COVER SHEET

6 2 5 9 6

S.E.C Registration Number

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Stefan Tong Wai Mun/Felicidad V. Razon/ Ma. Melva E. Valdez	892 1816 815-9071
Contact Person	**Company Telephone Number**

12	31	SEC Form 20 IS –Definitive Information Statement	06	19
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

432 as of April 30, 2016

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Keppel Philippines

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

Tel.: (632) 892 1816
Tel.: (632) 892 1820 to 24
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SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAY 17 2016
MARKET REGULATION DEPT.
BY:
TIME: 9:45

NOTICE OF ANNUAL MEETING
OF STOCKHOLDERS OF
KEPPEL PHILIPPINES HOLDINGS, INC.

TO OUR STOCKHOLDERS:

Please take notice that the Annual Meeting of Stockholders of **Keppel Philippines Holdings, Inc.** shall be held on **17 June 2016**, Friday at **11:15 a.m., at Function 2 & 3, Basement 1, Belmont Hotel, Newport Boulevard, Newport City, 1301 Pasay City**.

The Agenda:

1. Call to Order
2. Proof of Notice of Meeting and Certification of Quorum
3. Reading and Approval of the Minutes of the Annual Stockholders' Meeting held on 19 June 2015
4. Presentation of the 2015 Annual Report and Approval of the 2015 Audited Financial Statements
5. Ratification of Corporate Acts and Proceedings of the Board of Directors, Officers and Management of the Corporation for the Period under Review
6. Amendment of Articles of Incorporation and By-Laws re Decrease in the Number of Directors from 9 to 7
7. Election of Directors for the Year 2016-2017
8. Directors' Remuneration
9. Appointment of External Auditor
10. Such other matters as may properly come up before the Meeting
11. Adjournment

The Board of Directors has fixed the close of business on May 18, 2016 as the record date for the determination of stockholders entitled to notice of and vote at the meeting.

Only stockholders of record at the close of business on May 18, 2016 are entitled to notice of, and to vote at, this meeting. For your convenience in registering your attendance, please bring your Identification Card and present the same at the registration desk at address stated above. Registration shall start at **10:30 a.m.**

MA. MELVA E. VALDEZ
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

SECURITIES AND EXCHANGE COMMISSION
MAY 17 2016
MARKET REGULATION DEPT.
BY: TIME:

1. Check the appropriate box:

   ____ Preliminary Information Statement
   _X_ Definitive Information Statement

2. Name of Registrant as specified in its charter: **KEPPEL PHILIPPINES HOLDINGS, INC.**

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **62596**

5. BIR Tax Identification No: **000-163-715-000**

6. Address of principal office:
   Unit 3-B Country Space 1 Building,
   133 Sen. Gil Puyat Avenue
   Salcedo Village, Barangay Bel-Air, Makati City

   Postal Code: **1200**

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

8. Date, time and place of the meeting of security holders:

Date	:	**June 17, 2016**
Time	:	**11:15 a.m.**
Place	:	**Function Rooms 2 & 3, Basement 1, Belmont Hotel Newport Boulevard, Newport City, 1301 Pasay City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **May 27, 2016**

10. In case of Proxy Solicitations: **NOT APPLICABLE**

    Name of Person Filing the Solicitation Statement:
    Address and Tel. No.

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

Title of Each Class	Number of Shares of Common Stock Outstanding (As of April 30, 2016)
Class 'A' Common	**38,730,970**
Class 'B' Common	**21,636,449**
	60,367,419 (Net of 12,806,081 Treasury shares)

12. Are any or all of registrant's securities listed on the Philippines Stock Exchange?
    Yes _X_ No ____

PART 1

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

1. Date, Time and Place of Meeting of Security Holders

(a) The annual stockholders' meeting shall be held on:

Date : **June 17, 2016**
Time : **11:15 a.m.**
Place : **Function Rooms 2 & 3, Basement 1, Belmont Hotel, Newport Boulevard, Newport City, 1301 Pasay City**

Complete Mailing Address of Principal Office of Registrant:
Keppel Philippines Holdings, Inc.
Unit 3-B Country Space 1 Building
133 Sen. Gil Puyat Avenue
Salcedo Village, Barangay Bel-Air, Makati City 1200

(b) The approximate date on which the information statement is first to be sent and given to the security holders shall be **May 27, 2016.**

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

2. Dissenters' Right of Appraisal

There are no matters or proposed corporate actions to be taken up during the annual stockholders meeting which may give rise to a possible exercise by security holders of their appraisal rights under Section 81 of the Corporation Code of the Philippines.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote taken for payment of the fair value of his shares: Provided, that failure to make the demand within such period shall be deemed a waiver for the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

(a) No person who has been a director or officer of the registrant at any time since the beginning of the last fiscal year, or any nominee for election as a director of the registrant, or associate of any of the foregoing persons, has any substantial interest in, direct or indirect, by security holdings or otherwise, on any matter to be acted upon other than election to office.
(b) No director of the registrant has informed the registrant in writing that he intends to oppose any action to be taken by the registrant at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

(a) Class of Voting Shares as of April 30, 2016:

Class of Voting Shares	No. of Shares Outstanding	No. of Vote Each Shares Entitled
Class 'A' Common Shares	38,730,970	One (1) vote per share
Class 'B' Common Shares	21,636,449	One (1) vote per share
Total Common Shares	60,367,419	One (1) vote per share

(b) All stockholders of record as of May 18, 2016 are entitled to notice of and to vote at the Annual Stockholders' Meeting.

(c) The election of directors shall be taken up at the meeting and pursuant to Section 24 of the Corporation Code. Each stockholder shall be entitled to one (1) vote per share. A stockholder may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. There are no conditions precedents for the exercise of the cumulative voting rights in the election of directors. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the whole number of directors to be elected. The shares shall be voted/casted by secret balloting and/or raising hands. In all matters included in the agenda, except the election of directors, the counting of votes will be done through the regular method.

(d) Information required by Part IV Paragraph (C) of "Annex C" to the extent known by the persons on whose behalf the solicitation is made.

(1) Security Ownership of Certain Record and Beneficial Owners:

The persons known to the registrant to be directly or indirectly the record or beneficial owner of more than 5% of the registrant's voting securities as of April 30, 2016 are as follows:

Title of Class	Name, Address of record owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Kepwealth, Inc. [a] Unit 3B, Country Space I Bldg., 133 Sen. Gil Puyat Ave. Salcedo Village, Barangay Bel-Air, Makati City	Same as Record Owner Alan I. Claveria (President)	Filipino	Class 'A': 25,091,784 Class 'B': 1,715,748 26,807,532	44.407
Common	Keppel Corporation Ltd. [b] 1 Harbour Front Ave, #18-01, Keppel Bay Tower, Singapore 098632	Same as Record Owner Chow Yew Yuen (Chief Executive Director-Keppel Offshore Marine)	Singaporean	Class 'B': 16,894,084	27.985
Common	PCD Nominee Corp. - Filipino [c] 37/F, Enterprise Bldg, Ayala Ave., Makati City	*The Insular Life Assurance Co., Ltd.* *Enrico L. Cordoba* *(Vice President for Corporate Planning)*	Filipino Foreign	Class 'A': 11,013,145 Class 'B': 2,053,869 Class 'B': 604,916 13,671,930 *Class 'A': 6,408,422*	22.648 *10.616*

a. *Kepwealth, Inc. is majority-owned by Kepventure, Inc. The Chairman, or in his absence, the President of Kepwealth is duly authorized as proxy to vote in the shares of Kepwealth in the Company.*

b. *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.*

c. *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 owners) 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. Aside from The Insular Life Assurance Co., Ltd. who is the beneficial owner of 6,408,422 shares or 10.616% of the total outstanding and issued capital stock of the Company, there are no other clients of PCD-Nominee Corp. that are reported to own more than 5% of the Company's total outstanding and issued common shares.*

(2) Security Ownership of Directors and Management as of April 30, 2016:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership ("d" or "i")	Citizenship	% of Class
Common	Chow Yew Yuen – Chairman / Director	Class 'B' : 1 (d)	Singaporean	-
Common	Stefan Tong Wai Mun – President / Director	Class 'B' : 1 (d)	Malaysian	-
Common	Celso P. Vivas – Independent Director	Class 'A' : 1 (d)	Filipino	-
Common	Noel M. Mirasol – Indpendent director	Class 'B' : 1 (d)	Filipino	-
Common	Enrico L. Cordoba – Director	Class 'A' : 1 (d)	Filipino	-
Common	Edmund Mah Soot Khiang[1] – Director	Class 'B': 1 (d)	Malaysian	-
Common	Benjamin P. Mata – Director	Class 'A': 897; B':1(d)	Filipino	-
Common	Ma. Melva E. Valdez – Director / Corporate Secretary	Class 'B' : 1 (d)	Filipino	-
Common	Felicidad V. Razon – Vice President / Treasurer / Director	Class 'A' : 1 (d)	Filipino	-
	Lory Anne P. Manuel-McMullin – Asst. Corporate Secretary	-	Filipino	-
Directors and Executive Officer as a Group		**906**		-

(d) for direct ownership and (i) for indirect ownership

(3) Voting Trust Holders of 5% or More
There are no voting trust holders of 5% or more.

[1] *Mr. Edmund Mah Soot Khiang was elected as a Director of KPH during the special Board of Directors' meeting held last February 19, 2016.*

(4) Changes in Control
There is no change in control of the registrant and there is no arrangement which may result in change of control.

(e) No change in control of the registrant has occurred since the beginning of the last fiscal year.

5. Directors and Executive Officers

(a) (1) Directors

The Board of Directors of the Company is currently composed of nine (9) members, two (2) of whom are independent directors. The term of office of each member is one (1) year except where the director is elected by the Board of Directors during the term. The members of the Board of Directors of the Company 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. The current members of the Board of Directors are as follows:

1. **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 as a regular member of the Board of Director of Keppel O&M and holds regular directorships on 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.

2. **Stefan Tong Wai Mun**, 43, Malaysian, was elected as President and regular Director in June 2007. He has been a regular Director of Keppel Philippines 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 the 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 18 years of experience in banking, finance and real estate.

3. **Celso P. Vivas**, 69, Filipino, has been elected Independent Director of Keppel Philippines Holdings, Inc. 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 a 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 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.

4. **Noel M. Mirasol**, 78, 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 regular Director and President of ICTSI Georgia Corp.-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 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 49 years of experience in finance in various industries.

5. **Enrico L. Cordoba**, 44, Filipino, 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 20 years of experience in his area of expertise.

6. **Mr. Edmund Mah Soot Khiang[2]**, 47, Malaysian, was elected as regular Director of the Company on February 19, 2016. He is also a Director of Keppel Philippines Marine Inc. since 03 June 2010. He is currently the General Manager (Finance) of Keppel Offshore & Marine Ltd. He was previously the Financial Controller of KSL. Mr. Mah graduated from the University of Adelaide in

South Australia with a Bachelor's Degree in Economics. He also holds a Master of Business Administration obtained from the University of Strathclyde of United Kingdom. He is a member of CPA Australia and Malaysian Institute of Accountants. He has more than 24 years working experience in accounting and finance.

7. **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 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. and Goodsoil Marine Realty, Inc. and Goodwealth Realty Development Corp. He also served as President of Keppel Phil. Shipyard, Inc. (now KPH) from 1975 to 1991. He graduated from the Philippine Merchant Marine Academy with a Bachelor of Science Degree in Marine Transportation and has 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 he has sat in various committees relating to maritime issues.

8. **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 (JGLaw). 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, Keppel Subic Shipyard, Inc., Keppel Batangas 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.

9. **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.

The foregoing business experiences of the directors cover the five-year period.

(2) Nominees for Election as Members of the Board of Directors

The Nomination Committee composed of Edmund Mah Soot Khiang (Chairman)[2], Celso P. Vivas, Noel M. Mirasol, and Stefan Tong Wai Mun received recommendations for the position of independent directors for the Company. The said recommendations were signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees. The nominating stockholders are not acting as a nominee or representative 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 a Deed of Trust or under any contract or arrangement. The qualifications of the candidates were pre-screened by the Nomination Committee. Hereunder is the Final List of Candidates:

Nominee	Nominating Person or Group	Relationship with the Nominee
Celso P. Vivas (Independent Director)	Stefan Tong Wai Mun	None
Noel M. Mirasol (Independent Director)	Ma. Melva E. Valdez	None

The amended By-laws of the Company, as approved by the Securities and Exchange Commission on September 9, 2003 and further amended on July 04, 2006, provides for the procedure for the nomination and election of Independent Directors pursuant to SRC Rule 38, as amended.

The nominees for the Board of Directors for the ensuing calendar year are as follows:

(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) Edmund Mah Soot Khiang[2]
(7) Felicidad V. Razon

No relationship exists as between the nominees and the person who nominated them.

[2] *Mr. Edmund Mah Soot Khiang was elected as a regular Director of KPH, Chairman of the Nomination Committee and Compensation Committee and member of Executive and Audit Committee during its special Board of Directors meeting held last February 19, 2016.*

(3) Incumbent Officers

(1) **Stefan Tong Wai Mun,** President - (See foregoing Director's Profile)

(2) **Ma. Melva E. Valdez**, Corporate Secretary – (See foregoing Director's Profile)

(3) **Felicidad V. Razon,** Vice President / Treasurer / Corporate Compliance and Information Officer – (See foregoing Director's Profile)

(4) **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 KPMI (a public company), Keppel Subic Shipyard, Inc., Keppel Batangas Shipyard, Inc. and various Keppel companies in the Philippines, 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., and Logwin Air + Ocean Phils., Inc.. She is also a regular Director and Corporate Secretary/Treasurer of Cominix (Phils), Inc.; a regular Director and Corporate Secretary of Mektec (Philippines) Corp., Tokai Precision Philippines, Inc., and A+O Distribution Corp.; regular 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 Commnications (Phils), 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.

As Keppel Philippines Holdings, Inc. is an investment holding company, there are only two (2) employees holding senior management positions in the Company, namely the President and Vice President/Treasurer.

The Officers are elected annually by the Board of Directors at its first meeting following the Annual Meeting of the Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected or shall have been qualified.

Currently, there are no directors or officers connected with or employed by any government agencies or its instrumentalities.

The following are the incorporators of Keppel Philippines Holdings, Inc. as appearing on the Company's Articles of Incorporation dated July 24, 1975:

Name	Nationalities
George Edwin Bogaars	Singaporean
Chua Chor Teck	Singaporean
Benjamin P. Mata	Filipino
Jose F.S. Bengzon, Jr.	Filipino
Adolfo S. Ascuna	Filipino

(4) Significant Employees

Other than its current officers mentioned in the preceding subsection, the Company has not engaged the services of any person who is expected to make significant contribution to the business of the Company.

(5) Family Relationships

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

(6) Involvement in Certain Legal Proceedings

To the knowledge and/or information of the Company, none of the directors/nominees and officer was involved during the past five (5) years up to the latest date in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment or decree of competent 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.

(7) Certain Relationships and Related Transactions

In the ordinary course of business, the Company has transactions with its affiliates. The significant transactions with affiliates are indicated in Note 14 - Related Party Transactions of the Accompanying Audited Consolidated Financial Statements.

(b) Except for the untimely demise of Mr. Toh Ko Lin last February 12, 2016, there was no other director who resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders because of a disagreement with the Registrant on any matter relating to the Registrant's operations, policies and practices.

6. **Compensation of Directors and Executive Officers**

(a) As the Company is an investment holding company, it has only two (2) executive officers, namely the President and Vice-President/Treasurer. The total annual compensation 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:

Name & Principal Position	Year	Salary	Bonus	Other Compensation
Stefan Tong Wai Mun - President				
Felicidad V. Razon – Vice President/ Treasurer				
Aggregate For President & Vice President/Treasurer	2016—Estimate	₱4,700,000	None	None
	2015	₱4,530,000	None	None
	2014	₱4,565,000	None	None
Aggregate For All Officers And Directors As A Group	2016 – Estimate	₱5,100,000	None	None
	2015	₱5,020,000	None	None
	2014	₱5,053,000	None	None

(b) Under the Company's By-Laws, directors shall receive such compensation for their services from time to time as maybe fixed by the stockholders. For the year 2015, the directors were each paid directors' fee amounting to ₱60,000 each and the same amount is budgeted for 2016 as annual directors' fee. There is no bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as director, or executive officers of the registrant will participate.

There were no standard or special arrangements and no special consulting contracts awarded to any director or officer of the Company, which was accordingly compensated or to be compensated and there are no amounts payable to any of the directors arising from participation in any working committee or special assignments in the current fiscal year or in the coming year.

(c) The employment contracts of key personnel are standard contract between employee and Company, specifying the work responsibilities, compensation and other benefits and is not exceptional in nature and will not be affected by a change-in-control, should this occur nor would it occur to a liability on the part of the registrant that would exceed ₱2,500,000 per officer.

(d) There are no existing warrants, options or rights to purchase any securities being issued or given to the Directors or Executive Officers as a form of compensation for services rendered.

7. **Independent Public Accountants**

(a) The external auditor of the Company for the most recently completed calendar year of 2015 is SyCip Gorres Velayo & Co. (SGV). The Audit Committee meeting, composed of: Celso P. Vivas (Chairman), Noel M. Mirasol, Enrico L. Cordoba, Edmund Mah Soot Khiang and Stefan Tong Wai Mun, has recommended to the Board the appointment of Isla Lipana & Co (PwC) as the new external auditor of the Company for the fiscal year 2016. The same shall be submitted to the stockholders for approval at the forthcoming annual stockholders' meeting.

The Audit Committee evaluates proposals based on the quality of service, commitment to deadline and fees. The Committee may require a presentation from each proponent to clarify some issues.

(b) Ms. Jennifer D. Ticlao is the partner-in-charge from SGV for the audited financial statements of the Company for the year ended December 31, 2015. Representatives of SGV are expected to be present during the stockholders' meeting. The representatives will have the opportunity to make statements if they desire to do so and will be available to respond to appropriate questions from the security holders.

The Company is in full compliance with SRC Rule 68, par. 3(b) (iv) on Rotation of External Auditors. The Company has not engaged Ms. Ticlao, partner of SGV, for more than five (5) years.

Roderick M. Danao, Vice Chairman of Assurance Managing Partner of Isla Lipana (PwC), will be the partner-in-charge for the ensuing year 2016.

(c) The aggregate annual external audit fees billed for each of the last two (2) fiscal years for the audit of the Company's annual financial statements or services that are normally provided by the external auditor as follows:

	2015	2014
1. Audit, other Assurance and Related Fees	₱350,000	₱320,000
2. Tax Fees	-	-
3. All Other Fees	-	-

(d) During the registrant's two (2) most recent fiscal years or any subsequent interim period,

(1) No independent accountant who was previously engaged as the principal accountant to audit the registrant's financial statements, or an independent accountant on whom the principal accountant expressed reliance in its report regarding a significant subsidiary, has resigned (or indicated it has declined to stand for re-election after the completion of the current audit) or was dismissed; and

(2) No new independent accountant has been engaged as either the principal accountant to audit the registrant's financial statements or as an independent accountant on whom the principal accountant has expressed or is expected to express reliance in its report regarding a significant subsidiary.

8. Compensation Plans

(a) No action is to be taken with respect to any stock options, warrants or rights plan.

(b) No action is to be taken with respect to any other type of compensation plan.

C. ISSUANCE AND EXCHANGE OF SECURITIES – Not Applicable

D. OTHER MATTERS

15. Actions with Respect to Reports

The approval of the stockholders on the following matters will be taken:

(a) Annual Report and Audited Financial Statements for the year ended December 31, 2015

Approval of the Annual Report/Audited Financial Statements constitutes a ratification of the Company's performance during the previous fiscal year as contained therein.

(b) Minutes of the 2015 Annual Meeting of the Stockholders

Approval of the minutes of the 2015 Annual Stockholders' Meeting constitutes a ratification of the accuracy and faithfulness of the Minutes as to the events which transpired during the said meeting, such as the Approval of the Minutes of the Annual Stockholders' Meeting held on May 28, 2014, Presentation of the 2014 Annual Report and Approval of the 2014 Audited Financial Statements, Ratification of Corporate Acts and Proceedings of the Board of Directors, Officers and Management for the Period under Review, Election of Directors for the Year 2015-2016, Approval of Directors' Remuneration and Appointment of External Auditor. This does not constitute a second approval of the same matters taken up at the 2015 Annual Stockholders' Meeting which had already been approved.

16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

17. Amendment of Articles of Incorporation and By-Laws

There is a proposal to amend the Articles of Incorporation and By-Laws of KPMI, more particularly, Sixth Article and Article II, Section 1 thereof (respectively), to reduce the number of directors from nine (9) to seven (7).The Company has quite a simple operation hence, a nine man-board appears to be too many albeit, a minimum of five (5) board members is required under the law The Management believes that seven (7) directors are adequate to provide the Company with the necessary governance that it needs and will require in the future.

18. Other Proposed Action

No action on any matter, other than those stated in the Agenda for the Meeting, including the following items, are proposed to be taken, except matters of incidence that may properly come during the Meeting:

1. Ratification of Corporate Acts and Proceedings of the Board of Directors, Officers and Management covering the period June 19, 2015 to June 16, 2016. These acts and proceedings are covered by resolutions of the Board of Directors duly adopted in the course of business which includes, among others: appointment of signatories/approval of signing authorities and limits; treasury matters related to opening of accounts and bank transactions; and appointment of officer.

Corporate Acts/Resolutions (June 2015 to May 2016)

19 June 2015 (Regular Meeting)	• KPH Financial Update as of 31 May 2015 • Approval of Directors' Remuneration • Approval of Cash Dividend Declaration • Appreciation for the Contribution of Mr. Teo Soon Hoe to the Corporation

19 June 2015 (Organizational Meeting)	• Election of Officers • Appointment of Chairmen, Members of Various Committees and Compliance Officer/Corporate Information Officer
12 August 2015 (Regular Meeting)	• Approval of Y-2015 2nd Quarter Financial Results (SEC Form 17-Q)
11 November 2015 (Regular Meeting)	• Approval of Y2015 3rd Quarter Financial Results (SEC Form 17-Q)
28 January 2016 (Regular Meeting)	• Approval of the 2015 Consolidated and Parent Company Audited Financial Statements and SEC Form 17-A (Annual Report) and the Release thereof
19 February 2016 (Special Meeting)	• Election of Mr. Toh Ko Lin's Replacement as Member of the Board of Directors, Chairman of the Nomination Committee and Compensation Committee as well as Member of the Executive Committee • Setting Date of the Annual Stockholders' Meeting and Record Date for Stockholders Entitled to Notice of and to Vote at Said Meeting
10 May 2016 (Regular Meeting)	• Approval of Y2016 1st Quarter Financial Results (SEC Form 17-Q) • Appointment of External Auditor for the Year 2016 • Amendment of Articles of Incorporation and By-Laws re decrease in the number of directors from 9 to 7 • Presentation by NOMCOM of the Final List of Candidates for Regular and Independent Directors

2. Amendment of Articles of Incorporation and By-Laws re Decrease in the Number of Directors from 9 to 7
3. Election of members of the Board of Directors for the year 2016-2017
4. Directors' Remuneration
5. Appointment of New External Auditor

19. Voting Procedures

(a) Except for the proposed amendment of KPHI's Articles of Incorporation and By-Laws which would require the approval of the stockholders owning at least two-thirds (2/3) of the outstanding capital stock, an affirmative vote by the stockholders owning at least a majority of the outstanding capital stock shall be sufficient for the approval of the 1) Minutes of the Previous Stockholders' Meeting; 2) Audited Financial Statements; 3) Ratification of the Acts and Proceedings of the Board of Directors, Officers and Management of the Company from the date of the last annual stockholders' meeting as reflected in the minutes; 4)Directors' Remuneration; and 5) Appointment of External Auditor.

(b) The holders of a majority of interest of all outstanding stock of the Company entitled to vote at the meeting, in person or by proxy, shall constitute a quorum for the transaction of business.

(c) The holders of common stock are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees. The shares shall be voted/cast by secret balloting and/or raising of hands. In all matters included in the agenda, except the election of directors, the counting of votes will be done through the regular method. For the election of directors, the counting will be cumulative.

(d) In the election of director, the seven (7)[3] nominees with the highest number of votes will be elected directors. If the number of nominees for election as directors does not exceed the number of directors to be elected, the Secretary of the Meeting shall be instructed to cast all votes represented at the Meeting equally in favor of all such nominees. On the other hand, if the number of nominees for election as directors exceeds the number of directors to be elected, voting shall be done by ballot, cumulative voting will be followed and counting of votes shall be done by representatives of the Company's external auditor or, in their absence, by the Corporate Secretary.

Method of Counting Votes

The Corporate Secretary will be responsible for counting the votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Meeting of the stockholders.

[3] *There is a proposal to amend the Articles of Incorporation (Sixth Article) and By-Laws (Article II, Section 1) of KPHI, to reduce the number of directors from nine (9) to seven (7); for approval of the Stockholders on the 17 June 2016.*

PART II

INFORMATION REQUIRED IN A PROXY FORM
(This form shall be prepared in accordance with paragraph (5) of SRC Rule 20)

NOT APPLICABLE

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 16 May 2016.

KEPPEL PHILIPPINES HOLDINGS, INC.

By:

MA. MELVA E. VALDEZ
Corporate Secretary

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 3-B, Country Space I Building
133 Sen. Gil Puyat Avenue
Salcedo Village, Barangay Bel-air
Makati City 1200

Attention: The Corporate Secretary

KEPPEL PHILIPPINES HOLDINGS, INC.
MANAGEMENT REPORT

INFORMATION OF THE COMPANY

A. Description of Business

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, the Company has two core businesses: namely, 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.

Subsidiaries under real estate industry:

KPSI Property, Inc. ("KPSI"), a wholly owned subsidiary of KPH, owns and leases out the office space in Country Space 1 Building, Makati City and at Keppel Center, Cebu.

Goodwealth Realty Development Corp. ("GRDC"), 51% owned by KPH, owns and leases out parcels of land and land improvements in Batangas.

Goodsoil Marine Realty, Inc. ("GMRI"), wholly owned by GRDC and effectively 51% owned by KPH, owns the land used for the ship repair activities of KPMI in Bauan, Batangas.

Consort Land, Inc. ("CLI"), 25% owned by GMRI and effectively 13% owned by KPH, owns the land used for the ship repair activities of Keppel Subic Shipyard, Inc. ("KSSI") and is also engaged in the purchase of power and distribution of electricity to locators and investors within Subic Shipyard – Subic Economic Zone.

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.

B. 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 KPH 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 KPH. 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 with the Supreme Court (SC) a petition 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.

C. Securities of the Registrant

Market Price, Dividends and Related Stockholder Matters

The principal market of the Company's common equity is PSE where it was listed last August 26, 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:

	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
April 29, 2016	'A' ₱5.70	'A' ₱5.30
April 28, 2016	'B' ₱6.29	'B' ₱6.29
May 6, 2016	'A' ₱5.33	'A' ₱5.31
May 3, 2016	'B' ₱6.10	'B' ₱6.10

The number of shareholders of record as of April 30, 2016 was 432.

Common shares outstanding as of April 30, 2016 were 60,367,419 broken down as follows:

Nationality	Class	No. of Shares	%
Filipino	A	38,730,970	64.16
Filipino	B	3,869,457	6.41
Foreign	B	17,766,992	29.43
Total		60,367,419	100.00

The Company has 16.99% or 10,256,475 shares owned by the public out of the 60,367,419 total outstanding shares as of April 30, 2016.

Top 20 Stockholders as of April 30, 2016 are as follows:

	Shareholders	No. of Shares Held	%
1.	Kepwealth, Inc.	26,807,532	44.407
2.	Keppel Corporation Ltd.	16,894,084	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.	Ma. Victoria R. Del Rosario	17,938	0.030
18.	Liwayway Sy	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

Top 20 Stockholders of Class "A" shares as of April 30, 2016 are as follows:

	Shareholders	No. of Shares Held	%
1.	Kepwealth, Inc.	25,091,784	64.785
2.	PCD Nominee Corp. – Filipino	11,013,145	28.435
3.	International Container Terminal Services, Inc,	2,121,287	5.477
4.	El Observatorio De Manila	30,314	0.078
5.	Emilio C. Tiu	23,238	0.060
6.	National Book Store, Inc.	22,422	0.058
7.	Ma. Victoria R. Del Rosario	17,938	0.046
8.	Ramon R. Del Rosario Jr.	17,938	0.046
9.	Liwayway Sy	17,938	0.046
10.	Dr. Victorino Medrano, Jr. &/or Ofelia R. Medrano	13,952	0.036
11.	Procurador General de Padres Franciscano de Manila	11,211	0.029
12.	Josefina Tengco Reyes	11,211	0.029
13.	Barcelon Roxas Securities , Inc.	9,924	0.026
14.	Denis L. Lipio ITF Valerie May Lipio	9,697	0.025
15.	Denis L. Lipio ITF Elizah Anne Lipio	9,697	0.025
16.	Ronald L. Lipio ITF Frederick Brian Lipio	9,697	0.025
17.	Tomas L. Tiu	8,969	0.023
18.	Roberto Tan Lim	8,969	0.023
19.	Prudencio B. Zuluaga	8,969	0.023
20.	Justino H. Cacanindin	8,969	0.023

Top 20 Stockholders of "Class B" shares as of April 30, 2016 are as follows:

	Shareholders	No. of Shares Held	%
1.	Keppel Corporation Ltd.	16,894,084	78.082
2.	PCD Nominee Corporation – Filipino	2,053,869	9.493
3.	Kepwealth, Inc.	1,715,748	7.930
4.	PCD Nominee Corp. – Non- Filipino	604,916	2.796
5.	Soh Ngoi May	83,179	0.384
6.	Willy Y.C. Lim	60,175	0.278
7.	New Court Nominees Ltd.	49,779	0.230
8.	Edbert G. Tantuco	44,059	0.204
9.	Ang Guan Piao	21,900	0.101
10.	Manolo Z. Alcasabas	21,170	0.098
11.	Willy Yew Chai Lim	20,085	0.093
12.	Yeo Chee Chiow	18,848	0.087
13.	El Observatorio De Manila	14,756	0.068
14.	Solidbank Trust Division as Sub-Custodian	8,000	0.037
15.	CBNA MLA OBO A/C # 6011800001	7,294	0.034
16.	Franciscan Phil Province	4,484	0.021
17.	Ronald Co &/or Susana Co	1,815	0.008
18.	Lee Patt Yong	1,663	0.008
19.	Keppel Marine Industries Limited	1,594	0.007
20.	BPI TA # 13115826	1,303	0.006

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. Cash dividend details 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 Cash Dividend per Common Share	₱0.10 or 10%	₱0.10 or 10%	₱0.10 or 10%

There has been no sale of registered or exempt securities within the past three years.

D. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results for the 1st Quarter March 2016

Keppel Philippines Holdings, Inc. (KPH) recorded a net income of ₱5.6 million for the first quarter ended March 31, 2016 as against ₱7.3 million in same period last year. The 23% decrease was mainly due to lower equity in net earnings of associates and higher operating expenses. This was partially offset by increase in rental income, interest income and management fees.

Rental revenue for the quarter ending March 31, 2016 amounted to ₱5.1 million, slightly higher by 3% as against same period last year of ₱4.9 million. This was mainly due to increase in rental rates.

The Company recognized equity in net earnings of associates of ₱3.1 million this quarter, or 25% lower as against same period last year of ₱4.1 million.

The Company earned interest income this quarter of ₱2.7 million, mainly from loans receivable granted to a related company as against ₱2.4 million for the quarter ending March 31, 2015.

Management fees charged to related parties increased from ₱0.3 million as of March 31, 2015 to ₱0.4 million as of March 31, 2016.

Operating expenses of ₱4.4 million this quarter was higher by 9% as against ₱4.1 million last March 31, 2015. This was brought mainly by higher provision for impairment losses, salaries and benefits and professional fees. This was partially offset by lower depreciation, taxes and licenses, membership dues and postages.

The Company generated other income of ₱0.03 million this quarter as against last year same period of ₱0.7 million which came from recovery of provision of impairment losses.

The Company incurred fair value loss on AFS financial assets this quarter of ₱0.8 million as against fair value gain same period last year of ₱0.2 million.

Financial Condition

The cash position of the Company as of March 31, 2016 amounted ₱20.7 million lower by ₱34.4 million as against ₱55.1 million as of December 31, 2015. The decrease was brought by payment of dividends to noncontrolling interest of ₱9.7 million and granting of short-term loans of ₱40.3 million to a related party. This was partially offset by ₱2.6 million interests received from loans and short-term deposits and ₱12.5 million quarterly principal payment of long-term receivable.

Total receivables net of allowance amounted to ₱352.1 million and ₱324.2 million in March 31, 2016 and December 31, 2015, respectively. As of March 31, 2016, current receivable amounted to ₱180.2 million while long-term receivable amounted to ₱171.9 million. As against December 31, 2015, current receivable amounted to ₱152.1 million and long-term receivable amounted to ₱172.1 million. Major transaction during the quarter came from granting of short-term loan of ₱40.3 million offset by the payment of long-term loan receivable of ₱12.5 million.

Other current assets as of this period increased to ₱1.3 million as against ₱1.0 million as of December 2015 which was due to prepayments.

AFS financial assets as of March 31, 2016 amounted to ₱15.0 million as compared to December 31, 2015 of ₱15.8 million. Investments in associates increased from ₱416.0 million as of December 2015 to ₱419.1 million as of March 31, 2016. The increase of ₱3.1 million was due mainly to the recognition of equity in net earnings of associate. Decrease in investment properties and property and equipment from ₱209.9 million as of December 31, 2015 to ₱209.8 million this period was due to depreciation. No acquisition was made during the period.

Total liabilities gradually increased from ₱7.4 million as of December 31, 2015 to ₱8.2 million as of March 31, 2016 mainly due to higher income tax payable and accruals.

The equity attributable to equity holders of the Parent Company as of March 31, 2016 amounted to ₱584.4 million as against last December 31, 2015 of ₱582.4million. This was due to net income attributable to Parent Company of ₱2.9 million for the quarter ending March 31, 2016 offset by unrealized loss on available for sale financial assets of ₱0.8 million.

Noncontrolling interests as of March 31, 2016 amounted to ₱429.6 million as against last December 31, 2015 of ₱436.4 million. The decrease was due to the net effect of net income attributable to the noncontrolling interests of ₱2.9 million for the quarter ending March 31, 2016 offset by the ₱9.7 million dividend payments.

The book value per share attributable to equity holders of the parent (equity attributable to equity holders of the parent divided by common shares outstanding) at ₱9.68 as of March 31, 2016 higher than in December 31, 2015 at ₱9.65 per share.

Earnings per share attributable to the equity holders of the Parent (net earnings for the quarter divided by common shares outstanding) as shown in the consolidated statement of income for the period ending March 31, 2016 was ₱0.05 slightly lower than as of March 31, 2015 of ₱0.06 per share.

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 ₱44.7million 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 by 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 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 2016

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 and first quarter of 2015 are follows:

Particulars	1Q Mar 2016	2015	2014	2013
Current Ratio (Current Assets/Current Liabilities)	31.32	37.01	22.90	49.58
Acid Test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	31.12	36.83	22.87	49.50
Solvency Ratio * (Net Income + Depreciation)/Total Liabilities	2.81	3.72	3.52	2.82
Asset to Equity Ratio	1.01	1.01	1.01	1.01
Debt Ratio (Total Liabilities/Total Assets)	0.01	0.01	0.01	0.01
Debt to Equity Ratio (Total Liabilities/Stockholders' Equity)	0.01	0.01	0.01	0.01
Return on Assets (%) * (Net Income/Average Total Assets)	2.21	2.62	2.59	2.09
Return on Equity (%) * (Net Income/Average Stockholders' Equity)	2.23	2.64	2.61	2.10
Earnings per Share Attributable to Equity Holders of Parent (₱) *	0.37	0.22	0.20	0.15
Book Value per Share Attributable to Equity Holders of the Parent (₱)	9.68	9.65	9.52	9.41

**Annualized*

There 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.

E. 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:

1. 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.

2. 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.

3. 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.

4. In June 2008, the Parent Company and KPMI entered into a lease agreement, whereby the Parent Company leased to KPMI a piece of land which is the subject of complaint against PNOC. The lease is for a period of one year subject to renewal. Rental income derived from the land amounted to ₱2.1 million in 2015 and ₱2.0 million in 2014 and 2013.

5. 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 and interest rates are market based. 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.

6. 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. The interest rates are market based.

7. 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 in 2014 and ₱4.3 million in 2013.

8. In 2014, the Parent Company entered into a Memorandum of Understanding (MOU) with KPMI to assist the latter in providing 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.

F. Management and Certain Security Holders

Directors, Executive Officers
There are nine (9) members of the Board, two (2) of whom are independent directors who hold office for one (1) year. Please refer to Part I, pages 6 to 8 of SEC Form 20-IS for the list of incumbent directors and officers.

G. Information on Independent Accountants and Other Related Matters

(1) External Audit Fees and Services

a. Audit and Related Fees - The Company proposes to have a new external auditor, Isla Lipana and Co. (PwC) to audit the financial statements for the Year 2016. Amount of fee will be discussed with the Management.

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.

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

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

d. 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.

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

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

H. Corporate Governance

The Company had been in substantial compliance with its Manual on Corporate Governance ("Manual") for the period January to December 2015. There were no major deviations from the adopted Manual. The Company, its directors, officers and employees complied with all the leading practices on good corporate governance as embodied in the Corporation's Manual. All the members of the Board of Directors of the Company have attended and completed a seminar on Corporate Governance.

The roles of the Chairman and CEO are separate and there are adequate checks and balances to ensure that independent, outside views, perspectives, and that judgment are given proper hearing in the Board.

The Board's responsibility is to oversee the business, assets, affairs and performance of the Company in the best interest of its shareholders. The Board focuses its activities on corporate strategy, major investments and divestments, financial performance, risk management and other corporate governance practices. Management's responsibility is to run the business accordance with the policies and strategies set by the Board. The Company held six (6) Board of Directors meetings in 2015.

The independent directors filed with the SEC and PSE their certificates of qualification declaring that they possess all the qualifications and none of the disqualifications to serve as an independent director as provided in Section 38 of the Securities Regulation Code and its implementing rules and regulations. The certifications include listings of affiliations with companies and organizations and compliance with the independent directors' duties and responsibilities.

All Audit Committee members have the related financial and accounting expertise and experience necessary to discharge their responsibilities. The audit committee assists the Board to ensure integrity of financial reporting and that there is in place sound internal control and risk management systems. The Company adopted Audit Committee Charter and was submitted to SEC last 02 October 2012. The Audit Committee comprises of the following members: Celso P. Vivas as Chairman; Noel M. Mirasol, Enrico L. Cordoba, Edmund Mah Soot Khiang[2] and Stefan Tong Wai Mun, as members. The Committee met 4 times in 2015.

The Nominations Committee comprising of Mr. Edmund Mah Soot Khiang[2] as Chairman, Celso P. Vivas, Noel Mirasol, and Stefan Tong Wai Mun, as members, met once in 2015.

The Board finds the Company's existing performance monitoring system efficient and that the Board and Management (including officers and staff) are fully committed in adhering to the principles and best practices of the Company's Manual. The Company thus considers its Manual sufficient to serve as its guide, to insure that it operates with utmost integrity and to the highest standards of business conduct.

The Board of Directors of the Company approved the Amended Manual on Corporate Governance last February 4, 2010 pursuant to SEC Memorandum Circular No. 6, series of 2009 (Revised Code of Corporate Governance) and submitted the same to SEC last March 15, 2010. The Company also complied with the submission of SEC Form ACGR (Annual Corporate Governance Report) to SEC and PSE (on line) on 01 July 2013 as per SEC Memorandum Circular No. 5, series of 2013. The Company also submitted to SEC an update or summary of changes in KPH ACGR last January 8, 2016.

The Company has participated in the recent Corporate Governance Guidelines for Listed Companies Disclosure, having submitted (on line) to the PSE on March 31, 2016.

Keppel Philippines

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3B Country Space 1 Bldg.
Sen. Gil Puyat Avenue
Salcedo Village Makati City, Philippines

Tel.: (632) 892 1816
Tel.: (632) 892 1820 to 24
Fax: (632) 8152581, 8943684
Email: info@keppelph.com

16 May 2016

SECURITIES & EXCHANGE COMMISSION
SEC Building, EDSA
Greenhills, Mandaluyong City

Attention: **MR. VICENTE GRACIANO P. FELIZMENIO, JR.**
Director
Markets & Securities Regulation Department

Gentlemen:

RE: Keppel Philippine Holdings Inc. – Preliminary Information Statement (SEC Form 20-IS)

Below is our response to your letter dated May 12, 2016 with regards to your comment on KPHI's Preliminary Information Statement (SEC Form 20-IS) filed on May 11, 2016.

Checklist of Requirements:	Remarks	Response
SRC Rule No. 20.3.3.5 Information Statement and Management Report shall be uploaded to issuer's Website for downloading by interested parties	Not complied with	The Information Statement shall be uploaded as soon as the Statement is approved for distribution by SEC in our website- www.keppelph.com and also at PSE Edge Portal.
Item 4. Voting Securities & Principal Holders Furnish Information required by Part IV paragraph (C) of "Annex C, as amended"	1. Disclose the relationship with the record Owner/Issuer. 2. Please disclose beneficial owner under PCD Nominee Corp.	Complied with. Please see page 5 and footnotes from a to c.

(1) Security Ownership of Certain Record and Beneficial Owners of more than 5%	owning more than 5%	
Checklist of Requirements:	Remarks	Response
Item 7. Independent Public Accountants *Election, Approval or Ratification* a.) Name of principal accountant selected/recommended	Provide the name of recommended partner-in-charge for the ensuing year.	Complied with. Please see page 9.
D. Other Matters **Item 15. Actions with Respect to Reports** *Reports of Directors, Officers, Commitees of Any Minutes of Meeting* State whether or not it constitutes approval/ disapproval	Provide a brief summary of all acts and resolutions of the Board and Management for which ratification by Stockholders will be sought for purposes of transparency	Complied with. Please see page 10
Item 17. Amendments of Charter, By-Laws and Other Documents		
Brief reason(s) for the general effect of such amendment	Not complied with.	Complied with. Please see page 10.

Thank you.

Ma. Melva E. Valdez
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) SS.

CERTIFICATION

The undersigned, being the Vice President of **KEPPEL PHILIPPINES HOLDINGS, INC. (KPHI)**, a corporation duly organized and existing under and by virtue of Philippine laws (SEC Identification No. 62596) with principal office at Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City, do hereby certify that, as of current date, no members of the Board of Directors and no officers of KPHI are employed by or connected with any government agency and/or instrumentalities.

This Certification is issued in connection with the filing/submission of KPHI's Definitive Information Sheet with the SEC and for all legal purposes it may serve.

FELICIDAD V. RAZON
Vice President/Treasurer

SUBSCRIBED AND SWORN to before me this MAY 0 3 2016 at Makati City; affiant exhibited to me her Taxpayer Identification Number (TIN) Card bearing numbers 112-942-756.

ATTY. GERVACIO 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 Del Pilar, Makati City

Doc. No. 109;
Page No. 22;
Book No. XLXXIV;
Series of 2016.

Republic of the Philippines)
~~CITY OF MAKATI~~) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Celso P. Vivas**, Filipino, of legal age and a resident of No. 125 Wilson Circle, San Juan, Greenhills, after having been duly sworn in accordance with law, do hereby declare that:

1. I am an independent director of **Keppel Philippines Holdings, Inc.**

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Marubeni Foundation	Member, Board of Trustees	March 2001 to Present
Keppel Philippines Properties, Inc.	Independent Director	November 2004 to present
Keppel Philippines Marine, Inc.	Chairman and Independent Director	April 2005 to present
Keppel Subic Shipyard, Inc.	Independent Director	2011 to present
St. Patrick's Health Care Systems, Inc.	Court-appointed Rehabilitation Receiver	April 2009 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Keppel Philippines Holdings, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations.

4. I shall be faithful and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the corporate secretary of **Keppel Philippines Holdings, Inc.** of any changes in the abovementioned information within five (5) days from its occurrence.

Celso Vivas

CELSO P. VIVAS
Affiant

SUBSCRIBED AND SWORN to before me this MAY 03 2016 day of ______ 2016 at ~~CITY OF MAKATI~~, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 123-305-216.

ATTY. GERVACIO 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
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Brgy. Pio Del Pilar, Makati City

Doc. No. 104;
Page No. 23;
Book No. XXXIII
Series of 2016.

Republic of the Philippines)
CITY OF MAKATI) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Noel M. Mirasol**, Filipino, of legal age and a resident of Pacific Plaza Condominiums, Unit 22D Ayala Avenue, Makati City, after having been duly sworn in accordance with law, do hereby declare that:

1. I am an independent director of **Keppel Philippines Holdings, Inc.**
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
International Container Terminal Services, Inc.	Special Consultant to the CEO	Present Position
ICTSI Georgia Corp.-Cayman Islands	Director & President	Present Position
ICTSI Warehousing, Inc.	Director	Present Position
Container Terminal Systems Solutions, Inc.-Mauritius	Director	Present Position
Guam-International Container Terminal, Inc.	Director	Present Position

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Keppel Philippines Holdings, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations.
4. I shall be faithful and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.
5. I shall inform the corporate secretary of **Keppel Philippines Holdings, Inc.** of any changes in the abovementioned information within five (5) days from its occurrence.

NOEL M. MIRASOL
Affiant

SUBSCRIBED AND SWORN to before me this MAY 03 2016 day of ______ 2016 at CITY OF MAKATI; affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 111-430-461.

ATTY. GERVACIO 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 Del Pilar, Makati City

Doc. No. 105;
Page No. 22;
Book No. XXXVIII
Series of 2016.

KEPPEL PHILIPPINES HOLDINGS, INC.

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS

Held at the Garcia Villa, 1st Floor, The Peninsula Manila
corner Ayala and Makati Avenues, Makati City
on **19 June 2015**

I. CALL TO ORDER

The Chairman, Mr. Chow Yew Yuen, called the meeting to order at about 11:00 a.m.

II. PROOF OF NOTICE OF MEETING AND CERTIFICATION OF QUORUM

The Corporate Secretary advised the Chairman that notice for this meeting has have been sent to each and every stockholder in accordance with the By-laws of the Corporation and rules of the Securities & Exchange Commission (SEC) and was also published in the Philippine Daily Inquirer last 25 May 2015. Out of the total outstanding shares, about 86.53% were present either in person or by proxy; hence, there was a quorum.

III. READING AND APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 28 MAY 2014

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 was accordingly approved.

IV. 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.

V. 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."

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

VII. 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."

VIII. 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 2015 at a fee to be fixed by Management."

IX. OTHER MATTERS

The Chairman announced that the Board of Directors, in its meeting held earlier today, prior to the holding of the annual stockholders' meeting, had declared a P0.10 or 10% per share cash dividend for stockholders of record as of 06 July 2015; payment to be made on or before 30 July 2015.

X. ADJOURNMENT

There being no other matters to be discussed, the meeting was adjourned at about 11:20 a.m.

MA. MELVA E. VALDEZ
Corporate Secretary

Attested by:

CHOW YEW YUEN
Chairman

COVER SHEET

6 2 5 9 6

S.E.C Registration Number

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Stefan Tong Wai Mun/ Felicidad V. Razon

Contact Person

892 1816

Company Telephone Number

1	2		3	1

Month *Day*

SEC Form 17Q-March 2016

FORM TYPE

Secondary License Type, if Applicable

0	6		1	9

Month *Day*

Annual Meeting

Dept. Requiring this Doc.

Amended Articles Number/Section

432 as of March 2016

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17 (2) (b) THEREUNDER

1. For the quarterly period ended **31 March 2016**

2. Commission identification number **62596**

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

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

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

6. Industry Classification Code: [   ] (SEC Use Only)

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

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

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

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

Title of each Class	Number of shares of common stock outstanding
Common 'A'	**38,730,970**
Common 'B'	**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 the Philippine Stock Exchange?
Yes [/] No [ ]
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange **Common Shares**

12. Indicate by check mark whether the registrant:
(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes [/] No [ ]
(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [/] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

PART 1
FINANCIAL INFORMATION

1) **Financial Statements (see EXHIBIT 1)**

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

PART II
OTHER INFORMATION

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

NONE

EXHIBIT I

MARCH 2016
QUARTERLY REPORT

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2016 & DECEMBER 31, 2015
(IN PHILIPPINE PESOS)

	Unaudited March 31, 2016	Audited December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 19)	**₱20,742,661**	₱55,133,375
Receivables – net (Notes 7, 14 and 19)	**180,163,480**	152,045,762
Other current assets - net (Note 8)	**1,311,830**	1,013,265
Total Current Assets	**202,217,971**	208,192,402
Noncurrent Assets		
Available-for-sale financial assets (Notes 9 and 19)	**15,000,001**	15,800,001
Investments in associates (Note 10)	**419,055,539**	415,975,059
Loan receivable – net of current portion (Notes 7, 14, and 19)	**137,500,000**	137,500,000
Lease receivables – net of current portion (Notes 7 and 14)	**34,432,718**	34,624,961
Investment properties – net (Note 11)	**209,816,390**	209,914,690
Property and equipment - net (Note 12)	**13,655**	18,143
Other noncurrent assets (Note 21)	**4,140,710**	4,140,710
Total Noncurrent Assets	**819,959,013**	817,973,564
TOTAL ASSETS	**₱1,022,176,984**	₱1,026,165,966
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 13)	**₱3,883,137**	₱3,426,918
Refundable deposits	**1,885,757**	1,885,757
Income tax payable	**686,918**	313,139
Total Current Liabilities	**6,455,812**	5,625,814
Noncurrent Liability		
Deferred tax liability	**1,722,933**	1,732,546
Total Liabilities	**₱8,178,745**	₱7,358,360

(Forward)

	Unaudited March 31, 2016	Audited December 31, 2015
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)	**433,527,902**	430,671,948
Unrealized gains on available-for-sale financial assets (Note 9)	**14,422,058**	15,222,058
Treasury shares (Note 16)	**(9,898,178)**	(9,898,178)
Total Equity Attributable to Equity Holders of the Parent	**584,429,016**	582,373,062
Noncontrolling Interests	**429,569,223**	436,434,544
Total Equity	**1,013,998,239**	1,018,807,606
TOTAL LIABILITIES AND EQUITY	**₱1,022,176,984**	₱1,026,165,966

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2016 AND 2015
(IN PHILIPPINE PESOS)
(UNAUDITED)

	March 31, 2016	March 31, 2015
REVENUES		
Equity in net earnings of associates (Note 10)	**₱3,080,480**	₱4,127,518
Rental income (Notes 11 and 14)	**5,049,116**	4,913,089
Interest income (Notes 6 and 7)	**2,682,274**	2,462,645
Management fees (Note 14)	**348,600**	300,000
Total Revenues	**11,160,470**	11,803,252
OPERATING EXPENSES (Note 17)	**(4,437,727)**	(4,085,014)
OTHER INCOME		
Director's fee	**20,000**	66,000
Recovery of provision for impairment losses	**–**	670,469
Others	**9,937**	7,500
Total Other Income	**29,937**	743,969
INCOME BEFORE INCOME TAX	**6,752,680**	8,462,207
PROVISION FOR INCOME TAX	**(1,108,047)**	(1,157,933)
NET INCOME	**₱5,644,633**	₱7,304,274
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	**₱2,855,954**	₱3,583,323
Noncontrolling interests	**2,788,679**	3,720,951
	₱5,644,633	₱7,304,274
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**₱0.047**	₱0.059

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2016 AND 2015
(IN PHILIPPINE PESOS)
(UNAUDITED)

	March 31, 2016	March 31, 2015
NET INCOME	**₱5,644,633**	₱7,304,274
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Unrealized gain (loss) in AFS financial assets (Note 9)	**(800,000)**	200,000
TOTAL COMPREHENSIVE INCOME	**₱4,844,633**	₱7,504,274
ATTRIBUTABLE TO:		
Equity holders of the parent	**₱2,055,954**	₱3,783,323
Noncontrolling interest	**2,788,679**	3,720,951
	₱4,844,633	₱7,504,274

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2016 AND 2015
(UNAUDITED)
IN PHILIPPINE PESOS

	Attributable to Equity Holders of the Parent							
	Capital Stock (Note 15)	Additional Paid in Capital	Retained Earnings (Note 16)	Unrealized Gain on Available-for-Sale Financial Assets (Note 9)	Treasury Shares (Notes 15 and 16)	Total	Noncontrolling Interests	Total Equity
Balance at January 1, 2016	₱ 73,173,500	₱ 73,203,734	₱ 430,671,948	₱ 15,222,058	₱ (9,898,178)	₱ 582,373,062	₱ 436,434,544	₱ 1,018,807,606
Comprehensive income for the period								
Net income	-	-	2,855,954	-	-	2,855,954	2,788,679	5,644,633
Unrealized fair value loss on available-for-sale financial assets (Note 9)	-	-	-	(800,000)	-	(800,000)	-	(800,000)
Total comprehensive income for the period	-	-	2,855,954	(800,000)	-	2,055,954	2,788,679	4,844,633
Cash dividends declared	-	-	-	-	-	-	(9,654,000)	(9,654,000)
Balance at March 31, 2016	₱ 73,173,500	₱ 73,203,734	₱ 433,527,902	₱ 14,422,058	₱ (9,898,178)	₱ 584,429,016	₱ 429,569,223	₱ 1,013,998,239
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
Comprehensive income for the period								
Net income	-	-	3,583,323	-	-	3,583,323	3,720,951	7,304,274
Unrealized fair value gain on available-for-sale financial assets	-	-	-	200,000	-	200,000	-	200,000
Total comprehensive income for the period	-	-	3,583,323	200,000	-	3,783,323	3,720,951	7,504,274
Cash dividends declared	-	-	-	-	-	-	(8,205,900)	(8,205,900)
Balance at March 31, 2015	₱ 73,173,500	₱ 73,203,734	₱ 427,121,585	₱ 14,622,058	₱ (9,898,178)	₱ 578,222,699	₱ 426,403,876	₱ 1,004,626,575

See Accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2016 AND 2015
(IN PHILIPPINE PESOS)
(UNAUDITED)

	March 31, 2016	March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱6,752,680	₱8,462,209
Adjustments for:		
Provision for impairment losses (Note 8)	228,608	81,018
Depreciation (Notes 11, 12, and 17)	102,788	111,744
Recovery of provision for impairment losses (Note 8)	–	(670,469)
Interest income (Notes 6, 7 and 14)	(2,682,274)	(2,462,645)
Equity in net earnings of associates (Note 10)	(3,080,480)	(4,127,518)
Operating income before working capital changes	1,321,322	1,394,339
Decrease (increase) in:		
Receivables (Notes 7, 14, and 19)	18,214	(818,153)
Other assets (Note 8)	(527,173)	104,936
Increase (decrease) in:		
Accounts payable and other current liabilities	456,219	(1,931)
Refundable deposits	–	984
Net cash generated from operations	1,268,582	680,175
Income tax paid	(743,881)	(1,093,375)
Net cash provided by (used in) operating activities	524,701	(413,200)
CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of loan receivable from related party	12,500,000	–
Interest received	2,584,585	2,400,052
Cash dividends received (Note 10)	–	8,733,098
Loans granted to a related party	(40,346,000)	–
Net cash provided by (used in) investing activities	(25,261,415)	11,133,150
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid to noncontrolling interest (Note16)	(9,654,000)	(8,205,900)
Net cash provided by (used in) financing activities	(9,654,000)	(8,205,900)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(34,390,714)	2,514,050
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	55,133,375	127,884,635
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 6)	₱20,742,661	₱130,398,685

See accompanying Notes to Consolidated Financial Statements

(in Philippine Pesos)

1. Corporate Information

Keppel Philippines Holdings, Inc. (KPHI or the Parent Company) and its subsidiaries, KPSI Property, Inc. (KPSI) and Goodwealth Realty Development Corporation (GRDC), including GRDC's subsidiary, Goodsoil Marine Realty, Inc. (GMRI) (collectively referred to as "the Company"), are incorporated in the Philippines. The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 1975. The Parent Company's registered office address is Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City. The Parent Company is involved in investment holding.

KPHI shares are publicly traded in the Philippine Stock Exchange (PSE). As of March 31, 2016, the top four shareholders are the following:

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

Kepwealth Inc. and KCL are affiliates of the Company.

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

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

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

Information relating to the Company's associates follows:

Investment Holdings	Percentage of Direct Ownership	Percentage of Indirect Ownership
KP Capital, Inc. (KPCI)	40%	–
Goodwealth Ventures, Inc. (GVI)	40%	–
Consort Land, Inc. (CLI)	–	13%

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

All of the Company's associates were incorporated in the Philippines.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The unaudited consolidated financial statements of the Company 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 Company's functional currency. Amounts are rounded off to the nearest Philippine Peso except when otherwise indicated.

Statement of Compliance

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

Basis of Consolidation

The unaudited consolidated financial statements include the accounts of the Parent Company and its subsidiaries. Subsidiaries are all entities over which the Company 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 Company gains control until the date the Company 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 Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activites 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 Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Noncontrolling interests (NCI) pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. NCI represent the portion of profit or loss and the net assets not held by the Company and are presented separately in the consolidated statements of income and consolidated statement of comprehensive income and within equity in the consolidated statement of financial position and consolidated statement of changes in equity.

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

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit and loss
- Reclassifies the parent's share of components previously recognized in OCI to profit of loss or retained earnings, an appropriate as would be required if the Company had directly disposed of the related assets and liabilities

As of March 31, 2016 and December 31, 2015, NCI pertains to 49% and 5% ownership of KPMIRP and KPMI, respectively in GRDC.

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

	March 31, 2016			December 31, 2015		
	GRDC	GMRI	Total	GRDC	GMRI	Total
Current assets	₱141,935	₱81,723,397	₱81,865,332	₱155,543	₱98,917,125	₱99,072,668
Noncurrent assets	4,399,285	711,838,175	716,237,460	4,426,794	712,030,418	716,457,212
Total assets	4,541,220	793,561,572	798,102,792	4,582,337	810,947,543	815,529,880
Current liabilities	3,997,231	242,907	4,240,138	4,332,672	231,643	4,564,315
Noncurrent liabilities	-	1,721,904	1,721,904	-	1,731,517	1,731,517
Total liabilities	3,997,231	1,964,811	5,962,042	4,332,672	1,963,160	6,295,832
Revenue	358,713	4,417,666	4,776,379	500,206	38,121,438	38,621,644
Net income	294,324	2,612,378	2,906,702	225,400	30,702,718	30,928,118
Total comprehensive income	294,324	2,612,378	2,906,702	225,400	30,702,718	30,928,118
Cash flows from:						
Operating activities	(337,287)	1,146,811	809,524	(395,788)	3,764,230	3,368,442
Investing activities	296,000	3,988,699	4,284,699	251,600	22,726,044	22,977,644
Financing activities	-	(20,000,000)	(20,000,000)	-	(17,000,000)	(17,000,000)
Net increase (decrease) in cash and cash equivalents	(41,287)	(14,864,490)	(14,905,777)	(144,188)	9,490,274	9,346,086
Accumulated balance of material NCI	-	-	429,569,223	-	-	436,434,544
Net income attributable to material NCI	-	-	2,788,679	-	-	13,751,619

There are no significant restrictions on the Company's ability to use assets or settle liabilities within the Company. 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 for the current interim period unaudited consolidated financial statements are consistent with the previous financial year except for the following new and amended PFRS, Philippine Accounting Standards (PAS 17) 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 Company'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, 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 Arran*gements
  - PFRS 13, *Fair Value Measurement – Portfolio Exceptio*n
  - 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 to their effectivity dates in accordance with the transition provisions. Except as otherwise stated, these amendments and improvements to PFRS and new standards are not expected to have any significant impact on the Company's financial statements.

The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

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 Method 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 Company's consolidated financial statements since the Company is already using equity accounting. The Company 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'*

4. Significant Accounting Policies

The Company's disclosures on significant accounting principles and policies and practices are substantially the same with the disclosures made in December 31, 2015 audited financial statements and for the period ended March 31, 2016. Any additional disclosures on the significant changes of accounts and subsequent events are disclosed in the succeeding notes and presented in the Management Discussion and Analysis.

5. Significant Accounting Judgment, Estimates and Assumptions

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

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

As of March 31, 2016, there were no judgment, seasonal or cyclical aspects that materially affect the operation of the Company, no substantial nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in the estimates of amounts reported in December 31, 2015 audited financial statements, and no unusual items that materially affect the Company's assets, liabilities, equity, net income or cash flows.

6. Cash and Cash Equivalents

This account consists of:

	Unaudited March 31, 2016	Audited December 31, 2015
Cash on hand	**₱5,000**	₱5,000
Cash on in banks	**3,310,339**	2,401,137
Cash equivalents	**17,427,322**	52,727,238
	₱20,742,661	₱55,133,375

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 Company, and earn interest at annual interest that ranged from 1.0% to 1.5% during the first quarter of 2016 and 2015.

Interest income on cash and cash equivalents amounted to ₱0.1 million as of March 31, 2016 as against same period last year of ₱0.4 million. Interest receivable from cash and cash equivalents amounted to ₱0.03 million both in March 31, 2016 and December 31, 2015.

7. Receivables

This account consists of:

	Unaudited March31, 2016	Audited December 31, 2015
Loan receivable from a related party (Note 14)	**₱315,346,000**	₱287,500,000
Lease receivables - Affiliates	**35,589,376**	35,805,064
- Non-affiliates	**193,607**	8,802
	351,128,983	323,313,866
Nontrade	**2,152,580**	2,152,580
Interest receivable (Note 14)	**920,490**	822,801
Due from related parties (Note 14)	**46,725**	34,056
	354,248,778	326,323,303
Less noncurrent portion:		
Loan receivables (Note 14)	**137,500,000**	137,500,000
Lease receivables	**34,432,718**	34,624,961
	171,932,718	172,124,961
	182,316,060	154,198,342
Less allowance for doubtful accounts	**2,152,580**	2,152,580
	₱180,163,480	₱152,045,762

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

Current portion of lease receivables and due from related party are non-interest bearing and are generally 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 financial reporting date.

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

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

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

8. Other Current Assets

This account consists of:

	Unaudited March 31, 2016	Audited December 31, 2015
Creditable withholding taxes (CWT)	**₱2,069,489**	₱2,109,378
Input VAT	**1,865,906**	1,840,054
Prepaid expenses	**498,752**	27,768
Deposits	**55,645**	60,645
Others	**172,500**	97,274
	4,662,292	4,135,119
Less allowance for impairment loss	**3,350,462**	3,121,854
	₱1,311,830	₱1,013,265

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

Unaudited March 31, 2016	**Input VAT**	**CWT**	**Total**
Balance at the beginning of the period	**₱1,840,054**	**₱1,281,800**	**₱3,121,854**
Provision for the period	**25,852**	**202,756**	**228,608**
Balance at the end of the period	**₱1,865,906**	**₱1,484,556**	**₱3,350,462**

Audited December 31, 2015	Input VAT	CWT	Total
Balance at the beginning of the period	₱1,816,531	₱3,014,048	₱4,830,579
Provision for the year	23,523	272,273	295,796
Recovery of provision	–	(2,004,521)	(2,004,521)
Balance at the end of the period	₱1,840,054	₱1,281,800	₱3,121,854

9. Available-for-Sale Financial Assets

This account consists of investments in golf club shares:

	Unaudited March 31, 2016	Audited December 31, 2015
Quoted share–at fair value (cost ₱577,943)	**₱15,000,001**	₱15,800,001
Unquoted share - at cost	**880,000**	880,000
	15,880,001	16,680,001
Less allowance for impairment	**880,000**	880,000
	₱15,000,001	₱15,800,001

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

	Unaudited March 31, 2016	Audited December 31, 2015
Balance at the beginning of the period	**₱15,800,001**	₱15,000,001
Fair value gain (loss)	**(800,000)**	800,000
Balance at the end of the period	**₱15,000,001**	₱15,800,001

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

	Unaudited March 31, 2016	Audited December 31, 2015
Balance at the beginning of the period	**₱15,222,058**	₱14,422,058
Fair value gain (loss)	**(800,000)**	800,000
Balance at the end of the period	**₱14,422,058**	₱15,222,058

10. Investments in Associates – at equity

This account consists of:

	Unaudited March 31, 2016	Audited December 31, 2015
Investments in associates	**₱842,948,496**	₱842,948,496
Accumulated shares in net losses:		
Balance at beginning of the period	**(426,973,437)**	(423,376,362)
Equity in net earnings of associates	**3,080,480**	14,788,202
Cash dividend received	–	(18,161,907)
Impairment of investment in associate (Note 17)	–	(223,370)
Balance at end of the period	**(423,892,957)**	(426,973,437)
	₱419,055,539	₱415,975,059

The details of investments and advances accounted for under the equity method as of March 31, 2015 and December 31, 2015 follows:

	KPCI		GVI		CLI		TOTAL	
	March 31, 2016	December 31, 2015	**March 31, 2016**	December 31, 2015	**March 31, 2016**	December 31, 2015	**March 31, 2016**	December 31, 2015
Investments	**₱273,518,182**	₱273,518,182	**₱231,833,514**	₱231,833,514	**₱337,596,800**	₱337,596,800	**₱842,948,496**	₱842,948,496
Accumulated share in net earnings (losses):								
Balance at beginning of the period	**(273,518,182)**	(273,518,182)	**(231,833,514)**	(230,848,428)	**78,378,259**	80,990,248	**(426,973,437)**	(423,376,362)
Equity in net earnings	-	-	-	(66,036)	**3,080,480**	14,854,238	**3,080,480**	14,788,202
Cash dividend received	-	-	-	(695,680)	-	(17,466,227)	-	(18,161,907)
Impairment of investment cost	-	-	-	(223,370)	-	-	-	(223,370)
Total	**(273,518,182)**	(273,518,182)	**(231,833,514)**	(231,833,514)	**81,458,739**	78,378,259	**(423,892,957)**	(426,973,437)
Balance at the end of the period	**₱-**	₱-	**₱-**	₱-	**₱419,055,539**	₱415,975,059	**₱419,055,539**	₱415,975,059

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 March 31, 2016 and December 31, 2015, KPCI has zero equity. The Company's investment in KPCI has been reduced to nil in prior years. As of March 31, 2016 and December 31, 2015, the Company's investment in GVI has zero equity.

On June 19, 2013 and June 22, 2011, the BOD and the stockholders of GVI and KPCI, respectively, approved and ratified the dissolution of GVI and KPCI 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 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 BIR on July 22, 2013 and July 31, 2013, respectively. In May 2015 GVI received its tax clearance and in November 2015, GVI granted dissolution by SEC. In March 2016, KPCI obtained the no tax liability clearance from the BIR.

In 2015, the management re-assessed whether or not the Company has control over GVI due to the Parent Company's higher beneficial interest on dividends of 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 dominant influence over GVI's significant decisions and operations. Majority of the Board of Directors of GVI are representatives of the other shareholders and not of the Parent Company. The management assessed that the Company has no control over GVI and thus will continue to account for GVI as an associate.

CLI

GMRI ownership in CLI of 25% provided the Company a significant influence in CLI. The Company has 13% effective ownership in CLI. For the quarters ended March 31, 2016 and 2015, the Company's equity in net earnings of CLI amounted to ₱3.1 million and ₱4.1 million, respectively. As of March 31, 2016, CLI has not declared cash dividend as against ₱8.7 million in February 2015.

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

The financial information of significant associates as of and for the periods ended March 31, 2016 and December 31, 2015 follows:

	KPCI		GVI		CLI	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Current assets	₱-	₱-	₱2,257,979	₱2,307,098	₱70,596,309	₱55,975,176
Noncurrent assets	-	-	-	-	257,255,043	260,731,210
Total assets	-	-	2,257,979	2,307,098	327,851,352	316,706,386
Current liabilities	-	-	29,075	66,035	25,553,032	26,729,986
Total Liabilities	-	-	29,075	66,035	25,553,032	26,729,986
Revenue	-	-	7,877	41,312	36,130,269	200,629,473
Net income (loss) attributable to common shareholders	-	-	(12,178)	(16,509)	12,321,920	59,416,95
Net assets	-		2,228,904	2,241,063	302,298,320	289,976,400
Ownership interest	40%	40%	40%	40%	13%	13%
Share in net assets	-	-	891,562	896,425	39,298,782	37,585,932
Acquisition fair value and other adjustments	-	-	(891,562)	(896,425)	379,756,757	378,278,127
Carrying value of investment	₱-	₱-	₱-	₱-	₱419,055,539	₱415,975,059

There are no significant restrictions on the ability of the associates to transfer funds to the Company in the form of cash dividends or to repay loans or advances made by the Company.

11. Investment Properties

This account consists of:

Unaudited March 31, 2016	Land	Building	Condominium Units	Total
Cost:				
Balance at beginning and end of the period	₱205,901,939	₱2,609,001	₱25,342,689	₱233,853,629
Accumulated depreciation:				
Balance at beginning	–	2,025,491	21,913,448	23,938,939
Depreciation	–	27,508	70,792	98,300
Balance at end of the period	–	2,052,999	21,984,240	24,037,239
Net book value	₱205,901,939	₱556,002	₱3,358,449	₱209,816,390

Audited December 31, 2015	Land	Building	Condominium Units	Total
Cost:				
Balance at beginning and end of the year	₱205,901,939	₱2,609,001	₱25,342,689	₱233,853,629
Accumulated depreciation:				
Balance at beginning of year	–	1,915,458	21,604,009	23,519,467
Depreciation	–	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

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

The investment properties have an aggregate fair value of ₱768.6 million based on an appraisal by an independent appraiser in November 2015. The fair value share attributable to the equity holders of the Parent Company amounted to ₱426.2 million. Management believes that the fair market value of its investment properties have not changed significantly since then. 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.

Rental income attributable to the investment properties amounted to ₱5.0 million and ₱4.9 million for the periods ended March 31, 2016 and 2015, respectively.

12. Property and Equipment

This account consists of:

	Unaudited March 31, 2016			
	Commercial Building	**Office machine, furniture and fixtures**	**Transportation Equipment**	**Total**
Cost:				
Balance at beginning and end of the period	**₱5,397,020**	**₱333,634**	**₱776,186**	**₱6,506,840**
Accumulated depreciation:				
Balance at beginning	**5,397,017**	**330,767**	**760,913**	**6,488,697**
Depreciation	–	**1,428**	**3,060**	**4,488**
Balance at end of the period	**5,397,017**	**332,195**	**763,973**	**6,493,185**
Net Book Value	**₱3**	**₱1,439**	**₱12,213**	**₱13,655**

	Audited December 31, 2015			
	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
Balance at beginning and end of the period	₱5,397,020	₱333,634	₱776,186	₱6,506,840
Accumulated depreciation:				
Balance at beginning of the period	5,390,450	325,053	748,675	6,464,178
Depreciation	6,567	5,714	12,238	24,519
Balance at end of the period	5,397,017	330,767	760,913	6,488,697
Net Book Value	₱3	₱2,867	₱15,273	₱18,143

Fully depreciated assets amounting to ₱6.3 million are still in use as of March 31, 2016 and 2015.

13. Accounts Payable and Other Current Liabilities

This account consists of:

	Unaudited March 31, 2016	Audited December 31, 2015
Advance Rentals:		
Affiliate (Note 14)	**₱231,001**	₱231,001
Others	**1,364,905**	1,364,906
Accrued expenses	**1,621,121**	1,280,649
Taxes payable	**292,647**	176,899
Accounts payable	**186,004**	186,004
Others	**187,459**	187,459
	₱3,883,137	₱3,426,918

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 days terms.

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

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

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

14. Related Party Transactions

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

Terms and Conditions of Transactions with Related Parties

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

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

a. GMRI has lease agreement with KPMI, an affiliate, covering the property which is the site of KPMI's shipyard. Rent income based on straight-line method amounted to ₱2.7 million as of March 31, 2016 and 2015. Total outstanding lease receivables amounted to ₱35.3 million and ₱35.5 million as of March 31, 2016 and December 31, 2015, respectively.

b. GRDC leased its properties to KPMI for one year and renewable annually. Rental income amounted to ₱0.06 million both for the quarters ended March 31, 2016 and 2015. The outstanding lease receivables as of March 31, 2016 and December 31, 2015 amounted to ₱0.02 million and nil, respectively.

c. KPSI leases certain properties to KPMI, Keppel IVI Investment, Inc., Keppel Philippine Properties, Inc., and Keppel Energy Consultancy, Inc., its affiliates, for a period of one year, renewable annually. Rental income amounted to ₱0.3 million both for the periods ended March 31, 2016 and 2015. Outstanding receivables with the affiliates amounted to ₱0.04 million and ₱0.01 million in March 31, 2016 and December 31, 2015, respectively.

d. In 2008, the Parent Company and KPMI entered into a lease agreement, whereby the Parent Company leased to KPMI a piece of land which is the subject of complaint against Philippine National Oil Company (PNOC). The lease is for a period of one year subject to renewal. Rental income derived from the land amounted to ₱0.5 million both during the periods ending March 31, 2016 and 2015. Outstanding receivables with KPMI as of March 31, 2016 and December 31, 2015 both amounted to ₱0.2 million.

e. The Parent Company provides accounting services to its affiliates and related parties. Management fees earned ₱0.4 million and ₱0.3 million as of March 31, 2016 and 2015, respectively.

f. In September 2014, GMRI granted long-term loan amounting to ₱200.0 million to KPMI. 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 and interest rates are market based. The loan has an option for prepayment. The interest rate applied ranges from 3.5% to 3.8% as of first quarter of 2016 and 3.4% to 4.0% in first quarter of 2015. KPMI made principal payments of ₱12.5 million in March 2016 and in December 2015.

   In December 2015, GMRI granted short-term loan to KPMI amounting to ₱15.0 million, 90 days term and interest rate of 2.9%. Upon maturity in March 2016, the loan was extended for another 90 days at 3.0%. In February 2016, KPMI obtained another short-term loan of amounting to ₱10.3M, 90 days term and interest rate of 3.2% per annum.

   Interest income recognized by GMRI from long-term and short-term loans to KPMI amounted to ₱1.8 million and ₱2.0 million as of March 31, 2016 and 2015, respectively.

g. As of December 2015, KPMI has outstanding short-term loans totaling ₱85.0 million from the Parent Company with 90 days term and market based interest rates ranging from 2.8% to 3.0% per annum. Upon its maturity, the loans were extended for another 90 days and with interest rates ranging from 2.8% to 3.2%. In February 2016, KPMI obtained additional short-term loan amounting to ₱15.0 million for 90 days at interest rate of 3.2%. Interest income recognized from these loans by the Parent Company amounted to ₱0.7 million as of March 31, 2016.

h. In February 2016, KPSI granted short-term loan to KPMI amounting to ₱15.0 million for 90 days at market based interest rate of 3.2% per annum. Interest income recognized from this loan amounted to ₱0.1 million as of March 31, 2016.

i. In 2014, the Parent Company entered into a Memorandum of Undertaking (MOU) with KPMI to assist the latter in providing the relevant documents required to qualify to bid for projects for a 1% share in revenue. The Parent Company received ₱0.3 million in July 2015 and nil as of March 31, 2016.

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

15. Capital Stock

The Class "A" and Class "B" shares of stock are identical in all respects and have ₱1 par value, except that Class "A" shares are restricted in ownership to Philippine nationals. Class "B" shares are 18% and 82% owned by Philippine nationals and foreign nationals, respectively, as of March 31, 2016. Authorized and issued shares as of March 31, 2016 and 2015 as follows:

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

The weighted average number of shares outstanding as of March 31, 2016 and 2015 as follows:

	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	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 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 March 31, 2016
Class "A"	38,730,970	₱ 1.00	June 30, 2000	387
Class "B"	21,636,449	₱ 1.00	June 30, 2000	60
	60,367,419			

There are 432 and 433 total shareholders per record holding both Class "A" and "B" shares as of March 31, 2016 and December 31, 2015, 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 shares of as March 31, 2016 and December 31, 2015.

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 March 31, 2016 and December 31, 2015. There was no acquisition made from December 31, 2015 up to this period.

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

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

In February 2016 and March 2015, GMRI declared cash dividend amounting to ₱20.0 million and ₱17.0 million, respectively. Out of this amount, the Parent Company received ₱10.0 million and ₱8.5 million in February 2016 and March 2015, respectively. Dividend declared and paid attributable to NCI amounted to ₱9.7 million and ₱8.2 million in February 2016 and March 2015, respectively.

17. Operating Expenses

This account consists of:

	Unaudited March 31, 2016	Unaudited March 31, 2015
Salaries, wages, and employees' benefits	**₱1,925,610**	₱1,709,498
Taxes and licenses	**1,213,579**	1,206,103
Professional fees	**343,580**	306,500
Provision for impairment losses	**228,608**	81,018
Transportation and travel	**133,531**	144,874
Utilities	**119,515**	116,589
Depreciation and amortization	**102,788**	111,744
Membership dues and subscriptions	**96,854**	115,891
Office supplies	**25,647**	10,617
Rental expense	**24,000**	24,000
Insurance	**15,000**	15,000
Repairs and maintenance	**5,947**	6,820
Postages	**4,287**	17,348
Others	**198,781**	219,012
	₱4,437,727	₱4,085,014

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

18. Segment Information

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

	Unaudited March 31, 2016				
	Investment Holdings	**Real Estate**	**Combined**	**Eliminations**	**Consolidated**
Revenue					
Third party	**₱1,609,211**	**₱6,470,779**	**₱8,079,990**	**₱–**	**₱8,079,990**
Inter-segment	**10,140,000**	**–**	**10,140,000**	**(10,140,000)**	**–**
Equity in net earnings of an associate	**–**	**3,080,480**	**3,080,480**	**–**	**3,080,480**
Total Revenue	**11,749,211**	**9,551,259**	**21,300,470**	**(10,140,000)**	**11,160,470**

Income before tax	**9,011,560**	**7,791,120**	**16,802,680**	**(10,050,000)**	**6,752,680**
Provision for income tax	**36,144**	**1,071,903**	**1,108,047**	**-**	**1,108,047**
Net Income	**8,975,416**	**6,719,217**	**15,694,633**	**(10,050,000)**	**5,644,633**
Other Information					
Segment assets	**235,735,885**	**900,532,890**	**1,136,268,775**	**(114,091,791)**	**1,022,176,984**
Segment liabilities	**3,050,617**	**9,951,192**	**13,001,809**	**(4,823,064)**	**8,178,745**
Depreciation & amortization	**-**	**102,788**	**102,788**	**-**	**102,788**

	Audited December 31, 2015				
	Investment Holdings	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 & amortization	-	443,991	443,991	-	443,991

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

All the Company's revenues are derived from operation within the Philippines, hence, the Company did not present geographical information required by PFRS 8, *Operating Segments*. Rental income from KPMI amounted to ₱3.2 million both for the periods ended March 31, 2016 and 2015. Rental from KPMI comprises more than 10% of the Company's rental revenue for the period.

19. Financial Risk Management Objectives and Policies

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

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

Credit Risk

Credit risk pertains to the risk that a party to financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company transacts mostly with related parties, thus, there is no requirement for collateral. Receivables are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Significant concentration of credit risk as of March 31, 2016 pertains to loan receivable from a related company amounting to ₱315.3 million, which comprise 93% of the Company's loan and receivables.

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

	Unaudited March 31, 2016	Audited December 31, 2015
Loans and Receivables		
Cash and cash equivalents *	**₱20,737,661**	₱55,128,375
Receivables		
Loan receivable from related party	**315,346,000**	287,500,000
Current portion of lease receivables**	**1,350,265**	1,188,905
Interest receivable	**920,490**	822,801
Due from related party	**46,725**	34,056
	₱338,401,141	₱344,674,137

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

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

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

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

Interest Rate Risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term loan receivable with interest rate repriced semi-annually. Since the Company's long-term loan was granted to a related party, there is no requirement for collateral or guaranty. (Note 14).

Equity Price Risk
Equity price risk is the risk that the fair values of the equities will decrease resulting from changes in the levels of equity indices and the value of the individual stocks. The Company's price risk exposure relates to its quoted AFS financial assets where values will fluctuate as a result of changes in market prices. Such quoted AFS financial asset is subject to price risk due to changes in market values arising from factors specific to the instruments or its issuer or factors affecting all instruments traded in the market.

Capital Management

The primary objective of the Company'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 Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions.

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

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

The debt to equity ratios as of March 31, 2016 and December 31, 2015 are as follows:

	Unaudited March 31, 2016	Audited December 31, 2015
Total liabilities	**₱8,178,745**	₱7,358,360
Total equity	**1,013,998,239**	1,018,807,606
Debt to equity ratio	**0.008:1**	0.007:1

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

Fair Values

Due to the short term nature of the Company's financial instruments, the fair values approximate their carrying amounts as of March 31, 2016 and December 31, 2015 except for the long-term loan receivable with carrying amount of ₱137.5 million and fair value of ₱145.0 million and ₱187.5 million and fair value of ₱197.9 million for the periods ending March 31, 2016 and December 31, 2015, 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 March 31, 2016 and December 31, 2015, the Company classifies its quoted AFS financial asset amounting to ₱15.0 million and ₱15.8 million, respectively, under Level 1 of the fair value hierarchy. During the reporting periods ending March 31, 2016 and December 31, 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

20. Financial Soundness (Key Performance) Indicators

	Unaudited March 31, 2016	Audited December 31, 2015
A. Current and Liquidity Ratios		
1. Current Ratio (Current Assets/Current Liabilities)	**31.32**	37.01
2. Acid-test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	**31.12**	36.83
B. Solvency Ratio (annualized) (Net Income + Depreciation)/Total Liabilities	**2.81**	3.75
C. Debt to Equity Ratio (Total Liabilities/Stockholders' Equity)	**0.01**	0.01
D. Asset to Equity Ratio	**1.01**	1.01
E. Debt Ratio (Total Liabilities/Total Assets)	**0.01**	0.01
F. Interest Rate Coverage Ratio (EBIT/Interest Expense)	**Nil**	Nil
G. Profitability % (annualized)		
1. Return on Assets (Net Income/Total Assets)	**2.21**	2.62
2. Return on Equity (Net Income/Stockholders Equity)	**2.23**	2.64
H. Earnings per Share Attributable to Equity Holders of Parent (₱) (Annualized)	**0.37**	0.22
I. Book Value per Share Attributable to Equity Holders of the Parent (₱)	**9.68**	9.65

21. Other Matters

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

In July 2007, the Company and PNOC signed a compromise agreement where in both parties agreed to increase the price to ₱6.1 million. The compromise agreement is pending approval by the Office of the Solicitor General as of this period. In July 2012, PNOC filed with the Supreme Court (SC) a petition for review on certiorari of the decision of the CA. On November 7, 2013, the Parent 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 pending with the SC as of this period.

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

Given the length of time that had lapsed, it is unlikely that the Compromise Agreement will be approved.

Aging of Receivable as at March 31, 2016:

	Total	Current	2-3 Mos	4 - 6 Mos	7 -12 Mos	More than 1 year
Long-term loan receivable - current	₱177,846,000	₱177,846,000				
Lease receivables - current	1,350,265	1,350,265		-	-	-
Nontrade - receivables	2,152,580	-	-	-	-	₱2,152,580
Interest receivable	920,490	920,490	-	-	-	-
Due from related party	46,725	46,725	-	-	-	-
Total	**182,316,060**	**180,163,480**	-	-	-	**2,152,580**
Less Allowance for doubtful accounts	2,152,580	-	-	-	-	2,152,580
Net Receivables	**₱180,163,480**	**₱180,163,480**	-	-	-	-

EXHIBIT II

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

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

Results of Operations

The Company recorded a net income of ₱5.6 million for the first quarter ended March 31, 2016 as against ₱7.3 million in same period last year. The 23% decrease was mainly due to lower equity in net earnings of associates and higher operating expenses. This was partially offset by increase in rental income, interest income and management fees.

Rental revenue for the quarter ending March 31, 2016 amounted to ₱5.1 million, slightly higher by 3% as against same period last year of ₱4.9 million. This was mainly due to increase in rental rates.

The Company recognized equity in net earnings of associates of ₱3.1 million this quarter, or 25% lower as against same period last year of ₱4.1 million.

The Company earned interest income this quarter of ₱2.7 million, mainly from loans receivable granted to a related company as against ₱2.4 million for the quarter ending March 31, 2015.

Management fees charged to related parties increased from ₱0.3 million as of March 31, 2015 to ₱0.4 million as of March 31, 2016.

Operating expenses of ₱4.4 million this quarter was higher by 9% as against ₱4.1 million last March 31, 2015. This was brought mainly by higher provision for impairment losses, salaries and benefits and professional fees. This was partially offset by lower depreciation, taxes and licenses, membership dues and postages.

The Company generated other income of ₱0.03 million this quarter as against last year same period of ₱0.7 million which came from recovery of provision of impairment losses.

The Company incurred fair value loss on AFS financial assets this quarter of ₱0.8 million as against fair value gain same period last year of ₱0.2 million.

Financial Condition

The cash position of the Company as of March 31, 2016 amounted ₱20.7 million lower by ₱34.4 million as against ₱55.1 million as of December 31, 2015. The decrease was brought by payment of dividends to noncontrolling interest of ₱9.7 million and granting of short-term loans of ₱40.3 million to related party. This was partially offset by ₱2.6 million interests received from loans and short-term deposits and ₱12.5 million quarterly principal payment of long-term loan receivable.

Total receivables net of allowance amounted to ₱352.1 million and ₱324.2 million in March 31, 2016 and December 31, 2015, respectively. As of March 31, 2016, current receivable amounted to ₱180.2 million while long-term receivable amounted to ₱171.9 million. As against December 31, 2015, current receivable amounted to ₱152.1 million and long-term receivable amounted to ₱172.1 million. Major transaction during the quarter came from granting of short-term loan of ₱40.3 million offset by the payment of long-term loan receivable of ₱12.5 million.

Other current assets as of this period increased to ₱1.3 million as against ₱1.0 million as of December 2015 which was due to prepayments.

AFS financial assets as of March 31, 2016 amounted to ₱15.0 million as compared to December 31, 2015 of ₱15.8 million. Investments in associates increased from ₱416.0 million as of December 2015 to ₱419.1 million as of March 31, 2016. The increase of ₱3.1 million was due mainly to the recognition of equity in net earnings of associate. Decrease in investment properties and property and equipment from ₱209.9 million as of December 31, 2015 to ₱209.8 million this period was due to depreciation. No acquisition was made during the period.

Total liabilities gradually increased from ₱7.4 million as of December 31, 2015 to ₱8.2 million as of March 31, 2016 mainly due to higher income tax payable and accruals.

The equity attributable to equity holders of the Parent Company as of March 31, 2016 amounted to ₱584.4 million as against last December 31, 2015 of ₱582.4million. This was due to net income attributable to Parent Company of ₱2.9 million for the quarter ending March 31, 2016 offset by unrealized loss on available for sale financial assets of ₱0.8 million.

Noncontrolling interests as of March 31, 2016 amounted to ₱429.6 million as against last December 31, 2015 of ₱436.4 million. The decrease was due to the net effect of net income attributable to the noncontrolling interests of ₱2.9 million for the quarter ending March 31, 2016 offset by the ₱9.7 million dividend payments.

The book value per share attributable to equity holders of the parent (equity attributable to equity holders of the parent divided by common shares outstanding) at ₱9.68 as of March 31, 2016 higher than in December 31, 2015 at ₱9.65 per share.

Earnings per share attributable to the equity holders of the Parent (net earnings for the quarter divided by common shares outstanding) as shown in the consolidated statement of income for the period ending March 31, 2016 was ₱0.05 slightly lower than as of March 31, 2015 of ₱0.06 per share.

Material Events and Uncertainties

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

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer : **KEPPEL PHILIPPINES HOLDINGS, INC.**

Signature and Title :

STEFAN TONG WAI MUN
President

FELICIDAD V. RAZON
VP/Treasurer

Date : May 10, 2016

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

6	2	5	9	6						

COMPANY NAME

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

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

Unit 3-B, Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CFD	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@keppelph.com	8921816	-

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
433 as of Dec 31, 2015	June 19	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Stefan Tong Wai Mun	info@keppelph.com	8921816	-

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

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

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.

Chow Yew Yuen
Chairman

Stefan Tong Wai Mun
President

Felicidad V. Razon
Vice President -Treasurer

Signed this 28th day of January 2016.

SUBSCRIBED AND SWORN to before me this ______day of APR 0 1 2016 2016, affiants exhibiting to me their Passport No./ Tax Identification No. (TIN) as follows:

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

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Notary Public
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 Del Pilar, Makati City

Doc. No. 10;
Page No. VI;
Book No. XX;
Series of 2016.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

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.

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. 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
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 21)	**₱55,133,375**	₱127,884,635
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	**₱1,026,165,966**	₱1,013,271,053
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 13, 14 and 21)	**₱3,426,918**	₱4,125,996
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	**₱1,026,165,966**	₱1,013,271,053

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)	**₱19,420,102**	₱19,270,326	₱18,804,270
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	**₱26,922,047**	₱26,207,792	₱20,761,514
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent (Note 19)	**₱13,170,428**	₱12,290,614	₱9,219,933
Noncontrolling interests	**13,751,619**	13,917,178	11,541,581
	₱26,922,047	₱26,207,792	₱20,761,514
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 19)	**₱0.218**	₱0.204	₱0.153

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							
	Capital Stock (Note 15)	Additional Paid-in Capital	Retained Earnings (Note 16)	Unrealized Gain on Available-for-sale Financial Assets (Note 9)	Treasury Shares (Note 16)	Total	Noncontrolling Interests	Total Equity
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	₱31,569,248	₱28,770,736	₱23,436,013
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)	₱55,133,375	₱127,884,635	₱312,310,233

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Keppel Philippines Holdings, Inc. (KPHI or the Parent Company) and its subsidiaries, KPSI Property, Inc. (KPSI) and Goodwealth Realty 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 ancilliary 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.

<u>Estimates and Assumptions</u>
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	**₱842,948,496**	₱842,948,496
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)
	₱415,975,059	₱419,572,134

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	₱273,518,182	₱273,518,182	₱231,833,514	₱231,833,514	₱337,596,800	₱337,596,800	₱842,948,496	₱842,948,496
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)
	₱–	₱–	₱–	₱985,086	₱415,975,059	₱418,587,048	₱415,975,059	₱419,572,134

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 ₱0.07 million in 2015 and ₱0.02 million in 2014. On August 12, 2015, GVI declared dividends amounting to ₱0.8 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 ₱0.7 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 ₱0.2 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	₱–	₱–	₱2,307,098	₱3,317,929	₱55,975,176	₱89,342,074
Noncurrent assets	–	–	–	–	260,731,210	242,651,543
Total assets	₱–	₱–	₱2,307,098	₱3,317,929	₱316,706,386	₱331,993,617
Current liabilities	₱–	₱–	₱66,035	₱111,777	₱26,729,986	₱31,434,168
Total liabilities	₱–	₱–	₱66,035	₱111,777	₱26,729,986	₱31,434,168
Revenue	₱–	₱–	₱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	₱–	₱–	₱2,241,063	₱3,206,152	₱289,976,400	₱300,559,449
Effective ownership interest	40%	40%	40%	40%	13%	13%
	–	–	896,425	1,282,461	37,696,932	39,072,728
Acquisition fair value and other adjustments	–	–	(896,425)	(297,375)	378,278,127	379,514,320
Carrying value of investment	₱–	₱–	₱–	₱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			
	Building	Office Machine, Furniture and Fixtures	Transportation Equipment	Total
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			
	Building	Office Machine, Furniture and Fixtures	Transportation Equipment	Total
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**	–
	₱3,426,918	₱4,125,996

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
Affiliate				
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
Affiliate				
Loan receivable (Note7)				
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 compromise 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			
	High Grade	Past Due but not Impaired	Impaired	Total
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*	₱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	–	–	169,709
Nontrade	–	–	2,152,580	2,152,580
Interest receivable	547,239	–	–	547,239
	₱328,596,583	₱–	₱2,152,580	₱330,749,163

** 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				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than One Year**	**Total**
Financial assets					
Loans and receivables:					
Cash and cash equivalents	**₱2,406,137**	**₱52,727,238**	**₱–**	**₱–**	**₱55,133,375**
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**
	₱2,467,205	**₱54,711,932**	**₱150,000,000**	**₱187,924,962**	**₱395,104,099**
Financial liabilities					
Accounts payable and other current liabilities (excluding output VAT, advances rentals, provisions and other taxes payable)	**₱108,691**	**₱1,466,654**	**₱–**	**₱–**	**₱1,575,345**
Refundable deposits	**–**	**–**	**1,885,757**	**–**	**1,885,757**
	₱108,691	**₱1,466,654**	**₱1,885,757**	**₱–**	**₱3,461,102**

	2014				
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	Total
Financial assets					
Loans and receivables:					
Cash and cash equivalents	₱3,090,862	₱124,793,773	₱–	₱–	₱127,884,635
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
	₱3,147,022	₱125,454,561	₱12,500,000	₱237,893,934	₱378,995,517
Financial liabilities					
Accounts payable and other current liabilities (excluding output VAT, advance rentals, provisions and other taxes payable)	₱–	₱1,562,364	₱–	₱–	₱1,562,364
Refundable deposits	–	–	1,794,468	–	1,794,468
	₱–	₱1,562,364	₱1,794,468	₱–	₱3,356,832

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	**₱196,750**
-0.1	**(196,750)**

2014

Change in Interest Rates (%)	Effect on Income Before Tax
+0.2	₱383,333
-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**	**₱932,800**
	-8.00	**(₱932,800)**

	2014	
	Change in Equity Price (%)	Effect on Other Comprehensive Income Increase (Decrease)
Quoted club share	+13.00	₱1,954,445
	-13.00	(₱1,954,445)

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	**₱7,358,360**	**₱7,942,852**
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).

SyCip Gorres Velayo & Co.
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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

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	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
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)	–
Unappropriated retained earnings, as adjusted, ending	₱70,271,320

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	₱ 15,800,000	₱ 15,800,000	₱ -
Universal Rightfield Property Holdings, Inc.	4,400,000	1	1	
		₱ 15,800,001	₱ 15,800,001	₱ -
SHORT-TERM CASH INVESTMENTS **		₱ 52,727,238	₱ 52,727,238	₱ 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: Amount Collected	Deductions: Amount Written-Off	Current	Non Current	Ending Balance
Keppel Philippines Marine, Inc.	₱ 235,885,012	₱ 152,943,235	₱ (64,716,596)	₱ -	₱ 151,986,690	₱ 172,124,961	₱ 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
	₱ 235,885,012	₱ 153,007,128	₱ (64,757,232)	₱ -	₱ 152,009,947	₱ 172,124,961	₱ 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	₱ 985,086	₱ (66,036)	₱ -	₱ (695,680)	₱ (223,370)	200,000	₱ -	
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	-
		₱ 419,572,134	14,788,202	₱ -	₱ (18,161,907)	₱ (223,370)		₱ 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.	₱ -	₱ -
Goodwealth Ventures, Inc.	-	-
Consort Land, Inc.	-	-
	₱ -	₱ -

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	₱ 205,901,939	₱ -	₱ -	-	₱ 205,901,939
Building and improvements	2,609,001	-	-	-	2,609,001
Condominium units	25,342,689	-	-	-	25,342,689
	233,853,629	-	-	-	233,853,629
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
	6,506,840	-	-	-	6,506,840
	₱ 240,360,469	₱ -	₱ -	₱ -	₱ 240,360,469

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	₱ 1,915,458	₱ 110,033	₱ -	₱ -	₱ 2,025,491
Condominium units	21,604,009	309,439	-	-	21,913,448
	23,519,467	419,472	-	-	23,938,939
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	748,675	12,238	-	-	760,913
	6,464,178	24,519	-	-	6,488,697
	₱ 29,983,645	₱ 443,991	₱ -	₱ -	₱ 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: Charged to Costs and Expenses	Deductions: Charged to Other Accounts	Other Changes- Additions (Deductions)	Ending Balance
	₱ -	₱ -	₱ -	₱ -	₱ -	₱ -
NOT APPLICABLE						-
						-
						-
						-
						-
	₱ -	₱ -	₱ -	₱ -	₱ -	₱ -

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
	₱ -	₱ -	₱ -	
	NOT APPLICABLE			
	₱ -	₱ -	₱ -	

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)	₱	221,664	₱	231,001
Keppel Philippines Marine, Inc.(Security Deposit)		221,665		231,000
	₱	443,329	₱	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

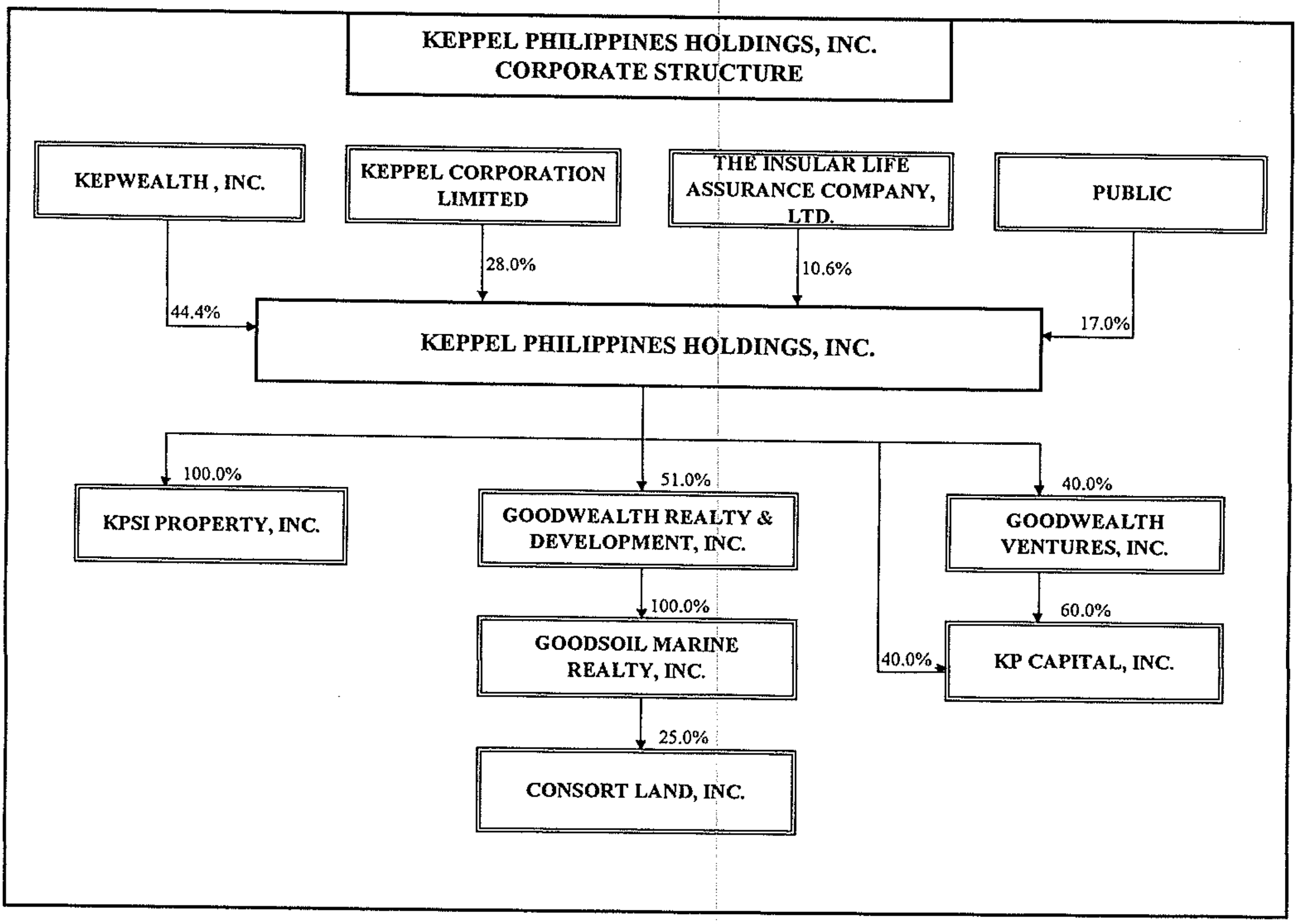
December 31, 2015

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
		₱ -	₱ -	
	NOT APPLICABLE			
		₱ -	₱ -	

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


KEPPEL PHILIPPINES HOLDINGS, INC.
CORPORATE STRUCTURE
KEPWEALTH , INC.
KEPPEL CORPORATION LIMITED
THE INSULAR LIFE ASSURANCE COMPANY, LTD.
PUBLIC
44.4%
28.0%
10.6%
17.0%
KEPPEL PHILIPPINES HOLDINGS, INC.
100.0%
51.0%
40.0%
KPSI PROPERTY, INC.
GOODWEALTH REALTY & DEVELOPMENT, INC.
GOODWEALTH VENTURES, INC.
100.0%
60.0%
GOODSOIL MARINE REALTY, INC.
40.0%
KP CAPITAL, INC.
25.0%
CONSORT LAND, INC.

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