stefan Tong WaiMun	Consort Land, Inc.	Chairman
	Consort Capital, Inc	Chairman
	Keppel Fels Energy Manila, Inc.	Chairman
	Dyna-Mac Keppel Philippines, Inc.	Executive
	Keppel Energy Consultancy, Inc.	Executive
	Keppel Fels Energy, Inc.	Executive
	Keppel Philippines Marine, Inc.	Executive
	Kepwealth Property Phils., Inc.	Executive
	Keppel IVI Capital, Inc.	Non-Executive
	Keppel Philippines Properties, Inc.	Non-Executive
	Keppel Subic Shipyard, Inc.	Non-Executive
	Kepventure, Inc.	Non-Executive
	Kepwealth, Inc.	Non-Executive
KPSI Property, Inc.	Non-Executive	
Celso P.Vivas	Keppel Philippines Marine, Inc.	Independent
	Keppel Philippines Properties, Inc.	Independent
	Keppel Subic Shipyard, Inc.	Independent
TohKo Lin	Keppel Philippines Marine, Inc.	Chairman/Executive
	Keppel Batangas Shipyard, Inc.	Chairman

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Keppel Subic Shipyard, Inc.	Chairman
	KPSI Property, Inc.	Chairman
	Kepwealth Property Phils Inc.	Chairman
	Goodwealth Ventures, Inc.	Chairman
	Goodstart Properties, Inc.	Chairman
	KS Ventures, Inc.	Chairman
	Keppel SingmarinePte. Ltd. (Singapore)	Executive
	Keppel Singmarine Philippines, Inc.	Non-Executive
	Keppel Cebu Shipyard, Inc.	Non-Executive
Benjamin P. Mata	Goodsoil Marine Realty, Inc.	Chairman
	Goodwealth Realty and Development Corp.	Chairman
Ma. Melva E. Valdez	Opon Realty & Development Corp	Chairman/Executive
	Opon-Ke Properties, Inc.	Chairman/Executive
	Buena Homes (Sandoval), Inc.	Executive
	Buena Homes, Inc.	Executive
	Residencia Grande, Inc.	Executive
	Consort Land, Inc.	Non-Executive
	Goodsoil Marine Realty, Inc.	Non-Executive
	Goodwealth Realty and Development Corp.	Non-Executive
	Goodwealth Ventures, Inc.	Non-Executive
	Keppel IVI Capital, Inc.	Non-Executive
	Kepventure, Inc.	Non-Executive
	Kepwealth, Inc.	Non-Executive
	Kepwealth Property Phils., Inc.	Non-Executive
	KP Capital, Inc.	Non-Executive
	KPSI Property, Inc.	Non-Executive
	Opon Ventures, Inc.	Non-Executive
Felicidad V. Razon	Goodsoil Marine Realty, Inc.	Non-Executive
	Goodwealth Realty and Development Corp.	Non-Executive
	Keppel Fels Energy Manila Inc.	Non-Executive

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among the members of the Board of Directors which links them to significant shareholders in the company and/or in its group.

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

Per Article IV(3) of KPHI's By-Laws and Article III(C), Company Manual on Corporate Governance (Amended), "[t]he optimum number (of Board seats that an individual director may hold simultaneously) should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities." Further "[t]he Chief Executive Officer ("CEO") and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised."

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company as of 2015:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Chow Yew Yuen	Class 'B' : 1	-	0.00%
Stefan Tong WaiMun	Class 'B' : 1	-	0.00%
Celso P. Vivas	Class 'A' : 1	-	0.00%
Noel M. Mirasol	Class 'B' : 1	-	0.00%
Enrico L. Cordoba	Class 'A' : 1	-	0.00%
TohKo Lin	Class 'B' : 1	-	0.00%
Benjamin P. Mata	Class 'A' : 897; 'B' : 1	-	0.00%
Ma. Melva E. Valdez	Class 'B' : 1	-	0.00%
Felicidad V. Razon	Class 'A' : 1	-	0.00%
TOTAL	906**		

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes No

Identify the Chair and CEO:

Chairman of the Board	Chow Yew Yuen
CEO/President	Stefan Tong WaiMun

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	The Chairman, who shall be elected by the Board from their own members, shall preside at all meetings of the Board of Directors and stockholders and shall perform such functions and exercise such duties as may be delegated to him by the Board of Directors. (Section 2, Article V, KPHI By-Laws)	The President, who shall be elected by the Board of Directors from their own members, shall have the following powers and duties: a)He shall preside at all meetings in the absence of the Chairman; b)He shall sign all certificates of stock; and c)He shall perform all such other duties as may be delegated to him by the Board of Directors. (Section 3, Article V, KPHI By-Laws)
Accountabilities	The Chairman is subject to the following permanent and temporary disqualifications imposed upon all board members: 1. <u>Permanent Disqualification</u> The following shall be grounds for the permanent	The President, being a member of the Board of Directors, is also subject to the same permanent and temporary disqualifications imposed upon all board members to wit: 1. <u>Permanent Disqualification</u>

<p>disqualification of a director:</p> <p>(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that:</p> <p>(a) involves the purchase or sale of securities, as defined under the Securities Regulation Code;</p> <p>(b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or</p> <p>(c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.</p> <p>(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from:</p> <p>(a) acting as underwriter, broker, dealer investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;</p> <p>b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company;</p> <p>(c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Securities & Exchange Commission (SEC or the "Commission") or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BangkoSentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(iv) Any person who has been adjudged by final judgment or Order of the Securities & Commission, court, or other competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;</p> <p>(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>(vi) Any person judicially declared as insolvent;</p>	<p>The following shall be grounds for the permanent disqualification of a director:</p> <p>(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that:</p> <p>(a) involves the purchase or sale of securities, as defined under the Securities Regulation Code;</p> <p>(b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or</p> <p>(c)arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.</p> <p>(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from:</p> <p>(a) acting as underwriter, broker, dealer investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;</p> <p>(b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company;</p> <p>(c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Securities & Exchange Commission (SEC or the "Commission") or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BangkoSentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(iv) Any person who has been adjudged by final judgment or Order of the Securities & Commission, court, or other competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;</p>
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	<p>(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;</p> <p>(viii) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; and</p> <p>(ix) Such other grounds as the Committee may reasonably provide as a disqualification.</p> <p>2. Temporary Disqualification</p> <p>The following shall be grounds for the temporary disqualification of a director:</p> <p>(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>(ii) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.</p> <p>(iii) Dismissal or termination for cause as director of any corporation covered by this Manual. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>(iv) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p> <p>(v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p> <p>(Section D, Article III, KPHI Amended Manual on Corporate Governance)</p>	<p>(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>(vi) Any person judicially declared as insolvent;</p> <p>(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;</p> <p>(viii) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; and</p> <p>(ix) Such other grounds as the Committee may reasonably provide as a disqualification.</p> <p>2. Temporary Disqualification</p> <p>The following shall be grounds for the temporary disqualification of a director:</p> <p>(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>(ii) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.</p> <p>(iii) Dismissal or termination for cause as director of any corporation covered by this Manual. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>(iv) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p> <p>(v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p> <p>(Section D, Article III, KPHI Amended Manual on Corporate Governance)</p>
<p>Deliverables</p>	<p>(i) Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary;</p> <p>(ii) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and</p> <p>(iii) Maintain qualitative and timely lines of communication and information between the Board and Management. (Section C, Article III, KPHI Amended Manual on Corporate Governance)</p>	<p>The President, who shall be elected by the Board of Directors from their own members, shall have the following powers and duties:</p> <p>a) He shall preside at all meetings in the absence of the Chairman;</p> <p>b) He shall sign all certificates of stock; and</p> <p>c) He shall perform all such other duties as may be delegated to him by the Board of Directors.</p> <p>(Section 3, Article V, KPHI By-Laws)</p>

- 3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions? There is no succession planning but any requirements or changes in the key management positions are supported by the Keppel Group of companies.
- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Per Article III of KPHI's Amended Manual on Corporate Governance, "KPH subscribes to the tenet that the Board serves a crucial role in corporate leadership by serving as the governance icon and soul of the corporation. Thus, the members of its Board are a collective mix of executive and non-executive directors who possess appropriate expertise, knowledge and experience to guide and direct the activities of the Company within the framework of its vision and mission, strategic objectives, policies and procedures."

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Per Article III of KPHI's Amended Manual on Corporate Governance, "KPH subscribes to the tenet that the Board serves a crucial role in corporate leadership by serving as the governance icon and soul of the corporation. Thus, the members of its Board are a collective mix of executive and non-executive directors who possess appropriate expertise, knowledge and experience to guide and direct the activities of the Company within the framework of its vision and mission, strategic objectives, policies and procedures."

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	<p>The President is the only executive director of the Company.</p> <p>The President, who shall be elected by the Board of Directors from their own members, shall have the following powers and duties:</p> <p>a) He shall preside at all meetings in the absence of the Chairman;</p> <p>b) He shall sign all certificates of stock; and</p> <p>c) He shall perform all such other duties as may be delegated to him by the Board of Directors. (Section 3, Article V, KPHI By-Laws)</p>	<p>A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness.</p> <p>It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.</p> <p>The Board should formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor the management's performance. (Section F, Article III, KPHI Amended Manual on Corporate Governance)</p>	<p>"Independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationships which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director x xx." (Section 1, Article III, KPHI By-Laws)</p>
Accountabilities	<p><i>Subject to the same temporary and permanent disqualifications under Section D, Article III, of the Company's Amended Manual on Corporate Governance.</i></p>	<p><i>Subject to the same temporary and permanent disqualifications under Section D, Article III, of the Company's Amended Manual on Corporate Governance.</i></p>	<p><i>Subject to the same temporary and permanent disqualifications under Section D, Article III, of the Company's Amended Manual on Corporate Governance.</i></p> <p>In addition, an Independent Director shall be disqualified if:</p> <p>a. He becomes an officer or employee of the corporation</p>

			<p>where he is such member of the board of directors, or becomes any of the persons enumerated under Section II (5) of the Code on Corporate Governance;</p> <p>b. His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the company where he is such director;</p> <p>c. Fails, without any justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency; and</p> <p>d. Such other disqualifications which the company's Manual on Corporate Governance provide.</p> <p>(Section 5, Article III, KPHI By-Laws)</p>
<p>Deliverables</p>	<p>In addition to the Executive Director's deliverables as President, he shall also have the following responsibilities:</p> <p>a) Implement a process for the selection to ensure a mix of competent directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management.</p> <p>b) Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.</p> <p>c) Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices.</p> <p>d) Establish and maintain an effective investor relations program that will keep the stockholders informed of important developments on the Corporation. If feasible, the Company's CEO or chief financial officer shall exercise oversight responsibility over this program.</p>	<p>a) Implement a process for the selection to ensure a mix of competent directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management.</p> <p>b) Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.</p> <p>c) Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices.</p> <p>d) Establish and maintain an effective investor relations program that will keep the stockholders informed of important developments on the Corporation. If feasible, the Company's CEO or chief financial officer shall exercise oversight responsibility over this program.</p> <p>e) Identify the sectors in the community in which the Corporation operates or are directly affected by its operations, and formulate a</p>	<p><i>Some deliverables as that of a regular director.</i></p>

	<p>e) Identify the sectors in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.</p> <p>f) Adopt a system of check and balances within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness.</p> <p>g) Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability.</p> <p>h) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.</p> <p>i) Endeavor to provide appropriate technology and utilize available resources to ensure a competitive position'</p> <p>k) Constitute an audit, nomination, compensation and remuneration committees, and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities and which shall aid to the attainment of corporate goals.</p> <p>l) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory</p>	<p>clear policy of accurate, timely and effective communication with them.</p> <p>f) Adopt a system of check and balances within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness.</p> <p>g) Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability.</p> <p>h) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.</p> <p>i) Endeavor to provide appropriate technology and utilize available resources to ensure a competitive position'</p> <p>k) Constitute an audit, nomination, compensation and remuneration committees, and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities and which shall aid to the attainment of corporate goals.</p> <p>l) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities.</p> <p>m) Properly discharge Board functions by meeting regularly or frequently as may be</p>	
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	<p>authorities.</p> <p>m) Properly discharge Board functions by meeting regularly or frequently as may be needed, and the minutes of such meetings shall be duly recorded. Independent views during Board meetings shall be encouraged and given due consideration.</p> <p>n) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.</p> <p>o) Appoint a Compliance Officer.</p> <p>p) Define the duties and responsibilities of the Chief Executive Officer/President and select or approve an individual with appropriate ability, integrity and experience to perform the role of the Chief Executive Officer/President.</p> <p>q) Review proposed senior management appointments and ensure the selection, appointment and retention of qualified and competent management.</p> <p>r) Review the Corporation's personnel and human resource policy and sufficiency, conflict of interest situations, changes to the compensation plan for employees and officers and management succession plans. (Section F, Article III, KPHI Amended Manual on Corporate Governance)</p>	<p>needed, and the minutes of such meetings shall be duly recorded. Independent views during Board meetings shall be encouraged and given due consideration.</p> <p>n) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.</p> <p>o) Appoint a Compliance Officer.</p> <p>p) Define the duties and responsibilities of the Chief Executive Officer/President and select or approve an individual with appropriate ability, integrity and experience to perform the role of the Chief Executive Officer/President.</p> <p>q) Review proposed senior management appointments and ensure the selection, appointment and retention of qualified and competent management.</p> <p>r) Review the Corporation's personnel and human resource policy and sufficiency, conflict of interest situations, changes to the compensation plan for employees and officers and management succession plans. (Section F, Article III, KPHI Amended Manual on Corporate Governance)</p>	
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

Per Article III of KPHI's By-Laws, an "[i]ndependent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company x xx."

At present, the independent directors Messrs. Vivas and Mirasol:

- i. are not directors or officers of the Company or of its related companies or any of its substantial shareholders except in their capacities as independent directors of any of the foregoing;
- ii. do not own more than two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders;
- iii. are not related to any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders (*for this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister*);
- iv. are not acting as nominees or representatives of any director or substantial shareholder of the Company,

- and/or any of its related companies and/or any of its substantial shareholders, pursuant to Deeds of Trust or under any other contracts or arrangements;
- v. have not been employed in any executive capacity by the Company, any of its related companies and/or any of its substantial shareholders within the last two (2) years;
 - vi. are not retained, either personally or through their firms or any similar entities, as professional advisers by the Company, any of its related companies or by any of its substantial shareholders within the last two (2) years;
 - vii. have not engaged and do not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial shareholders, whether by themselves and/or with other persons and/or through a firm of which they are partners and/or a company of which they are directors or substantial shareholders, other than transactions which are conducted at arms-length are immaterial.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

Aside from adherence to SEC rules and regulations which include SEC Memorandum Circular No. 9, series of 2011, which provides for term limits and a "cooling off" period for independent directors, the Company has no other policy regarding the same.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Mayo Jose B. Ongsingco	Director	14 May 2015	Resignation

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	The general management of the Corporation shall be vested in a board of directors composed of nine (9) members who shall be stockholders and who shall serve until the election and qualification of their successors. Any vacancy in the Board of Directors shall be filled by a majority vote of the Board of Directors provided that the remaining directors constitute a quorum. The directors or director so chosen shall serve for the unexpired term.	(i) Holder of at least one (1) share of stock of the Corporation; (ii) At least a college graduate or holder of equivalent academic degree; (iii) At least twenty one (21) years old; (iv) Membership in good standing in relevant industry, business or professional organizations; (v) Previous business experience; (vi) Practical understanding of the business of the Company; (vii) Proven to possess integrity and probity; (viii) Assiduous; and (ix) Such other qualifications as the Nominations Committee may reasonably require based on the nature and requirements of the position at stake.
(ii) Non-Executive Directors	<i>same as above</i>	<i>same as above</i>

<p>(iii) Independent Directors</p>	<p>Nomination of independent director/s shall be conducted by the [Nominations] Committee prior to stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</p> <p>The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.</p> <p>After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV(A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Securities and Exchange Commission ("Commission") and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the company is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.</p> <p>Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.</p>	<p>(i) He shall have at least one (1) share of stock of the corporation;</p> <p>(ii) He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;</p> <p>(iii) He shall possess integrity and probity; and</p> <p>(iv) He shall be assiduous.</p>
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b. Re-appointment		
(i) Executive Directors	<i>Same as that for selection/appointment</i>	<i>Same as that for selection/appointment</i>
(ii) Non-Executive Directors	<i>Same as that for selection/appointment</i>	<i>Same as that for selection/appointment</i>
(iii) Independent Directors	<i>Same as that for selection/appointment</i>	<p><i>Same as that for selection/appointment; in addition, (i) a regular director who resigns or whose term ends on the day of the election shall only qualify for nomination and election as an Independent Director after a two (2) year "cooling-off period"; (ii) Persons appointed as Chairman "Emeritus", "Ex Officio Directors/Officers" or members of any Executive Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities shall be subject to a one (1) year "cooling-off period" prior to his qualification as an Independent Director.</i></p>

c. Permanent Disqualification

(i) Executive Directors

"Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock x xx; Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders x xx of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders x xx of a corporation for the purpose of removal of directors x xx or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock, x xx on the written demand of a majority of the members entitled to vote. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders x xx by any stockholder x xx of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders x xx of the right of representation to which they may be entitled under Section 24 of this Code." (Section 28, Corporation Code of the Philippines)

(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that:

- (a) involves the purchase or sale of securities, as defined under the Securities Regulation Code;
- (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or
- (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.

(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from:

- (a) acting as underwriter, broker, dealer investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;
- b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company;
- (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Securities & Exchange Commission (SEC or the "Commission") or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude,

		<p>fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(iv) Any person who has been adjudged by final judgment or Order of the Securities & Commission, court, or other competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;</p> <p>(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>(vi) Any person judicially declared as insolvent;</p> <p>(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;</p> <p>(viii) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; and</p> <p>(ix) Such other grounds as the Committee may reasonably provide as a disqualification.</p>
(ii) Non-Executive Directors	<i>same as above</i>	<i>same as above</i>
(iii) Independent Directors	<i>same as above</i>	<p>same as above; in addition, a. He becomes an officer or employee of the corporation where he is such member of the board of directors, or becomes any of the persons enumerated under Section 11 (5) of the Code on Corporate Governance;</p> <p>b. His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the company where he is such director;</p> <p>c. Fails, without any justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency; and</p> <p>d. Such other disqualifications which the company's Manual on Corporate Governance provide.</p>
d. Temporary Disqualification		
(i) Executive Directors	<p>"Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock x xx; Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders x xx of</p>	<p>(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>(ii) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said</p>

	<p>the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders x xx of a corporation for the purpose of removal of directors x xx or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock, x xx on the written demand of a majority of the members entitled to vote. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders x xx by any stockholder x xx of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders x xx of the right of representation to which they may be entitled under Section 24 of this Code.” (Section 28, Corporation Code of the Philippines)</p>	<p>incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election. (iii) Dismissal or termination for cause as director of any corporation covered by this Manual. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination. (iv) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p>
(ii) Non-Executive Directors	<i>same as above</i>	<i>same as above</i>
(iii) Independent Directors	<i>same as above</i>	<i>same as above</i>
e. Removal		
(i) Executive Directors	As provided in Section 28, Corporation Code of the Philippines	Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders x xx of the right of representation to which they may be entitled under Section 24 of this Code.” (Section 28, Corporation Code of the Philippines)
(ii) Non-Executive Directors	<i>same as above</i>	<i>same as above</i>
(iii) Independent Directors	<i>same as above</i>	<i>same as above</i>
f. Re-Instatement		
(i) Executive Directors	No provision for reinstatement	No provision for reinstatement
(ii) Non-Executive Directors	No provision for reinstatement	No provision for reinstatement
(iii) Independent Directors	No provision for reinstatement	No provision for reinstatement
g. Suspension		
(i) Executive Directors	Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation. (Article XI, KPHI Manual on Corporate Governance)	Non-compliance with the Manual on Corporate Governance. (Article XI, KPHI Manual on Corporate Governance)
(ii) Non-Executive Directors	<i>same as above</i>	<i>same as above</i>
(iii) Independent Directors	<i>same as above</i>	<i>same as above</i>

Voting Result of 19 June 2015 Annual General Meeting

Name of Director	Votes Received
Chow Yew Yuen	100% of shares present and voting
Stefan Tong WaiMun	100% of shares present and voting
Celso P. Vivas	100% of shares present and voting
Noel M. Mirasol	100% of shares present and voting
Enrico L. Cordoba	100% of shares present and voting
TohKo Lin	100% of shares present and voting
Benjamin P. Mata	100% of shares present and voting
Ma. Melva E. Valdez	100% of shares present and voting
Felicidad V. Razon	100% of shares present and voting

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.
A new director or a senior manager is required to attend Corporate Governance Seminar.
- (b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years: See below
- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Chow Yew Yuen <i>(Chairman/Director)</i>	15 October 2015	SEC-PSE Corporate Governance Forum	Securities and Exchange Commission
Stefan Tong Wai Mun <i>(President/Director)</i>	15 October 2015	SEC-PSE Corporate Governance Forum	Securities and Exchange Commission
Celso P. Vivas <i>(Independent Director)</i>	15 October 2015	SEC-PSE Corporate Governance Forum	Securities and Exchange Commission
Noel M. Mirasol <i>(Independent Director)</i>	15 October 2015	SEC-PSE Corporate Governance Forum	Securities and Exchange Commission
Enrico L. Cordoba <i>(Director)</i>	30 October 2015	Corporate Governance	Risk, Opportunities, Assessment & Management (ROAM), Inc.
TohKo Lin <i>(Director)</i>	15 October 2015	SEC-PSE Corporate Governance Forum	Securities and Exchange Commission
Ma. Melva E. Valdez <i>(Director/Corporate Secretary)</i>	15 October 2015	SEC-PSE Corporate Governance Forum	Securities and Exchange Commission
Felicidad V. Razon <i>(Director/Treasurer/ Compliance Officer/ Corporate Information Officer)</i>	15 October 2015	SEC-PSE Corporate Governance Forum	Securities and Exchange Commission

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

As guided by the Keppel Group's Code of Conduct, the Group considers it important that employees understand the rules of conduct the Group operates and which they are accountable and the consequences of non-adherence to the rules, thus the Code of Conduct is disseminated to all employees of Keppel Group here and abroad.

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Employees must avoid any conflict between their own interests and the interest of the Group. This includes transaction in securities of the Group, any affiliate, and any non-affiliate organization, in dealing with suppliers, customers and other third parties. Employees are required to declare immediately any immediate relationship with the Director or the CEO, direct reporting relationships between an employee and his immediate family members, any ownership interest in any supplier, customer, etc.		
(b) Conduct of Business and Fair Dealings	This addresses standards of ethical business behavior including anti-corruption, the offering and receiving of gifts, hospitality and promotional expenditures and dealings with Keppel associates.		
(c) Receipt of gifts from third parties	While it is recognized that giving and receiving gifts and hospitality payments may help in the building of business relationships, good judgment must be exercised at all times. The offer and receipts of gifts, hospitality or expense must be avoided whenever they could affect or perceived to affect the outcome of business transactions or dealings, or are not reasonable and bona fide. Employees should avoid giving or receiving of gifts or hospitality (including entertainment, meals, tickets to social, entertainment or sports events, etc) which is excessive in value, given too often, or leaves the employee or (as the case may be) the other person in a position of obligation. Gifts in the form of cash or cash equivalent should be avoided.		
(d) Compliance with Laws & Regulations	To conduct business with integrity, fairly and impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations. In conducting our business, integrity must underline all relationships, including those with customers, suppliers, communities and employees. In this connection, employees are required to have the strength to do what they believe to be right in difficult situations.		
(e) Respect for Trade Secrets/Use of Non-public Information	Employees must always act in the best interests of the Company; must at all times act honestly and use reasonable care, skill and diligence in the discharge of their duties and responsibilities; should not place himself in a position where his duty to the relevant Group company and his personal interest may conflict; must employ the powers and assets that they are entrusted with for the purposes authorized by the relevant Group Company; must not make improper use of any information acquired by virtue of his position to gain advantage for himself or for any other person or to cause detriment to a Group Company.		
(f) Use of Company Funds, Assets and Information			
(g) Employment & Labor Laws & Policies	Management and employees adheres to the government regulations and standards.		
(h) Disciplinary action	Appropriate disciplinary action, including suspension or termination of employment, will be taken in the event that an employee is found to have violated the rules of conduct of the Company.		
(i) Whistle Blower	The purpose of this policy is to encourage the reporting in good faith of suspected reportable conduct by establishing clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal. It should be noted however that employees and other persons who file reports or provide evidence which they know to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by this policy and may be subject to administrative and/or disciplinary action including termination of employment and other contract, as the case may be.		
(j) Conflict Resolution	In all instances, the Company retains the prerogative to determine the circumstances warrant an investigation and, in conformity with the policy and applicable laws and regulations, the appropriate investigative process to be employed and corrective or remedial actions to take.		

- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? Copies of the Keppel Group's code of ethics or conduct have been provided to all officers and employees.
- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct. Employees are encouraged to report violations of the Keppel Group's code of ethics or conducts in accordance with the procedure set out in the Keppel Whistle-Blower Protection Policy.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	None. However, as per employees code of conduct, employees must avoid any conflict between their own interests and the interest of the Group. This includes transaction in securities of the Group, any affiliate, and any non-affiliate organization, in dealing with suppliers, customers and other third parties. Employees are required to declare immediately any immediate relationship with the Director or the CEO, direct reporting relationships between an employee and his immediate family members, any ownership interest in any supplier, customer, etc.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders

	Directors/Officers/Significant Shareholders
Company	Please refer to the Keppel Group's Code of Business Conducts and Ethics
Group	

5) Family, Commercial and Contractual Relations - None

(a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None	None	None
None	None	None
None	None	None
None	None	None

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company: None

Names of Related Significant Shareholders	Type of Relationship	Brief Description
None	None	None
None	None	None
None	None	None
None	None	None

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company: None

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None	None	None
None	None	None

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities. None

Alternative Dispute Resolution System	
Corporation & Stockholders	None
Corporation & Third Parties	None
Corporation & Regulatory Authorities	None

⁴Family relationship up to the fourth civil degree either by consanguinity or affinity.

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year? At the beginning of the year. The Board of Directors regularly conduct quarterly meetings with special meetings conducted when the need arises.
- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Chow Yew Yuen	19 June 2015	6	6	100%*
Member	Stefan Tong WaiMun	19 June 2015	6	6	100%
Independent	Celso P. Vivas	19 June 2015	6	6	100%
Independent	Noel M. Mirasol	19 June 2015	6	6	100%
Member	Mayo Jose B. Ongsingco*	19 June 2015	6	1	100%
Member	Enrico L. Cordoba**	19 June 2015	6	3	100%**
Member	TohKo Lin	19 June 2015	6	6	100%
Member	Benjamin P. Mata	19 June 2015	6	6	100%
Member	Ma. Melva E. Valdez	19 June 2015	6	6	100%
Member	Felicidad V. Razon	19 June 2015	6	6	100%

*resigned as Director of KPHI on 14 May 2015

**elected as director only on 19 June 2015

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? No.
- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain. No. Per Section 2, Article II of the Company's By-Laws, "xxxmajority of the directors shall be necessary at all the meetings to constitute a quorum for the transaction of any business, and every decision of majority of the quorum duly assembled as a Board shall be valid as a corporate act, except in the case of electing a director/s to fill up a vacancy in the Board."
- 5) Access to Information

- (a) How many days in advance are board papers⁵ for board of directors meetings provided to the board? As practiced, board papers are required to be sent to the directors at least seven days before the board meeting so that the members may have better understanding of the matters prior to the meeting and they will have time to discuss any questions they may have.
- (b) Do board members have independent access to Management and the Corporate Secretary? The directors are provided with the names and contact details of the Company's managers and corporate secretaries to facilitate direct access to them.
- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc? Yes. The Corporate Secretary is an officer of the Corporation who is a resident and citizen of the Philippines. At the most basic level, the Corporate Secretary is the one in charge of issuing notices of all meetings of directors and stockholders, drawing and keeping the minutes of meetings, safekeeping of the books, records and seal of the Corporation, rendering such reports and performing such other duties which are incidental to his/her office. The Corporate Secretary also ensures that Board members have the proper advice and resources for discharging their fiduciary duties, is responsible for ensuring that the records of the Board's actions reflect the proper exercise of those fiduciary duties, and provides advice on corporate governance issues.

⁵ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes. The Company's current Corporate Secretary, Atty. Ma. Melva E. Valdez, is a holder of degrees of Bachelor of Arts in Political Science and Bachelor of Laws from the University of the Philippines. She has been the Corporate Secretary of the Company since 1998 and a Director since 2001 and a Senior Partner of the law firm of Jimenez Gonzales Bello Valdez Caluya and Fernandez Law Offices (JGLaw). She is also currently the Corporate Secretary of the following companies: Keppel Philippines Properties, Inc. and Mabuhay Vinyl Corporation (both listed companies) and Keppel Philippines Marine, Inc. (a public company). She is likewise the Corporate Secretary of Asian Institute of Management, Keppel Subic Shipyard, Inc and various Keppel companies in the Philippines, and a Director of Leighton Contractors (Phils.), Inc. Atty. Valdez has 31years working experience in her field of profession as a lawyer.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes No

Committee	Details of the procedures
Executive	Notice of agenda is distributed to the members of the committee at least a week before the meeting. Emails are also sent out prior to the release of the agenda. Tentative schedule of meetings for the year is also sent out so that directors can block their calendars ahead.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details: None. However, directors are not restricted in seeking or receiving external advice.

Procedures	Details
None	None
None	None
None	None
None	None

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
None	None	None

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers: The Company promotes a performance-based remuneration system for its executive director and key management personnel that is highly flexible and responsive to the market and individual employee's performance. The Company has only 2 management officers, the President and the Treasurer.

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	As decided by the Chairman	As decided by the CEO
(2) Variable remuneration	None	None
(3) Per diem allowance	None	None
(4) Bonus	As decided by the Chairman, based on financial and operating performance of the Company	As decided by the CEO, based on financial and operating performance of the Company
(5) Stock Options and other financial instruments	None	None
(6) Others (specify)	As decided by the Chairman	As decided by the CEO

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

Under the Company's By-Laws, directors shall receive such compensation for their services from time to time as may be fixed by the stockholders. There are no warrants or options held by the Company's officers and directors. The Company does not have any other arrangements pursuant to which any director is compensated directly or indirectly for any services provided as a director. There are also no special employment contracts with executive officers of the Company. The Company has no existing options, warrants or right to purchase securities.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	The Chairman is responsible for the compensation package of the Executive or the CEO.		
Non-Executive Directors	The non-executive directors' annual compensation is approved by the shareholders during the annual general meeting and disclosed in the SEC 17C.		

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years. Yes.

Remuneration Scheme	Date of Stockholders' Approval
Fixed amount (Php60,000.00)	19 June 2015
Fixed amount (Php60,000.00)	28 May 2014
Fixed amount (Php60,000.00)	06 June 2013

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Director/President & Treasurer	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	Php4,565,000 as stated in the 17A and IS	Php336,000 as stated in the 17A and IS	Php152,000 as stated in the 17A and IS
(b) Variable Remuneration			
(c) Per diem Allowance			
(d) Bonuses			
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
Total			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	None	None	None
(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	None	None	None
(f) Hospitalization Plan	None	None	None
(g) Car Plan	None	None	None
(h) Others (Specify)	None	None	None
Total	None	None	None

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Chow Yew Yuen	None	None	N/A	N/A
Stefan Tong WaiMun	None	None	N/A	N/A
Celso P. Vivas	None	None	N/A	N/A
Noel M. Mirasol	None	None	N/A	N/A
Enrico L. Cordoba	None	None	N/A	N/A
TohKo Lin	None	None	N/A	N/A
Benjamin P. Mata	None	None	N/A	N/A
Ma. Melva E. Valdez	None	None	N/A	N/A
Felicidad V. Razon	None	None	N/A	N/A

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
None	None	None
None	None	None
None	None	None

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
There is only one member of the management who is not at the same time executive director.	Remuneration included in D.3 above, as stated in the 17A and IS.

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	1	2	0	N/A	The Committee shall perform tasks delegated to it from time to time by the Board of Directors, subject to applicable laws and except on the following matters: a.Approval of any action for which shareholders' approval is also required; b.The filling of vacancies in the board; c.The amendment or repeal of by-laws or the adoption of new by-laws; d.The amendment or repeal of any resolution of the board which by its express terms are not so amenable or repealable; and e.A distribution of cash dividends to the shareholders. (Section 2, Article IV, KPHI By-Laws; Section K, Article III, KPHI Manual on Corporate Governance)		
Audit	1	2	2	Audit Committee Charter	The Audit Committee shall have the following functions: a)Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; b)Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk		

				<p>exposures and risk management activities;</p> <p>c)Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit.</p> <p>d)Perform oversight functions over the internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>e)Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;</p> <p>f)Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>g)Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;</p> <p>h)Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;</p> <p>i)Review the reports submitted by the internal and external auditors;</p> <p>j)Review the accounts, quarterly, half-year and annual financial statements of the Company before submission to the Board of Directors and/or stockholders for approval, with particular focus on the following matters:</p> <ul style="list-style-type: none"> •Any change/s in accounting policies and, practices •Major judgmental areas •Significant adjustments resulting from the audit •Going concern assumptions •Compliance with accounting standards •Compliance with tax, legal and regulatory requirements. <p>k)Coordinate, monitor and facilitate compliance with laws, rules and regulations;</p> <p>l)Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report;</p> <p>m)Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.</p> <p>n)Review cooperation given by the Corporation's officers to the external and internal auditor;</p> <p>o)Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:</p>
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				<p>i) Definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standard (IAS) compliant.</p> <p>ii) An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.</p> <p>p) Review interested party transactions;</p> <p>q) Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the company through a step-by-step procedures and policies handbook that will be used by the entire organization;</p> <p>r) Keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the company's total expenditure on consultancy. The non-audit work should be disclosed in the annual report and not exceed 40% of the total audit fees; and</p> <p>s) Perform tasks delegated to it from time to time by the Board of Directors, subject to applicable laws. (Section K, Article III, KPHI Manual on Corporate Governance)</p> <p>In addition, Section 5, Article IV of KPHI's By-Laws provides that the Audit Committee shall:</p> <p>a. Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements;</p> <p>b. Review and pre-approve audit plans of the Corporation's external auditors and, scope and frequency one (1) month before the conduct of external audit;</p> <p>c. Review the external auditor's evaluation and recommendation of the systems of internal accounting arising from their audit examination;</p> <p>d. Review the accounts, quarterly, half-year and annual financial statements of the Company before submission to the Board of Directors and/or stockholders for approval;</p> <p>e. Review the scope and results of internal audit procedures;</p> <p>f. Review cooperation given by the Company's officers to the external and internal auditor;</p> <p>g. Review interested party transactions;</p> <p>h. Perform oversight financial management functions especially in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;</p> <p>i. Perform direct interface functions with the internal and external auditors;</p> <p>j. Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:</p> <p>1. A definitive timetable within which the accounting system of the Corporation will be 100% International Accounting Standard (IAS) compliant;</p> <p>2. An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task;</p> <p>k. Develop a transparent financial management system that will ensure the integrity of internal control activities</p>
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					<p>throughout the Corporation through a step-by-step procedures and policies handbook that will be used by the entire organization;</p> <p>l.Keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the Corporation's total expenditure on consultancy. The non-audit work should be disclosed in the annual report and not exceed 40% of the total audit fees; and</p> <p>m.Perform tasks delegated to it from time to time by the Board of Directors, subject to applicable laws.</p>
Nomination	1	1	2	N/A	<p>Under Section K, Article III, KPHI Manual on Corporate Governance, the Nomination Committee shall:</p> <p>a) Pre-screen and shortlist all candidates to the Board and other appointments that require Board approval, in accordance with the qualifications and disqualifications enumerated provided under this Manual, the Corporation Code, Securities & Regulations Code, and other pertinent rules and regulations.</p> <p>b) Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.</p> <p>c) In consultation with the Executive Committee, re-define the role, duties and responsibilities of the Chief Executive Officer/President by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.</p> <p>Under Section 3, Article IV of KPHI's By-Laws, the Nomination Committee "shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the qualifications and disqualifications provided under the Code of Corporate Governance.</p> <p>"The Nomination Committee shall, in consultation with the Executive Committee, re-define the role, duties and responsibilities of the Chief Executive Officer/President by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance for the Board."</p>
Remuneration	1	2	1	N/A	<p>Under Section K, Article III, KPHI Manual on Corporate Governance, the Compensation and Remuneration Committee shall:</p> <p>a)Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.</p> <p>b)Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully.</p> <p>c)Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.</p> <p>d)Disallow any director to decide his or her own remuneration.</p> <p>e)Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the</p>

					previous fiscal year and the ensuing year.		
					f)Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.		
					g)In the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above."		
Others (specify)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman/Member (ED)	Stefan Tong WaiMun	19 June 2015	0	0		9years
Member (NED)	Ma. Melva E. Valdez	19 June 2015	0	0		9years
Member (NED)	TohKo Lin	19 June 2015	0	0		3 years

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Celso P. Vivas	19 June 2015	4	4	100%	9 years
Member (ID)	Noel M. Mirasol	19 June 2015	4	4	100%	9 years
Member (ED)	Stefan Tong WaiMun	19 June 2015	4	4	100%	8years
Member (NED)	TohKo Lin	19 June 2015	4	4	100%	1year
Member (NED)	Enrico L. Cordoba*	19 June 2015	4	2	100%	0year

*elected as Member of the Audit Committee on 19 June 2015.

Disclose the profile or qualifications of the Audit Committee members.

Celso P. Vivas, 68, Filipino, has been elected Independent Director of Keppel Philippines Holdings since June 2005 and is currently the Chairman of the Audit Committee of the Company. Mr. Vivas is a Certified Public Accountant and is currently Vice-Chairman and CEO of the Corporate Governance Institute of the Philippines. He is a member of Marubeni Foundation's Board of Trustees and Canadian Chamber of Commerce's Board of Governors. He is an Independent Director and Chairman of the Audit Committee of Keppel Philippines Marine, Inc. and an Independent Director and member of the Audit Committee of Keppel Philippines Properties, Inc. He was formerly the Vice Chairman of Corporate Holdings Management, Inc. and Acacia Hotel Manila. He was Risk Consulting Partner and Assurance Business Advisory Partner of SGV & Company until his retirement in 2001. Mr. Vivas obtained his Bachelor's Degree in Business Administration (Cum Laude) from University of the East. He also obtained a Master's Degree in Business Management from the Asian Institute of Management (SGV & Co. Scholar). He is also a graduate of Company Directors' Course from Australian Institute of Company Directors (ICD Scholar). Mr. Vivas has 48years of experience in audit, finance, enterprise risk management and corporate governance.

Noel M. Mirasol, 77, Filipino, was elected Independent Director of the Company in June 2003 and currently a member of the Audit Committee of the Company. He currently serves as Special Consultant to the CEO of International Container Terminal Services, Inc. He is also a Director and President of ICTSI Georgia Corp.-Cayman Islands. He is also a Director of ICTSI Warehousing, Inc., Container Terminal Systems Solutions, Inc.-

Mauritius and Guam-International Container Terminal., Inc. and other international container terminals here and abroad. Mr. Mirasol graduated from De La Salle College, Manila with a Bachelor of Science Degree in Mechanical Engineering. He also obtained Masters of Science Degree in Management from Rennselaer Polytechnic Institute, New York and a PhD. in Operations Research from Case Institute of Technology, Cleveland, Ohio. Mr. Mirasol has 48years of experience in finance in various industries.

Stefan Tong WaiMun, 42, Malaysian, was elected as President and Director in June 2007. He has been a Director of Keppel Philippines Properties, Inc. since June 2007 and was elected as Director Keppel Philippines Marine, Inc. in February 2010 and Executive Vice-President in June 2011. He is also a Director of various Keppel companies in the Philippines. Mr. Tong graduated from University of Western Australia with a Bachelor's Degree in Accounting and Finance (Honors). He is a Chartered Accountant and a member of the Institute of Chartered Accountants in Australia. He has 18years of experience in banking, finance and real estate.

TohKo Lin, 62, Singaporean, was re-elected as a Director of the Company in June 2013. He has been a Director and President of the Company since 2002 up to June 2007. He was also President of KPMI from January 2001 until June 2011. In October 2012, he was appointed as the Chairman of the Board and President of KPMI. He holds chairmanship in Keppel Subic Shipyard, Inc. as well as Keppel Cebu Shipyard, Inc. and also directorship in various affiliated companies in the Keppel Group. He is currently the Executive Director of Keppel Singmarine in Singapore. Mr. Toh graduated from the University of Newcastle-upon-Tyne in UK with a Bachelor of Science (Honors) degree in Naval Architecture. He also obtained a degree of Master of Business Administration from the University of Western Ontario, Canada. His work experience includes 38 years in the marine industry.

Enrico L. Cordoba, 43, Filipino waselected as Director of Keppel Philippines Holdings in June 2015 and currently a member of the Audit Committee of the Company. He is a holder of a Master's degree in Business Administration at Ateneo Graduate School of Business and Bachelor of Science degree in Mathematics Major in Actuarial Science at University of Santo Tomas. He has also earned the professional designations of Fellow of the Financial Services Institute, Fellow of the Life Management Institute, Associate in Annuity Products and Administration, Associate in Customer Service, and Associate in Reinsurance Administration from the Life Office Management Association, as well as the designation of Associate in Research and in Planning from the Insurance Institute of America. Currently he is the Vice President for Corporate Planning of The Insular Life Assurance Co., Ltd. He is a regular director of the Insular Life Management and Development Corp., Insular Life Foundation, and PPI Prime Venture, Inc. He is also a Professorial Lecturer for Management Science at De La Salle University Graduate School of Business. He has more than 21 years of experience in his area of expertise.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee pre-approves all audit plans, scope and frequency one (1) month before the conduct of external audit and performs oversight functions over the external auditors. It also ensures that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions. Prior to the commencement of the audit, the Audit Committee discusses with the external auditor the nature, scope and expenses of the audit, and ensures proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. (Section K(2), Article III, Amended Manual on Corporate Governance)

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	TohKo Lin	19 June 2015	1	1	100%	3years
Member (ED)	Stefan Tong WaiMun	19 June 2015	1	1	100%	8years
Member (ID)	Noel M. Mirasol	19 June 2015	1	1	100%	9years
Member (ID)	Celso P. Vivas	19 June 2015	1	1	100%	1 year

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	TohKo Lin	19 June 2015	0	N/A	N/A	1year
Member (ED)	Stefan Tong WaiMun	19 June 2015	0	N/A	N/A	8years
Member (ID)	Celso P. Vivas	19 June 2015	0	N/A	N/A	9years
Member (NED)	Enrico L. Cordoba	19 June 2015	0	N/A	N/A	0year

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	N/A	N/A	N/A	N/A	N/A	N/A
Member (ED)	N/A	N/A	N/A	N/A	N/A	N/A
Member (NED)	N/A	N/A	N/A	N/A	N/A	N/A
Member (ID)	N/A	N/A	N/A	N/A	N/A	N/A
Member	N/A	N/A	N/A	N/A	N/A	N/A

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	None	N/A
Audit	Mayo Jose B. Ongsingco	Resignation
Nomination	None	N/A
Remuneration	Mayo Jose B. Ongsingco	Resignation
Others (specify)	N/A	N/A

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	<ul style="list-style-type: none"> Recommendation on cash dividend of P0.10 per share. 	No issue was raised and addressed.
Audit	<ul style="list-style-type: none"> Recommendation on the approval of quarterly financial results; Recommendation on the re-appointment of External Auditor; Recommendation on the approval of the Company's Annual Report (SEC Form 17-A); and Recommendation on the approval of the Company's Y2011 Audited Financial Statements; Adoption of an Audit Committee Charter 	No issue was raised and addressed.
Nomination	Screening and nomination of Directors (regular and independent) for election at the Annual Stockholders' Meeting.	No issue was raised and addressed.
Remuneration	None	None
Others (specify)	N/A	N/A

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	None	None
Audit	Internal Audit	Address requirement of Audit Charter
Nomination	None	None
Remuneration	None	None
Others (specify)	N/A	N/A

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company's objective is to protect and enhance the interest of its stakeholders by committing itself to the principles of risk management, fairness, accountability and transparency. Thus, it fully embraces and practices sound corporate governance in order to instill trust and confidence to the organization. (Article I, Amended Manual on Corporate Governance)

The Keppel Group assessed the management risk through its quarterly desktop review of the financials of the company. The Company including its subsidiaries and associates submits on monthly basis the financial reports to the Keppel Group.

- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof; None
- (c) Period covered by the review; None
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
- (e) Where no review was conducted during the year, an explanation why not. None. Any risk or issues shall be raised and settled in the Audit Committee meetings.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
None	None	None
None	None	None
None	None	None
None	None	None
None	None	None

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
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None	None	None
None	None	None
None	None	None
None	None	None
None	None	None

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
Lack of control

3) Control System Set Up

(a) Company - None

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
None	None	None
None	None	None
None	None	None
None	None	None
None	None	None

(b) Group - None

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
None	None	None
None	None	None
None	None	None
None	None	None
None	None	None

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	The Audit Committee provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation which function includes regular receipt from Management of information on risk exposures and risk management activities. (Section K(2), Article III, Amended Manual on Corporate Governance)	1. Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements; 2. Review interested party transactions; 3. Perform oversight financial management functions especially

		<p>in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;</p> <p>4. Perform direct interface functions with the internal and external auditors (Section 5 (a,g,h,i), Article IV, KPHI By-Laws)</p>
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G. INTERNAL AUDIT AND CONTROL

The Company and its subsidiaries and associates submit to the Keppel group the monthly financial report. The Keppel Group Control conducts review and analysis financial reports submitted. The Company and its subsidiaries and associates are require to answer any queries or material variances on its revenues, expenses, assets and liabilities of the period under review against previous performance. The Keppel Group also conduct physical audit at longer interval when necessary.

Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

The control environment of the Corporation consists of:

- (1) the Board which ensures that the Corporation is properly and effectively managed and supervised;
- (2) a Management that actively manages and operates the Corporation in a sound and prudent manner;
- (3) the organizational and procedural controls supported by effective management information and risk management reporting systems; and
- (4) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts. (Section H, Article III, Amended Manual on Corporate Governance)

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate; None

(c) Period covered by the review; None

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

(e) Where no review was conducted during the year, an explanation why not. None. No issues were raised during the audit committee meetings.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Although the position of "Internal Auditor" has been provided for in the Company's Amended Manual on Corporate Governance, the Company has yet to appoint an Internal Auditor. At present, the internal Audit function is performed by the Audit Committee.

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
N/A	N/A	N/A	N/A	N/A

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee? N/A
- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel? N/A
- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them. N/A

Name of Audit Staff	Reason
N/A	N/A

- (e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	N/A
Issues⁶	N/A
Findings⁷	N/A
Examination Trends	N/A

The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.

- (f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
None	None
None	None
None	None

- (g) Mechanisms and Safeguards

⁶"Issues" are compliance matters that arise from adopting different interpretations.

⁷"Findings" are those with concrete basis under the company's policies and rules.

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company): External auditors report directly to the Audit Committee for any issues during the conduct of the interim and year-end audit.

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
None	None	None	None
None	None	None	None

- (h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Messrs. Chow Yew Yuen and Stefan Tong WaiMun, Chairman of the Board and President, respectively, of the Corporation, confirms that the Corporation is in full compliance with the SEC Code of Corporate Governance and further confirms that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

H. ROLE OF STAKEHOLDERS

- 1) Disclose the company's policy and activities relative to the following: No established policy and activities

	Policy	Activities
Customers' welfare	None	None
Supplier/contractor selection practice	None	None
Environmentally friendly value-chain	None	None
Community interaction	None	None
Anti-corruption programmes and procedures?	None	None
Safeguarding creditors' rights	None	None

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?
None

- 3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare? None. However, the company provides basic health and benefits.

(b) Show data relating to health, safety and welfare of its employees. The Company provides basic health and other benefits.

(c) State the company's training and development programmes for its employees. Show the data.
Addressing the Power Crisis: Assessment & Outlook by Center for Phil. Futuristic Studies & Management, Inc. – May 2015; The Future of Bio Fuel Industry: Status, Policy and Directions by Center for Phil. Futuristic Studies & Management, Inc. – July 2015; and PSE-SEC Corporate Governance Seminar-October 2015.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures - The Company provides regular annual salary increases depending on the employee's individual performance and bonuses depending upon the Company's operating and financial performance.

- 4) What are the company's procedures for handling complaints by employees concerning illegal (including

corruption) and unethical behaviour? Explain how employees are protected from retaliation. The Company has Whistle Blower Protection Policy which provide the mechanisms by which the Whistle-Blowers may report reportable conduct and enable the Group to effectively deal with reports from Whistle-Blowers in a way that will protect, to the extent possible, the identity of the Whistle-Blowers and persons who participate (or who intend to participate) in investigations.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Kepwealth, Inc.	26,807,533	44.40%	N/A
Keppel Corporation Ltd.	16,894,082	27.99%	N/A
PCD Nominee Corp. – Filipino *****	13,067,014	21.64%	N/A

***** The Insular Life and Assurance Co., Ltd has 6,408,422 shares or 10.616% - under PCD Nominee Corporation. Filipino; Net of the share of The Insular Life and Assurance Co., Ltd., PCD Nominee-Filipino will have 10.945%

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Stefan Tong WaiMun	1	None	0.00%
Felicidad V. Razon	1	None	0.00%
TOTAL	2		0.00%

2) Does the Annual Report disclose the following:

Key risks	No
Corporate objectives	No
Financial performance indicators	Yes
Non-financial performance indicators	No
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.
Not required.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SyCipGorresVelayo & Co. (SGV)	Php385,000.00 (including out-of-pocket expenses)	N/A

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information. Through PSE Website

- 5) Date of release of audited financial report: The 17A or Annual Report was submitted to Philippine Stock Exchange and was posted on its website on April 13, 2015. It was also posted on KPHI website on April 28, 2015.
- 6) Company Website

Does the company have a website disclosing up-to-date information about the following? Yes.

On 14 May 2014, KPHI submitted with the SEC an advisement letter and formally informed SEC of its compliance with SEC Resolution no. 393, series of 2011. Further, in compliance with SEC Memorandum Circular No.11, series of 2014, KPHI has reconstructed its website in accordance with SEC template. The website of KPHI may be visited at: <http://www.keppelph.com>.

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

Material information mentioned above is likewise disclosed in comprehensive, accurate timely manner via Philippine Stock Exchange (PSE) website. Email addresses of the Company's compliance and information officers are also available at PSE's website.

7) Disclosure of Related Party Transactions

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders? The Company enters into a related party transaction based on the market rate. Proper disclosures are made on the Company's 17Q, 17A, IS and 17C when required and necessary.

J. RIGHTS OF STOCKHOLDERS

- 1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings
 (a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Section 3, Article X of the Company's By-Laws provides that "[n]o stockholders' meeting shall be competent to decide any matter or transact any business unless a majority of the subscribed capital stock is present or represented thereat, except in those cases in which the Corporation Law expressly requires the affirmative vote of a greater proportion".
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- (b) System Used to Approve Corporate Acts
 Explain the system used to approve corporate acts.

System Used	One share, one vote
Description	Section 4, Article X of the Company's By-Laws provides that "[v]oting upon all questions at all meetings of the stockholders shall be by shares of stock and not per capita."

- (c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
Voting right on all matters that require their consent or approval	No additional right is conferred.
Right of Inspection of Corporate Books/Records	
Right to Information	
Right to Dividends	
Appraisal Right	

Dividends

Declaration Date	Record Date	Payment Date
19 June 2015	06 July 2015	30 July 2015

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
Notices	Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders.
Questions and answers	Shareholders are invited at such meetings to put forth questions they may have on the motions to be debated and decided upon. All Board committee's Chairman and members are present to address queries at the Annual General Meeting. The external auditor is also present to assist the Board in addressing the shareholders' questions, if necessary.
Proxy	If any shareholder is unable to attend, he is allowed to appoint proxy to vote on his behalf at the meeting through proxy forms sent in ahead together with the notice of the meeting and Definitive Information Statement.
Minutes of Annual General Meeting	The minutes of shareholders' meetings, which contain substantial information that transpired during the meeting are prepared by the Corporate Secretary and are attached and included in the Definitive Information Statement.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

a. Amendments to the company's constitution

The Corporation adheres to the provision of Section 16 of the Corporation Code of the Philippines which provides that "x xxany provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock x xx." (underlining ours)

b. Authorization of additional shares

Since an increase in the authorized capital stock of the Corporation requires an amendment of the Articles of Incorporation, the Corporation adheres to the provision of Section 16 of the Corporation Code of the Philippines which provides that "x xxany provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital"

stock x xx.” (underlining ours)

- c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The Corporation adheres to the provision of Section 40 of the Corporation Code of the Philippines which provides that “x xxa corporation may, by a majority vote of its board of directors or trustees, sell, lease, exchange, mortgage, pledge or otherwise dispose of all or substantially all of its property and assets, including its goodwill, upon such terms and conditions and for such consideration, which may be money, stocks, bonds or other instruments for the payment of money or other property or consideration, as its board of directors or trustees may deem expedient, when authorized by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stockx xx.” (underlining ours)

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? Yes, notwithstanding Section 5, Article X of KPHI’s By-Laws which provides that “[w]ritten notice stating the date, time and place of the annual meeting shall be sent to each registered owner of stock at his postal address as registered in the Corporation books, at least fifteen (15) business days prior to the date of such meeting.”

- a. Date of sending out notices: 25 May 2015
 b. Date of the Annual/Special Stockholders’ Meeting: 19 June 2015

4. State, if any, questions and answers during the Annual/Special Stockholders’ Meeting. None.

5. Result of June 2015 Annual/Special Stockholders’ Meeting’s Resolutions

Resolution	Approving	Dissenting	Abstaining
Reading and Approval of the Minutes of the Annual Stockholders’ meeting held on 08 May 2014	All	None	None
Presentation of the Annual Report and Approval of the Audited Financial Statements of 2014	All	None	None
Ratification of the Acts and Proceedings of the Board of Directors, Officers and Management	All	None	None
Election of Directors for year 2015-2016	All	None	None
Directors’ Remuneration of Php60,000 each for the last fiscal year	All	None	None
Appointment of the External Auditor	All	None	None
Announcement of Cash Dividend	N/A	N/A	N/A

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions: The result of the votes taken during the most recent AGM for all resolutions was submitted to SEC thru Form 17C on same day of AGM on 19 June 2015. It was likewise submitted to PSE on even date at 5:00 in the afternoon.

7. Modifications

State, if any, the modifications made in the Annual/Special Stockholders’ Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None	N/A

8. Stockholders’ Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Chow Yew Yuen, Stefan Tong WaiMun, Celso P. Vivas, Noel M. Mirasol, Enrico L. Cordoba, Toh Ko Lin Benjamin P. Mata, Ma. Melva E. Valdez Felicidad V. Razon	19 June 2015	One share, one vote	0.005%	86.523%	86.528%

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? No.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares. Yes. The Company has two classes of shares (Class 'A' and 'B') but have the same voting rights.

9. Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	Stockholders may vote at all meetings either in person or by proxy duly given in writing and presented to the Secretary for inspection and record at a date set by the Board prior to the holding of said meeting. (Section 2, Article X, KPHI By-Laws) A proxy executed by a Corporation shall be in a form executed by a duly authorized corporate officer accompanied by a Corporate Secretary's Certificate quoting the board resolution authorizing said corporate officer to execute said proxy. (Section 1(a), Article XI, KPHI By-Laws)
Notary	Notarization is not required.
Submission of Proxy	Unless a longer period is fixed by the Board of Directors, proxies shall be submitted not later than ten (10) days prior to the date of stockholders' meeting. (Section 1(b), Article XI, KPHI By-Laws)
Several Proxies	No specific policy.
Validity of Proxy	No proxy shall be valid and effective for a period longer than five (5) years at any one time. (Section 58, Corporation Code of the Philippines)
Proxies executed abroad	No specific policy.
Invalidated Proxy	No specific policy.
Validation of Proxy	No specific policy.
Violation of Proxy	No specific policy.

10. Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Section 5, Article X of KPHI's By-Laws provides that "[w]ritten notice stating the date, time and place of the annual meeting shall be sent to each registered owner of stock at his postal address as registered in the Corporation books, at least fifteen (15) business days prior to the date of such meeting."	Copies of the notice of the stockholders' meeting together with the copy of the Definitive Information Statement, Audited Financial Statements and Annual Report are sent or delivered to the stockholders at least 15 business days prior to the stockholders' meeting.

11. Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	All stockholders of record
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	N/A
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	25 May 2015
State whether CD format or hard copies were distributed	Hard copies are distributed. Soft copies are available at PSE's website
If yes, indicate whether requesting stockholders were provided hard copies	Hard copies are sent via postal mail and are available during Annual General Meeting.

12. Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them	<ul style="list-style-type: none"> Copies of the notice of the stockholders' meeting together with the copy of the Definitive Information Statement, Audited Financial Statements and Annual Report including 1st Quarter 2015 SEC Form 17Q, is sent or delivered to the stockholders at least 15 business days prior to the stockholders' meeting. The notice of the holding of the annual stockholders' meeting is published in a newspaper of general circulation. Materials/documents relative to the stockholders' meeting are available at the registration desk at the

<p>to seek timely redress for breach of their rights.</p> <p>The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation. (Section 6B, Amended Manual on Corporate Governance)</p>	<p>scheduled meeting.</p> <ul style="list-style-type: none"> • Proxies are submitted not later than ten (10) days prior to the date of the stockholders' meeting. • At the stockholders' meeting, all stockholders of record, whether personally present or represented by proxy, are entitled to vote on matters presented therein.
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(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes, subject to the approval of the Nomination Committee which shall pre-screen and shortlist all candidates in accordance with the qualifications and disqualifications provided under the Code of Corporate Governance as well as the Company's Amended Manual on Corporate Governance.

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee. There is no company policy on external and internal communication. As a procedure, major information is announced or disclosed by the Corporate Information Officer or Secretariat, as mandated by the regulations thru PSE website.
- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations. There is no investors' relation program. However, stakeholders can contact the Secretariat, the Management and can also check the PSE website for the names of contact persons as stated below.

	Details
(1) Objectives	None
(2) Principles	None
(3) Modes of Communications	Telephone, Fax, Email
(4) Investors Relations Officer	<p>Felicidad V. Razon – Corporate Information Officer/Vice President/Treasurer <i>Tel. No. 892-1816; Fax No. 894-3684;</i> <i>Email address - fely.razon@keppelph.com</i></p> <p>Ma. Melva E. Valdez – Corporate Secretary <i>Jimenez Bello Valdez Caluya & Fernandez (JGLAW)</i> <i>Tel. No. 815-9071; Fax No. 813-0081</i> Email address – mevaldez@jglawph.com</p> <p>Stefan Tong WaiMun – President <i>Tel. No. 892-1816; Fax No. 894-3684</i> Email address – stefan.tong@keppelph.com</p>

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The management prepares and submits proposal and secures approval of the Board of Directors.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price. Independent directors – Celso P. Vivas and Noel M. Mirasol

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES – Depends upon the need of the situation of the environment and the solicitation of an institution.

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
None	None
None	None
None	None
None	None

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	None	
Board Committees	None	
Individual Directors	None	
CEO/President	Yearly Appraisal	Performance

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
Violation of any of the provisions of KPHI’s Manual on Corporate Governance	<ol style="list-style-type: none"> 1. In case of first violation, the subject person shall be reprimanded. 2. Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation. 3. For third violation, the maximum penalty of removal from office shall be imposed. <p>The commission of a third violation of this manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.</p>

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of

_____ on _____.

(Per SEC Memorandum Circular Nos. 1, 5 and 12, series of 2014, attached herewith is a notarized Secretary's Certificate with excerpts of Board Resolutions or Minutes of meetings regarding said updates and changes in the ACGR.)

SIGNATURES

Chow Yew Yuen
Chairman of the Board

Stefan Tong WaiMun
Chief Executive Officer

Celso P. Vivas
Independent Director

Noel M. Mirasol
Independent Director

Ma. Melva E. Valdez
Compliance Officer

Republic of the Philippines)
City of Makati) s.s.

SUBSCRIBED AND SWORN to before me this _____ day of _____ affiant(s) exhibiting to me their TIN/passports, as follows:

<u>NAME</u>	<u>TIN</u>
Chow Yew Yuen	453-653-285
Stefan Tong WaiMun	201-588-126
Celso P. Vivas	123-305-216
Noel M. Mirasol	111-430-461
Ma.Melva E. Valdez	123-493-209

NOTARY PUBLIC

Doc No. _____;
Page No. _____;
Book No. _____;
Series of _____.

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

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COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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											

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

U	n	i	t	3	-	B	,	C	o	u	n	t	r	y	S	p	a	c	e	1	B	u	i	l		
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e	,	S	a	l	c	e	d	o	V	i	l	l	a	g	e	,	B	a	r	a	n	g	a	y	B	
e	l	-	A	i	r	,	M	a	k	a	t	i	C	i	t	y										

Form Type

A	A	F	S
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Department requiring the report

C	F	D
---	---	---

Secondary License Type, If Applicable

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COMPANY INFORMATION

<p style="font-size: small;">Company's Email Address</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">info@keppelph.com</div>	<p style="font-size: small;">Company's Telephone Number</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">8921816</div>	<p style="font-size: small;">Mobile Number</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">-</div>
<p style="font-size: small;">No. of Stockholders</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">433 as of Dec 31, 2015</div>	<p style="font-size: small;">Annual Meeting (Month / Day)</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">June 19</div>	<p style="font-size: small;">Fiscal Year (Month / Day)</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">December 31</div>

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

<p style="font-size: small;">Name of Contact Person</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">Stefan Tong Wai Mun</div>	<p style="font-size: small;">Email Address</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">info@keppelph.com</div>	<p style="font-size: small;">Telephone Number/s</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">8921816</div>	<p style="font-size: small;">Mobile Number</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">-</div>
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CONTACT PERSON'S ADDRESS

Unit 3B CountrySpace 1 Bldg., 133 Sen. Gil Puyat Ave., Salcedo Vil., Brgy. Bel-Air, Makati City

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.




Keppel Philippines Holdings, Inc. Tel.: (632) 892 1816
 Head Office Tel.: (632) 892 1820 to 24
 3B Country Space 1 Bldg. Fax: (632) 8152581, 8926510
 Sen. Gil Puyat Avenue
 Makati, Philippines

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **KEPPEL PHILIPPINES HOLDINGS, INC. & SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements including the additional components attached therein, for the years ended **December 31, 2015** and **2014**, in accordance with the Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements including the additional components attached therein and submits the same to the stockholders or members.

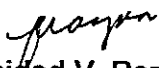
Sycip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has examined the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.



Stefan Tong Wai Mun
 President



Chow Yew Yuen
 Chairman



Felicidad V. Razon
 Vice President -Treasurer

Signed this 28th day of January 2016.

SUBSCRIBED AND SWORN to before me this _____ day of APR 01 2016 2016, affiants exhibiting to me their Passport No./ Tax Identification No. (TIN) as follows:

<u>Name</u>	<u>Passport No. /TIN</u>	<u>Issued At</u>	<u>Expiry</u>
Chow Yew Yuen	E4493965E	Singapore	29 October 2019
Stefan Tong Wai Mun	201-588-126	Philippines	-
Felicidad V. Razon	112-942-756	Philippines	-

ATTY. GERVACIS B. CORTIZ JR.

Notary Public
 Notary Public
 Until December 31, 2016
 IBF No. 656455-Lifetime Member
 MCNE Compliance No. V-0006934
 Appointment No. M-38-(2015-2016)
 PTR No. 5323504 Jan. 4, 2016
 Makati City Roll No. 40091
 101 Urban Ave. Camp 05 Rueda Bldg.
 Brgy. Pio Del Pilar, Makati City

Doc. No. 101
 Page No. 1/1
 Book No. 101
 Series of 2016.

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Keppel Philippines Holdings, Inc.
Unit 3-B, Country Space 1 Building
133 Sen. Gil Puyat Avenue
Salcedo Village, Barangay Bel-Air,
Makati City

We have audited the accompanying consolidated financial statements of Keppel Philippines Holdings, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.





Building a better
working world

- 2 -

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Keppel Philippines Holdings, Inc. and Subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jennifer D. Tielao

Jennifer D. Tielao

Partner

CPA Certificate No. 109616

SEC Accreditation No. 1507-A (Group A),

September 24, 2015, valid until September 23, 2018

Tax Identification No. 245-571-753

BIR Accreditation No. 08-001998-110-2015,

March 4, 2015, valid until March 3, 2018

PTR No. 5321700, January 4, 2016, Makati City

January 28, 2016



KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 21)	P55,133,375	P127,884,635
Receivables - net (Notes 7, 14 and 21)	152,045,762	13,216,948
Other current assets - net (Note 8)	1,013,265	185,868
Total Current Assets	208,192,402	141,287,451
Noncurrent Assets		
Available-for-sale financial assets - net (Notes 9 and 21)	15,800,001	15,000,001
Investments in associates (Note 10)	415,975,059	419,572,134
Loan receivable - net of current portion (Notes 7, 14 and 21)	137,500,000	187,500,000
Lease receivables - net of current portion (Notes 7, 14, and 21)	34,624,961	35,393,933
Investment properties - net (Note 11)	209,914,690	210,334,162
Property and equipment - net (Note 12)	18,143	42,662
Other noncurrent assets (Note 22)	4,140,710	4,140,710
Total Noncurrent Assets	817,973,564	871,983,602
TOTAL ASSETS	P1,026,165,966	P1,013,271,053
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 13, 14 and 21)	P3,426,918	P4,125,996
Refundable deposits (Notes 14 and 21)	1,885,757	1,794,468
Income tax payable (Note 18)	313,139	248,007
Total Current Liabilities	5,625,814	6,168,471
Noncurrent Liability		
Deferred tax liability (Note 18)	1,732,546	1,774,381
Total Liabilities	7,358,360	7,942,852
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)	430,671,948	423,538,262
Unrealized gain on available-for-sale financial assets (Note 9)	15,222,058	14,422,058
Treasury shares (Notes 15 and 16)	(9,898,178)	(9,898,178)
Total	582,373,062	574,439,376
Noncontrolling Interests (Note 2)	436,434,544	430,888,825
Total Equity	1,018,807,606	1,005,328,201
TOTAL LIABILITIES AND EQUITY	P1,026,165,966	P1,013,271,053

See accompanying Notes to Consolidated Financial Statements.



KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2015	2014	2013
REVENUE AND INCOME			
Rental income (Notes 11 and 14)	P19,420,102	P19,270,326	P18,804,270
Equity in net earnings of associates (Note 10)	14,788,202	19,964,035	17,868,723
Interest income (Notes 6, 7 and 14)	9,593,162	4,675,608	6,874,863
Management fees (Note 14)	1,200,000	1,200,000	1,175,000
	45,001,466	45,109,969	44,722,856
EXPENSES			
Operating expenses (Note 17)	(16,724,306)	(18,217,619)	(21,656,806)
OTHER INCOME			
Recovery of provision for impairment (Note 8)	2,004,521	765,873	-
Director's fees (Note 14)	246,000	212,000	259,000
Others	1,041,567	900,513	110,963
	3,292,088	1,878,386	369,963
INCOME BEFORE INCOME TAX	31,569,248	28,770,736	23,436,013
PROVISION FOR INCOME TAX (Note 18)	4,647,201	2,562,944	2,674,499
NET INCOME	P26,922,047	P26,207,792	P20,761,514
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent (Note 19)	P13,170,428	P12,290,614	P9,219,933
Noncontrolling interests	13,751,619	13,917,178	11,541,581
	P26,922,047	P26,207,792	P20,761,514
EARNINGS PER SHARE ATTRIBUTABLE TO			
EQUITY HOLDERS OF THE PARENT (Note 19)	P0.218	P0.204	P0.153

See accompanying Notes to Consolidated Financial Statements.



KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2015	2014	2013
NET INCOME	₱26,922,047	₱26,207,792	₱20,761,514
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Unrealized fair value gain (loss) on available-for-sale financial assets (Note 9)	800,000	-	(1,500,000)
TOTAL COMPREHENSIVE INCOME	₱27,722,047	₱26,207,792	₱19,261,514
ATTRIBUTABLE TO:			
Equity holders of the parent	₱13,970,428	₱12,290,614	₱7,719,933
Noncontrolling interests	13,751,619	13,917,178	11,541,581
	₱27,722,047	₱26,207,792	₱19,261,514

See accompanying Notes to Consolidated Financial Statements.



KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent							Total Equity
	Capital Stock (Note 15)	Additional Paid-in Capital	Retained Earnings (Note 16)	Available-for- sale Financial Assets (Note 9)	Treasury Shares (Note 16)	Total	Noncontrolling Interests	
Balance at January 1, 2015	₱73,173,500	₱73,203,734	₱423,538,262	₱14,422,058	(₱9,898,178)	₱574,439,376	₱430,888,825	₱1,005,328,201
Net income	-	-	13,170,428	-	-	13,170,428	13,751,619	26,922,047
Unrealized fair value gain on available-for-sale financial assets (Note 9)	-	-	-	800,000	-	800,000	-	800,000
Total comprehensive income for the year	-	-	13,170,428	800,000	-	13,970,428	13,751,619	27,722,047
Cash dividend declared (Note 16)	-	-	(6,036,742)	-	-	(6,036,742)	(8,205,900)	(14,242,642)
Balance at December 31, 2015	₱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
Balance at January 1, 2014	₱73,173,500	₱73,203,734	₱417,284,390	₱14,422,058	(₱9,898,178)	₱568,185,504	₱419,385,147	₱987,570,651
Total comprehensive income for the year	-	-	12,290,614	-	-	12,290,614	13,917,178	26,207,792
Cash dividend declared (Note 16)	-	-	(6,036,742)	-	-	(6,036,742)	(2,413,500)	(8,450,242)
Balance at December 31, 2014	₱73,173,500	₱73,203,734	₱423,538,262	₱14,422,058	(₱9,898,178)	₱574,439,376	₱430,888,825	₱1,005,328,201
Balance at January 1, 2013	₱73,173,500	₱73,203,734	₱414,101,199	₱15,922,058	(₱9,898,178)	₱566,502,313	₱407,843,566	₱974,345,879
Net income	-	-	9,219,933	-	-	9,219,933	11,541,581	20,761,514
Unrealized fair value loss on available-for-sale financial assets (Note 9)	-	-	-	(1,500,000)	-	(1,500,000)	-	(1,500,000)
Total comprehensive income for the year	-	-	9,219,933	(1,500,000)	-	7,719,933	11,541,581	19,261,514
Cash dividend declared (Note 16)	-	-	(6,036,742)	-	-	(6,036,742)	-	(6,036,742)
Balance at December 31, 2013	₱73,173,500	₱73,203,734	₱417,284,390	₱14,422,058	(₱9,898,178)	₱568,185,504	₱419,385,147	₱987,570,651

See accompanying Notes to Consolidated Financial Statements.



KEPPEL PHILIPPINES HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P31,569,248	P28,770,736	P23,436,013
Adjustments for:			
Depreciation and amortization (Notes 11, 12 and 17)	443,991	1,751,481	2,267,672
Provision for impairment losses (Notes 8, 10 and 17)	519,166	514,735	3,257,275
Recovery of provision for impairment (Note 8)	(2,004,521)	(765,873)	-
Interest income (Notes 6, 7 and 14)	(9,593,162)	(4,675,608)	(6,874,863)
Equity in net earnings of associates (Notes 10 and 14)	(14,788,202)	(19,964,035)	(17,868,723)
Operating income before working capital changes	6,146,520	5,631,436	4,217,374
Decrease (increase) in:			
Receivables	(284,280)	2,287,171	(550,717)
Other current assets	881,328	544,565	644,859
Increase (decrease) in:			
Accounts payable and other current liabilities	(699,078)	(315,290)	852,511
Refundable deposits	91,289	(77,187)	100,455
Payable to a related party	-	-	(21,326)
Net cash generated from operations	6,135,779	8,070,695	5,243,156
Income tax paid	(4,623,904)	(2,401,641)	(2,734,948)
Net cash provided by operating activities	1,511,875	5,669,054	2,508,208
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Notes 10 and 14)	18,161,907	13,972,987	-
Collection of loan receivable from a related party (Note 7)	43,500,000	-	-
Interest received	9,317,600	4,394,032	7,012,091
Loans granted to a related party (Notes 7 and 14)	(131,000,000)	(200,000,000)	-
Acquisition of property and equipment (Note 12)	-	(11,429)	-
Net cash provided by (used in) investing activities	(60,020,493)	(181,644,410)	7,012,091
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid (Note 16)	(14,242,642)	(8,450,242)	(6,036,742)
Cash used in financing activities	(14,242,642)	(8,450,242)	(6,036,742)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(72,751,260)	(184,425,598)	3,483,557
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	127,884,635	312,310,233	308,826,676
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	P55,133,375	P127,884,635	P312,310,233

See accompanying Notes to Consolidated Financial Statements.



KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
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 and Development Corporation (GRDC), including GRDC's subsidiary, Goodsoil Marine Realty Inc. (GMRI) collectively referred to as "the Group", were 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's shares are publicly traded in the Philippine Stock Exchange (PSE). As of December 31, 2015 and 2014, the top four beneficial shareholders are the following:

	Percentage of Ownership	
	2015	2014
Kepwealth, Inc.	44.4%	44.4%
Keppel Corporation Limited (KCL)	28.0%	28.0%
The Insular Life Assurance Company, Ltd.	10.6%	10.6%
Public	17.0%	17.0%

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

	Percentage of Ownership	
	2015	2014
KPSI	100%	100%
GRDC	51%	51%
GMRI	51%	51%

GRDC is 44% owned by Keppel Philippines Marine, Inc. Retirement Plan (KPMI Retirement Plan) and 5% by Keppel Philippines Marine, Inc. (KPMI) in 2015 and 2014. GRDC owns 100% of GMRI, thus, KPHI has 51% effective ownership on GMRI.

Information relating to the Group's associates follows:

	Percentage of Direct Ownership		Percentage of Indirect Ownership	
	2015	2014	2015	2014
KP Capital, Inc. (KPCI)	40%	40%	-	-
Goodwealth Ventures, Inc. (GVI)	40%	40%	-	-
Consort Land, Inc. (CLI)	-	-	13%	13%

KPHI has 13% effective indirect ownership in CLI through GMRI.

All of the Group's associates were incorporated in the Philippines. The ultimate parent company of the Group is Keppel Corporation Limited (KCL), a company incorporated in Singapore.

The consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on January 28, 2016.



2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The 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 consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries as of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015. Subsidiaries are all entities over which the Group has control. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. 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 arising 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.



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 statement 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 this 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 equity transaction. 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 or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

As of December 31, 2015 and 2014, NCI pertains to 44% and 5% ownership of KPMI Retirement Plan 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 eliminations.

	2015			2014		
	GRDC	GMRI	Total	GRDC	GMRI	Total
Current assets	₱155,543	₱98,917,125	₱99,072,668	279,059	35,178,487	₱35,457,546
Noncurrent assets	4,426,794	712,030,418	716,457,212	4,536,826	762,799,390	767,336,216
Total assets	4,582,337	810,947,543	815,529,880	4,815,885	797,977,877	802,793,762
Current liabilities	4,332,672	231,643	4,564,315	4,791,620	926,514	5,718,134
Noncurrent liabilities	–	1,731,517	1,731,517	–	1,769,698	1,769,698
Total liabilities	4,332,672	1,963,160	6,295,832	4,791,620	2,696,212	7,487,832
Revenue	500,206	38,121,438	38,621,644	310,631	29,392,867	29,703,498
Net income	225,400	30,702,718	30,928,118	9,455	22,460,350	22,469,805
Total comprehensive income	225,400	30,702,718	30,928,118	9,455	22,460,350	22,469,805
Cash flows from:						
Operating activities	(395,788)	3,764,230	3,368,441	93,447	6,377,788	6,471,235
Investing activities	251,600	22,726,044	22,977,645	74,000	(182,582,239)	(182,508,239)
Financing activities	–	(17,000,000)	(17,000,000)	–	(22,469,047)	(22,469,047)
Net increase (decrease) in cash and cash equivalents	(144,188)	9,490,274	9,346,086	167,447	(198,673,498)	(198,506,051)
Accumulated balance of material NCI			436,434,544			430,888,825
Net income attributable to material NCI			13,751,619			13,917,178



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

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations which became effective on January 1, 2015. Except as otherwise indicated, the adoption of these new accounting standards and amendments have no material impact on the Group's consolidated financial statements.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)
- *Annual Improvements to PFRSs (2010-2012 cycle)*
The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:
 - PFRS 2, *Share-based Payment - Definition of Vesting Condition*
 - PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
 - PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
 - PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
 - PAS 24, *Related Party Disclosures - Key Management Personnel*
- *Annual Improvements to PFRSs (2011-2013 cycle)*
The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:
 - PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
 - PFRS 13, *Fair Value Measurement - Portfolio Exception*
 - PAS 40, *Investment Property*

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2015 and these will be adopted on their effectivity dates in accordance with the transition provisions. Except as otherwise stated, these amendments and improvements to PFRS and new standard are not expected to have any significant impact on the Group's financial statements.

Effective in 2016

- PAS 1, *Presentation of Financial Statements - Disclosure Initiatives*
- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)
- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS



electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements since the Group is already using equity accounting. The Group is currently assessing the impact of these amendments in the separate financial statements of the Parent Company.

- PFRS 10, 12 and PAS 28, *Investment Entities - Applying the Consolidation Exception*
- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
- PFRS 14, *Regulatory Deferral Accounts*
- *Annual Improvements to PFRSs (2012-2014 cycle)*
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016.
 - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
 - PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
 - PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
 - PAS 19, *Employee Benefits - regional market issue regarding discount rate*
 - PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'*

Effective in 2018

- PFRS 9, *Financial Instruments - Classification and Measurement (2010 version)*
PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an impact on the Group's classification and measurement of financial assets but will not have an impact on the classification and measurement of financial liabilities.
- PFRS 9, *Financial Instruments - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)*



- PFRS 9, *Financial Instruments* (2014 or final version)
In July 2014, the final version of PFRS 9 was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39 and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will not have an impact on the classification and measurement of financial liabilities.

The following new standard issued by the International Accounting Standards Board (IASB) has not yet been adopted by Financial Reporting Standards Council (FRSC), Board of Accountancy (BOA) and Professional Regulation Commission (PRC)

- IFRS 15, *Revenue from Contracts with Customers*
This standard was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. The effectivity of IFRS 15 was deferred until the issuance of the final revenue standards by IASB. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRS. Either a full or modified retrospective application is required for annual period beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date, once adopted locally.
- IFRS 16, *Leases*
This standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under PAS 17. Lessees recognize a liability to pay rentals with a corresponding asset, and recognize interest expense and depreciation separately. The new standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less). Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events. Lessor accounting is substantially the same as today's lessor accounting, using PAS 17's dual classification approach. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of IFRS 16. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date, once adopted locally.

4. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of changes in value.



Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

Initial recognition of financial instruments

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction costs.

The Group classifies its financial instruments in the following categories: financial assets and financial liabilities at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS financial assets and other financial liabilities. The classification depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every reporting date.

The Group has no financial assets and financial liabilities at FVPL and HTM investments as of December 31, 2015 and 2014.

Day 1 profit

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 profit) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized.

Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within twelve months from the end of the reporting date. Otherwise, these are classified as noncurrent assets.

This category includes the Group's cash and cash equivalents and receivables (including current lease receivables and loan receivable).

AFS financial assets

AFS financial assets are nonderivatives that are either designated in this category or not classified in any of the other categories. Subsequent to initial recognition, AFS financial assets are carried at fair value in the consolidated statement of financial position.



Changes in the fair value of such assets are reported as unrealized gain or loss on AFS financial assets under OCI until the investment is derecognized or the investment is determined to be impaired. Assets under this category are classified as current assets if maturity is within twelve months from the end of the reporting date and as noncurrent assets if maturity date is more than a year from the end of the reporting date.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any allowance for impairment.

The Group's AFS financial assets consist of quoted and unquoted golf club shares as of December 31, 2015 and 2014.

Other financial liabilities

This category pertains to financial liabilities that are not held for trading or not designated at FVPL upon the inception of the liability. These include liabilities arising from operations or loans and borrowings. The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost by applying the effective interest rate in the amortization (or accretion) of any related premium, discount and any directly attributable transaction costs.

This category includes accounts payable and other current liabilities (excluding advance rental, taxes payable, provisions and output VAT) and refundable deposits as of December 31, 2015 and 2014.

Impairment of Financial Assets

The Group assesses at each end of the reporting period whether a financial asset or a group of financial assets is impaired.

Assets carried at amortized cost

The Group assesses whether objective evidence of impairment exists individually for financial assets. If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognized in profit or loss.

The Group no longer performs collective assessment of impairment since there are only few counterparties which substantially consist of related parties which are all covered by specific assessment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.



AFS financial assets

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in OCI, is transferred from OCI to profit or loss. Reversals of impairment in respect of equity instruments classified as AFS are not recognized in profit or loss. In the case of debt instruments, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of Financial Assets and Liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.



Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted AFS financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are accounted for using the equity method in the consolidated financial statements from the date on which it becomes an associate. Cumulative adjustments for periods prior to this event are not recognized.

Under the equity method, the investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any dividends declared and impairment in value. If an investor's share of losses of an associate equals or exceeds its interest in the associate, the investor discontinues recognizing its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate. After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate. The consolidated statement of income reflects the Group's share in the results of operations of the associates. This is included in the "Equity in net earnings of associates" account in the consolidated statement of income. After the Group's interest is reduced to zero, additional losses are provided to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and discloses this, when applicable, in the consolidated statement of changes in equity.

When an associate makes dividend distributions to the Group in excess of the carrying amount, a liability should only be recognized if the Group is obliged to refund the dividend, has incurred a legal or constructive obligation or made payments on behalf of the associate. In the absence of such obligations, the Group recognizes the excess in net profit for the period. When the associate subsequently makes profits, the Group will start recognizing profits when they exceed the excess cash distributions recognized in net profit plus any previously unrecognized losses.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Unrealized gains arising from intercompany transactions with its associates are eliminated to the extent of the Group's interest in the associate, against the investment in the associate. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Step acquisition of investment in an associate

The cost based approach is used in the step acquisition of investments resulting to a change in the classification of the investment from a financial asset to an associate (when the Group obtained significant influence on the investee company as a result of the acquisition). On acquisition of the investment in associate in each tranche, any difference between the costs of the investment and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted



for as follows: (a) goodwill relating to an associate is included in the carrying amount of the investment, (b) any excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the investor's share of associate's profit or loss in the period in which the investment is acquired.

When the step acquisition of investments resulted to change in the classification of the Group's AFS financial asset to an associate, any unrealized fair value gains in AFS financial assets previously recognized in OCI are recycled to profit or loss.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are stated at cost, less accumulated depreciation and amortization and any accumulated impairment in value, except for land which is stated at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from investment property to owner-occupied property or inventories, the deemed cost of the property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Depreciation and amortization of investment properties are computed using the straight-line method over the following estimated useful lives:

	Years
Land improvements	7 to 10
Building	15 to 25
Condominium units	25

Property and Equipment

Property and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. Depreciation is calculated on a straight-line basis over the useful lives of the assets.



The assets' residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year-end. When a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

	Years
Building	15 to 25
Office machine, furniture and fixtures	1 to 5
Transportation equipment	5

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization charges are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital stock

Capital stock is measured at par value for all shares issued. When the Group issues shares in excess of par, the excess is recognized as additional paid-in capital (APIC). Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from APIC.

Treasury shares

Treasury shares are recorded at cost and presented as a deduction from equity. When the shares are retired, the capital stock account is reduced by the par value and the excess of cost over par



value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Retained earnings

Retained earnings represent the cumulative balance of net income or loss of the Group, net of any dividend declaration.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. In arrangements where the Group is acting as principal to its customers, revenue is recognized on a gross basis. However, if the Group is acting as an agent to its customers, only the amount of net commission retained is recognized as revenue.

The following specific recognition criteria must also be met before revenue is recognized:

Rental income

Revenue from investment properties is accounted for on a straight-line basis over the lease term.

Interest income

Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

Management fees

Management fees are recognized as the services are rendered based on the terms of the management contract.

Directors' fees

Directors' fees are recognized as the services are rendered.

Dividend income

Revenue is recognized when the shareholders' right to receive the payment is established.

Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized in profit or loss in the period these are incurred.

Short-term Employee Benefits

Short-term employee benefits include items such as salaries and wages, social security contributions and nonmonetary benefits, if expected to be settled wholly within twelve months after the end of the reporting period in which the employees rendered the related services. Short-term employee benefits are recognized as expense as incurred. When an employee has rendered service to the Group during the reporting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid.



Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies:

- (a) there is a change in the contractual terms, other than a renewal or extension of the arrangement;
- (b) a renewal option is exercised or extension granted, unless the term of the renewal and extension was initially included in the lease term;
- (c) there is a change in the determination of whether the fulfillment is dependent on a specified asset; or
- (d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date of the change in circumstances that gave rise to the reassessment for scenarios (a), (c) and (d) above and at the date of renewal or extension period for scenario (b).

Group as a lessor

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted as of the reporting date.

Deferred tax

Deferred tax is provided, using the balance sheet liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carryforward benefits of unused MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow all or part of the deferred tax assets to be recovered.



Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the year when the related asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the end of the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax (VAT)

Revenue, expenses and assets are recognized net of the amount of sales tax except:

- where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the tax is recognized as part of the acquisition cost of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of other current assets or liabilities in the consolidated statement of financial position.

Other Comprehensive Income

Other comprehensive income comprises items of income and expense (including items previously presented under the statement of changes in equity) that are not recognized in the statement of income for the year in accordance with PFRS. Other comprehensive income includes fair value changes in AFS financial assets.

Earnings Per Share

Earnings per share (EPS) are determined by dividing net income attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the year. The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period; a reasonable approximation of the weighted average is adequate in many circumstances. The number of shares outstanding is the number of issued capital stock less treasury shares.

Operating Segments

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 20.

Provisions

Provisions, if any, are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.



Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes when inflows of economic benefits are probable.

Events After the Financial Reporting Date

Post year-end events that provide additional information about the Group's position at the end of the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

5. Significant Accounting Judgments, Estimates and Assumptions

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

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effects on the amounts recognized in the consolidated financial statements. These judgments are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements.

Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the supply of services or for administrative purposes.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If these portions cannot be sold separately as of the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Assessment of control

The Group re-assesses whether or not the Group has control over GVI, an associate due to the Parent Company's higher beneficial interest on dividends declared by GVI as compared to other shareholders. In spite of the higher beneficial interest of the Parent Company as indicated in the Articles of Incorporation of GVI, the Parent Company has no control over GVI's significant decisions and operations. Majority of board of directors of GVI are representatives of the other



shareholders and not of the Parent Company. The management assessed that the Group has no control over GVI and thus will continue to account for GVI as an associate (see Note 10).

Operating lease - Group as lessor

The Group has entered into various commercial property leases on its investment properties. The Group has determined that it retains all the significant risks and rewards of ownership of these properties as the Group considered, among others, the length of the lease term as compared with the estimated life of the assets. The Group's operating lease contracts are accounted for as noncancellable operating leases. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including economic consequence to the lessee.

Contingencies

The Group is currently involved in a legal proceeding and claims by third parties. The estimate of the probable cost for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings and claims by third parties will have a material effect on the Group's consolidated financial statements (see Note 22).

Impairment of investment properties

The Group assesses impairment on investment properties whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. The Group recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount. This requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

As of December 31, 2015 and 2014, there are no indicators of impairment noted on the Group's investment properties. The carrying values of investment properties amounted to ₱209.9 million and ₱210.3 million as December 31, 2015 and 2014, respectively.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position or disclosed in the notes to consolidated financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models such as discounted cash flow technique. The related balances are disclosed in Note 21.

Determining allowance for doubtful accounts

The Group maintains an allowance for doubtful accounts on its receivables at a level considered adequate to provide for any potential uncollectible receivable. The level of this allowance is regularly evaluated by the Group. The Group assesses whether objective evidence of impairment



exists for a receivable by considering the financial condition of the counterparty. The Group reviews the status of the receivables and identifies amounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in the Group's allowance for doubtful accounts would increase the Group's recorded expenses and decrease current assets. Allowance for doubtful accounts on the Group's receivables as of December 31, 2015 and 2014 amounted to ₱2.2 million (see Note 7).

The carrying value of the Group's receivables amounted to ₱324.2 million and ₱236.1 million as of December 31, 2015 and 2014, respectively (see Note 7).

Impairment of other current assets

Management believes that the Group's input VAT and creditable withholding tax may not be recoverable because of the expected future minimal transactions where the Group's input VAT and creditable withholding tax will be utilized. Allowance for impairment loss amounted to ₱3.1 million and ₱4.8 million as of December 31, 2015 and 2014, respectively. Other current assets amounted to ₱1.0 million and ₱0.2 million as of December 31, 2015 and 2014, respectively (see Note 8).

Impairment of AFS financial assets

The Company recognizes impairment losses on AFS financial assets when there has been a significant or prolonged decline in the fair value of such investments below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. In determining whether the decline in value is significant, the Company considers historical volatility of market price (i.e., the higher the historical volatility, the greater the decline in fair value before it is likely to be regarded as significant) and the period of time over which the market price has been depressed (i.e., a sudden decline is less significant than a sustained fall of the same magnitude over a longer period). Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations. Allowance for impairment of AFS financial assets amounted to ₱0.9 million as of December 31, 2015 and 2014. The carrying value of AFS financial assets amounted to ₱15.8 million and ₱15.0 million as of December 31, 2015 and 2014, respectively. (see Note 9).

Impairment of investments in associates

Investments in associates carried at equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years as well as the terminal value at the end of five years.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes. As of December 31, 2015, allowance for impairment of investment in associate amounted to ₱0.2 million. The carrying amounts of the investments, net of allowance for impairment amounted to ₱416.0 million and ₱420.0 million as of December 31, 2015 and 2014, respectively (see Note 10).

Recognition of deferred tax assets

The Group's assessment on the recognition of deferred tax assets on nondeductible temporary differences, and carryforward benefit of NOLCO and MCIT, is based on the forecasted taxable income of the following subsequent periods. This forecast is based on the Group's past results and



future expectations on revenues and expenses. Management believes that future taxable profit may not be available against which these temporary differences and carryforward benefit of NOLCO and excess MCIT can be applied, thus, no deferred tax assets were recognized (see Note 18).

6. Cash and Cash Equivalents

This account consists of:

	2015	2014
Cash on hand	₱5,000	₱5,000
Cash in banks	2,401,137	3,085,862
Cash equivalents	52,727,238	124,793,773
	₱55,133,375	₱127,884,635

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 earned interest at annual rates that ranged from 1.0% to 1.5% in 2015 and 1.0% to 1.4% in 2014.

Interest income on cash and cash equivalents amounted to ₱1.6 million, ₱2.6 million and ₱6.9 million in 2015, 2014 and 2013, respectively. Interest receivable from cash and cash equivalents amounted to ₱0.03 million and ₱0.06 million in 2015 and 2014.

7. Receivables

This account consists of:

	2015	2014
Loan receivable from a related party (Note 14)	₱287,500,000	₱200,000,000
Lease receivables:		
Affiliates (Note 14)	35,805,064	35,393,933
Others	8,802	169,709
	323,313,866	235,563,642
Nontrade	2,152,580	2,152,580
Interest receivable (Notes 7 and 14)	822,801	547,239
Due from related parties (Note 14)	34,056	-
	326,323,303	238,263,461
Less noncurrent portion:		
Loan receivables (Note 14)	137,500,000	187,500,000
Lease receivables	34,624,961	35,393,933
	172,124,961	222,893,933
	154,198,342	15,369,528
Less allowance for doubtful accounts	2,152,580	2,152,580
	₱152,045,762	₱13,216,948

The loan receivable from a related party pertains to unsecured, long-term and short-term interest-bearing loans obtained by Keppel Philippine Marine, Inc. (KPMI), an affiliate, from the Parent Company and GMRI.



In September 2014, KPMI obtained loan amounting to ₱200.0 million from GMRI. The loan has a term of five (5) years on principal payment with grace period of 15 months and payable in equal quarterly installment. The loan is subject to interest re-pricing on a semi-annual basis. The interest rate applied ranges from 3.5% to 4.0% in 2015 and 3.4% to 3.5% in 2014 plus spread of 1.75%. In December 2015, KPMI obtained short-term loan amounting to ₱15.0 million with term of 45 days and interest rate of 2.9%. Interest income recognized from these loans amounted to ₱7.5 million and ₱2.0 million in 2015 and 2014, respectively. In December 2015, KPMI made partial payment of long-term loan amounting to ₱12.5 million.

In June 2015, the Parent Company granted short-term loan to KPMI amounting to ₱31.0 million with term of 18 days which was collected the following month. In September 2015, KPMI obtained short-term loan amounting to ₱50.0 million due after 45 days which was extended for additional 90 days starting November 2015. KPMI obtained another loan amounting to ₱35.0 million in December 2015 with term of 90 days. Interest rate applied ranges from 2.85% to 3.4% in 2015. Interest income recognized by the Parent Company from these loans amounted to ₱0.5 million in 2015.

Current portion of lease receivables and due from related parties are noninterest-bearing and are generally with 30- to 60-day terms. 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 the financial reporting date.

Nontrade 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 full allowance.

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

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

8. Other Current Assets

This account consists of:

	2015	2014
Creditable withholding taxes (CWT)	₱2,109,378	₱3,014,048
Input VAT	1,840,054	1,816,531
Prepaid expenses	27,768	119,913
Deposits	60,645	35,955
Others	97,274	30,000
	4,135,119	5,016,447
Less allowance for impairment loss	3,121,854	4,830,579
	₱1,013,265	₱185,868



The rollforward analysis of the Group's allowance for impairment losses follows:

2015

	Input VAT	CWT	Total
Balance at the beginning of the year	₱1,816,531	₱3,014,048	₱4,830,579
Provision for the year (Note 17)	23,523	272,273	295,796
Recovery of provision	–	(2,004,521)	(2,004,521)
Balance at end of year	₱1,840,054	₱1,281,800	₱3,121,854

2014

	Input VAT	CWT	Total
Balance at the beginning of the year	₱1,819,820	₱3,261,897	₱5,081,717
Provision for the year (Note 17)	–	514,735	514,735
Recovery of provision	(3,289)	(762,584)	(765,873)
Balance at end of year	₱1,816,531	₱3,014,048	₱4,830,579

9. Available-for-Sale Financial Assets

This account consists of investments in:

	2015	2014
Quoted share - at fair value		
Golf club share (costing ₱577,943)	₱15,800,001	₱15,000,001
Unquoted share - at cost		
Golf club share	880,000	880,000
	16,680,001	15,880,001
Less allowance for impairment	880,000	880,000
	₱15,800,001	₱15,000,001

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

	2015	2014
Balance at beginning of year	₱15,000,001	₱15,000,001
Fair value gain	800,000	–
Balance at end of year	₱15,800,001	₱15,000,001

The rollforward analysis of unrealized gains on AFS financial assets follows:

	2015	2014
Balance at beginning of year	₱14,422,058	₱14,422,058
Fair value gain	800,000	–
Balance at end of year	₱15,222,058	₱14,422,058



10. Investments in Associates - at equity

This account consists of:

	2015	2014
Investments in associates	P842,948,496	P842,948,496
Accumulated share in net losses:		
Balance at beginning of year	(423,376,362)	(429,367,410)
Equity in net earnings of associates	14,788,202	19,964,035
Cash dividend received	(18,161,907)	(13,972,987)
Impairment of investment in associate (Note 17)	(223,370)	-
Balance at end of year	(426,973,437)	(423,376,362)
	P415,975,059	P419,572,134

The details of the Group's investments in associates accounted for under the equity method as of December 31, 2015 and 2014 follow:

	KPCI		GVI		CLI		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
Investments	P273,518,182	P273,518,182	P231,833,514	P231,833,514	P337,596,800	P337,596,800	P842,948,496	P842,948,496
Accumulated share in net earnings (losses):								
Balance at beginning of year	(273,518,182)	(273,518,182)	(230,848,428)	(230,832,875)	80,990,248	74,983,647	(423,376,362)	(429,367,410)
Equity in net earnings (losses) of associates	-	-	(66,036)	(15,553)	14,854,238	19,979,588	14,788,202	19,964,035
Cash dividend received	-	-	(695,680)	-	(17,466,227)	(13,972,987)	(18,161,907)	(13,972,987)
Impairment of investment in associate	-	-	(223,370)	-	-	-	(223,370)	-
Balance at end of year	(273,518,182)	(273,518,182)	(231,833,514)	(230,848,428)	78,378,259	80,990,248	(426,973,437)	(423,376,362)
	P-	P-	P-	P985,086	P415,975,059	P418,587,048	P415,975,059	P419,572,134

KPCI and GVI

KPCI and GVI are both involved in investment holding. KPCI has incurred continued losses and is in liquidating position since 2005. As of December 31, 2015 and 2014, KPCI has zero equity. The Group's investment in KPCI has been reduced to nil in prior years. There is no unrecognized share of losses of KPCI as of December 31, 2015 and 2014. The Group's equity share in GVI's net losses amounted to P0.07 million in 2015 and P0.02 million in 2014. On August 12, 2015, GVI declared dividends amounting to P0.8 million based on its retained earnings as of July 31, 2015 to its stockholder per record as of August 31, 2015 and the Parent Company received P0.7 million in September 2015.

On June 19, 2013 and June 22, 2011, the BOD and the stockholders of GVI and KPCI, respectively, approved and ratified the dissolution and the amendment of the Articles of Incorporation to shorten their corporate term up to and only until June 30, 2013 and June 30, 2011, respectively. KPCI has already filed a notice of dissolution with the SEC and the BIR on July 25, 2011 and September 14, 2011, respectively. GVI filed a notice of dissolution with the SEC and the BIR on July 22, 2013 and July 31, 2013, respectively. On November 3, 2015, GVI was granted dissolution by SEC. KPCI is still waiting for the response from BIR as of January 28, 2016. In 2015, the Group recognized provision for impairment on its investment in GVI amounting to P0.2 million since the management believes that the balance in the investment will not be recovered.

In 2015 and 2014, the management re-assessed whether or not the Group has control over GVI due to the Parent Company's higher beneficial interest on dividends declared by GVI as compared to other shareholders. In spite of the higher beneficial interest of the Parent Company as indicated in the Articles of Incorporation of GVI, the Parent Company has no control over GVI's significant decisions and operations. Majority of board of directors of GVI are representatives of the other



shareholders and not of the Parent Company. The management assessed that the Group has no control over GVI and thus will continue to account for GVI as an associate.

CLI

CLI is involved in property leasing and power sales. GMRI received cash dividend from CLI amounting to ₱17.5 million and ₱14.0 million in 2015 and 2014, respectively.

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

The financial information of associates as of and for the years ended December 31, 2015 and 2014 follows:

	KPCI		GVI		CLI	
	2015	2014	2015	2014	2015	2014
Current assets	P-	P-	₱2,307,098	₱3,317,929	₱55,975,176	₱89,342,074
Noncurrent assets	-	-	-	-	260,731,210	242,651,543
Total assets	P-	P-	₱2,307,098	₱3,317,929	₱316,706,386	₱331,993,617
Current liabilities	P-	P-	₱66,035	₱111,777	₱26,729,986	₱31,434,168
Total liabilities	P-	P-	₱66,035	₱111,777	₱26,729,986	₱31,434,168
Revenue	P-	P-	₱41,312	₱91,783	₱200,629,473	₱242,987,121
Net income (loss) attributable to common shareholders	-	-	(16,509)	(38,883)	59,416,951	79,918,352
Net assets	P-	P-	₱2,241,063	₱3,206,152	₱289,976,400	₱300,559,449
Effective ownership interest	40%	40%	40%	40%	13%	13%
Acquisition fair value and other adjustments	-	-	896,425	1,282,461	37,696,932	39,072,728
Carrying value of investment	P-	P-	P-	₱985,086	₱415,975,059	₱418,587,048

There are no significant restrictions on the ability of the associates 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:

	2015			
	Land	Building and Improvements	Condominium Units	Total
Cost				
Balance at beginning and end of year	₱205,901,939	₱2,609,001	₱25,342,689	₱233,853,629
Accumulated Depreciation				
Balance at beginning of year	-	1,915,458	21,604,009	23,519,467
Depreciation and amortization (Note 17)	-	110,033	309,439	419,472
Balance at end of year	-	2,025,491	21,913,448	23,938,939
Net Book Value	₱205,901,939	₱583,510	₱3,429,241	₱209,914,690
	2014			
	Land	Building and Improvements	Condominium Units	Total
Cost				
Balance at beginning and end of year	₱205,901,939	₱2,609,001	₱25,342,689	₱233,853,629
Accumulated Depreciation				
Balance at beginning of year	-	1,792,926	20,383,927	22,176,853
Depreciation and amortization (Note 17)	-	122,532	1,220,082	1,342,614
Balance at end of year	-	1,915,458	21,604,009	23,519,467
Net Book Value	₱205,901,939	₱693,543	₱3,738,680	₱210,334,162



Land, building and improvements in Batangas are leased out to related parties, while condominium units are leased out to third parties (see Note 14).

The investment properties have an aggregate fair value of ₱768.6 million based on an appraisal made by an accredited independent appraiser in November 2015. 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. The fair value of the investment properties is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation. The inputs used were asking prices of similar listings and offerings. Significant increases or decreases in asking price would result in higher or lower fair value of the asset.

Rent income attributable to the investment properties amounted to ₱19.4 million, ₱19.3 million and ₱18.8 million in 2015, 2014 and 2013, respectively. The operating expenses directly attributable to the investment properties pertaining to depreciation and real estate taxes amounted to ₱4.7 million, ₱5.7 million and ₱5.8 million in 2015, 2014 and 2013, respectively.

12. Property and Equipment

This account consists of:

	2015			Total
	Building	Office Machine, Furniture and Fixtures	Transportation Equipment	
Cost				
Balance at beginning and end of year	₱5,397,020	₱333,634	₱776,186	₱6,506,840
Accumulated Depreciation				
Balance at beginning of year	5,390,450	325,053	748,675	6,464,178
Depreciation (Note 17)	6,567	5,714	12,238	24,519
Balance at end of year	5,397,017	330,767	760,913	6,488,697
Net Book Value	₱3	₱2,867	₱15,273	₱18,143

	2014			Total
	Building	Office Machine, Furniture and Fixtures	Transportation Equipment	
Cost				
Balance at beginning of year	₱5,397,020	₱582,115	₱776,186	₱6,755,321
Addition	–	11,429	–	11,429
Retirement	–	(259,910)	–	(259,910)
Balance at end of year	5,397,020	333,634	776,186	6,506,840
Accumulated Depreciation				
Balance at beginning of year	5,080,103	582,115	653,002	6,315,220
Depreciation (Note 17)	310,347	2,847	95,673	408,867
Retirement	–	(259,909)	–	(259,909)
Balance at end of year	5,390,450	325,053	748,675	6,464,178
Net Book Value	₱6,570	₱8,581	₱27,511	₱42,662

Fully depreciated assets amounting ₱6.3 million are still in use as of December 31, 2015 and 2014.



13. Accounts Payable and Other Current Liabilities

This account consists of:

	2015	2014
Advance Rentals:		
Affiliate (Note 14)	₱231,001	₱245,665
Others	1,364,906	1,255,577
Accrued expenses	1,280,649	1,374,390
Accounts payable	186,004	187,974
Taxes payable	176,899	268,622
Unearned rent	78,768	78,768
Provisions	-	715,000
Others (Note 14)	108,691	-
	<u>₱3,426,918</u>	<u>₱4,125,996</u>

Advance rentals are applied against rent due at the end of the lease term.

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

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

Provisions represent accruals for claims of third parties. These are expected to be settled within one year. Provisions amounting to ₱0.7 million were reversed in 2015 since the management believes that it is no longer probable that this amount will be settled.

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

Other accounts payable pertains to unclaimed monies or dividends by stockholders which are noninterest-bearing and due and demandable (see Note 14).

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; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individuals.

Terms and Conditions of Transactions with Related Parties

Outstanding balances of transactions with related parties are unsecured and settlements are made in cash. For the years ended December 31, 2015, 2014 and 2013, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken each financial year through examination of the financial position of each related party and the market in which the related party operates.



Outstanding balances arising from related party transactions are as follows:

2015

Category	Transaction Amount	Outstanding Balance	Terms	Conditions
<i>Affiliate</i>				
Loan receivable (Note 7)				
KPMI (g)	₱-	₱187,500,000	Interest-bearing, repriced semi-annually, payable in quarterly installment, 5-year	Unsecured, no impairment
KPMI (h)	131,000,000	100,000,000	Interest-bearing, 2.85% to 4.0%, 45 to 90 days	Unsecured, no impairment
Lease receivables (Note 7)				
KPMI (a)	10,353,000	35,487,711	Noninterest-bearing, 30-year	Unsecured, no impairment
KPMI (b, c and d)	3,206,599	317,353	Non-interest bearing, renewable annually	Unsecured, no impairment
Interest				
KPMI (g)	₱7,433,030	₱471,246	Repriced semi-annually, payable quarterly 5-year	Unsecured, no impairment
KPMI (h)	555,367	324,543	45 to 90 days	Unsecured, no impairment
Advance rentals and refundable deposits (Notes 13 and 21)				
KPMI (a, b, and d)	-	462,001	Noninterest-bearing, end of lease term	Unsecured
Due from related parties (Note 7)				
KPMI (f and l)	395,239	10,799	Noninterest-bearing, 30-to-60 days	Unsecured, no impairment
Keppel Subic Shipyard, Inc. (KSSI) (f)	44,024	3,388	Noninterest-bearing, 30-to-60 days	Unsecured, no impairment
Keppel Philippines Properties, Inc. (f)	19,869	19,869	Noninterest-bearing, 30-to-60 days	Unsecured, no impairment
Other payables (Note 13)				
Stockholders	108,691	108,691	Noninterest-bearing; Due and demandable	Unsecured



2014

Category	Transaction Amount	Outstanding Balance	Terms	Conditions
<i>Affiliate</i>				
Loan receivable (Note 7)				
KPMI (g)	₱200,000,000	₱200,000,000	Interest-bearing, repriced semi-annually, payable quarterly installment, 5-year	Unsecured, no impairment
Lease receivables (Note 7)				
KPMI (a, b, c and d)	13,466,766	35,393,933	Noninterest-bearing, 30-year	Unsecured, no impairment
Interest				
KPMI (g)	2,042,000	491,079	Repriced semi-annually, payable quarterly 5-year	Unsecured, no impairment
Advance rentals and refundable deposits (Note 21)				
KPMI (a, b and d)	-	443,328	Noninterest-bearing, end of lease term	Unsecured, no impairment
Due from related parties (Note 7)				
KPMI (f)	285,887	-	Noninterest-bearing, 30-to-60 days	Unsecured, no impairment
KSSI (f)	43,441	-	Due and demandable	Unsecured, no impairment

The Group entered into various lease and management agreements with related parties as follows:

2015

Category	Basis	Transaction Amount	Outstanding	Terms and Conditions
Other related parties				
Keppel Energy Consultancy, Inc. (KECI)				
Management fee (e)	₱25,000 per month	₱300,000	₱-	30-to-60 days, renewable annually
Rental income (c)	₱19,000 per month	228,000	-	30-to-60 days, 2-year term
KPMI				
Rental income (a)	₱862,750 monthly	10,353,000	35,487,711	Non-interest-bearing, 30-year
Rental income (b, c and d)	₱18,750 - ₱175,364 monthly	3,219,829	317,353	30-to-60 days, renewable annually
Kepwealth Property Phils, Inc. (KPPI)				
Management fees (e)	₱50,000 per month	600,000	-	30-to-60 days, renewable annually
Rental income (c)	₱21,000 - ₱23,100 per month	270,900	-	30-to-60 days, renewable annually
Keppel IVI Investments, Inc. (KIVI)				
Management fees (e)	₱15,000 per month	180,000	-	30-to-60 days, renewable annually
Rental income (c)	₱25,000 per month	300,000	-	30-to-60 days, 2-year term

(Forward)



Category	Basis	Transaction Amount	Outstanding	Terms and Conditions
Kepwealth Inc.				
Management fees (e)	₱8,000 per month	96,000	–	30-to-60 days, renewable annually
Kepventure Inc.				
Management fees (e)	₱2,000 per month	24,000	–	30-to-60 days, renewable annually
2014				
Category	Basis	Transaction Amount	Outstanding	Terms and Conditions
Other related parties				
KECI				
Management fee (e)	₱25,000 per month	₱300,000	–	30-to-60 days, renewable annually
Rental income (c)	₱19,000 per month	228,000	–	30-to-60 days, 2-year term
KPMI				
Rental income (a)	₱862,750 monthly	10,353,000	35,393,933	Non-interest-bearing, 30-year
Rental income (b, c and d)	₱18,000 - ₱167,012 monthly	3,051,000	–	30-to-60 days, renewable annually
KPPI				
Management fees (e)	₱50,000 per month	600,000	–	30-to-60 days, renewable annually
Rental income (c)	₱20,000 per month	240,000	–	30-to-60 days, 2-year term
KIVI				
Management fees (e)	₱15,000 per month	₱180,000	–	30-to-60 days, renewable annually
Rental income (c)	₱25,000 per month	300,000	–	30-to-60 days, 2-year term
(Kepwealth Inc.)				
Management fees (e)	₱8,000 per month	96,000	–	30-to-60 days, renewable annually
Kepventure Inc.				
Management fees (e)	₱2,000 per month	24,000	–	30-to-60 days, renewable annually

All of the above related parties are affiliates (i.e., entities under common control) of the Parent Company.

Following are the Group's transactions with related parties:

- a. GMRI leases parcels of land to KPMI. The agreement covers properties in the site of KPMI's shipyard for a period of 50 years beginning 1993. The annual lease rate amounted to ₱10.4 million and is subject to an escalation clause of 2% after every five (5) years. Rent income based on the straight-line method amounted to ₱9.6 million in 2015, 2014, and 2013. Total outstanding balance of lease receivables presented in the consolidated statements of financial position representing lease differential in the computation of rent income using straight line method amounted to ₱34.6 million and ₱35.4 million as of December 31, 2015 and 2014, respectively. Advance rentals and deposits of KPMI amounted to ₱0.1 million as of December 31, 2015 and 2014, respectively.



Future minimum rentals receivable from this transaction follow:

	2015	2014
Within one year	₱10,353,000	₱10,353,000
After one year but not more than five years	52,541,475	52,386,180
More than five years	236,090,217	246,598,512
	₱298,984,692	₱309,337,692

- b. GMRI also leases a parcel of land for one year from January 1, 2015 to December 31, 2015. The lease contract was renewed for another year effective January 1, 2016. Rental income derived from these transactions amounted to ₱0.4 million in 2015, 2014 and 2013.

GRDC leased its properties to KPMI for one year from January 1, 2015 to December 31, 2015. The lease contracts were renewed for another year effective January 1, 2016. Rental income derived from these transactions amounted to ₱0.2 million in 2015, 2014 and 2013. Future minimum rentals receivable from the renewal of contracts amounted to ₱0.2 million as of December 31, 2015 and 2014. The outstanding balance of lease receivable amounted to ₱0.02 million and nil as of December 31, 2015 and 2014, respectively. Advance rentals and deposits from KPMI amounted to ₱0.04 million as of December 31, 2015 and 2014.

- c. KPSI leases certain properties to KPMI, KIVI, KPPI and KECI, its affiliates, for a period of one year, renewable annually. Rental income derived from the lease amounted to ₱1.2 million in 2015, 2014 and 2013. The lease contracts with KPMI and KPPI were last renewed on April 11, 2015 and March 31, 2015, respectively for a period of one (1) year. Lease contracts with KIVI and KECI are for two years and subject for renewal on April 1, 2016 and June 1, 2016, respectively. The outstanding balance of lease receivable amounted to ₱0.01 million and nil as of December 31, 2015 and 2014, respectively.
- d. The Parent Company and KPMI has an existing land lease agreement on a piece of land which is the subject of complaint against the Philippine National Oil Company (PNOC) (see Note 22). The monthly rent for the said piece of land is ₱0.2 million for a period of one year, subject to yearly renewal. In July 2015, the lease agreement was renewed for another year with 5% increase. Rental income derived from the land amounted to ₱2.1 million in 2015, ₱2.0 million in 2014 and 2013. Future minimum lease rentals receivable from the renewed contract amounted to ₱1.0 million as of December 31, 2015 and 2014. Outstanding balance of lease receivables amounted to ₱0.2 million and nil of December 31, 2015 and 2014, respectively (Note 7). Advance rentals and deposits amounted to ₱0.4 million and ₱0.3 million as of December 31, 2015 and 2014, respectively.
- e. The Parent Company provides accounting services to KECI, an affiliate, for a monthly management fee of ₱25,000. The agreement is considered renewed every year thereafter, unless one party gives the other a written notice of termination at least three months prior to the anniversary date.

On February 1, 2013, the Parent Company entered into a new management agreement with Kepventure, Inc., Kepwealth Inc., KIVI, and KPPI for a monthly management fee of ₱2,000, ₱8,000, ₱15,000 and ₱50,000, respectively. The monthly management fees are subject to change depending upon the extent and volume of services provided by the Parent Company. This will cover regular consultancy, handling of financial reporting, personnel and administration services including payroll and other government documentary requirements. The agreement is considered renewed every year thereafter, unless one party gives the other a written notice of termination at least three months prior to the anniversary date.



Management fees earned amounted to ₱1.2 million in 2015, 2014 and 2013. As of December 31, 2015 and 2014, there was no intention from any of the parties to terminate the management services.

- f. Amounts due from KPMI, KSSI and Keppel Philippine Properties Inc. pertain to reimbursement of various expenses such as legal, communication and business development expenses paid by the Parent Company amounting to ₱0.03 million and nil as of December 31, 2015 and 2014, respectively.
- g. In September 2014, GMRI granted a long-term, interest-bearing loan to KPMI amounting to ₱200.0 million. The loan has five-year term, 15 months grace period on principal payment, and payable in equal quarterly installment. The loan is subject to interest repricing on semi-annual basis. The loan has an option for prepayment. The interest rate applied ranges from 3.5% to 4.0% in 2015 and from 3.4% to 3.5% in 2014. Outstanding long-term loan amounted to ₱187.5 million and ₱200.0 million as of December 31, 2015 and 2014, respectively. In December 2015, KPMI obtained another loan from GMRI amounting to ₱15.0 million with term of 45 days and interest rate of 2.9%. Interest income earned by GMRI from these loans amounted to ₱7.5 million and ₱2.0 million as of December 31, 2015 and 2014, respectively. Accrued interest receivable amounted to ₱0.5 million as of December 31, 2015 and 2014 (Note 7).
- h. In June 2015, the Parent Company granted short-term loan to KPMI amounting to ₱31.0 million with term of 18 days which was collected the following month. In September 2015, KPMI obtained short-term loan amounting to ₱50.0 million due after 45 days which was extended for additional 90 days starting November 2015. KPMI obtained another loan amounting to ₱35.0 million in December 2015 with term of 90 days. Interest rate applied ranges from 2.85% to 3.4% in 2015. Interest income recognized by the Parent Company from these loans amounted to ₱0.5 million in 2015. Accrued interest receivable amounted to ₱0.3 million as of December 31, 2015.
- i. Other accounts payable amounting to ₱0.1 million as of December 31, 2015 pertains to unclaimed monies or dividends by stockholders which are noninterest-bearing and due and demandable (Note 13).
- j. Total director's fees received by the Group amounted to ₱0.2 million in 2015 and 2014 and ₱0.3 million in 2013.
- k. Compensation of the key management personnel of the Group pertains to salaries and other short-term employee benefits amounting to a total of ₱4.8 million in 2015, ₱4.5 million in 2014 and ₱4.3 million in 2013.
- l. 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 ₱0.3 million in July 2015 which was recognized under "Other income" in the consolidated statement of income.



15. Capital Stock

The Class "A" and Class "B" shares of stock are identical in all respects and have ₱1 par value per share, except that Class "A" shares are restricted to ownership of Philippine nationals. Class "B" shares are 18% and 82% owned by Philippine nationals and foreign nationals, respectively, as of December 31, 2015 and 2014. Authorized and issued shares as of December 31, 2015 and 2014 follow:

Authorized - ₱1 par value:	
Class "A"	90,000,000
Class "B"	200,000,000
	290,000,000
Issued:	
Class "A"	39,840,970
Class "B"	33,332,530
	73,173,500

The weighted average number of shares outstanding as of December 31, 2015 and 2014 follow:

	Class A	Class B	Total
Issued shares	39,840,970	33,332,530	73,173,500
Less treasury shares	1,110,000	11,696,081	12,806,081
Weighted average number of shares (Note 19)	38,730,970	21,636,449	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.

Common shares	Number of shares Registered	Issue/Offer Price	Date of Approval	Number of Holders of Securities as of December 31, 2015
Class "A"	38,730,970	₱1.00	June 30, 2000	387
Class "B"	21,636,449	1.00	June 30, 2000	61
	60,367,419			

There are 433 and 437 total shareholders per record holding both Class A and B shares as of December 31, 2015 and 2014, 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 ₱9.9 million representing the cost of shares held in treasury as of December 31, 2015 and 2014.

The total number of Class "A" and Class "B" treasury shares are 1,110,000 and 11,696,081, respectively, amounting to ₱9.9 million as of December 31, 2015 and 2014. There were no acquisitions of treasury shares made for both years.



The Parent Company's BOD declared cash dividends of ₱0.10 per share or ₱6.0 million in 2015, 2014 and 2013 as follows:

	2015	2014	2013
Date of declaration and approval	June 19	May 28	June 6
Date of stockholders record	July 6	June 13	June 21
Date paid	July 30	July 9	July 17

In March 2015 and September 2014, GMRI declared cash dividend amounting to ₱17.0 million and ₱5.0 million, respectively. Out of this amount, the Parent Company received ₱8.5 million and ₱2.5 million in March 2015 and September 2014, respectively. Dividend declared and paid attributable to NCI amounted to ₱8.2 million and ₱2.4 million in 2015 and 2014, respectively.

Total cash dividend declared by the Group amounted to ₱14.2 million and ₱8.5 million in 2015 and 2014, respectively.

17. Operating Expenses

This account consists of:

	2015	2014	2013
Salaries, wages and employee benefits (Note 14)	₱6,956,757	₱6,601,890	₱6,745,563
Taxes and licenses	4,730,173	5,072,141	4,838,886
Professional fees	1,282,979	1,299,821	1,424,491
Provision for impairment losses (Notes 8 and 10)	519,166	514,735	3,257,275
Utilities	506,410	598,559	672,023
Transportation and travel	499,017	814,447	769,062
Membership dues	449,608	425,133	411,295
Depreciation and amortization (Notes 11 and 12)	443,991	1,751,481	2,267,672
Office supplies	124,688	144,977	117,048
Commission	92,821	21,621	-
Postage	63,186	40,065	44,871
Insurance	60,993	70,567	76,689
Repairs and maintenance	45,391	104,848	98,950
Advertising	7,350	7,350	9,450
Others	941,776	749,984	923,531
	₱16,724,306	₱18,217,619	₱21,656,806

Other expenses consist of bank charges, business development expenses and various items that are individually immaterial.



18. Income Tax

The provision for income tax consists of:

	2015	2014	2013
Current	₱4,368,083	₱2,087,630	₱1,374,973
Final	320,953	526,721	1,354,354
Deferred	(41,835)	(51,407)	(54,828)
	₱4,647,201	₱2,562,944	₱2,674,499

The components of the Group's temporary differences, NOLCO and MCIT, which were not recognized in the books as deferred tax assets because management believes that it is not probable that future taxable profits will be available against which these can be utilized, are as follows:

	2015	2014
NOLCO	₱13,521,184	₱13,743,243
Allowance for doubtful accounts	2,152,580	2,152,580
Accrued expenses	1,934,206	2,192,359
Advance rentals	1,555,213	1,481,362
MCIT	281,984	264,088

The deferred tax liability of ₱1.7 million and ₱1.8 million as of December 31, 2015 and 2014, respectively pertains to the income tax effect of lease receivables accrued using the straight-line method.

Following are the changes in NOLCO and MCIT:

	2015	2014
NOLCO:		
Balance at beginning of year	₱13,743,243	₱14,648,343
Addition	4,946,424	4,729,930
Expiration	(5,168,483)	(5,635,031)
Balance at end of year	₱13,521,184	₱13,743,243
MCIT:		
Balance at beginning of year	₱264,088	₱279,588
Addition	95,596	92,316
Expiration	(77,700)	(107,816)
Balance at end of year	₱281,984	₱264,088

The carryforward benefits of MCIT can be claimed as tax credit against regular income tax payable and the balance of NOLCO can be claimed as deduction from regular corporate taxable income subject to the following expiration dates:

Dates incurred	MCIT	NOLCO	Expiration dates
December 31, 2013	₱94,072	₱3,844,830	December 31, 2016
December 31, 2014	92,316	4,729,930	December 31, 2017
December 31, 2015	95,596	4,946,424	December 31, 2018
	₱281,984	₱13,521,184	

In August 2007, GMRI was registered as a developer/operator of Keppel Philippines Marine Special Economic Zone with the Philippine Economic Zone Authority (PEZA) pursuant to Presidential Proclamation No. 1329 dated July 16, 2007 and the provisions of Republic Act



No. 7916, otherwise known as the amended “Special Economic Zone Act of 1995”. With this registration, GMRI is entitled to the special tax rate of 5% on gross income, in lieu of all national and local taxes, except real property taxes on land owned by GMRI.

A reconciliation of the income tax at statutory income tax rate to provision for income tax as shown in the consolidated statements of income follows:

	2015	2014	2013
Statutory income tax	₱9,470,774	₱8,631,221	₱7,030,804
Income tax effects of:			
Interest income subjected to final tax	(82,738)	165,809	518,240
Nondeductible expense	107,599	70,462	5,650
Nontaxable income	(973,537)	(6,768,489)	(5,360,617)
Income subjected to lower tax rate	(5,451,863)	(1,254,408)	(1,449,174)
Change in unrecognized deferred tax assets	1,576,966	1,718,349	1,929,596
Effective income tax	₱4,647,201	₱2,562,944	₱2,674,499

Income tax payable as of December 31, 2015 and 2014 amounted to ₱0.3 million and ₱0.2 million, respectively.

19. Earnings Per Share

EPS computation is as follows:

	2015	2014	2013
Net income attributable to equity holders of the parent (a)	₱13,170,428	₱12,290,614	₱9,219,933
Weighted average number of shares outstanding (b) (Note 15)	60,367,419	60,367,419	60,367,419
Earnings per share (a/b)	₱0.218	₱0.204	₱0.153

The Group has no potential shares that will have a dilutive effect on earnings per share.



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:

	2015				
	Investment Holding	Real estate	Combined	Eliminations	Consolidated
Revenue					
Third party	₱4,848,810	₱25,364,454	₱30,213,264	₱-	₱30,213,264
Inter-segment	13,038,180	-	13,038,180	(13,038,180)	-
Equity in net earnings of an associate	(66,036)	14,854,238	14,788,202	-	14,788,202
Total revenue	17,820,954	40,218,692	58,039,646	(13,038,180)	45,001,466
Income before tax	8,774,572	35,822,262	44,596,834	(13,027,586)	31,569,248
Provision for income tax	306,004	4,341,197	4,647,201	-	4,647,201
Net income	8,468,568	31,481,065	39,949,633	(13,027,586)	26,922,047
Other Information					
Segment assets	227,047,928	913,509,829	1,140,557,757	(114,391,791)	1,026,165,966
Segment liabilities	2,538,076	9,943,346	12,481,422	(5,123,062)	7,358,360
Depreciation and amortization	-	443,991	443,991	-	443,991
	2014				
	Investment Holding	Real estate	Combined	Eliminations	Consolidated
Revenue					
Third party	₱3,974,868	₱21,171,066	₱25,145,934	₱-	₱25,145,934
Inter-segment	6,213,100	-	6,213,100	(6,213,100)	-
Equity in net earnings of an associate	(15,553)	19,979,588	19,964,035	-	19,964,035
Total revenue	10,187,968	41,150,654	51,338,622	(6,228,653)	45,109,969
Income before tax	557,807	33,340,982	33,898,789	(5,128,053)	28,770,736
Provision for income tax	244,620	2,318,324	2,562,944	-	2,562,944
Net income	313,187	31,022,658	31,335,845	(5,128,053)	26,207,792
Other Information					
Segment assets	223,860,640	903,277,117	1,127,137,757	(113,866,704)	1,013,271,053
Segment liabilities	2,582,614	10,943,298	13,525,912	(5,583,060)	7,942,852
Depreciation and amortization	83,425	1,668,056	1,751,481	-	1,751,481
	2013				
	Investment Holding	Real estate	Combined	Eliminations	Consolidated
Revenue					
Third party	₱4,933,693	₱21,920,440	₱26,854,133	₱-	₱26,854,133
Inter-segment	3,709,437	-	3,709,437	(3,709,437)	-
Equity in net earnings of an associate	(39,448)	17,908,171	17,868,723	-	17,868,723
Total revenue	8,603,682	39,828,611	48,432,293	(3,709,437)	44,722,856
Income before tax	(1,842,946)	27,818,407	25,975,461	(2,539,448)	23,436,013
Provision for income tax	452,250	2,222,249	2,674,499	-	2,674,499
Net income	(2,295,196)	25,596,158	23,300,962	(2,539,448)	20,761,514
Other Information					
Segment assets	229,291,915	879,064,191	1,108,356,106	(112,611,429)	995,744,677
Segment liabilities	2,290,334	28,135,200	30,425,534	(22,251,508)	8,174,026
Depreciation and amortization	143,004	2,124,668	2,267,672	-	2,267,672



Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated in consolidation.

All of the Group's revenues are derived from operations within the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*. Rental income from KPMI amounting to ₱13.6 million in 2015, ₱13.5 million in 2014 and ₱11.4 million in 2013 comprise more than 10% of the Group's revenue.

21. Financial Risk Management Objectives and Policies

The Group's principal financial assets 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 financial 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 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. 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 in 2015 and 2014 pertains to the loan receivable from a related party amounting to ₱287.5 million and ₱200 million, respectively, which comprise 83% and 61% of the Group's loans and receivables in 2015 and 2014, respectively.

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

	2015	2014
Loans and receivables:		
Cash and cash equivalents*	₱55,128,375	₱127,879,635
Receivables		
Loan receivable from a related party	287,500,000	200,000,000
Current portion of lease receivables**	1,188,905	169,709
Interest receivable	822,801	547,239
Due from related parties	34,056	-
	₱344,674,137	₱328,596,583

* Excluding cash on hand

** Noncurrent portion of lease receivables arises from the straight-line recognition of rental income



The table below shows the financial effect of collateral or credit enhancement to the Group's financial assets as of December 31, 2015 and 2014:

	2015			
	Gross Maximum Exposure	Fair Value of Collateral or Credit Enhancement	Net Exposure	Financial Effect of Collateral or Credit Enhancement
Financial Assets				
Loans and receivables:				
Cash and cash equivalents*	₱55,128,375	₱-	₱55,128,375	₱-
Receivables				
Loan receivable from a related party	287,500,000	-	287,500,000	-
Current portion of lease receivables**	1,188,905	1,885,757	-	1,188,905
Interest receivable	822,801	-	822,801	-
Due from related parties	34,056	-	34,056	-
	₱344,674,137	₱1,885,757	₱343,485,232	₱1,188,905

* Excluding cash on hand

**Noncurrent portion of lease receivables arises from the straight-line recognition of rental income. Collateral or credit enhancement on the lease receivables pertains to security deposits received by the Company.

	2014			
	Gross Maximum Exposure	Fair Value of Collateral or Credit Enhancement	Net Exposure	Financial Effect of Collateral or Credit Enhancement
Financial Assets				
Loans and receivables:				
Cash and cash equivalents*	₱127,879,635	₱-	₱127,879,635	₱-
Receivables				
Loan receivable from a related party	200,000,000	-	200,000,000	-
Current portion of lease receivables**	169,709	1,768,179	-	169,709
Interest receivable	547,239	-	547,239	-
	₱328,596,583	₱1,768,179	₱328,426,874	₱169,709

* Excluding cash on hand

**Noncurrent portion of lease receivables arises from the straight-line recognition of rental income. Collateral or credit enhancement on the lease receivables pertains to security deposits received by the Company.

Credit quality

The table below shows the credit quality of the Group's financial assets as of December 31, 2015 and 2014:

December 31, 2015

	Neither Past Due nor Impaired	Past Due but not Impaired	Impaired	Total
	High Grade			
Financial assets				
Loans and receivables:				
Cash and cash equivalents*	₱55,128,375	₱-	₱-	₱55,128,375
Receivables				
Loan receivable from a related party	287,500,000	-	-	287,500,000
Current portion of lease receivables**	1,188,905	-	-	1,188,905
Nontrade	-	-	2,152,580	2,152,580
Interest receivable	822,801	-	-	822,801
Due from related parties	34,056	-	-	34,056
	₱344,674,137	₱-	₱2,152,580	₱346,826,717

* Excluding cash on hand

**Noncurrent portion of lease receivables arises from the straight-line recognition of rental income



December 31, 2014

	Neither Past Due nor Impaired High Grade	Past Due but not Impaired	Impaired	Total
Financial assets				
Loans and receivables:				
Cash and cash equivalents*	P127,879,635	P-	P-	P127,879,635
Receivables				
Loan receivable from a related party	200,000,000	-	-	200,000,000
Current portion of lease receivables**	169,709	-	-	169,709
Nontrade	-	-	2,152,580	2,152,580
Interest receivable	547,239	-	-	547,239
	P328,596,583	P-	P2,152,580	P330,749,163

* Excluding cash on hand

**Noncurrent portion of lease receivables arises from the straight-line recognition of rental income

The Group expects the current portion of the lease receivables to be realized within three months from the 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 credit 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.

Liquidity risk

Liquidity risk 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. The table below summarizes the maturity profile of the Group's nonderivative financial assets and liabilities as of December 31, 2015 and 2014 based on contractual undiscounted payments:

	2015				Total
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	
Financial assets					
Loans and receivables:					
Cash and cash equivalents	P2,406,137	P52,727,238	P-	P-	P55,133,375
Receivables					
Loan receivables	-	-	150,000,000	137,500,000	287,500,000
Lease receivables	-	1,188,905	-	34,624,961	35,813,866
Interest receivable	27,012	795,789	-	-	822,801
Due from related parties	34,056	-	-	-	34,056
AFS financial assets	-	-	-	15,800,001	15,800,001
	P2,467,205	P54,711,932	P150,000,000	P187,924,962	P395,104,099
Financial liabilities					
Accounts payable and other current liabilities (excluding output VAT, advances rentals, provisions and other taxes payable)	P108,691	P1,466,654	P-	P-	P1,575,345
Refundable deposits	-	-	1,885,757	-	1,885,757
	P108,691	P1,466,654	P1,885,757	P-	P3,461,102



	2014				Total
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	
Financial assets					
Loans and receivables:					
Cash and cash equivalents	P3,090,862	P124,793,773	P-	P-	P127,884,635
Receivables					
Loan receivables	-	-	12,500,000	187,500,000	200,000,000
Lease receivables	-	169,709	-	35,393,933	35,563,642
Interest receivable	56,160	491,079	-	-	547,239
AFS financial assets	-	-	-	15,000,001	15,000,001
	P3,147,022	P125,454,561	P12,500,000	P237,893,934	P378,995,517
Financial liabilities					
Accounts payable and other current liabilities (excluding output VAT, advance rentals, provisions and other taxes payable)	P-	P1,562,364	P-	P-	P1,562,364
Refundable deposits	-	-	1,794,468	-	1,794,468
	P-	P1,562,364	P1,794,468	P-	P3,356,832

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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 being repriced semi-annually. Since the Company's long-term loan was granted to a related party, there is no requirement for collateral or guaranty (see Note 14).

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates for the next financial year, with all other variables held constant, of the Company's income before tax (through the impact on floating rate receivables):

2015

Change in Interest Rates (%)	Effect on Income Before Tax
+0.1	P196,750
-0.1	(196,750)

2014

Change in Interest Rates (%)	Effect on Income Before Tax
+0.2	P383,333
-0.2	(383,333)

The Group determined the reasonably possible change in interest rate using the percentage changes in floating rates for the past four quarters for the years ended December 31, 2015 and 2014.

Equity price risk

Equity price risk is the risk that the fair value of equities will decrease resulting from changes in the levels of equity indices and the value of individual stocks.



The Group's price risk exposure relates to its quoted AFS financial asset 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.

The effect on other comprehensive income (as a result of a change in fair value of instruments held as AFS) due to a reasonably possible change in indices, with all other variables held constant, is as follows:

2015		
	Change in Equity Price (%)	Effect on Other Comprehensive Income Increase (Decrease)
Quoted club share	+8.00	P932,800
	-8.00	(P932,800)
2014		
	Change in Equity Price (%)	Effect on Other Comprehensive Income Increase (Decrease)
Quoted club share	+13.00	P1,954,445
	-13.00	(P1,954,445)

The Group determined the reasonably possible change in equity pricing percentage changes in the fair value for the past three years.

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 adjustments to it, in light of changes in economic conditions.

The Group monitors capital using a debt to equity ratio, which is 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 December 31, 2015 and 2014 are as follows:

	2015	2014
Total liabilities	P7,358,360	P7,942,852
Total equity	1,018,807,606	1,005,328,201
Debt to equity ratio	0.007:1	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 December 31, 2015 and 2014 except for long-term loan receivable with carrying amount of ₱187.5 million and fair value of ₱197.9 million and ₱200.0 million and fair value of ₱180.4 million as of December 31, 2015 and 2014, respectively. The fair value of long-term loan receivable was determined by discounting future cash flows using prevailing market interest rate of 2.4% to 5.5% and 2.4% to 5.8% in 2015 and 2014, respectively.

AFS Financial Assets

The fair value of quoted AFS financial instrument 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 AFS financial instruments are carried at cost, less any allowance for impairment loss.

Fair Value Hierarchy

As of December 31, 2015 and 2014, the Group classifies its quoted AFS financial asset amounting to ₱15.8 million and ₱15.0 million as December 31, 2015 and 2014, under Level 1 of the fair value hierarchy. During the years ended December 31, 2015 and 2014, 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. Other Matters

In September 2003, the Parent Company filed a complaint against PNOC for specific performance with the Regional Trial Court of Batangas City for the enforcement of the contract relating to the option to purchase a piece 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 in the same year. The Court of Appeals dismissed the PNOC's appeal in December 2011.

In July 2007, the Parent Company and PNOC signed a compromise agreement wherein both parties agreed to increase the purchase price to ₱6.1 million. This, however, was never approved by the Office of the Solicitor General. In July 2012, PNOC filed a petition for review on certiorari of the decision of the Court of Appeals. On November 7, 2013, the Parent Company filed a Motion to Resolve with the Supreme Court to ask for an early resolution and issue an order dismissing the Petition. As of January 28, 2016, the case is still pending before the Supreme Court.

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



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Keppel Philippines Holdings, Inc. and Subsidiaries
Unit 3-B, Country Space 1 Building
133 Sen. Gil Puyat Avenue
Salcedo Village, Barangay Bel-Air
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Keppel Philippines Holdings, Inc. and its subsidiaries (collectively, the Group) as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated January 28, 2016. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Securities Regulation Code 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao

Partner

CPA Certificate No. 109616

SEC Accreditation No. 1507-A (Group A),

September 24, 2015, valid until September 23, 2018

Tax Identification No. 245-571-753

BIR Accreditation No. 08-001998-110-2015,

March 4, 2015, valid until March 3, 2018

PTR No. 5321700, January 4, 2016, Makati City

January 28, 2016



KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

Schedule of All the Effective Standards and Interpretations Under PFRS in compliance with SRC Rule 68, As Amended (2011) December 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Borrowing Costs			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
	Amendments to PFRS 9: Financial Instruments	Not early adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Investment entities	✓		
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 13	Fair Value Measurement	✓		
IFRS 15	Revenue from Contracts with Customers	Not early adopted		
IFRS 16	Leases	Not early adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Clarification of the Requirements for Comparative Information			✓
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Classification of Servicing Equipment			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits (Revised)			✓
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
IFRIC 7	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 8	<i>Scope of PFRS 2</i>			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

KEPPEL PHILIPPINES HOLDINGS, INC.**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2015**

Unappropriated retained earnings, beginning	₱77,737,671
Adjustments:	
Restricted retained earnings for treasury shares	(9,898,178)
Unappropriated retained earnings, as adjusted, beginning	67,839,493
Add: Net income for the year	8,468,569
Less: Cash dividend declared	(6,036,742)
Non-actual/unrealized income net of tax:	—
Equity in net income of associate/joint venture	—
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain	—
Fair value adjustment	—
Fair value adjustment of Investment Property resulting to gain Adjustment due to deviation from PFRS/ GAAP- gain	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	—
Adjustment due to deviation from PFRS/GAAP - loss Loss on fair value adjustment of investment property (after tax)	—
<u>Unappropriated retained earnings, as adjusted, ending</u>	<u>₱70,271,320</u>

SUPPLEMENTARY SCHEDULES

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

Schedule A. Available-for sale-financial-assets and Other Short-term Cash Investments

December 31, 2015

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at Statements Date	Income Received and Accrued
AVAILABLE FOR SALE FINANCIAL ASSETS *				
Wack-Wack Golf and Country Club, Inc.	1	P 15,800,000	P 15,800,000	P -
Universal Rightfield Property Holdings, Inc.	4,400,000	1	1	
		P 15,800,001	P 15,800,001	P -
SHORT-TERM CASH INVESTMENTS **				
		P 52,727,238	P 52,727,238	P 1,604,765

* See Note 9 of the Consolidated Financial Statements

** See Note 6 of the Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
December 31, 2015

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Non Current	Ending Balance
			Amount Collected	Amount Written-Off			
Keppel Philippines Marine, Inc.	P 235,885,012	P 152,943,235	P (64,716,596)	P -	P 151,986,690	P 172,124,961	P 324,111,651
Keppel Subic Shipyard, Inc.	-	44,024	(40,636)	-	3,388	-	3,388
Keppel Philippines Properties Inc.	-	19,869	-	-	19,869	-	19,869
	P 235,885,012	P 153,007,128	P (64,757,232)	P -	P 152,009,947	P 172,124,961	P 324,134,908

See Note 14 of the Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
Schedule C. Other Long-term Investments, and Other Investments
December 31, 2015

Name of Issuing Entity and Description of Investment	BEGINNING BALANCE		ADDITIONS			DEDUCTIONS		ENDING BALANCE		Dividends Received Accrued from Investments Not Accounted for by the Equity Method
	Number Shares of Principal Amount of Bonds and Notes	Carrying Amount in Pesos	Impairment loss and Equity in Earnings (Losses) of Associates for the Period	Others		Distribution of Earnings by Investees	Others	Number Shares of Principal Amount of Bonds and Notes	Amount in Pesos	
INVESTMENTS At Equity:										
Goodwealth Ventures, Inc.	200,000	P 985,086	P (66,036)	P -	P (695,680)	P (223,370)		200,000	P -	
KP Capital, Inc.	1,250,000	-			-			1,250,000	-	
Consort Land, Inc.	17,466,196	418,587,048	14,854,238	-	(17,466,227)			17,466,196	415,975,059	
		P 419,572,134	14,788,202	P -	P (18,161,907)	P (223,370)			P 415,975,059	

See Note 10 of the Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
Schedule D. Indebtedness of Unconsolidated Subsidiary and Affiliates
December 31, 2015

Name of Affiliate	Beginning Balance	Ending Balance
KP Capital, Inc.	P -	P -
Goodwealth Ventures, Inc.	-	-
Consort Land, Inc.	-	-
	P -	P -

These advances are shown as part of "Investments in Associates " account in Note 10 to the Consolidated Financial Statements.

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
Schedule E. Investment Properties, and Property, Plant and Equipment
December 31, 2015

Classification	Beginning Balance	Additions at Cost	Retirements/ Disposal	Other Changes Additions (Deductions)	Ending Balance
Investment Properties					
Land	P 205,901,939	P -	P -	-	P 205,901,939
Building and improvements	2,609,001	-	-	-	2,609,001
Condominium units	25,342,689	-	-	-	25,342,689
	<u>233,853,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,853,629</u>
Property Plant & Equipment					
Building	5,397,020	-	-	-	5,397,020
Office machine, furnitures and fixtures	333,634	-	-	-	333,634
Transportation equipment	776,186	-	-	-	776,186
	<u>6,506,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,506,840</u>
	<u>P 240,360,469</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 240,360,469</u>

See Notes 11 and 12 of the Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
Schedule F. Accumulated Depreciation
December 31, 2015

Classification	Beginning Balance	Additions Charged to Costs and Expenses	Retirements/ Disposal	Other Changes- Additions (Deductions)	Ending Balance
Investment Properties					
Building and improvements	P 1,915,458	P 110,033	P -	P -	P 2,025,491
Condominium units	<u>21,604,009</u>	<u>309,439</u>	<u>-</u>	<u>-</u>	<u>21,913,448</u>
	<u>23,519,467</u>	<u>419,472</u>	<u>-</u>	<u>-</u>	<u>23,938,939</u>
Property Plant & Equipment					
Building	5,390,450	6,567	-	-	5,397,017
Office machine, furnitures and fixtures	325,053	5,714	-	-	330,767
Transportation equipment	<u>748,675</u>	<u>12,238</u>	<u>-</u>	<u>-</u>	<u>760,913</u>
	<u>6,464,178</u>	<u>24,519</u>	<u>-</u>	<u>-</u>	<u>6,488,697</u>
	P 29,983,645	P 443,991	P -	P -	P 30,427,636

See Notes 11 and 12 of the Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
 Schedule G. Intangible Assets - Other Assets
 December 31, 2015

Description	Beginning Balance	Additions At Cost	Deductions		Other Changes-Additions (Deductions)	Ending Balance
			Charged to Costs and Expenses	Charged to Other Accounts		
	P -	P -	P -	P -	P -	P -
NOT APPLICABLE						
	P -	P -	P -	P -	P -	P -

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

Schedule H. Long-term Debt

December 31, 2015

Name of Issuer and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long-term	Remarks
<p>NOT APPLICABLE</p>				
<p>P - P - P -</p>				

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

Schedule I. Indebtedness to Affiliates and Related Parties

December 31, 2015

Name of Affiliate		Beginning Balance		Ending Balance
Keppel Philippines Marine, Inc. (Advance Rental)	P	221,664	P	231,001
Keppel Philippines Marine, Inc. (Security Deposit)		221,665		231,000
	P	443,329	P	462,001

See Notes 13 and 14 of the Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
Schedule J. Guarantees of Securities of Other Issuers
December 31, 2015

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee
<p>₱ - ₱ -</p> <p>NOT APPLICABLE</p>				
<p>₱ - ₱ -</p>				

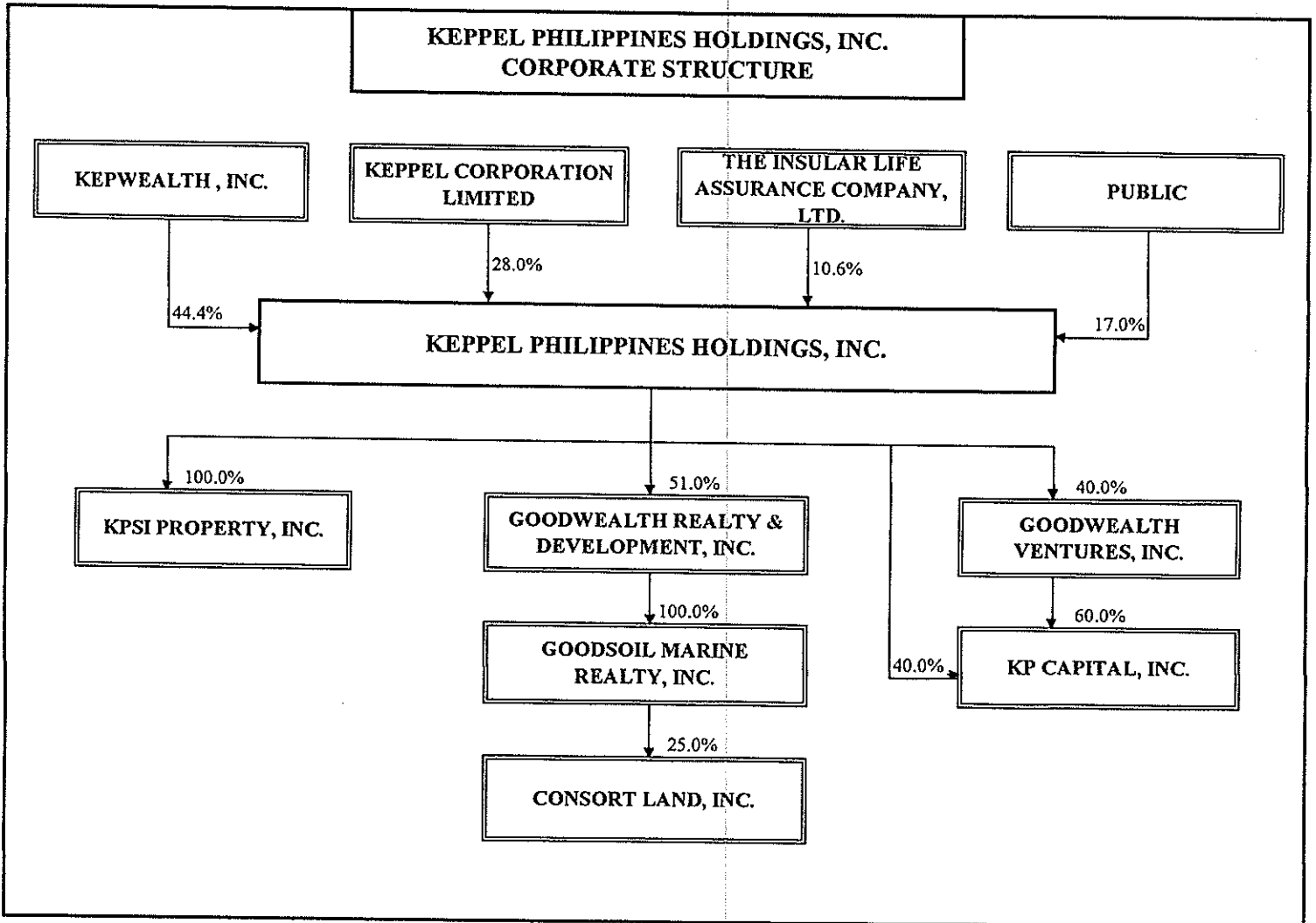
KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

Schedule K. Capital Stock

December 31, 2015

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Issued Shares:						
Common Class "A"	90,000,000	39,840,970				
Common Class "B"	200,000,000	33,332,530				
Total	290,000,000	73,173,500	-	-	-	-
Less Treasury Shares:						
Common Class "A"		1,110,000				
Common Class "B"		11,696,081				
Total		12,806,081				
Outstanding Shares:						
Common Class "A"		38,730,970		25,091,784	901	13,638,285
Common Class "B"		21,636,449		18,609,831	5	3,026,613
Total		60,367,419		43,701,615	906	16,664,898

See Notes 15 and 16 of the Consolidated Financial Statements



Financial Soundness Indicators

The financial soundness indicators of the Company for the last three (3) fiscal years are as follows:

Particulars	2015	2014	2013
A. Current and Liquidity Ratios			
1. Current Ratio (Current Assets/Current Liabilities)	37.01	22.90	49.58
2. Acid Test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	36.82	22.87	49.50
B. Solvency Ratio (Net Income + Depreciation)/Total Liabilities	3.75	3.52	2.82
C. Debt to Equity Ratio (Total Liabilities/Stockholders' Equity)	0.01	0.01	0.01
D. Asset to Equity Ratio	1.01	1.01	1.01
E. Debt Ratio (Total Liabilities/Total Assets)	0.01	0.01	0.01
F. Interest Coverage Ratio (EBIT/Interest Expense)	-	-	-
G. Profitability Ratios			
1. Return on Assets (%) (Net Income/(Total Assets))	2.62	2.59	2.09
2. Return on Equity (%) (Net Income/Stockholders' Equity)	2.64	2.61	2.10
H. Earnings per Share Attributable to Equity Holders of Parent (₱)	0.22	0.20	0.15