

# COVER SHEET

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S.E.C Registration Number

K E P P E L P H I L I P P I N E S H O L D I N G S ,  
 I N C . A N D S U B S I D I A R I E S

(Company's Full Name)

U N I T 3 B C O U N T R Y S P A C E I B L D G .  
 1 3 3 S E N G I L P U Y A T A V E S A L C E D O  
 V I L B R G Y B E L - A I R M A K A T I C I T Y

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

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

**Contact Person**

892 1816  
 815-9071

**Company Telephone Number**

1 2  
 Month

3 1  
 Day

**SEC Form 20 IS – Definitive Information Statement**

FORM TYPE

0 6  
 Month

0 6  
 Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

440 as of March 31, 2014  
 Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

\_\_\_\_\_  
 LCU

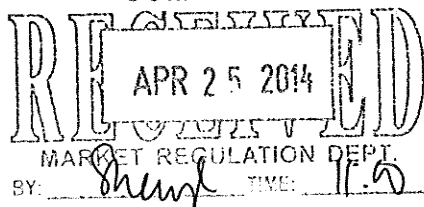
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 Cashier

STAMPS



SECURITIES AND EXCHANGE  
COMMISSION



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

**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 **28 May 2014**, Wednesday at **3:30 p.m.**, at the Dasmariñas-Magallanes Room, Makati (Sports) Club, L.P. Leviste corner Gallardo Streets, Salcedo Village, Makati 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 06 June 2013
4. Presentation of the 2013 Annual Report and Approval of the 2012 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. Election of Directors for the Year 2014-2015
7. Directors' Remuneration
8. Appointment of External Auditor
9. Amendment of Articles of Incorporation re Principal Office Address
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 **30 April 2014** as the record date for the determination of stockholders entitled to notice of and vote at the meeting.

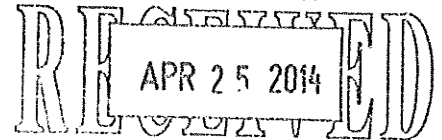
Only stockholders of record at the close of business on **30 April 2014** are entitled to notice of, and to vote at, this meeting. For your convenience in registering your attendance, please bring your Identification Card and present the same at the registration desk at the Dasmariñas-Magallanes Room, Makati (Sports) Club, L.P. Leviste corner Gallardo Streets, Salcedo Village, Makati City. Registration shall start at **3:00 p.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



MARKET REGULATION DEPT.  
BY: Shemp TIME: 11:00

1. Check the appropriate box:

- Preliminary Information Statement  
 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,  
Sen. Gil J. Puyat Avenue, 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 : May 28, 2014**  
**Time : 03:30 p.m.**  
**Place : Dasmariñas and Magallanes Room, Makati (Sports) Club, Inc., L.P. Leviste  
corner Gallardo Streets, Salcedo Village, Makati City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders:  
**May 7, 2014**

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 March 31, 2014)
<b>Class 'A' Common</b>	<b>38,730,970</b>
<b>Class 'B' Common</b>	<b>21,636,449</b>
	<b>60,367,419 (Net of 12,806,081 Treasury shares)</b>

12. Are any or all of registrant's securities listed on the Philippines Stock Exchange?  
Yes  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 : **May 28, 2014**  
Time : **03:30 p.m.**  
Place : **Dasmariñas & Magallanes Room, Makati (Sports) Club, Inc., L.P. Leviste corner Gallardo Streets, Salcedo Village, Makati City**

Complete Mailing Address of Principal Office of Registrant:  
**Keppel Philippines Holdings, Inc.**  
**Unit 3-B Country Space 1 Building**  
**Sen. Gil J. Puyat Avenue**  
**Makati City**

(b) The approximate date on which the information statement is first to be sent and given to the security holders shall be **May 7, 2014**.

**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 March 31, 2014:

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 **April 30, 2014** 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 March 31, 2014 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. <sup>1</sup> Unit 3B, Country Space I Bldg., Sen. Gil J. Puyat Ave., Makati City	Same as Record Owner Alan I. Claveria (President)	Filipino	Class 'A': 21,669,874 Class 'B': <u>1,715,749</u> 23,385,623	38.739
Common	Keppel Corporation Ltd. <sup>2</sup> 1 Harbour Front Ave, #18-01, Keppel Bay Tower, Singapore 098632	Same as Record Owner Teo Soon Hoe (Senior Executive Director)	Singaporean	Class 'B': 16,894,082	27.985
Common	PCD Nominee Corp. - Filipino <sup>3</sup> 37/F, Enterprise Bldg, Ayala Ave., Makati City	The Insular Life Assurance Co., Ltd. Mayo Jose B. Ongsinco (President & Chief Operating Officer)	Filipino	Class 'A': 12,925,735 Class 'B': <u>2,103,910</u> Class 'B': <u>551,814</u> 15,581,459	25.811
	• HSBC Securities Services <sup>4</sup>		Foreign	Class 'A': 6,408,422	

- 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.*
- 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.*
- 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.*
- HSBC Securities Services is the custodian of 6,408,422 shares or 10.616% of the total outstanding capital stock. HSBC Securities Services is a corporation organized and existing under and by virtue of the Republic of the Philippines as a Securities Broker. The Insular Life Assurance Co., Ltd. (Insular Life), a non-stock corporation incorporated in the Philippines, is the ultimate beneficial owner of 6,408,422 shares.*

(2) Security Ownership of Directors and Management as of March 31, 2014:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership ("d" or "i")	Citizenship	Percentage of Class
Common	Teo Soon Hoe	Class 'B' : 1 (d)	Singaporean	-
Common	Stefan Tong Wai Mun	Class 'B' : 1 (d)	Malaysian	-
Common	Celso P. Vivas	Class 'A' : 1 (d)	Filipino	-
Common	Noel M. Mirasol	Class 'B' : 1 (d)	Filipino	-
Common	Mayo Jose B. Ongsinco	Class 'A' : 1 (d)	Filipino	-
Common	Rogelio R. Cabuñag	Class 'A': 1,000 (d)	Filipino	-
Common	Benjamin P. Mata	Class 'A': 897; 'B':1(d)	Filipino	-
Common	Toh Ko Lin	Class 'B': 1 (d)	Singaporean	-
Common	Ma. Melva E. Valdez	Class 'B' : 1 (d)	Filipino	-
	Lory Anne P. Manuel-McMullin	-	Filipino	-
	Felicidad V. Razon	-	Filipino	-
<b>Directors and Executive Officer as a Group</b>		<b>1,905</b>		<b>-</b>

(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.

(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 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. **Teo Soon Hoe**, 64, Singaporean, was elected Chairman of Keppel Philippines Holdings, Inc. in June 1999. He currently serves as Senior Executive Director of Keppel Corporation Ltd. In Singapore, he is the Chairman of Keppel Telecommunications & Transportation Ltd. and M1 Limited. He is also a regular Director of several companies within the Keppel Group, including Keppel Land China, Ltd., Keppel Offshore & Marine Ltd. and K1 Ventures Ltd. Mr. Teo obtained a Bachelor's Degree in Business Administration from the University of Singapore. He is also a member of the Wharton Society of Fellows, University of Pennsylvania. Mr. Teo began his career with the Keppel Group in 1975. Keppel Group has businesses in offshore & marine, property and infrastructure.
2. **Stefan Tong Wai Mun**, 41, 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. (KPMI) 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 17 years of experience in banking, finance and real estate.
3. **Celso P. Vivas**, 67, 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 KPMI 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 47 years of experience in audit, finance, enterprise risk management and corporate governance.
4. **Noel M. Mirasol**, 76, 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 Rensselaer Polytechnic Institute, New York and a PhD. in Operations Research from Case Institute of Technology, Cleveland, Ohio. Mr. Mirasol has 47 years of experience in finance in various industries.
5. **Mayo Jose B. Ongsingco**, 62, Filipino, was elected as regular Director of Keppel Philippines Holdings, Inc. in June 2002 and currently a member of the Audit Committee of the Company. He has been the President and Chief Operating Officer of Insular Life Assurance Co. Ltd. since 2004 and Chairman of the Board of Insular Life Employees' Retirement Fund and Insular Life General Insurance Agency, Inc. He is the Vice-Chairman of Insular Life Health Care, Inc., Insular Life Management & Development Corp., Insular Life Property Holdings, Inc. and Home Credit MBLA. He is also a regular Director of Insular Investment & Trust Corp., Insular Life Foundation, Mapfre Insular Insurance Corp., Pilipinas Shell Petroleum Corp., PPI Prime Venture, Inc., and Union Bank of the Philippines. Mr. Ongsingco graduated from the De La Salle University with Bachelor's Degrees (Magna Cum Laude) in Economics and Accounting. He also obtained Master's Degree in Business Administration from the University of the Philippines and in National Security Administration from the National Defense College of the Philippines (with Honors). Mr. Ongsingco has 40 years of experience in banking, finance, and insurance.
6. **Benjamin P. Mata**, 83, 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 46 years of experience in the maritime industry and he has sat in various committees relating to maritime issues.
7. **Toh Ko Lin**, 61, Singaporean, was a regular Director and President of the Company from 2002 to 2007. He was also President of KPMI from 2001 until 2011. In October 2012, he was appointed as the Chairman of the Board and President of KPMI. He holds chairmanship in Keppel Subic Shipyard, Inc. and also regular directorship in various affiliated companies in

the Keppel Group. He is currently the Executive Director of Keppel Singmarine Pte. Ltd. in Singapore. Mr. Toh graduated from the University of Newcastle-upon-Tyne in United Kingdom with a Bachelor of Science (Honors) degree in Naval Architecture. He also obtained a degree of Master of Business Administration from the University of Western Ontario, Canada. His work experience includes 37 years in the marine industry.

8. **Rogelio R. Cabuñag**, 65, Filipino, was elected as regular Director of Keppel Philippines Holdings, Inc. in September 2006 and a member of the Audit Committee of the Company. He resigned as a regular Director and member of Audit and Nomination Committees on 10 April 2014. Currently, he is a regular Director of Sinophil, Chairman and President of Cajesar Development Corp. Previously, he was the President and Director of Belle Corporation and most of its subsidiaries and affiliates. He was also the President and Director of SM Development Corp. and Executive Vice President and Director of SM Synergy Properties Holdings Corp. He also served as a regular Director of Tagaytay Highlands International Golf Club, Inc., Tagaytay Midlands Golf Club, Inc., and The Spa and Lodge at Tagaytay Highlands, Inc. He graduated from De La Salle University with a Bachelor of Science Degree in Commerce and finished the Top Management Program at Asian Institute of Management (AIM). He has 44 years of experience in banking, finance and real estate development.
9. **Ma. Melva E. Valdez**, 54, 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 Senior Partner of the law firm of Jimenez Bello Valdez Caluya and Fernandez Law Offices (JGLaw). She is also currently the Corporate Secretary of the following companies: Keppel Philippines Properties, Inc. and Mabuhay Vinyl Corporation (both listed companies) and Keppel Philippines Marine, Inc. She is likewise the Corporate Secretary of Asian Institute of Management, Keppel Subic Shipyard, Inc. and various Keppel companies in the Philippines, and a Director of Leighton Contractors (Phils.), Inc. Atty. Valdez has 29 years of working experience in her field of profession as a lawyer.

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 Teo Soon Hoe (Chairman), Noel M. Mirasol, Toh Koh Lin and Stefan Tong Wai Mun received recommendations for the position of independent directors for the Company. The said recommendations were signed by the nominating stockholder together with the acceptance and conformity of the would-be nominee. 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 09 September 2003 and further amended on 04 July 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) Teo Soon Hoe
- (2) Stefan Tong Wai Mun
- (3) Celso P. Vivas – Independent Director
- (4) Noel M. Mirasol – Independent Director
- (5) Mayo Jose B. Ongsingco
- (6) Benjamin P. Mata
- (7) Toh Ko Lin
- (8) Ma. Melva E. Valdez
- (9) Felicidad V. Razon (*please see profile below* \*)

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

## (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**, 54, Filipino, has joined Keppel Philippines Holdings Inc. as Finance Manager in May 2008 and was elected as Treasurer in June 2008 and was appointed as Vice President/Treasurer and Compliance Officer last November 2013. Ms. Razon graduated from Polytechnic University of the Philippines with Bachelor of Science Degree in Commerce major in Accountancy and a Certified Public Accountant. She is also a regular Director of Goodsoil Marine Realty, Inc.

and Goodwealth Realty Development Corp, Treasurer of Kepwealth Property Phils., Inc., President of Keppel Center Condominium, Inc. and Finance Manager of KPH related companies.

- (4) **Lory Anne P. Manuel-McMullin**, 44 Filipino, has been the Asst. Corporate Secretary of the Company since 1998. She is also the Asst. Corporate Secretary of Keppel Philippines Marine, Inc., Keppel Subic Shipyard, Inc., Consort Land, Inc., Phil. Nagano Seiko, Inc., Cavite Nagano Seiko Inc., South Sea Nagano Dev. Inc., Karumona Nagano Seiko, Inc., Mitsuba Philippines Technical Center Corp., Sunnelit Philippines Corp., Logwin Air + Ocean Phils., Goodsoil Marine Realty, Inc., Goodwealth Realty Dev. Corp., Goodwealth Ventures, Inc., KPSI Property, Inc., Keppel Batangas Shipyard, Inc., Consort Capital, Inc., Kepwealth, Inc. and Kepventure, Inc. She is also a regular Director and Corporate Secretary/Treasurer of Cominix (Phils), Inc., regular Director/Corporate Secretary of Fonality (Phils), Inc. and Mektec (Phils.)Corp. and Resident Agent of Mektec Corp. (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.

**(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 resignation of Mr. Rogelio R. Cabuñag last 10 April 2014 due to retirement, 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.

**7. 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 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	2014—Estimate	₱4,433,000	None	None
	2013	₱4,425,000	None	None
	2012	₱3,858,000	None	None
Aggregate For All Officers And Directors As A Group	2014 – Estimate	₱4,993,000	None	None
	2013	₱4,925,000	None	None
	2012	₱4,434,000	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 2013, the directors were each paid directors' fee amounting to ₱60,000 each and the same amount is budgeted for 2014 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.

## 8. Independent Public Accountants

- (a) The external auditor of the Company for the most recently completed calendar year of 2013 is SyCip Gorres Velayo & Co. (SGV). SGV's reappointment as external auditor of the Company for the fiscal year 2014 has been recommended by the Audit Committee, composed of: Celso P. Vivas (Chairman), Noel M. Mirasol, Mayo Jose B. Ongsingco and Stefan Tong Wai Mun and approved by the Board. Thereafter, this shall be submitted to the security holders for their approval in the 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. Bernalette L. Ramos is the partner-in-charge from SGV for the audited financial statements of the Company for the year ended December 31, 2013. 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. Ramos, partner of SGV, for more than five (5) years.

- (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:

	2013	2012
1. Audit, other Assurance and Related Fees	₱310,000	₱310,000
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.

## 9. 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, 2013

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 2013 Annual Meeting of the Stockholders

Approval of the minutes of the 2013 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 06 June 2012, Presentation of the 2012 Annual Report and Approval of the 2012 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 2013-2014, Approval of Directors' Remuneration and Appointment of External Auditor. This does not constitute a second approval of the same matters taken up at the 2013 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**

There is a proposal to amend the Articles of Incorporation of Keppel Philippines Holdings, Inc., more particularly Third Article thereof, to reflect the complete and specific principal address of the Corporation. This is in compliance with SEC Memorandum Circular No.6, Series of 2014, which directs all corporations to specify their "complete and specific principal office address" in their articles of incorporation. The Third Article of KPHI which presently indicates "Makati, Rizal, Philippines" as the principal office of the Corporation is proposed to be amended to reflect the specific and complete principal office address of the Corporation, which is "Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City".

**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 06 June 2013 to 27 May 2014. 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.
2. Directors' Remuneration
3. Election of members of the Board of Directors for the year 2014-2015
4. Re-appointment of External Auditor

**19. Voting Procedures**

- (a) Except for the proposed amendment of Keppel Philippines Holdings, Inc.'s Articles of Incorporation 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) Re-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.

**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.

PART II

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

NOT APPLICABLE

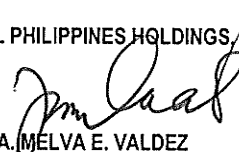
PART III

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 25 April 2014.

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  
Sen. Gil J. Puyat Ave.,  
Makati City

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. KPHI 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 and at Keppel Center, Cebu.

Goodwealth Realty Development Corp. ("GRDC"), 51% owned by KPHI, 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, 2013.

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, 2013. 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 26 August 1987. The high and low closing prices for each quarter within the last two (2) fiscal years and first quarter of 2014 as traded at the Philippine Stock Exchange are as follows:

	2013		2012	
	High	Low	High	Low
First Quarter	'A' ₱6.00	'A' ₱3.25	'A' ₱5.17	'A' ₱3.29
	'B' ₱5.80	'B' ₱4.90	'B' ₱5.70	'B' ₱3.32
Second Quarter	'A' ₱5.95	'A' ₱4.30	'A' ₱4.69	'A' ₱3.50
	'B' ₱5.64	'B' ₱5.00	'B' ₱4.75	'B' ₱4.10
Third Quarter	'A' ₱5.00	'A' ₱4.00	'A' ₱4.80	'A' ₱3.31
	'B' ₱5.30	'B' ₱5.30	'B' ₱4.75	'B' ₱4.00
Fourth Quarter	'A' ₱4.99	'A' ₱3.00	'A' ₱5.60	'A' ₱4.56
	'B' ₱4.80	'B' ₱4.80	'B' ₱5.00	'B' ₱3.90

	2014	
	High	Low
First Quarter	'A' ₱4.99	'A' ₱4.47
	'B' ₱5.00	'B' ₱4.90
April 23, 2014	'A' ₱4.50	'A' ₱4.50
April 21, 2014	'B' ₱5.40	'B' ₱5.40

The number of shareholders of record as of March 31, 2014 was 440.

Common shares outstanding as of March 31, 2014 were 60,367,419 broken down as follows:

Nationality	Class	No. of Shares	Percentage
Filipino – A	A	38,730,970	64.16
Filipino – B	B	3,922,560	6.50
Foreign	B	17,713,889	29.34
Total		60,367,419	100.00

The Company has 22.66% or 13,677,387 shares owned by the public out of the 60,367,419 total outstanding shares as of March 31, 2014.

Top 20 Stockholders as of March 31, 2014 are as follows:

	Shareholder	No. of Shares Held	%
1.	Kepwealth, Inc.	23,385,623	38.739
2.	Keppel Corporation Ltd.	16,894,082	27.985
3.	PCD Nominee Corp. – Filipino	15,029,645	24.897
4.	International Container Terminal Services, Inc,	2,121,287	3.514
5.	SM Investment Corporation	1,488,871	2.466
6.	PCD Nominee Corp. – Foreign	551,814	0.914
7.	Soh Ngoi May	83,179	0.138
8.	Willy Y. C. Lim	60,175	0.100
9.	Edbert G. Tantuco	50,017	0.083

10.	New Court Nominees Ltd.	49,779	0.082
11.	EI Observatorio De Manila	45,070	0.075
12.	Emilio C. Tiu	23,238	0.038
13.	National Book Store, Inc.	22,422	0.037
14.	Ang Guan Piao	21,900	0.036
15.	Manolo Z. Alcasabas	21,170	0.035
16.	Willy Yew Chai Lim	20,085	0.033
17.	Yeo Chee Chiow	18,848	0.031
18.	Liwayway Sy	17,938	0.030
19.	Ma. Victoria R. Del Rosario	17,938	0.030
20.	Ramon R. Del Rosario Jr.	17,938	0.030

Top 20 Stockholders of Class "A" shares as of March 31, 2014 are as follows:

	Shareholder	No. of Shares Held	%
1.	Kepwealth, Inc.	21,669,874	55.950
2.	PCD Nominee Corp. – Filipino	12,925,735	33.373
3.	International Container Terminal Services, Inc,	2,121,287	5.477
4.	SM Investment Corporation	1,488,871	3.844
5.	EI Observatorio De Manila	30,314	0.078
6.	Emilio C. Tiu	23,238	0.060
7.	National Book Store, Inc.	22,422	0.058
8.	Liwayway Sy	17,938	0.046
9.	Ma. Victoria R. Del Rosario	17,938	0.046
10.	Ramon R. Del Rosario Jr.	17,938	0.046
11.	Dr. Victorino Medrano, Jr. &/or Ofelia R. Medrano	13,952	0.036
12.	Josefina Tengco Reyes	11,211	0.029
13.	Procurador General de Padres Franciscano de Manila	11,211	0.029
14.	Carlos T. Chua	10,192	0.026
15.	Barcelon Roxas Securities , Inc.	9,924	0.026
16.	Ronald L. Lipio ITF Frederick Brian Lipio	9,697	0.025
17.	Denis L. Lipio ITF Valerie May Lipio	9,697	0.025
18.	Denis L. Lipio ITF Elizah Anne Lipio	9,697	0.025
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 March 31, 2014 are as follows:

	Shareholder	No. of Shares Held	%
1.	Keppel Corporation Ltd..	16,894,082	78.082
2.	PCD Nominee Corporation – Filipino	2,103,910	9.724
3.	Kepwealth, Inc.	1,715,749	7.930
4.	PCD Nominee Corp. – Non- Filipino	551,814	2.550
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.	Pryce Securities, Inc.	10,022	0.046
15.	Solidbank Trust Division as Sub-Custodian	8,000	0.037
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 2013 and 2012 and none in 2011. Cash dividend details are as follows:

	<u>2013</u>	<u>2012</u>
Date of BOD Approval	06 June	07 June
Record Date	21 June	22 June
Payment Date	17 July	18 July
Amount of Cash Dividend per Common Share	₱ 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 1<sup>st</sup> Quarter March 2014**

The Company recorded a net income of ₱6.1 million for the first quarter ended March 31, 2014 as against ₱6.4 million in same period last year. The decrease was mainly due to lower interest income from short-term deposits partially offset by the increase in equity share in net earnings of associates.

The Company recognized equity share in net earnings of associates of ₱5.0 million this quarter as against same period last year of to ₱4.0 million. This came mainly from the 25% equity share of GMRI in CLI's net income. Rental revenue as of the quarter amounted to ₱4.8 million which was slightly higher by 2% as against same period last year of ₱4.7million. This was due mainly to increase in rental rates. Interest income from short-term deposits amounted to ₱0.8 million this quarter as against ₱2.4 million of same period last year. The decrease was due to lower interest rate ranging from 0.88% to 1.0% during the first quarter of 2014 as against same quarter last year from 2.88% to 3.53%.

Operating expenses of ₱4.3 million this period was slightly higher by 2% as against ₱4.2 million last March 31, 2013. This was brought by increase in salaries and benefits, higher professional and legal charges, and provision for impairment losses.

The Company earned other comprehensive income from unrealized loss in AFS financial asset of ₱1.5 million this quarter as against ₱1.0 million of same period last year.

##### Financial Condition

The cash position of the Company as of March 31, 2014 amounted ₱313.1 million which was slightly higher by ₱0.8 million as against ₱312.3 million as of December 31, 2013. This was brought by interest from short-term deposit offset by payment of operating expenses and cash dividends.

Receivables amounted to ₱2.6 million and ₱2.0 million in March 31, 2014 and December 2013, respectively. Other current assets as of this period increased to ₱0.9 million as against ₱0.5 million as of December 2013 due to prepayments.

AFS financial assets as of March 31, 2014 amounted to ₱13.5 million as compared to December 2013 of ₱15.0 million. Long-term lease receivables as of March 31, 2014 amounted to ₱36.0 million slightly lower than last December 31, 2013 of ₱36.2 million.

Investments in associates increased from ₱413.6 million as of December 2013 to ₱418.6 million as of March 31, 2014. The increase of ₱5.0 million was due to the recognition of 25% equity share of GMRI from CLI's net income. The Company, thru GMRI, has 13% effective indirect ownership in CLI.

Current liabilities as of March 31, 2014 were almost at same level as of December 31, 2013 of ₱6.3 million.

Total stockholders' equity increased from ₱987.6 million in December 2013 to ₱992.2 million in March 2014 due to net income for the period of ₱6.1 million partially offset by the cumulative unrealized loss on AFS financial assets of ₱1.0 million due to decrease in market price.

The equity attributable to equity holders of the Parent Company as of March 31, 2014 amounted to ₱569.6 million versus last December 31, 2013 of ₱568.2 million. The book value per share attributable to equity holders of the parent (equity attributable to equity holders of the parent divided by common shares outstanding) at ₱9.44 as of March 31, 2014 higher than in December 31, 2013 at ₱9.41 per share. Earnings per share attributable to the equity holders of the Parent (net earnings for the period divided by common shares outstanding) as shown in the consolidated statement of income for the period ending March 31, 2014 was ₱0.05, almost same level of the same period in 2013.

## **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.

## Year Ended 2012

### Results for the Year

Keppel Philippines Holdings, Inc. (KPH) recorded a net income of ₱158.1 million in 2012 as against ₱511.3 million in 2011 and ₱11.0 million in 2010. The Company achieved revenues of ₱126.3 million this year as against ₱33.4 million in 2011, and ₱19.8 million in 2010. Revenues in 2012 were mainly from equity share in net earnings of an associate-net, rental income, dividend, interest income, and management fee.

The Company realized equity share in net earnings of associates- net of ₱77.2 million. This is from the realized gain on upstream sale to GMRI amounting to ₱72.5 million and equity share in net earnings of CLI from September to December 2012 amounting ₱4.8 million less equity share in net losses of GVI amounted to ₱0.1 million. Rental revenue this year amounted to ₱17.9 million which was 3% lower than in 2011 of ₱18.5 million and 3% higher than in 2010 of ₱17.3 million. Dividend income of ₱16.0 million received from CLI this year as against last year of ₱2.1 million. Interest income this year of ₱14.6 million was higher than ₱12.2 million in 2011 and ₱1.8 million in 2010. Management fee of ₱0.6 million this year was of same level as in 2011 and 2010.

Operating expenses in 2012 amounted to ₱17.2 million, slightly lower by 3% as compared to 2011 of ₱17.7 million and 8% lower than in 2010 of ₱18.8 million. Higher expenses were incurred in 2010 primarily to higher taxes and licenses paid from the sale of KCSLI property than taxes incurred in 2011 and 2012. This was partially offset by higher personnel expenses, provision for impairment of input VAT and professional fees in 2011 and 2012. No interest expense was incurred in 2012 due to full payment of loan of GMRI with KPMI in January 2012 as against ₱1.8 million in 2011 and ₱2.3 million in 2010.

The Company generated other income of ₱52.8 million, ₱501.4 million and ₱17.6 million in 2012, 2011 and 2010, respectively. In 2010, the Company generated a gain of ₱16.6 million from sale of properties of KCSLI. 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 17.72% to 24.95% 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 ₱5.3 million as against last year of ₱0.2 million. 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 this 2012.

### Financial Condition

The cash position of the Company for the year ended December 31, 2012 amounted to ₱308.8 million as against last year of ₱398.7 million. The decrease of ₱89.9 million or 22% was brought mainly by the payment of long-term loan and other payables to related parties of ₱18.4 million, purchase of CLI shares amounting to ₱96.7 million and payment of dividend by the Company of ₱6.0 million. This was offset by dividend income of ₱16.0 million, and interest income (net of final tax) from special deposits of ₱11.7 million and collection from lease rentals of about ₱19.7 million.

Receivables and other current assets of ₱5.2 million were slightly lower than last year of ₱6.5 million. The decrease was due higher collections from rental and lower accrued interest receivable.

Available-for-sale financial assets as of December 2012 amounted to ₱16.5 million as compared to last year of ₱252.1 million. The ₱16.5 million relates to quoted shares in a club share. The decrease of ₱252.1 million was due to the reclassification of AFS financial assets in CLI to Investment in Associates. As of December 2011, GMRI had 17.72% ownership in CLI. In July 2012, GMRI availed the rights issue of CLI amounting to ₱1.8 million. In September 2012, GMRI purchased additional CLI shares in the amount of ₱94.9 million. This resulted to the increase of GMRI's shareholdings in CLI from 17.72% or ₱240.9 million in December 2011 to 24.95% as of September 2012 or ₱337.6 million. With the increase in ownership to 24.95% in CLI, CLI became an associate of GMRI, thus the investment was reclassified to Investment in Associates. The Company has effective indirect ownership of 12.72% in CLI.

Investment in associates increased from ₱1.2 million as of December 2011 to ₱395.7 million this 2012. As mentioned above, there was reclassification of AFS financial assets in CLI to this account. This was due to the 24.95% increase in the shareholdings of GMRI in CLI amounting to ₱337.6 million. With the step-acquisition and increase in shareholding of GMRI in CLI, GMRI recognized gain of ₱52.2 million from fair value

adjustments. The Company also recognized equity share of ₱4.8 million from CLI's net income from September to December 2012 and equity share of ₱0.1 million from GVI's net loss as of December 31, 2012.

Current Liabilities decreased from ₱8.5 million in 2011 to ₱5.4 million in 2012. The decrease was due to payment to related parties by ₱1.3 million and payment of accruals made in 2011 of ₱1.6 million. The long-term loan payable of GMRI to KPMI amounting to ₱17.1 million as of December 2011 was fully paid in January 2012.

Total Stockholders' Equity was ₱974.3 million in December 2012 and ₱889.5 million in December 2011. Retained earnings amounted to ₱414.1 million as of December 2012 as compared with ₱304.5 million last year. The increase was due to net income of ₱115.7 million after non-controlling interests. Cash dividend of ₱6.0 million or ₱0.10 per share was released to stockholders last July 18, 2012, as per record date of June 22, 2012. This was offset by net realized cumulative gain of AFS financial assets of ₱72.5 million due to step acquisition of CLI shares and increase in market price of a club share from ₱11.2 million in 2011 to ₱16.5 million in 2012. The equity attributable to equity holders of the parent amounted to ₱566.5 million versus last year of ₱524.0 million. The net book value per share as of December 2012 was ₱9.38 as against last year of ₱8.68. The basic/diluted earnings per share as of December 2012 was ₱1.92 as against previous year of ₱4.31 per share.

## Year Ended 2011

### Results for the Year

Keppel Philippines Holdings, Inc. (KPH) recorded a net income of ₱511.3 million in 2011, significantly higher than ₱11.0 million in Y2010 and ₱9.5 million in 2009. The Company achieved revenues of ₱33.4 million this year, higher than ₱19.8 million in 2010 and ₱23.8 million in 2009. Revenues in 2011 were mainly from lease rental, interests on short-term deposits, dividend income and management fees. Rental revenue this year amounted to ₱18.5 million which was 7% higher than in 2010 of ₱17.3 million and 13% lower than in 2009 of ₱21.2 million. Higher rental revenue in 2011 was due to the increase in the lease rental earned by KPSI. The interest income this year of ₱12.2 million increased significantly as against ₱1.8 million and ₱2.3 million in 2010 and 2009, respectively. Dividend income of ₱2.1 million was also received this year from Consort Land, Inc. (CLI). Management fee of ₱0.6 million this year was of same level as in 2010 and higher than in 2009 of ₱0.3 million.

Operating expenses in 2011 amounted to ₱17.7 million, slightly lower by 6% as compared to 2010 of ₱18.8 million and 4% lower than in 2009 of ₱18.4 million. Higher expenses were incurred in 2010 primarily to higher taxes and licenses paid from the sale of KCSLI property than taxes incurred in 2011. This was partially offset by higher personnel expenses, provision for impairment of input VAT and professional fees.

The Company generated other income of ₱501.4 million this year as compared to last year of ₱17.6 million and ₱8.0 million in 2009. The increase was mainly due to gain of ₱500.3 million from the disposal of shares in KCSLI.

Other comprehensive income from unrealized gain on available-for-sale financial assets amounted to ₱72.7 million as against last year of ₱1.5 million. This was mainly due to the dividend distributed by Goodwealth Ventures, Inc. (GVI), an associate, from its income generated from the sale of its investments in CLI.

### Financial Condition

The cash position of the Company for the year ended December 31, 2011 amounted to ₱398.7 million. The significant increase of ₱370.3 million from ₱28.4 million in 2010 was due to the net proceeds of ₱531.6 million from disposal of shares in KCSLI, dividend income of ₱73.4 million and interest from short term deposits of ₱12.2 million. This was partially offset by the (1) payment of the parent company's advances from KEP Holdings Pte. Ltd. (Kephholdings) of ₱29.0 million, (2) GMRI's return of deposits for future stocks subscription of ₱22.0 million, partial payment of its loan of ₱12.0 million to KPMI and its purchased of Consort Land, Inc. (CLI)'s shares of stocks amounting to ₱181.1 million from KCL and GVI.

Receivables and other current assets of ₱6.5 M were slightly lower than last year of ₱7.1 million. The decrease was due to provision for impairment of input VAT of ₱1.7 million and higher collections from rental which was partially offset by higher interest receivable of ₱1.1 million.

Available-for-sale financial assets increased from ₱70.8 million in 2010 to ₱252.1 million this 2011 mainly due to additional purchase of 13.4% CLI's share by GMRI amounting to ₱181.1 million.

Investment properties decreased from ₱258.5 million in 2010 to ₱214.1 million in 2011. This was due to the disposal of land and land improvements of KCSLI.

Current Liabilities decreased from ₱40.2 million in 2010 to ₱8.5 million in 2011. The decrease was due to payment of payables to related parties by ₱30.2 million and payment of income tax payable incurred in 2010 of ₱4.4 million. This was partially offset by the increase of refundable deposits and various accruals by ₱2.8 million. Long term loan (net of current portion) of GMRI to KPMI also decreased from ₱29M in 2010 to ₱16.9 million this year due to partial payment of ₱12.0 million.

Total Stockholders' Equity was ₱889.5 million in December 2011 and ₱339.1 million in December 2010. Retained earnings amounted to ₱304.5 million as of December 2011 as compared with ₱44.4 million last year. The increase was due to net income of ₱ 260.1 million after non-controlling interests. The unrealized gain on available-for-sale of financial assets increased to ₱83.1 million this year as against last year of ₱10.4 million. The equity attributable to equity holders of the parent amounted to ₱524 million versus last year of ₱191.3 million. The net book value per share increased as of December 2011 is ₱8.68 as against last year of ₱3.17. The basic/diluted earnings per share as of December 2011 is ₱4.31 as against previous year of ₱0.06 per share.

## Plan of Action for 2014

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 2014 are follows:

Particulars	1Q Mar 2014	2013	2012	2011
Current Ratio (Current Assets/Current Liabilities)	50.35	49.58	57.91	47.69
Acid Test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	50.21	49.50	57.10	47.18
Solvency Ratio * (Net Income + Depreciation)/Total Liabilities	3.30	2.82	21.95	18.81
Asset to Equity Ratio	1.01	1.01	1.01	1.03
Debt Ratio (Total Liabilities/Total Assets)	0.01	0.01	0.01	0.03
Debt to Equity Ratio (Total Liabilities/Stockholders' Equity)	0.01	0.01	0.01	0.03
Return on Assets (%) * (Net Income/Total Assets)	2.45	2.09	16.10	55.77
Return on Equity (%) * (Net Income/Ending Stockholders' Equity)	2.47	2.10	16.22	57.48
Earnings per Share Attributable to Equity Holders of Parent (₱) *	0.19	0.15	1.92	4.31

\*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. In May 2007, the lease contract was amended revising the annual lease rate from ₱6.0 million to ₱10.2 million effective January 1, 2007, which will be subject to escalation clause of 2% after every five years. Rent income based on straight-line method amounted to ₱9.6 million in 2013, 2012, and 2011. Total outstanding balance of lease receivables amounted to ₱37.1 million and ₱36.9 million as of December 31, 2013 and 2012, respectively.
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 2013, 2012 and 2011. The outstanding balance of lease receivable amounted to ₱0.03 million and ₱0.02 million as of December 31, 2013 and 2012, 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 2013, 2012 and 2011.
4. In September 2010, GMRI purchased 4.28% of CLI shares for ₱59.8 million. In July 2011, GMRI purchased 7.72% and 5.72% of CLI shares in

the amount of ₱104.0 million and ₱77.1 million from GVI and KCL, respectively. The acquisition of additional shares in CLI increased GMRI's direct ownership from 4.28% to 18%.

In July 2012, CLI increased its capitalization through a rights issue. GMRI exercised its rights and obtained 1,763,275 shares for ₱1.8 million at par value of ₱1.0 per share. In addition, GMRI acquired 212,500 stock rights of Keppel Subic Shipyard, Inc. Retirement Plan, a related party, at par value. Further, in September 2012, GMRI purchased additional 2,950,000 CLI shares at ₱32.17 from KPML amounting to ₱94.9 million which increased GMRI's direct ownership interest in CLI to 25% resulting to the change in classification of the investment from AFS financial assets to an investment in an associate. The step-acquisition resulted to a gain on purchase of an investment in an associate of ₱52.2 million from fair value adjustments.

In June 2013, CLI's BOD declared 60% stock dividend and GMRI received additional shares of 6,549,823. GMRI now has a total of 17,466,196 shares out of 70,000,000 shares of CLI. CLI did not declare dividends this year as against ₱16.0 million in 2012 and ₱2.1 million in 2011.

5. In May 2011, GMRI sold its 72% share in KCSLI to a third party for a total consideration of ₱596.2 million which resulted to a gross gain of ₱564.9 million. The total gain was reduced by the total direct expenses incurred in relation to the sale amounting to ₱64.6 million. KCSLI ceased to be a subsidiary of the GMRI.
6. In July 2011, GVI sold its 2,701,556 shares in CLI to GMRI for a total consideration of ₱104.0 million. The gain of GVI on the transaction amounted to ₱102.0 million. Subsequently, in August 2011, GVI declared cash dividends amounting to ₱82.0 million, of which, the Parent Company received ₱71.3 million. The dividend received by the Company was treated as a reduction of the carrying amount of the Parent Company's investment in GVI. The Company recorded unrealized gain on the AFS financial assets of GVI 2011 amounting to ₱72.5 million since the transaction is an upstream sale to GMRI. In 2012, the Company recognized realized gain amounting to ₱72.5 as a result of the transfer of its investment in CLI from AFS financial assets to an investment in an associate.
7. In June 2008, the Parent Company and KPML entered into a lease agreement, whereby the Parent Company leased to KPML 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 ₱2.0 million in 2013, ₱1.9 million in 2012 and ₱1.8 million 2011.
8. In 2007, GMRI obtained long-term loan payable from KPML amounting to ₱30 million and bearing interest of 7.86% which is the prevailing market rate at the time the loan was granted. In September 2011, GMRI made partial payment of ₱12.0 million. In January 2012, GMRI fully paid the outstanding balance of the loan of ₱17.1 million. Interest expense amounted to nil in 2013 and 2012 and ₱1.8 million in 2011.
9. Compensation of the key management personnel of the Company pertains to salaries and other short-term employee benefits amounting to ₱4.3 million in 2013, ₱3.8 in 2012 and ₱3.2 million in 2011.

## **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 retains the previous year's auditors, SyCip Gorres Velayo & Co. (SGV) to audit the current year's financial statements. The aggregate fee billed by SGV for the audit of the Company's annual financial statements was ₱310,000 for 2013-2011. 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 2013, 2012 and 2011.
- c. Other Fees – No other fees were paid for the years 2013, 2012 and 2011.
- 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 2013. 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 five (5) Board of Directors meeting in 2013.

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, Mayo Jose B. Ongsingco, Rogelio R. Cabuñag (resigned last 10 April 2014) and Stefan Tong Wai Mun, as members. The committee met 4 times in 2013.

The Nominations Committee comprising of Teo Soon Hoe, as Chairman, Rogelio R. Cabuñag (resigned last 10 April 2014), Noel Mirasol, Toh Koh Lin and Stefan Tong Wai Mun, as members, met once in 2013.

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 on ACGR last January 29, 2014.

The Company has participated in the recent Corporate Governance Guidelines for Listed Companies Disclosure, having submitted (on line) to the PSE on March 20, 2014.



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


## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

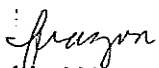
The management of **KEPPEL PHILIPPINES HOLDINGS, INC. & SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended **December 31, 2013 and 2012**, including the additional components attached therein, in accordance with the Philippine 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 and submits the same to the stockholders or members.

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

  
**Stefan Tong Wai Mun**  
 President

  
**Teo Soon Hoe**  
 Chairman


  
**Felicidad V. Razon**  
 Vice President -Treasurer

Signed this 5<sup>th</sup> day of February 2014

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of **APR 02 2014** 2014, affiants exhibiting to me their Passport Nos. as follows:

<u>Name</u>	<u>Passport No.</u>	<u>Issued At</u>	<u>Expiry</u>
Teo Soon Hoe	E3819521J	Singapore	03 January 2019
Stefan Tong Wai Mun	A22011774	Malaysia	17 June 2015
Felicidad V. Razon	EB0534556	Manila	05 July 2015

Doc No. 36  
 Page No. 3  
 Book No. XVIII  
 Series of: MC

  
**ATTY. CERVANTES B. ONTIZ JR.**  
 NOTARY Public City of Makati  
 Until December 31, 2014  
 JDP No. 056155-Lifetime Member  
 MCE Compliance No. III-0014282  
 Appointment No. M-1 (2013-2014)  
 PTR No. 4225505 Jan. 2, 2014/Makati  
 Makati C/P Roll No. 40091  
 101 Urban Ave., Brgy. Pio del Pilar  
 Makati City \* member of the Keppel Group, Singapore



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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 28, 2012, valid until December 31, 2015  
SEC Accreditation No. 0012-FR-3 (Group A),  
November 15, 2012, valid until November 16, 2015

## INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
Keppel Philippines Holdings, Inc. and Subsidiaries  
Unit 3-B, Country Space 1 Building  
Sen. Gil J. Puyat Avenue  
Salcedo Village  
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, 2013 and 2012, 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 ended December 31, 2013, 2012 and 2011, 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.







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- 2 -

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

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Keppel Philippines Holdings, Inc. and Subsidiaries as at December 31, 2013 and 2012, and their financial performance and their cash flows for each of the three years ended December 31, 2013, 2012 and 2011 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

*Bernalette L. Ramos*

Bernalette L. Ramos

Partner

CPA Certificate No. 0091096

SEC Accreditation No. 0926-AR-1 (Group A),  
April 15, 2013, valid until April 14, 2016

Tax Identification No. 178-486-666

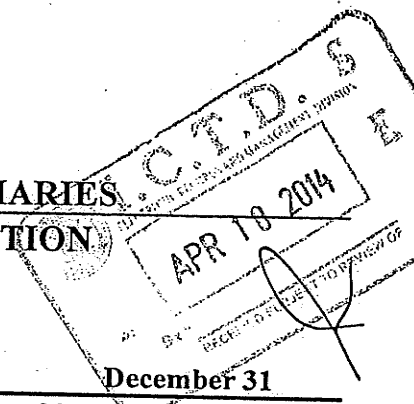
BIR Accreditation No. 08-001998-81-2012,  
June 19, 2012, valid until June 18, 2015

PTR No. 4225205, January 2, 2014, Makati City

February 5, 2014



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



December 31

	2013	2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 6 and 21)	P312,310,233	P308,826,676
Receivables - net (Notes 7, 14 and 21)	1,953,570	771,109
Other current assets (Note 8)	479,295	4,381,429
<b>Total Current Assets</b>	<b>314,743,098</b>	<b>313,979,214</b>
<b>Noncurrent Assets</b>		
Available-for-sale financial assets (Notes 9 and 21)	15,000,001	16,500,001
Investments in associates (Note 10)	413,581,086	395,712,363
Lease receivables - net of current portion (Notes 7, 14, and 21)	36,162,905	36,931,877
Investment properties - net (Note 11)	211,676,776	213,384,090
Property and equipment - net (Note 12)	440,101	1,000,459
Other noncurrent assets (Note 23)	4,140,710	4,140,710
<b>Total Noncurrent Assets</b>	<b>681,001,579</b>	<b>667,669,500</b>
	<b>P995,744,677</b>	<b>P981,648,714</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Notes 13, 14 and 21)	P4,337,686	P3,485,175
Refundable deposits (Note 21)	1,975,255	1,874,800
Income tax payable (Note 18)	35,299	40,919
Payable to a related party (Notes 14 and 21)	-	21,326
<b>Total Current Liabilities</b>	<b>6,348,240</b>	<b>5,422,220</b>
<b>Noncurrent Liability</b>		
Deferred tax liability (Note 18)	1,825,786	1,880,615
<b>Total Liabilities</b>	<b>8,174,026</b>	<b>7,302,835</b>
<b>Equity Attributable to Equity Holders of the Parent</b>		
Capital stock (Note 15)	73,173,500	73,173,500
Additional paid-in capital	73,203,734	73,203,734
Retained earnings (Note 16)	417,284,390	414,101,199
Unrealized gain on available-for-sale financial assets (Note 9)	14,422,058	15,922,058
Treasury shares (Note 16)	(9,898,178)	(9,898,178)
	<b>568,185,504</b>	<b>566,502,313</b>
<b>Noncontrolling Interests</b>		
<b>Total Equity</b>	<b>419,385,147</b>	<b>407,843,566</b>
	<b>987,570,651</b>	<b>974,345,879</b>
	<b>P995,744,677</b>	<b>P981,648,714</b>

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2013	2012	2011
<b>REVENUE</b>			
Rental income (Notes 11 and 14)	P18,804,270	P17,887,264	P18,522,142
Equity in net earnings of associates (Notes 9 and 10)	17,868,723	77,181,761	-
Dividend (Notes 9 and 14)	-	15,977,802	2,098,211
Interest income (Note 6)	6,874,863	14,612,691	12,218,684
Management fees (Note 14)	1,175,000	600,000	600,000
	<b>44,722,856</b>	<b>126,259,518</b>	<b>33,439,037</b>
<b>EXPENSES</b>			
Operating expenses (Note 17)	(21,656,806)	(17,187,573)	(17,684,767)
Interest expense (Note 14)	-	-	(1,833,322)
	<b>(21,656,806)</b>	<b>17,187,573</b>	<b>(19,518,089)</b>
<b>OTHER INCOME</b>			
Gain on purchase of investment in an associate (Notes 9 and 10)	-	52,238,150	-
Directors' fees (Note 14)	259,000	223,000	270,000
Gain on sale of investment in a subsidiary (Notes 11 and 14)	-	-	500,330,071
Others	110,963	319,123	773,678
	<b>369,963</b>	<b>52,780,273</b>	<b>501,373,749</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>23,436,013</b>	<b>161,852,218</b>	<b>515,294,697</b>
<b>PROVISION FOR INCOME TAX (Note 18)</b>	<b>2,674,499</b>	<b>3,785,325</b>	<b>4,040,010</b>
<b>NET INCOME</b>	<b>P20,761,514</b>	<b>P158,066,893</b>	<b>P511,254,687</b>
<b>NET INCOME ATTRIBUTABLE TO:</b>			
Equity holders of the parent (Note 19)	P9,219,933	P115,664,581	P260,094,517
Noncontrolling interests	11,541,581	42,402,312	251,160,170
	<b>P20,761,514</b>	<b>P158,066,893</b>	<b>P511,254,687</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO</b>			
<b>EQUITY HOLDERS OF THE PARENT (Note 19)</b>	<b>P0.153</b>	<b>P1.916</b>	<b>P4.309</b>

*See accompanying Notes to Consolidated Financial Statements.*



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

	Years Ended December 31		
	2013	2012	2011
<b>NET INCOME</b>	<b>₱20,761,514</b>	<b>₱158,066,893</b>	<b>₱511,254,687</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income to be reclassified to profit or loss:			
Unrealized fair value gain (loss) on available-for-sale financial assets	(1,500,000)	5,300,000	200,000
Unrealized gain on upstream sale to GMRI	-	-	72,454,888
Realized gain on transfer from AFS financial assets to investments in associates	-	(72,454,888)	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱19,261,514</b>	<b>₱90,912,005</b>	<b>₱583,909,575</b>
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the parent	₱7,719,933	₱48,509,693	₱332,749,405
Noncontrolling interests	11,541,581	42,402,312	251,160,170
	<b>₱19,261,514</b>	<b>₱90,912,005</b>	<b>₱583,909,575</b>

*See accompanying Notes to Consolidated Financial Statements*



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

	Attributable to Equity Holders of the Parent							Total Equity
	Capital Stock (Note 15)	Additional Paid In-Capital	Retained Earnings (Note 16)	Available-for-sale Financial Assets (Note 9)	Treasury Shares (Note 16)	Total	Noncontrolling Interests	
Balance at January 1, 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 gain 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
Balance at January 1, 2012	₱73,173,500	₱73,203,734	₱304,473,360	₱83,076,946	(₱9,898,178)	₱524,029,362	₱365,441,254	₱889,470,616
Net income	-	-	115,664,581	-	-	115,664,581	42,402,312	158,066,893
Unrealized fair value gain on available-for-sale financial assets (Note 9)	-	-	-	5,300,000	-	5,300,000	-	5,300,000
Realized gain on transfer from AFS financial assets to investments in associates (Note 9)	-	-	-	(72,454,888)	-	(72,454,888)	-	(72,454,888)
Total comprehensive income for the year	-	-	115,664,581	(67,154,888)	-	48,509,693	42,402,312	90,912,005
Cash dividend declared (Note 16)	-	-	(6,036,742)	-	-	(6,036,742)	-	(6,036,742)
Balance at December 31, 2012	₱73,173,500	₱73,203,734	₱414,101,199	₱15,922,058	(₱9,898,178)	₱566,502,313	₱407,843,566	₱974,345,879



Attributable to Equity Holders of the Parent

	Capital Stock		Additional Paid In-Capital	Retained Earnings (Note 16)	Available-for- sale Financial Assets (Note 9)	Treasury Shares (Note 16)	Noncontrolling Interests	Total Equity
	(Note 15)	(Note 15)						
Balance at January 1, 2011	₱73,173,500	₱73,203,734	₱44,378,843	₱10,422,058	(₱9,898,178)	₱147,858,673	₱339,138,630	
Net income	-	-	260,094,517	-	-	251,160,170	511,254,687	
Unrealized fair value gain on available-for-sale financial assets (Note 9)	-	-	-	200,000	-	-	200,000	
Unrealized gain on upstream sale to GMRI (Note 9)	-	-	-	72,454,888	-	-	72,454,888	
Total comprehensive income for the year	-	-	260,094,517	72,654,888	-	251,160,170	583,909,575	
Deposit for future stock subscription	-	-	-	-	-	367,500	367,500	
Cash returned to noncontrolling interest (Note 14)	-	-	-	-	-	-	-	
Reversal of deposit for future stock subscription (Note 14)	-	-	-	-	-	840,000	840,000	
Disposal of a subsidiary (Note 14)	-	-	-	-	-	(22,050,000)	(22,050,000)	
Balance at December 31, 2011	₱73,173,500	₱73,203,734	₱304,473,360	₱83,076,946	(₱9,898,178)	₱365,441,254	₱889,470,616	

See accompanying Notes to Consolidated Financial Statements.



**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended December 31		
	2013	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	P23,436,013	P161,852,218	P515,294,697
Adjustments for:			
Depreciation and amortization (Notes 11, 12 and 17)	2,267,672	2,244,871	2,224,436
Provision for impairment losses (Notes 8 and 17)	3,257,275	124,434	1,685,732
Gain on sale of investment in subsidiary (Note 14)	-	-	(500,330,071)
Interest expense (Note 14)	-	-	1,833,322
Interest income (Note 6)	(6,874,863)	(14,612,691)	(12,218,684)
Dividend income (Notes 9 and 14)	-	(15,977,802)	(2,098,211)
Gain on purchase of investment in an associate (Notes 9, 10, 14 and 22)	-	(52,238,150)	-
Equity in net earnings of associates (Note 10)	(17,868,723)	(77,181,761)	-
Operating income before working capital changes	4,217,374	4,211,119	6,391,221
Decrease (increase) in:			
Receivables	(1,319,689)	1,576,426	185,674
Other current assets	644,859	(217,139)	355,841
Increase (decrease) in:			
Accounts payable and other current liabilities	852,511	(1,640,997)	2,635,492
Refundable deposits	100,455	78,120	214,763
Payable to a related party (Note 14)	(21,326)	(1,320,480)	(51,836,112)
Net cash generated from (used in) operations	4,474,184	2,687,049	(42,053,121)
Income tax paid	(2,734,948)	(3,795,835)	(8,430,695)
Net cash provided by (used in) operating activities	1,739,236	(1,108,786)	(50,483,816)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	7,012,091	15,287,813	11,157,922
Cash dividends received (Note 9)	-	14,214,527	74,553,099
Acquisitions of:			
Investment properties (Note 11)	-	-	(1,021,964)
Property and equipment (Note 12)	-	(258,161)	(34,464)
Available-for-sale financial assets (Note 9)	-	(94,901,500)	(181,133,728)
Proceeds from sale of:			
Investment in a subsidiary (Note 14)	-	-	531,632,119
Investments in associates (Note 10)	-	-	(1,150,540)
Net cash provided by (used in) investing activities	7,012,091	(65,657,321)	434,002,444
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash dividends paid (Note 16)	(6,036,742)	(6,036,742)	-
Interest paid (Note 14)	-	-	(2,070,179)
Cash returned to noncontrolling interest (Note 14)	-	-	840,000
Payment of long-term loan (Note 14)	-	(17,095,367)	(12,000,000)
Net cash used in financing activities	(6,036,742)	(23,132,109)	(13,230,179)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,483,557</b>	<b>(89,898,216)</b>	<b>370,288,449</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>308,826,676</b>	<b>398,724,892</b>	<b>28,436,443</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)</b>	<b>P312,310,233</b>	<b>P308,826,676</b>	<b>P398,724,892</b>

See accompanying Notes to Consolidated Financial Statements.



**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Corporate Information**

Keppel Philippines Holdings, Inc. (KPHI or the Parent Company) and its subsidiaries, KPSI Property, Inc. (KPSI) and Goodwealth Realty and Development Corporation (GRDC), including GRDC's subsidiary, Goodsoil Marine Realty Inc. (GMRI) (collectively referred to as "the Group"), were incorporated in the Philippines. The Group's registered office address is Unit 3-B, Country Space 1 Building, Sen. Gil J. Puyat Avenue, Salcedo Village, Makati City. The Parent Company is involved in investment holding.

KPHI shares are publicly traded in the Philippine Stock Exchange (PSE). As of December 31, 2013 and 2012, the top four beneficial shareholders are the following:

	Percentage of Ownership
Kepwealth, Inc.	38.7%
Keppel Corporation Limited (KCL)	28.0%
The Insular Life Assurance Company, Ltd.	10.6%
Public	22.7%

Kepwealth, Inc. and KCL are affiliate companies of the Group.

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

	Percentage of Ownership	
	2013	2012
KPSI	100%	100%
GRDC	51%	51%
GMRI	51%	51%

In May 2011, GMRI sold its 72% ownership interest in Keppel Cebu Shipyard Land, Inc. (KCSLI) (see Note 14). KPHI has 51% effective ownership on GMRI through its wholly-owned subsidiary, GRDC.

Information relating to the Group's associates follows:

	Percentage of Direct Ownership		Percentage of Indirect Ownership	
	2013	2012	2013	2012
KP Capital, Inc. (KPCI)	40%	40%	-	-
Goodwealth Ventures, Inc. (GVI)	40%	40%	-	-
Consort Land, Inc. (CLI)	-	-	25%	13%

In September 2012, GMRI gained significant influence in CLI and increased its ownership to 25% (see Notes 9 and 10). KPHI has 13% effective indirect ownership in CLI through GMRI.

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

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on February 5, 2014.





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## 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, 2013 and 2012 and for each of the three years ended December 31, 2013. 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. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

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

Noncontrolling interests (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 within equity in the consolidated statement of changes in equity.

Acquisitions of NCI are accounted for using the entity concept 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.

### *Assessment of Control*

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

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. 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.



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### 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 adoption of the following amended PFRS, which became effective on January 1, 2013.

- **PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments)**

These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format, unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

- a) The gross amounts of those recognized financial assets and recognized financial liabilities;
- b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
- c) The net amounts presented in the statement of financial position;
- d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
  - i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
  - ii. Amounts related to financial collateral (including cash collateral); and
- e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments are to be retrospectively applied. The amendments did not have an impact on the consolidated financial statements since the Group has no financial instrument that is subject to an enforceable master netting arrangement or similar agreement. The related PFRS 7 disclosures of the Group's financial assets and liabilities are included in Note 21.

- **PFRS 10, *Consolidated Financial Statements***

PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The standard did not have an impact on the consolidated financial statements. Since the management assessed that the Parent Company does not have control over its associates and there is no loss of control over its subsidiaries. Disclosures on the Group's investments in associates are discussed in Note 10.

- **PFRS 11, *Joint Arrangements***

It replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. It also removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the



definition of a joint venture must be accounted for using the equity method. The standard did not have an impact on the consolidated financial statements since the Group has not entered into any joint arrangement.

- *PFRS 12, Disclosure of Interest in Other Entities*  
PFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in PFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries (for example, where a subsidiary is controlled with less than a majority of voting rights). The standard affects disclosures only and have no impact on the Group's financial position or performance. The related PFRS disclosures of the Group's investments in associates are included in Note 10.
- *PFRS 13, Fair Value Measurement*  
PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price. PFRS 13 also requires additional disclosures.

As a result of the guidance in PFRS 13, the Group re-assessed its policies for measuring fair values. The management assessed that the standard has no impact on the Group's financial position and performance since it is already consistent with PFRS 13. Fair value hierarchy of financial instruments is provided in Note 21.

- *PAS 1, Financial Statement Presentation, Presentation of Items of Other Comprehensive Income (OCI) (Amendments)*  
The amendments to PAS 1 changed the grouping of items presented in OCI. Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's financial position or performance. The Group's OCI pertains only to items which can be recycled to profit or loss upon derecognition.
- *PAS 19, Employee Benefits (Amendments)*  
Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The amendments also require new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. The amendment did not have an impact on the Group's financial position and performance since it has no retirement fund or retirement obligation.
- *PAS 27, Separate Financial Statements (as revised in 2011)*  
As a consequence of the new PFRS 10 and PFRS 12, what remains of PAS 27 is limited to the accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The amendment did not have an impact on the separate financial statements of the entities in the Group since these are already consistent with the revised PAS 27.



- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)  
As a consequence of the new PFRS 11, *Joint Arrangements*, and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendments to PAS 28 did not have an impact on the Group's financial statements since the Group's accounting treatment of its investments in associates are already consistent with the revised PAS 28.
- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*  
This interpretation applies to waste removal costs ("stripping costs") that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity should recognize these costs as a noncurrent asset, only if certain criteria are met ("stripping activity asset"). The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part. The interpretation did not have any impact on the Group's financial position or performance since it is not involved in mining activities.
- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Government Loans* (Amendments)  
The amendments to PFRS 1 require first-time adopters to apply the requirements of PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to PFRS. However, entities may choose to apply the requirements of PAS 39 and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. These amendments do not have an impact to the Group's financial statements since it is not a first-time adopter of PFRS.

*Annual Improvements to PFRSs (2009-2011 cycle)*

The Annual Improvements to PFRSs (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The Group adopted these amendments in the current year.

- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*  
The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*. The amendment does not apply to the Group as it is not a first-time adopter of PFRS.
- PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information*  
The amendment clarifies the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete



set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendment did not have an impact on the Group's financial statements since there is no retrospective application of an accounting policy or retrospective restatement or reclassification of items in the financial statements.

- *PAS 16, Property, Plant and Equipment - Classification of servicing equipment*  
The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory, if otherwise. The amendment did not have an impact on the Group's financial position or performance since it does not have this type of equipment.
- *PAS 32, Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*  
The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*. The amendment did not have an impact on the Group's financial position or performance since these are already in compliance with the amendments to PAS 32.
- *PAS 34, Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*  
The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment did not have an impact on the Group's financial statements since it is already consistent with the requirements of the amendments to PAS 34. The related disclosures on segment information are provided in Note 20.

#### Future Changes in Accounting Policies

The Group will adopt the following new and amended standards and interpretations enumerated below when these become effective.

#### *Effective 2014*

- *PAS 36, Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendments)*  
These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments will not have an impact on the Group's financial statements since it does not have goodwill allocated to a CGU or intangible asset with an indefinite useful life. The recoverable amounts of the Group's non-financial assets for which impairment losses were recognized are presented in Note 8.



- *Investment Entities* (Amendments to PFRS 10, PFRS 12 and PAS 27)  
These amendments are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. This amendment will not have an impact on the Group's financial statements since none of the entities in the Group would qualify as an investment entity under PFRS 10.
- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)  
This interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. This interpretation is effective for annual periods beginning on or after January 1, 2014. The interpretation will not have any impact on the Group's financial statements since it has no levies.
- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)  
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The amendments will not have an impact on the Group's financial position or performance since it has no hedging instruments.
- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)  
The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The amendments will not have an impact on the Group's financial position or performance since it does not offset its financial instruments.

#### *Effective 2015*

- PFRS 9, *Financial Instruments*  
PFRS 9 is effective for annual periods beginning on or after January 1, 2015. PFRS 9, as issued, 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*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. 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 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 not have an impact in the Group's classification and measurement of financial instruments since it has no investment classified as at FVPL or carried at amortized cost.

- *Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate*  
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors which should be applied retroactively and prospectively. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. Adoption of the interpretation will not have any impact on the financial statements of the Group since it is not involved in the construction of real estate.

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#### 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 change 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.



*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. The Group has no financial assets and financial liabilities at FVPL and HTM investments as of December 31, 2013 and 2012.

*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 lease receivables).

*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, 2013 and 2012.

*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, payable to related parties and refundable deposits as of December 31, 2013 and 2012.





### 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 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.

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 considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

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 investor in excess of the investor's carrying amount it is not immediately clear how the excess should be accounted for. A liability under PAS 37 should only be recognized if the investor 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, it would seem that the investor could recognize the excess in net profit for the period. When the associate subsequently makes profits, the investor should only 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.

#### Foreign Currency Transactions

The consolidated financial statements are presented in Philippine Peso, which is the Group's functional and presentation currency. The Group determine their own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting period. All differences are taken to profit or loss. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

#### 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 distribution.

#### 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. 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.

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 restatement 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 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 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 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.

#### Earnings Per Share

Earnings per share (EPS) are determined by dividing 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 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.

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### 5. Significant Accounting Judgments, Estimates and Assumptions

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

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

#### Judgments

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

#### *Distinction between investment properties and owner-occupied properties*

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

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

#### *Assessment of control*

The Parent Company classifies its investee companies as subsidiary if the Parent Company achieves control over these companies. Control is achieved when the Parent Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect



those returns through its power over the investee. In the event the Parent Company loses this power, the Parent Company will have to change the classification of its investment in investee companies.

*Provisions and contingencies*

The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results.

*Functional currency*

The Group determined its functional currency to be the Philippine Peso. The determination of functional currency was based in the primary economic environment in which the Group generates and expends cash.

*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 which are leased out on operating leases.

Estimates and Assumptions

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

*Fair value of financial instruments*

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position or disclosed in the notes to consolidated financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. See Note 21 for the related balances.

*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. The carrying value of current receivables as of December 31, 2013 and 2012 amounted to ₱2.0 million and ₱0.8 million, respectively. Allowance for doubtful accounts as of December 31, 2013 and 2012 amounted to ₱2.2 million (see Note 7).

*Estimating useful lives of property and equipment and investment properties*

The Group estimates the useful lives of the investment properties and property and equipment based on the period over which the asset is expected to be available for use, internal technical evaluation and experience with similar assets. The estimated useful lives of the investment properties and property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial



obsolescence and legal or other limits on the use of the assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the investment properties and property and equipment would increase the recorded expenses and decrease noncurrent assets. The carrying values of investment properties and property and equipment are disclosed in Notes 11 and 12, respectively.

*Impairment of financial and nonfinancial assets*

PAS 36 requires that an impairment review be performed when certain impairment indicators are present. Determining the value in use of investments in associates, investment properties, property and equipment and deposits, requires the determination of future cash flows expected to be generated from such assets.

PAS 39 requires the Group to assess at the end of each reporting period whether a financial asset or group of financial assets is impaired. Determining the fair value of an AFS financial asset requires the determination of the quoted price. 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. The carrying values of investments in associates, investment properties and property and equipment are disclosed in Notes 10, 11 and 12, respectively. AFS financial assets amounted to ₱15.0 million and ₱16.5 million as of December 31, 2013 and 2012, respectively (see Note 9).

*Deferred tax assets*

The Group's assessment on the recognition of deferred tax assets on nondeductible temporary differences is based on the forecasted taxable income of the following reporting period. This forecast is based on the Group's past results and future expectations on revenues and expenses.

Unrecognized deferred tax assets are disclosed in Note 18.

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**6. Cash and Cash Equivalents**

This account consists of:

	2013	2012
Cash on hand	₱5,000	₱7,000
Cash in banks	2,322,517	1,388,209
Cash equivalents	309,982,716	307,431,467
	<b>₱312,310,233</b>	<b>₱308,826,676</b>

Cash in banks earns 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 1.00% to 3.53% in 2013 and 3.53% to 4.56% in 2012.

Interest income on cash and cash equivalents amounted to ₱6.9 million, ₱14.6 million and ₱12.2 million in 2013, 2012 and 2011, respectively.



## 7. Receivables

This account consists of:

	2013	2012
Lease receivables:		
Affiliates (Note 14)	₱37,093,894	₱37,170,742
Others	322,205	103,828
	37,416,099	37,274,570
Nontrade	2,152,580	2,152,580
Interest receivable	265,662	402,890
Due from related parties (Note 14)	434,714	25,526
	40,269,055	39,855,566
Less noncurrent portion of lease receivables	36,162,905	36,931,877
	4,106,150	2,923,689
Less allowance for doubtful accounts	2,152,580	2,152,580
	₱1,953,570	₱771,109

Current portion of lease receivables and due from related parties are non-interest 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.

Due from related parties is a receivable relating to reimbursement of expenses, is non-interest bearing and is due and demandable (see Note 14). Due from a related party will be settled in cash.

## 8. Other Current Assets

This account consists of:

	2013	2012
Creditable withholding taxes	₱3,578,451	₱4,186,610
Input VAT	1,819,821	1,810,166
Prepaid expenses	113,129	125,716
Deposits	32,015	32,015
Prepaid income tax	-	1,574
Others	17,596	49,790
	5,561,012	6,205,871
Less allowance for impairment loss	5,081,717	1,824,442
	₱479,295	₱4,381,429

The Group provided for additional impairment on its input VAT amounting to ₱0.01 million and ₱0.1 million in 2013 and 2012, respectively. In 2013, the Group also provided an allowance for impairment on its CWT amounting to ₱3.25 million since management believes that it will no longer be used in the future.



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

**2013**

	Input VAT	Withholding tax	Total
Balance at the beginning of the year	₱1,810,166	₱14,276	₱1,824,442
Provision for the year (Note 17)	9,654	3,247,621	3,257,275
Balance at end of year	₱1,819,820	₱3,261,897	₱5,081,717

**2012**

	Input VAT	Withholding tax	Total
Balance at the beginning of the year	₱1,685,732	₱14,276	₱1,700,008
Provision for the year (Note 17)	124,434	-	124,434
Balance at end of year	₱1,810,166	₱14,276	₱1,824,442

**9. Available-for-Sale Financial Assets**

This account consists of investments in:

	2013	2012
Quoted share - at fair value		
Golf club share (costing ₱577,942)	₱15,000,001	₱16,500,001
Unquoted share - at cost		
Golf club share	880,000	880,000
	15,880,001	17,380,001
Less allowance for impairment	880,000	880,000
	₱15,000,001	₱16,500,001

Unquoted AFS financial asset consists of an investment in a golf club share.

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

	2013	2012
Balance at beginning of year	₱16,500,001	₱252,132,026
Additions (Note 14)	-	94,901,500
Fair value gain (loss)	(1,500,000)	5,300,000
Subscription rights received from CLI (Note 14)	-	1,763,275
Transfer to investment in an associate (Note 10)	-	(337,596,800)
Balance at end of year	₱15,000,001	₱16,500,001

**Step acquisition of investment in CLI**

In September 2010, the Group purchased 4.28% of CLI equivalent to 1,498,723 common shares at a cost of ₱59.8 million from a third party (see Note 14).



In July 2011, the Group purchased additional 4,704,375 shares of CLI for a total consideration of ₱104.0 million or 7.72% and ₱77.1 million or 5.72% from GVI and KCL, respectively (see Notes 10 and 14). The acquisition of additional shares of CLI increased the Group's ownership through GMRI from 4.28% to 17.72%. In 2011, the Group received cash dividend from CLI amounting to ₱2.1 million.

In July 2012, the Group availed the rights issue of CLI of 1,763,275 shares at ₱1.00 per share. In September 2012, the Group purchased additional 2,950,000 shares of common stock of CLI from Keppel Philippines Marine, Inc. (KPMI), a related party at ₱32.17 per share for a total consideration of ₱94.9 million. After the acquisition, the ownership interest of the Group in CLI, through GMRI, increased from 17.72% to 25.00%. Consequently, the Group gained a significant influence over CLI and reclassified from AFS to investment in an associate. The Group has 13% effective indirect ownership in CLI as of December 31, 2013 and 2012.

In 2012, the Group received cash dividend from CLI amounting to ₱16.0 million prior to step acquisition.

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

	2013	2012
Balance at beginning of year	₱15,922,058	₱83,076,946
Fair value gain (loss)	(1,500,000)	5,300,000
Realized gain on transfer from AFS financial assets to investments in associates	-	(72,454,888)
<b>Balance at end of year</b>	<b>₱14,422,058</b>	<b>₱15,922,058</b>

In 2012, the Group realized the unrealized gain on upstream sale to GMRI amounting to ₱72.5 million as a result of the transfer of its investment in CLI from AFS to an associate and is presented as part of the "Equity in net earnings of associates". The transfer of the investment in CLI from AFS to an associate due to the step acquisition resulted to a gain on bargain purchase amounting to ₱52.2 million from fair value adjustments and is presented in the consolidated statements of income as "Gain on purchase of investment in an associate" (see Note 10).

#### 10. Investments in Associates - at equity

This account consists of:

	2013	2012
Investments in associates	₱895,186,646	₱505,351,696
Transfer from AFS to investment in an associate (Note 9)	-	337,596,800
Gain on purchase of investment in an associate (Note 14)	-	52,238,150
	<b>895,186,646</b>	<b>895,186,646</b>
Accumulated share in net losses:		
Balance at beginning of year	(499,474,283)	(504,201,156)
Equity in net earnings of associates	17,868,723	77,181,761
Realized gain on transfer from AFS financial assets to investments in associates (Note 9)	-	(72,454,888)
<b>Balance at end of year</b>	<b>(481,605,560)</b>	<b>(499,474,283)</b>
	<b>₱413,581,086</b>	<b>₱395,712,363</b>



The details of the Group's investments in associates accounted for under the equity method as of December 31, 2013 and 2012 follow:

	KPCI		GVI		CLI	
	2013	2012	2013	2012	2013	2012
Investments	₱273,518,182	₱273,518,182	₱231,833,514	₱231,833,514	₱389,834,950	₱-
Reclassification from AFS to an associate	-	-	-	-	-	₱337,596,800
Fair value gain on purchase of an investment	-	-	-	-	-	₱52,238,150
<b>Total</b>	<b>273,518,182</b>	<b>273,518,182</b>	<b>231,833,514</b>	<b>231,833,514</b>	<b>389,834,950</b>	<b>389,834,950</b>
Accumulated share in net earnings (losses):						
Balance at beginning of year	(273,518,182)	(273,518,182)	(230,793,427)	(230,682,974)	4,837,326	-
Equity in net earnings (losses) of associates	-	-	(39,448)	72,344,435	17,908,171	4,837,326
Realized gain on transfer from AFS financial assets to investments in associates	-	-	-	(72,454,888)	-	-
<b>Balance at end of year</b>	<b>(273,518,182)</b>	<b>(273,518,182)</b>	<b>(230,832,875)</b>	<b>(230,793,427)</b>	<b>22,745,497</b>	<b>4,837,326</b>
	<b>₱-</b>	<b>₱-</b>	<b>₱1,000,639</b>	<b>₱1,040,087</b>	<b>₱412,580,447</b>	<b>₱394,672,276</b>

### KPCI and GVI

KPCI has incurred continued losses and is in a capital deficiency position since 2005. The Group's investments in KPCI and GVI have been reduced to nil in prior years. In 2011, GVI recognized gain on sale of its CLI shares to GMRI. The Group's equity share in GVI's net losses and net earnings amounted to ₱0.04 million in 2013 and ₱72.3 million in 2012, respectively.

On June 19, 2013 and June 22, 2011, the BOD and the stockholders of KPCI and GVI, respectively, approved and ratified the dissolution of KPCI and GVI and the amendment of the Articles of Incorporation to shorten their corporate term up to and only until June 30, 2011. 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. As of February 5, 2014, KPCI and GVI are still waiting for the response from BIR and SEC.

In July 2011, GVI sold its 2,701,556 shares on CLI to the Group for a total consideration of ₱104.0 million. The gain of GVI on the transaction amounted to ₱102.0 million. Subsequently, in August 2011, GVI declared cash dividends amounting to ₱82.0 million, of which, the Parent Company received ₱71.3 million. The Group recorded other unrealized gain on the share in net income of GVI in 2011 amounting to ₱72.5 million since the gain of GVI was a result of an upstream sale transaction to GMRI. The dividend received by the Parent Company from GVI was treated as a reduction of the carrying amount of the Group's investment in GVI.

In 2013, 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 dominant influence over GVI's significant decisions and operations. All the officers of GVI are representatives of KPMI Retirement Fund 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

From 2010 to 2011, GMRI's investment in CLI of 17.72% was classified as AFS financial assets with a total cost of ₱240.9 million. In July 2012, CLI issued stock rights to the stockholders equivalent to 1 share per 5 shares held at par value (₱1.00). On the same date, GMRI exercised its stock rights, and at the same time acquired 212,500 stock rights of Keppel Subic Shipyard Retirement Plan, a related party. In September 2012, GMRI also purchased additional shares of CLI from KPMI, a related party, amounting to ₱94.9 million. After the additional acquisition,



GMRI increased its ownership interest in CLI to 25.00% which provided the Group significant influence in CLI. The previous unrealized gain on upstream sale to GMRI amounting to ₱72.5 million was realized in 2012 and is included as part of the “Equity in net earnings of associates” in the consolidated statements of income. 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 (see Notes 9 and 14).

In June 2013, CLI’s BOD declared 60% stock dividend and GMRI received additional 6,549,823 shares of CLI. GMRI now has a total of 17,466,196 shares out of 70,000,000 shares of CLI. In 2013, 4,366,549 shares of stock dividends were distributed to NCI.

The financial information of associates as of and for the years ended December 31, 2013 and 2012 follows:

	KPCI		GVI		CLI	
	2013	2012	2013	2012	2013	2012
Current assets	₱4,998,852	₱4,998,852	₱3,383,019	₱3,412,648	₱66,180,481	₱54,093,755
Noncurrent assets	-	-	-	-	245,134,822	173,251,164
<b>Total assets</b>	<b>₱4,998,852</b>	<b>₱4,998,852</b>	<b>₱3,383,019</b>	<b>₱3,412,648</b>	<b>₱311,315,303</b>	<b>₱227,344,919</b>
Current liabilities	₱-	₱-	₱-	₱68,992	₱34,674,206	₱22,336,505
Noncurrent liabilities	4,998,852	4,998,852	137,984	-	-	-
<b>Total liabilities</b>	<b>₱4,998,852</b>	<b>₱4,998,852</b>	<b>₱137,984</b>	<b>₱68,992</b>	<b>₱34,674,206</b>	<b>₱22,336,505</b>
Revenue	₱-	₱-	₱70,648	₱126,544	₱215,156,405	₱206,434,074
Net income (loss) attributable to common shareholders	-	-	(98,621)	(276,132)	71,632,683	5,106,136

## 11. Investment Properties

This account consists of:

	2013			
	Land	Building	Condominium Units	Total
<b>Cost</b>				
Balance at beginning and end of year	₱205,901,939	₱2,609,001	₱25,342,689	₱233,853,629
<b>Accumulated Depreciation</b>				
Balance at beginning of year	-	1,667,892	18,801,647	20,469,539
Depreciation and amortization (Note 17)	-	125,034	1,582,280	1,707,314
Balance at end of year	-	1,792,926	20,383,927	22,176,853
<b>Net Book Value</b>	<b>₱205,901,939</b>	<b>₱816,075</b>	<b>₱4,958,762</b>	<b>₱211,676,776</b>
	2012			
	Land	Building	Condominium Units	Total
<b>Cost</b>				
Balance at beginning of year	₱204,725,077	₱6,700,089	₱21,989,642	₱233,414,808
Reclassification/adjustment	1,176,862	(4,091,088)	3,353,047	438,821
Balance at end of year	205,901,939	2,609,001	25,342,689	233,853,629
<b>Accumulated Depreciation</b>				
Balance at beginning of year	-	3,618,548	15,716,583	19,335,131
Depreciation and amortization (Note 17)	-	125,034	1,582,280	1,707,314
Reclassification/adjustment	-	(2,075,690)	1,502,784	(572,906)
Balance at end of year	-	1,667,892	18,801,647	20,469,539
<b>Net Book Value</b>	<b>₱205,901,939</b>	<b>₱941,109</b>	<b>₱6,541,042</b>	<b>₱213,384,090</b>





Land, land improvements and buildings 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 ₱695.2 million based on an appraisal made by an accredited independent appraiser in October 2013. The fair value attributable to the equity holders of the Group amounted to ₱385.0 million. The market value approach was used in determining the fair value which is allowed by the Philippine Valuation Standards. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's-length transaction at the date of the latest valuation.

Rent income attributable to the investment properties amounted to ₱18.8 million, ₱17.9 million and ₱18.5 million in 2013, 2012 and 2011, respectively. The operating expenses directly attributable to the investment properties pertaining to depreciation and real estate taxes amounted to ₱5.8 million, ₱5.6 million and ₱5.7 million in 2013, 2012 and 2011, respectively.

In 2011, the net book value of the land from KCSLI that was disposed amounted to ₱44.0 million. The proceeds from the disposal amounted to ₱44.0 million which is included in the total proceeds from the sale of a subsidiary amounting to ₱500.3 million (see Note 14).

In 2012, the Group made an adjustment and reclassification of its investment properties with a total cost amounting to ₱0.4 million to property and equipment since it already started using the properties in their operations.

## 12. Property and Equipment

This account consists of:

	2013			
	Building	Office Machine, Furniture and Fixtures	Transportation Equipment	Total
<b>Cost</b>				
Balance at beginning and end of year	₱5,397,020	₱582,115	₱776,186	₱6,755,321
<b>Accumulated Depreciation</b>				
Balance at beginning of year	4,687,909	569,185	497,768	5,754,862
Depreciation (Note 17)	392,194	12,930	155,234	560,358
Balance at end of year	5,080,103	582,115	653,002	6,315,220
<b>Net Book Value</b>	<b>₱316,917</b>	<b>₱-</b>	<b>₱123,184</b>	<b>₱440,101</b>

	2012			
	Building	Office Machine, Furniture and Fixtures	Transportation Equipment	Total
<b>Cost</b>				
Balance at January 1	₱5,166,429	₱900,640	₱715,025	₱6,782,094
Additions	197,000	-	61,161	258,161
Reclassification/adjustment	33,591	(318,525)	-	(284,934)
Balance at December 31	5,397,020	₱582,115	776,186	6,755,321
<b>Accumulated Depreciation</b>				
Balance at January 1	3,712,678	432,241	345,593	4,490,512
Depreciation (Note 17)	348,417	36,965	152,175	537,557
Reclassification/adjustment	626,814	99,979	-	726,793
Balance at December 31	4,687,909	569,185	497,768	5,754,862
<b>Net Book Value</b>	<b>₱709,111</b>	<b>₱12,930</b>	<b>₱278,418</b>	<b>₱1,000,459</b>



In 2012, the Group made an adjustment and reclassification of certain properties from investment properties with a total cost amounting to ₱0.3 million to property and equipment since it already started using the properties for its operations.

Fully depreciated assets still in use as of December 31, 2013 and 2012 amounted to ₱0.9 million.

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### 13. Accounts Payable and Other Current Liabilities

This account consists of:

	2013	2012
Advance rentals:		
Affiliate (Note 14)	₱126,831	₱120,472
Others	1,173,692	1,118,200
Provisions	1,315,000	1,315,000
Accrued expenses	1,170,853	563,500
Other taxes payable	374,719	192,752
Output VAT	97,821	96,480
Unearned rent	78,770	78,770
	<u>₱4,337,686</u>	<u>₱3,485,174</u>

Accounts payable and other current liabilities generally have 30- to 60-day terms.

Advance rentals are to be applied in subsequent months' rentals.

Accrued expenses pertain to accrued professional fees, audit fee, employee leaves, bonus and 13th month pay.

Other taxes payable pertains to withholding taxes on salaries and other expenses.

Other payables consist of unearned rent.

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### 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) individual 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 (see Note 1).

#### 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, 2013, 2012 and 2011, 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:

**2013**

Category	Amount	Outstanding Balance	Terms	Conditions
<b>Other related parties</b>				
Lease receivables (Note 7)				
KPMI (a, b, c and f) Non trade payable (Note 13)	₱11,436,334	₱37,093,894	Non-interest-bearing, 30-to-60 days	Unsecured
KPMI (b) Due from related parties (Note 7)	-	56,900	Non-interest-bearing, 30-to-60 days	Unsecured, no impairment
KPMI (i) Keppel Subic Shipyard, Inc. (KSSI) (i)	1,956,427	405,402	Due and demandable	Unsecured
	184,955	29,312	Due and demandable	Unsecured, no impairment

**2012**

Category	Amount	Outstanding Balance	Terms	Conditions
<b>Other related parties</b>				
Lease receivables (Note 7)				
KPMI (a, b, c and f) Non trade payable (Note 13)	₱11,362,140	₱37,170,742	Non-interest-bearing, 30-to-60 days	Unsecured, no impairment
KPMI (b) Due from related parties (Note 7)	56,900	56,900	Non-interest-bearing, 30-to-60 days	Unsecured
KPMI (i)	1,880,912	20,386	Due and demandable	Unsecured, no impairment
KSSI (i) Due to a related party	5,140	5,140	Due and demandable	Unsecured, no impairment
KPMI (i)	21,326	21,326	Non-interest-bearing, due and demandable	Unsecured

In 2013 Group entered into various lease and management agreements with related parties as follows:

**2013**

Category	Basis	Amount	Outstanding	Terms and Conditions
<b>Other related parties</b>				
Keppel Energy Consultancy, Inc. (KECI)				
Management fee (h)	₱50,000 to ₱25,000 per month	₱350,000	₱-	Due and demandable, renewable annually
Rental income (c) KPMI	₱19,000 per month	228,000	-	Due and demandable, 2-year term
Rental income (a, b, c and f)	₱10.2 million annually	11,436,334	37,093,894	Non-interest-bearing, 50-year term with escalation clause of 2% every 5 years

(Forward)



Category	Basis	Amount	Outstanding	Terms and Conditions
<b>Kepwealth Property Phils, Inc. (KPPI)</b>				
Management fees (h)	₱50,000 per month	550,000	-	Due and demandable, renewable annually
Rental income (c)	₱20,000 per month	240,000	-	Due and demandable, 2-year term
<b>Keppel IVI Investments, Inc. (KIVI)</b>				
Management fees (h)	₱15,000 per month	165,000	-	Due and demandable, renewable annually
Rental income (c)	₱25,000 per month	300,000	-	Due and demandable, 2-year term
<b>Kepwealth Inc.</b>				
Management fees (h)	₱8,000 per month	88,000	-	Due and demandable, renewable annually
<b>Kepventure Inc.</b>				
Management fees (h)	₱2,000 per month	22,000	-	Due and demandable, renewable annually
<b>2012</b>				
Category	Basis	Amount	Outstanding	Terms and Conditions
<b>Other related parties</b>				
<b>KECI</b>				
Management fee (h)	₱50,000 per month	₱600,000	₱-	Due and demandable, renewable annually
Rental income (c)	₱19,000 per month	227,795	-	Due and demandable, 2-year term
<b>KPMI</b>				
Rental income (a, b, c and f)	₱10.2 million annually	11,362,140	37,170,742	Non-interest-bearing, 50-year term with escalation clause of 2% every 5 years
<b>KPPI</b>				
Rental income (c)	₱20,000 per month	239,063	-	Due and demandable, 2-year term
<b>KIVI</b>				
Rental income (c)	₱25,000 per month	298,828	-	Due and demandable, 2-year term

All of the above related parties are affiliates 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. In May 2007, the lease contract was amended revising the annual lease rate from ₱6.0 million to ₱10.2 million effective January 1, 2007, which will be subject to an escalation clause of 2% after every 5 years. Rent income based on the straight-line method amounted to ₱9.6 million in 2013, 2012, and 2011. Total outstanding balance of lease receivables presented in the consolidated statements of financial



position amounted to ₱37.1 million and ₱36.9 million as of December 31, 2013 and 2012, respectively. Future minimum rentals receivable from this transaction follow:

	2013	2012
Within one year	₱10,353,000	₱10,353,000
After one year but not more than five years	52,230,885	43,225,784
More than five years	257,106,807	276,464,908
	<b>₱319,690,692</b>	<b>₱330,043,692</b>

- b. GRDC leased its properties to KPMI for one year from January 1, 2013 to December 31, 2013. The lease contracts were renewed for another year effective January 1, 2014. Rental income derived from these transactions amounted to ₱0.2 million in 2013. Future minimum rentals receivable from the renewal of contracts amounted to ₱0.2 million as of December 31, 2013 and 2012. The outstanding balance of lease receivable amounted to ₱0.03 million and ₱0.2 million as of December 31, 2013 and 2012, respectively. Advance rental from KPMI amounted to ₱0.06 million as of December 31, 2013 and 2012.
- 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 2013, 2012 and 2011. Lease contract with KPMI is from April 11, 2011 and is renewable annually. The lease contract was last renewed on April 11, 2013 for a period of one (1) year or until April 11, 2014. Lease contracts with KIVI and KPPI are from April 1, 2012 and with KECI is from June 1, 2012. Lease contracts with KIVI, KPPI and KECI are for two (2) years and are renewable thereafter. The outstanding balance of lease receivable from these affiliates amounted to ₱0.07 million and nil as of December 31, 2013 and 2012, respectively.
- d. In September 2010, GMRI purchased 4.28% of CLI equivalent to 1,498,723 common shares at a cost of ₱59.8 million. In July 2011, GMRI purchased additional 4,704,375 shares of CLI for a total consideration of ₱181.1 million. The 2,701,556 shares or 7.72% amounting to ₱104 million were purchased from GVI, an associate, and the 2,002,819 shares or 5.72% amounting to ₱77.1 million were purchased from KCL, the ultimate parent. The acquisition of additional shares in CLI increased GMRI's direct ownership from 4.28% to 17.72%.
- In July 2012, CLI increased its capitalization through a rights issue equivalent to 1 share per 5 shares held at par value (₱1.00). GMRI exercised its rights and obtained 1,763,275 shares at par value of ₱1.0 per share. In addition, GMRI acquired 212,500 stock rights of Keppel Subic Shipyard, Inc. Retirement Plan, a related party at par value. Further, in September 2012, GMRI purchased additional 2,950,000 CLI shares at ₱32.17 from KPMI, a related party, amounting to ₱94.9 million which increased GMRI's direct ownership interest in CLI to 25.00% resulting to the change in classification of the investment from AFS financial assets to an investment in an associate. The step-acquisition resulted to a gain on purchase of an investment in an associate of ₱52.2 million from fair value adjustments.
- In 2012 and 2011, the Group received cash dividend from CLI amounting to ₱16.0 million and ₱2.1 million, respectively, prior to the step acquisition. In 2013, the Group did not receive cash dividends from CLI.
- e. Prior its disposal, KCSLI has cancellable lease agreements covering parcels of land, land improvements and buildings in Cebu with Keppel Cebu Shipyard, Inc. (KCSI), an affiliate. Rent income amounted to ₱0.7 million in 2011. In May 2011, the Group sold its investment in KCSLI to a third party for a total consideration of ₱596.2 million which resulted to a gross gain of ₱564.9 million. The total gain was reduced by the total direct expenses incurred in



relation to the sale amounting to ₱64.6 million. Upon sale of KCSLI, it ceased to be a subsidiary of the Group. In 2011, the Group returned cash dividends to KCSLI amounting to ₱3.0 million. Cash dividends returned to noncontrolling interest amounted to ₱0.8 million. The reconciliation of the total proceeds from the sale of investment in subsidiary in 2011 follows:

Gain on sale of a subsidiary	₱564,949,012
Less: Direct expenses	64,618,941
<u>Net gain on sale</u>	<u>₱500,330,071</u>

- f. In June 2008, the Parent Company and KPMI entered into a lease agreement, where the Parent Company leased to KPMI a piece of land which is the subject of complaint against the Philippine National Oil Company (PNOC) (see Note 23). 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 2013, the lease agreement was renewed for another year with 5% increase. Rental income derived from the land amounted to ₱2.0 million, ₱1.9 million and ₱1.7 million in 2013, 2012 and 2011, respectively. Future minimum lease rentals receivable from the renewed contract amounted to ₱1.0 million as of December 31, 2013 and 2012. Outstanding balance of lease receivables amounted to ₱0.5 million and nil as of December 31, 2013 and 2012, respectively (see Note 7).
- g. In July 2011, GVI sold its 2,701,556 shares in CLI to GMRI for a total consideration of ₱104.0 million. The gain of GVI on the transaction amounted to ₱102.0 million. Subsequently, in August 2011, GVI declared cash dividends amounting to ₱82.0 million, of which the Parent Company received ₱71.3 million. The dividend received by the Parent Company from GVI was treated as a reduction of the carrying amount of the Parent Company's investment in GVI. The Group recorded unrealized gain on the AFS financial assets of GVI in 2011 amounting to ₱72.5 million since the transaction is an upstream sale to GMRI. In 2012, the Group recognized realized gain amounting to ₱72.5 million as a result of the transfer of its investment in CLI from AFS to an associate and was presented as part of the "Equity in net earnings of associates" account in the consolidated statements of income (see Notes 9 and 10).
- h. The Parent Company provides accounting services to KECI, an affiliate, for a monthly management fee of ₱50,000. On March 1, 2013, they entered into a new agreement wherein the monthly management fee was reduced to ₱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.

In 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 2013 and ₱0.6 million in 2012 and in 2011. As of December 31, 2013, there was no intention from any of the parties to terminate the management services.



- i. Amounts due from KPMI and KSSI pertain to reimbursement of various expenses such as legal fees paid by the Group amounting to ₱0.4 million and ₱0.03 million, respectively, as of December 31, 2013 and ₱20,386 and ₱5,140, respectively, as of December 31, 2012. The Group also has an amount due to KPMI for reimbursement of various expenses amounting to ₱0.02 million as of December 31, 2012.
- j. In 2007, GMRI obtained long-term loans payable from KPMI, an affiliate, amounting to ₱30.0 million and bearing interest of 7.86% which is the prevailing market rate at the time the loan was granted. In September 2011, GMRI made partial payment of ₱12.0 million. In January 2012, GMRI fully settled the outstanding balance amounting to ₱17.1 million. Interest expense amounted to ₱1.8 million in 2011.
- k. On September 29, 2010, GMRI obtained advances from KPMI amounting to ₱22.0 million to partially finance its purchase of CLI shares from an associate of KPMI. In December 2010, the BOD of KPMI approved the conversion of its advances of ₱22.0 million into deposits for future stock subscription of GMRI's preferred shares. In May 2011, GMRI reversed the deposit for future stock subscription and settled its liability to KPMI.
- l. Total directors' fees paid by the Group amounted to ₱0.5 million in 2013 and ₱0.6 million in 2012 and in 2011.
- m. Compensation of the key management personnel of the Group pertains to salaries and other short-term employee benefits amounting to a total of ₱4.3 million in 2013 and ₱3.8 million in 2012 and in 2011.

## 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, 2013. Effective ownership of KCL in the Parent Company is 28%. Authorized and issued shares as of December 31, 2013 and 2012 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, 2013 and 2012 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	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, 2013
Class "A"	38,730,970	₱1.00	June 30, 2000	394
Class "B"	21,636,449	1.00	June 30, 2000	62
	60,367,419			

There are 440 total shareholders per record holding both Class A and B shares as of December 31, 2013.

#### 16. Retained Earnings and Treasury Shares

The Parent Company's retained earnings are restricted for dividend declaration in the amount of ₱9.9 million as of December 31, 2013, 2012 and 2011 representing the cost of shares in treasury.

The total number of Class "A" and Class "B" treasury shares are 1,110,000 and 11,696,081, respectively, as of December 31, 2013 and 2012. There were no acquisitions of treasury shares made for both years.

The BOD declared cash dividends of ₱0.10 per share or ₱6.0 million on June 6, 2013 and June 7, 2012 to stockholders of record as of June 21, 2013 and June 22, 2012, respectively, and were paid on July 17, 2013 and July 18, 2012, respectively. There were no dividends declared in 2011.

#### 17. Operating Expenses

This account consists of:

	2013	2012	2011
Salaries, wages and employee benefits (Note 14)	₱6,745,563	₱5,811,756	₱5,277,029
Taxes and licenses	4,838,886	4,846,293	3,393,317
Provision for impairment losses (Note 8)	3,257,275	124,434	1,685,732
Depreciation and amortization (Notes 11 and 12)	2,267,672	2,244,871	2,224,436
Professional fees	1,369,207	1,203,404	1,484,918
Transportation and travel	769,062	693,986	495,393
Utilities	672,023	727,545	559,609
Membership dues	411,295	483,344	480,694
Office supplies	117,048	114,831	118,409
Repairs and maintenance	98,950	71,937	179,412
Insurance	76,689	95,113	99,483
Postage	44,871	40,585	35,410
Advertising	9,450	9,450	9,450
Commission	-	77,704	97,463
Others	978,815	642,320	1,544,012
	₱21,656,806	₱17,187,573	₱17,684,767





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

### 18. Income Tax

The provision for income tax consists of:

	2013	2012	2011
Final	₱1,354,354	₱2,922,538	₱2,438,877
Current	1,374,973	870,087	1,629,059
Deferred	(54,828)	(7,300)	(27,926)
	<b>₱2,674,499</b>	<b>₱3,785,325</b>	<b>₱4,040,010</b>

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 taxable profits will be available against which these can be utilized, are as follows:

	2013	2012
NOLCO	₱16,445,567	₱13,351,039
Allowance for doubtful accounts	2,152,580	2,152,580
Allowance for impairment losses	5,067,441	2,690,166
Accrued expenses	1,817,195	-
Advance rentals	1,230,592	1,175,100
Unearned rentals	78,768	78,768
	<b>26,792,143</b>	<b>19,447,653</b>
Tax rate	<b>30%</b>	<b>30%</b>
	<b>8,037,643</b>	<b>5,834,296</b>
MCIT	<b>279,588</b>	<b>287,195</b>
	<b>₱8,317,231</b>	<b>₱6,121,491</b>

The deferred tax liability of ₱1.9 million as of December 31, 2013 and 2012 pertains to the income tax effect of additional lease receivables accrued using the straight-line method.

Following are the changes in NOLCO and MCIT:

	2013	2012	2011
<b>NOLCO:</b>			
Balance at beginning of year	₱13,351,039	₱8,243,962	₱5,789,991
Addition	5,327,980	6,082,556	5,035,031
Expiration	(2,233,452)	(975,479)	(2,581,060)
Balance at end of year	<b>₱16,445,567</b>	<b>₱13,351,039</b>	<b>₱8,243,962</b>
<b>MCIT:</b>			
Balance at beginning of year	₱287,195	₱415,309	₱390,176
Addition	94,072	77,700	107,816
Expiration	(101,679)	(205,814)	(82,683)
Balance at end of year	<b>₱279,588</b>	<b>₱287,195</b>	<b>₱415,309</b>



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, 2011	₱107,816	₱5,035,031	December 31, 2014
December 31, 2012	77,700	6,082,556	December 31, 2015
December 31, 2013	94,072	5,327,980	December 31, 2016
	<b>₱279,588</b>	<b>₱16,445,567</b>	

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:

	2013	2012	2011
Statutory income tax	₱7,030,804	₱48,588,801	₱154,588,409
Income tax effects of:			
Interest income subjected to final tax	518,240	1,202,373	1,249,874
Nondeductible expense	5,650	59,943	221,874
Nontaxable income	—	(25,389,130)	2,253
Gain on sale of shares of stock	—	—	(26,265,240)
Income subjected to lower tax rate	(6,809,791)	(22,264,298)	(127,492,922)
Change in unrecognized deferred tax assets	1,929,596	1,587,636	1,735,762
Effective income tax	<b>₱2,674,499</b>	<b>₱3,785,325</b>	<b>₱4,040,010</b>

## 19. Earnings Per Share

EPS computation is as follows:

	2013	2012	2011
Net income attributable to equity holders of the parent (a)	₱9,219,933	₱115,664,581	₱260,094,517
Weighted average number of shares outstanding (b) (Note 15)	60,367,419	60,367,419	60,367,419
Earnings per share (a/b)	<b>₱0.153</b>	<b>₱1.916</b>	<b>₱4.309</b>

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:

	2013				
	Investment Holding	Real estate	Combined	Eliminations	Consolidated
Revenue	₱8,643,130	₱21,920,441	₱30,563,571	₱14,159,285	₱44,722,856
Income (loss) before tax	(1,842,946)	9,910,236	8,067,290	15,368,723	23,436,013
Provision for income tax	452,250	2,222,249	2,674,499	-	2,674,499
Net income (loss)	(2,295,196)	7,687,987	5,392,791	15,368,723	20,761,514
<b>Other Information</b>					
Segment assets	229,291,915	879,064,191	1,108,391,585	(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
	2012				
	Investment Holding	Real estate	Combined	Eliminations	Consolidated
Revenue	₱8,523,630	₱47,845,200	₱56,368,830	₱69,890,688	₱126,259,518
Income (loss) before tax	(242,675)	91,150,458	90,907,783	70,944,435	161,852,218
Provision for income tax	793,228	2,992,097	3,785,325	-	3,785,325
Net income (loss)	(1,035,903)	88,158,361	87,122,458	70,944,435	158,066,893
<b>Other Information</b>					
Segment assets	238,313,965	874,109,280	1,112,423,245	(130,774,531)	981,648,714
Segment liabilities	1,480,445	28,368,276	29,848,721	(22,545,886)	7,302,835
Depreciation and amortization	143,004	2,101,867	2,244,871	-	2,244,871

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. 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 ₱11.4 million in 2013 and in 2012, and ₱12.3 million in 2011 comprise more than 10% of the Group's revenue.

## 21. Financial Risk Management Objectives and Policies

The Group's principal financial assets and liabilities comprise of cash and cash equivalents, AFS financial assets and long-term loan. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial assets and liabilities such as trade 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.





*Credit quality*

The table below shows the credit quality of the Group's financial assets as of December 31, 2013 and 2012:

**December 31, 2013**

Financial assets	Neither Past Due nor Impaired High Grade	Past Due but not Impaired	Impaired	Total
Loans and receivables:				
Cash and cash equivalents*	₱312,305,233	₱-	₱-	₱312,305,233
Receivables				
Nontrade	-	-	2,152,580	2,152,580
Current portion of lease receivables	1,253,194	-	-	1,253,194
Due from related parties	434,714	-	-	434,714
Interest receivable	265,662	-	-	265,662
	<b>₱314,258,803</b>	<b>₱-</b>	<b>₱2,152,580</b>	<b>₱316,411,383</b>

\* Excluding cash on hand

**December 31, 2012**

Financial assets	Neither Past Due nor Impaired High Grade	Past Due but not Impaired	Impaired	Total
Loans and receivables:				
Cash and cash equivalents*	₱308,819,676	₱-	₱-	₱308,819,676
Receivables				
Nontrade	-	-	2,152,580	2,152,580
Current portion of lease receivables	342,693	-	-	342,693
Due from related parties	25,526	-	-	25,526
Interest receivable	402,890	-	-	402,890
	<b>₱309,590,785</b>	<b>₱-</b>	<b>₱2,152,580</b>	<b>₱311,743,365</b>

\* Excluding cash on hand

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 long-term 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, 2013 and 2012 based on contractual undiscounted payments:

	2013					Total
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	No Term	
<b>Financial assets</b>						
Loans and receivables:						
Cash and cash equivalents	₱312,310,233	₱-	₱-	₱-	₱-	₱312,310,233
Receivables						
Lease receivables	930,989	322,205	-	36,162,905	-	37,416,099
Interest receivable	-	265,662	-	-	-	265,662
Due from a related party	434,714	-	-	-	-	434,714
AFS financial assets	-	-	-	-	15,000,001	15,000,001
	<b>₱313,675,936</b>	<b>₱587,867</b>	<b>₱-</b>	<b>₱36,162,905</b>	<b>₱15,000,001</b>	<b>₱365,426,709</b>
<b>Financial liabilities</b>						
Accounts payable and other current liabilities (excluding output VAT, provisions and other taxes payable)	₱-	₱2,550,146	₱-	₱-	₱-	₱2,550,146
Refundable deposits	-	-	1,975,255	-	-	1,975,255
	<b>₱-</b>	<b>₱2,550,146</b>	<b>₱1,975,255</b>	<b>₱-</b>	<b>₱-</b>	<b>₱4,525,401</b>
	2012					Total
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	No Term	
<b>Financial assets</b>						
Loans and receivables:						
Cash and cash equivalents	₱308,826,676	₱-	₱-	₱-	₱-	₱308,826,676
Receivables						
Lease receivables	189,880	152,813	-	36,931,877	-	37,274,570
Interest receivable	-	402,890	-	-	-	402,890
Due from a related party	25,526	-	-	-	-	25,526
AFS financial assets	-	-	-	-	16,500,001	16,500,001
	<b>₱309,042,082</b>	<b>₱555,703</b>	<b>₱-</b>	<b>₱36,931,877</b>	<b>₱16,500,001</b>	<b>₱363,029,663</b>
<b>Financial liabilities</b>						
Accounts payable and other current liabilities (excluding output VAT, provisions and other taxes payable)	₱-	₱1,880,942	₱-	₱-	₱-	₱1,880,942
Payable to related parties	21,326	-	-	-	-	21,326
Refundable deposits	-	-	1,874,800	-	-	1,874,800
	<b>₱21,326</b>	<b>₱1,880,942</b>	<b>₱1,874,800</b>	<b>₱-</b>	<b>₱-</b>	<b>₱3,777,068</b>

#### 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 with interest rate repriced annually. Since the Group's credit standing is good, there is no requirement for collateral or guaranty. In 2013, exposure to interest rate risk is minimized since in 2012, the Group settled the outstanding balance of the loan to KPMI of ₱17.1 million (see Note 14).



*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:

2013		
	Change in Equity Price (%)	Effect on Other Comprehensive Income Increase (Decrease)
Quoted club share	+20.00	P3,688,000
	-20.00	(P3,688,000)
2012		
	Change in Equity Price (%)	Effect on Other Comprehensive Income Increase (Decrease)
Quoted club share	+20.00%	P4,298,000
	-20.00%	(P4,298,000)

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, 2013 and 2012 are as follows:

	2013	2012
Total liabilities	P8,174,026	P7,302,835
Total equity	987,570,651	974,345,879
Debt to equity ratio	0.008:1	0.007:1



### 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, 2013 and 2012.

### 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, 2013 and 2012, the Group classifies its quoted AFS financial asset amounting to ₱15.0 million and ₱16.5 million, respectively, under Level 1 of the fair value hierarchy. During the reporting period ended December 31, 2013 and 2012, 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.

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## 22. Note to Statement of Cash Flows

In 2012, the Group's noncash investing activities pertain to the step acquisition resulting to a gain on purchase of investment in an associate amounting to ₱52.2 million from fair value adjustments, rights issue granted by CLI to the Group amounting to ₱1.8 million equivalent to 1,763,275 shares and the realized gain on transfer from AFS financial asset to investment in an associate amounting to ₱72.5 million and was presented as part of "Equity share in net earnings of associates - net" in the consolidated statements of income (see Notes 9 and 10).

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## 23. 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 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. The Court of Appeals dismissed the PNOC's appeal in December 2011. 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 February 5, 2014, there is no update on the case after the filing of the Motion to Resolve with the Supreme Court.

The Parent Company has made cash deposit of ₱4.1 million with the Court and this 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 KPML.

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. The compromise agreement is still pending approval by the Office of the Solicitor General as of February 5, 2014. Given the length of time that had lapsed, it is unlikely that the Compromise Agreement will be approved.







Building a better  
working world

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ey.com/ph

BOA/PRC Reg. No. 0001,  
December 28, 2012, valid until December 31, 2015  
SEC Accreditation No. 0012-FR-3 (Group A),  
November 15, 2012, valid until November 16, 2015

## 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  
Sen. Gil J. Puyat Avenue  
Salcedo Village  
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Keppel Philippines Holdings, Inc. and Subsidiaries (the Group) as at December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013, included in this Form 17-A, and have issued our report thereon dated February 5, 2014. 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.

*Bernalette L. Ramos*  
Bernalette L. Ramos

Partner

CPA Certificate No. 0091096

SEC Accreditation No. 0926-AR-1 (Group A),  
April 15, 2013, valid until April 14, 2016

Tax Identification No. 178-486-666

BIR Accreditation No. 08-001998-81-2012,  
June 19, 2012, valid until June 18, 2015

PTR No. 4225205, January 2, 2014, Makati City

February 5, 2014



KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

Schedule A. Available-for sale-financial-assets and Other Short-term Cash Investments  
December 31, 2013

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	15,000,000	15,000,000	-
Universal Rightfield Property Holdings, Inc.	4,400,000	1	1	-
		P 15,000,001	P 15,000,001	-
SHORT-TERM CASH INVESTMENTS **				
		P 309,982,716	P 309,982,716	P 6,868,737

\* 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, 2013

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Non Current	Ending Balance
			Amount Collected	Amount Written-Off			
Keppel Philippines Marine, Inc.	P 37,191,128	P 13,392,762	P (13,084,594)	P	P 1,336,391	P 36,162,905	P 37,499,296
Keppel Subic Shipyard, Inc.	5,140	184,955	(160,783)		29,312		29,312
	<b>P 37,196,268</b>	<b>P 13,577,717</b>	<b>P (13,245,377)</b>	<b>P -</b>	<b>P 1,365,703</b>	<b>P 36,162,905</b>	<b>P 37,528,608</b>

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, 2013

Name of Issuing Entity and Description of Investment	BEGINNING BALANCE		ADDITIONS			DEDUCTIONS		ENDING BALANCE		Dividends Received Accrued from Investments Not Accounted for by the Equity Method
	Number Shares of Principal Amount of Bonds and Notes	Carrying Amount in Pesos	Impairment loss and Equity in Earnings (Losses) of Associates for the Period	Others		Distribution of Earnings by Investees	Others	Number Shares of Principal Amount of Bonds and Notes	Amount in Pesos	
INVESTMENTS At Equity:										
Goodwealth Ventures, Inc.	200,000	P 1,040,087	P (39,448)	P	-	P	-	P 200,000	P 1,000,639	-
KP Capital, Inc.	1,250,000	-	-	-	-	P	-	P 1,250,000	-	-
Consort Land, Inc.	17,466,196	394,672,276	17,908,171	-	-	-	-	17,466,196	412,580,447	-
		<u>P 395,712,363</u>	<u>17,868,723</u>	<u>P</u>	<u>-</u>	<u>P</u>	<u>-</u>	<u>P</u>	<u>413,581,086</u>	<u>-</u>

See Note 10 of the Consolidated Financial Statements

**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule D. Indebtedness of Unconsolidated Subsidiary and Affiliates**  
**December 31, 2013**

Name of Affiliate	Beginning Balance	Ending Balance
KP Capital, Inc.	P -	P -
Goodwealth Ventures, Inc.	-	-
Consort Land, Inc.	-	-
	P -	P -

These advances are shown as part of "Investments in Associates " account in Note 10 to the Consolidated Financial Statements.

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES  
 Schedule E. Investment Properties, and Property, Plant and Equipment  
 December 31, 2013

Classification	Beginning Balance	Additions at Cost	Retirements/ Disposal	Other Changes Additions (Deductions)	Ending Balance
Investment Properties					
Land	P 205,901,939	P	P		-
Land improvements	-	-	-		P 205,901,939
Building	2,609,001	-	-		-
Condominium units	25,342,689	-	-		2,609,001
	<u>233,853,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,342,689</u>
Property Plant & Equipment					<u>233,853,629</u>
Commercial buildings and improvements	5,397,020	-	-		-
Office machine, furnitures and fixtures	582,115	-	-		5,397,020
Transportation equipment	776,186	-	-		582,115
	<u>6,755,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>776,186</u>
	<u>P 240,608,950</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 240,608,950</u>

See Notes 11 and 12 of the Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES  
 Schedule F. Accumulated Depreciation  
 December 31, 2013

Classification	Beginning Balance	Additions Charged to Costs and Expenses	Retirements/ Disposal	Other Changes- Additions (Deductions)	Ending Balance
Investment Properties					
Land improvements	P -	P -	P -	P -	-
Building	1,667,892				-
Condominium units	18,801,647			125,034	1,792,926
	<u>20,469,539</u>	<u>-</u>	<u>-</u>	# <u>1,582,280</u>	<u>20,383,927</u>
Property Plant & Equipment					
Commercial buildings and improvements	4,687,909				-
Office machine, furnitures and fixtures	569,185		-	392,194	5,080,103
Transportation equipment	497,768		-	12,930	582,115
	<u>5,754,862</u>	<u>-</u>	<u>-</u>	<u>155,234</u>	<u>653,002</u>
				<u>560,358</u>	<u>6,315,220</u>
	P 26,224,401	P -	P -	P 2,267,672	P 28,492,073

See Notes 11 and 12 of the Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES  
 Schedule G. Intangible Assets - Other Assets  
 December 31, 2013

Description	Beginning Balance	Additions At Cost	Deductions		Other Changes-Additions (Deductions)	Ending Balance
			Charged to Costs and Expenses	Charged to Other Accounts		
	P	P	P	P	P	-
NOT APPLICABLE						
	P	- P	- P	- P	- P	-



KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES  
 Schedule H. Long-term Debt  
 December 31, 2013

Name of Issuer and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long-term	Remarks
	P	P	P	

NOT APPLICABLE

	P	-	P	-	P	-
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**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule I. Indebtedness to Affiliates and Related Parties (Loans Payable)**  
**December 31, 2013**

Name of Affiliate	Beginning Balance	Ending Balance
Keppel Philippines Marine, Inc. (Loan)	P 21,326	P -
Keppel Philippines Marine, Inc. (Advance Rental)	120,472	126,831
Others	-	
	P 141,798	P 126,831

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, 2013**

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee
P P				
NOT APPLICABLE				
P - P -				

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

Schedule K. Capital Stock

December 31, 2013

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		21,669,874	1,899	17,059,197
Common Class "B"		21,636,449		18,609,831	6	3,026,612
Total		60,367,419		40,279,705	1,905	20,085,809

See Notes 15 and 16 of the Consolidated Financial Statements

**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS**  
**AVAILABLE FOR DIVIDEND DECLARATION**  
**DECEMBER 31, 2013**

Unappropriated retained earnings, beginning	₱91,793,164
Adjustments:	
Restricted retained earnings for treasury shares	(9,898,178)
Net loss for the year	(2,295,196)
<hr/> Unappropriated retained earnings, as adjusted, beginning	<hr/> 79,599,790
Less: 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)	-
<hr/> Unappropriated retained earnings, as adjusted, ending	<hr/> <hr/> ₱79,599,790



**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, 2013**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective Date: December 31, 2010		Adopted	Not Adopted	No. 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			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
	PFRS 8	Operating Segments		
PFRS 9*	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Amendments to PFRS 9: Financial Instruments			Not early adopted
PFRS 10*	Consolidated Financial Statements	✓		
	Investment entities			Not early adopted
PFRS 11*	Joint Arrangements			Not early adopted
PFRS 12*	Disclosure of Interests in Other Entities			✓
PFRS 13*	Fair Value Measurement	✓		
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			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective on or after January 1, 2016		Adopted	Not Adopted	Not Applicable
	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	✓		
PAS 17	Leases			✓
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)*	Employee Benefits			✓
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 31	Interests in Joint Ventures			✓
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	Not early adopted		
	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	Not early adopted		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓



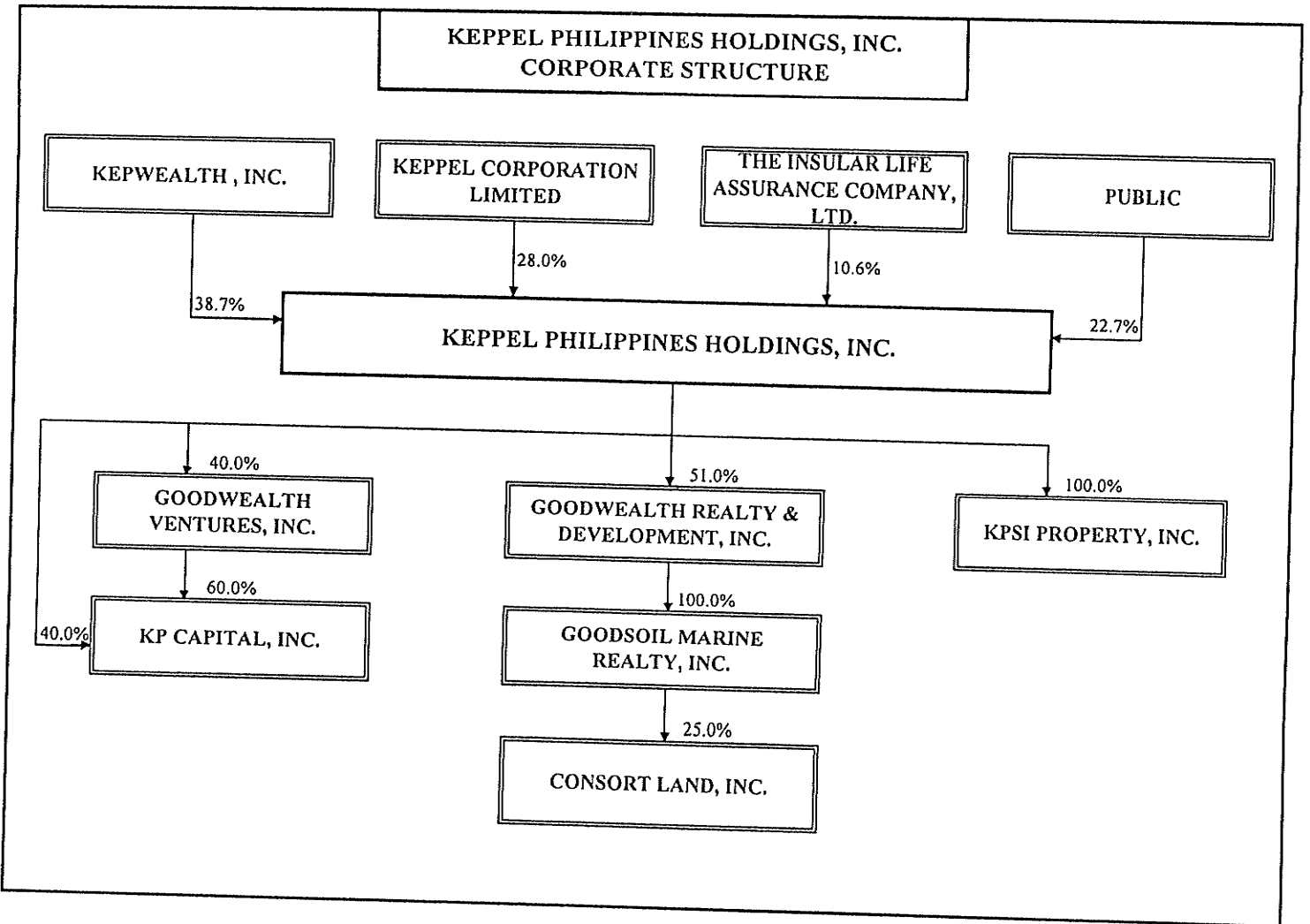
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not adopted	No Applicable
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: 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	✓		
<b>Philippine Interpretations</b>				✓
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
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			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estates			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	<b>Not early adopted</b>		
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	<b>Not early adopted</b>		
SIC-7	Introduction of the Euro	<b>Not early adopted</b>		
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓





DEEPTI FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective from October 1, 2019		Adopted	Not Adopted	Not Applicable
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓





## Financial Soundness Indicators

The financial soundness indicators of the Company for the last three (3) fiscal years are as follows:

Particulars	2013	2012	2011
<b>A. Current and Liquidity Ratios</b>			
1. Current Ratio (Current Assets/Current Liabilities)	49.58	57.91	47.69
2. Acid Test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	49.50	57.10	47.18
<b>B. Solvency Ratio</b> (Net Income + Depreciation)/Total Liabilities	2.82	21.95	18.81
<b>C. Debt to Equity Ratio</b> (Total Liabilities/Stockholders' Equity)	0.01	0.01	0.03
<b>D. Asset to Equity Ratio</b>	1.01	1.01	1.03
<b>E. Debt Ratio</b> (Total Liabilities/Total Assets)	0.01	0.01	0.03
<b>F. Interest Coverage Ratio</b> (EBIT/Interest Expense)	-	-	281.07
<b>G. Profitability Ratios</b>			
1. Return on Assets (%) (Net Income/Total Assets)	2.09	16.10	55.77
2. Return on Equity (%) (Net Income/Ending Stockholders' Equity)	2.10	16.22	57.48
<b>H. Earnings per Share Attributable to Equity Holders of Parent (₱)</b>	0.15	1.92	4.31

COVER SHEET

6 2 5 9 6

S.E.C Registration Number

K E P P E L P H I L I P P I N E S H O L D I N G S ,  
I N C . A N D S U B S I D I A R I E S

(Company's Full Name)

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

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

Stefan Tong Wai Mun/  
Felicidad V. Razon

Contact Person

892 1816

Company Telephone Number

1 2

Month

3 1

Day

SEC Form 17Q-March 2014

FORM TYPE

0 6

Month

0 6

Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

440

Total No. of Stockholders

Foreign

Domestic

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

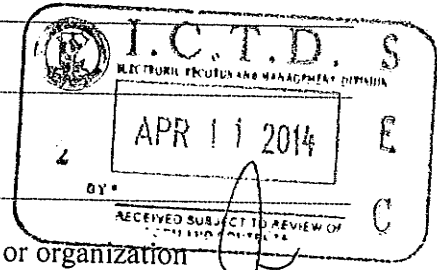
**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-Q**  
**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE**  
**SECURITIES REGULATION CODE AND SRC RULE 17 (2) (b) THEREUNDER**

1. For the quarterly period ended 31 March 2014

2. Commission identification number 62596

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

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



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

6. Industry Classification Code:  (SEC Use Only)

7. Address of issuer's principal office Postal Code  
Unit 3B, Country Space I Bldg., Sen. Gil J. Puyat 1200  
Ave., Salcedo Village, Makati City

8. Issuer's telephone number, including area code  
(02) 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
<b>Common 'A'</b>	<b>38,730,970</b>
<b>Common 'B'</b>	<b>21,636,449</b>
<b>Total</b>	<b>60,367,419 (Net of Treasury Shares of 12,806,081)</b>

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

<u>Philippine Stock Exchange</u>	<u>Common Shares</u>
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12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)  
 Yes [ / ] No [ ]

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

**DOCUMENTS INCORPORATED BY REFERENCE**

**PART I  
FINANCIAL INFORMATION**

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

**PART II  
OTHER INFORMATION**

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

**NONE**

# **EXHIBIT I**

## **MARCH 2014 QUARTERLY REPORT**

# KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT MARCH 31, 2014 & DECEMBER 31, 2013 (P'000)

	<u>Unaudited March 2014</u>	<u>Audited December 2013</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 6 and 19)	313,104	312,310
Receivables – net (Notes 7, 14 and 19)	2,584	1,954
Other current assets (Note 8)	882	479
Total Current Assets	<u>316,570</u>	<u>314,743</u>
<b>Noncurrent Assets</b>		
Available-for-sale financial assets (Notes 9 and 19)	13,500	15,000
Lease receivables (Notes 7 and 14)	35,971	36,163
Investments in associates – net (Note 10)	418,555	413,581
Investment properties – net (Note 11)	211,250	211,677
Property and equipment - net (Note 12)	303	440
Other noncurrent assets (Note 21)	4,141	4,141
Total Noncurrent Assets	<u>683,720</u>	<u>681,002</u>
<b>Total Assets</b>	<u>1,000,290</u>	<u>995,745</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable & other current liabilities (Note 13)	4,411	4,338
Refundable deposits	1,808	1,975
Income tax payable	69	35
Total Current Liabilities	<u>6,288</u>	<u>6,348</u>
<b>Noncurrent Liabilities</b>		
Deferred tax liabilities	1,816	1,826
Total Noncurrent Liabilities	<u>1,816</u>	<u>1,826</u>
Total Liabilities	<u>8,104</u>	<u>8,174</u>
(Forward)		



	<b>Unaudited March 2014</b>	<b>Audited December 2013</b>
<b>Stockholders' Equity</b>		
<b>Equity Attributable to Equity Holders of the Parent</b>		
Capital stock (Note 15)	73,174	73,174
Capital paid in excess of par value	73,204	73,204
Retained earnings (Note 16)	420,184	417,285
Unrealized cumulative gains on available-for-sale financial assets (Note 9)	12,922	14,422
Treasury shares (Note 16)	<u>(9,899)</u>	<u>(9,899)</u>
	<b>569,585</b>	<b>568,186</b>
<b>Noncontrolling Interests</b>	<u><b>422,601</b></u>	<u><b>419,385</b></u>
Total Stockholders' Equity	<u><b>992,186</b></u>	<u><b>987,571</b></u>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<u><b>1,000,290</b></u>	<u><b>995,745</b></u>

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*See accompanying Notes to Consolidated Financial Statements*

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

**CONSOLIDATED STATEMENTS OF INCOME  
FOR THE PERIODS ENDED MARCH 31, 2014 AND 2013**

**₱'000  
(UNAUDITED)**

	<u>March 2014</u>	<u>March 2013</u>
<b>REVENUES</b>		
Equity share in net earnings of associates (Note 10)	4,974	3,941
Rental (Notes 11 and 14)	4,775	4,676
Interest (Note 6)	781	2,426
Management fees (Note 14)	300	275
	<u>10,830</u>	<u>11,318</u>
<b>EXPENSES</b>		
Operating expense (Note 17)	4,274	4,179
	<u>4,274</u>	<u>4,179</u>
<b>OTHER INCOME</b>		
Director's fee	21	25
Recovery of provision for impairment losses (Note 8)	50	-
	<u>71</u>	<u>25</u>
<b>INCOME BEFORE INCOME TAX</b>	<u>6,627</u>	<u>7,164</u>
Provision for income tax-current	522	797
Provision for income tax-deferred	(10)	(10)
	<u>512</u>	<u>787</u>
<b>NET INCOME</b>	<u>6,115</u>	<u>6,377</u>
<b>NET INCOME ATTRIBUTABLE TO</b>		
Equity holders of the parent	2,899	3,267
Noncontrolling interests	3,216	3,110
	<u>6,115</u>	<u>6,377</u>
<b>Earnings Per Share Attributable to Equity Holders of the Parent</b>		
<u>Net Earnings</u>	<u>2,899</u>	<u>3,267</u>
Outstanding Shares ('000)	<u>60,367</u>	<u>60,367</u>
	<u>₱0.048</u>	<u>P0.054</u>

*See accompanying Notes to Consolidated Financial Statements*

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIODS ENDED MARCH 31, 2014 AND 2013  
(UNAUDITED)**

	March 2014		March 2013	
	No. of shares '000	Amount P'000	No. of shares '000	Amount P'000
<b>CAPITAL STOCK</b>				
Authorized - P1 par value				
Class "A"	90,000	90,000	90,000	90,000
Class "B"	200,000	200,000	200,000	200,000
	<u>290,000</u>	<u>290,000</u>	<u>290,000</u>	<u>290,000</u>
Issued:				
Class "A"	39,841	39,841	39,841	39,841
Class "B"	33,333	33,333	33,333	33,333
	<u>73,174</u>	<u>73,174</u>	<u>73,174</u>	<u>73,174</u>
<b>CAPITAL PAID IN EXCESS OF PAR VALUE</b>				
		73,204		73,204
<b>RETAINED EARNINGS</b>				
Balance at beginning of the period		417,285		414,102
Net income		2,899		3,267
Balance at end of the period		<u>420,184</u>		<u>417,369</u>
<b>UNREALIZED CUMULATIVE GAINS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS (Note 9)</b>				
		12,922		16,922
<b>TREASURY SHARES (Note 16)</b>				
Balance at beginning and end of period				
Class "A"	(1,110)	(684)	(1,110)	(684)
Class "B"	(11,696)	(9,215)	(11,696)	(9,215)
	<u>(12,806)</u>	<u>(9,899)</u>	<u>(12,806)</u>	<u>(9,899)</u>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>				
	60,367	569,585	60,367	570,770
<b>MINORITY INTERESTS</b>				
		422,601		410,953
		<u>992,186</u>		<u>981,723</u>

*See accompanying Notes to Consolidated Financial Statements*

**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIODS ENDED MARCH 31, 2014 AND 2013**  
**₱'000**  
**(UNAUDITED)**

	<u>March 2014</u>	<u>March 2013</u>
Net Income	6,115	6,377
Other Comprehensive Income		
Unrealized loss in AFS financial assets (Note 9)	<u>(1,500)</u>	<u>1,000</u>
Total Comprehensive Income	<u>4,615</u>	<u>7,377</u>
Attributable to:		
Equity holders of the parent	1,399	4,267
Noncontrolling interest	<u>3,216</u>	<u>3,110</u>
	<u>4,615</u>	<u>7,377</u>

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*See accompanying Notes to Consolidated Financial Statements*

**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIODS ENDED MARCH 31, 2014 AND 2013**  
**₱'000**

	March 2014	March 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	6,627	7,164
Adjustments for:		
Depreciation (see Notes 11, 12, 17)	564	570
Provision for impairment losses (see Note 8)	66	-
Recovery of provision for impairment losses (see Note 8)	(50)	-
Interest income (see Note 6)	(781)	(2,426)
Equity share in net income of an associate (see Note 10)	(4,974)	(3,941)
Operating income before working capital changes	1,452	1,367
Decrease (increase) in:		
Receivables (see Notes 7, 14, and 19)	(824)	(142)
Other assets (see Note 8)	(419)	(297)
Increase (decrease) in accounts payable and other current liabilities	73	60
Net cash generated from operations	282	988
Income tax paid	(488)	(764)
Net cash provided by operating activities	(206)	224
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	975	2,521
Decrease in noncurrent lease receivables (see Notes 7 and 19)	192	192
Net cash provided by (used in) investing activities	1,167	2,713
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in refundable deposits	(167)	-
Decrease in payable to related parties	-	(14)
Net cash provided by (used in) financing activities	(167)	(14)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	794	2,923
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	312,310	308,827
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 6)</b>	313,104	311,750

*See accompanying Notes to Consolidated Financial Statements*

**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**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) (collectively referred to as “the Company”), are incorporated in the Philippines. The Company’s registered office address is Unit 3-B Country Space 1 Building, 133 Sen. Gil J. Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City. The Parent Company is involved in investment holding.

KPHI shares are publicly traded with the Philippine Stock Exchange (PSE). The top four shareholders are the following:

	Percentage of Ownership
Keppwealth Inc.	38.7
Keppel Corporation Limited (KCL)	28.0
The Insular Life Assurance Company, Ltd.	10.6
Public	22.7

Keppwealth Inc. and KCL are related companies.

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

	Percentage of Ownership
KPSI	100
GRDC	51
Goodsoil Marine Realty, Inc. (GMRI)	51

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. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies.

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

Noncontrolling interests (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 within equity in the consolidated statements of changes in equity.

Acquisitions of NCI are accounted for using the entity concept method, whereby the Company considers the acquisition of minority interest as an equity transaction. Any premium or discount on subsequent purchases from minority shareholders is recognized directly in equity.

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## **3. Summary of Changes in Significant Accounting Policies and Disclosures**

### Changes in Accounting Policies

The accounting policies adopted for the current interim period unaudited consolidated financial statements are consistent with the previous financial year except for the adoption of the following amended PFRS which became effective on January 1, 2013.

Except as otherwise indicated, adoption of these amended PFRS have no significant impact on the financial position and performance of the Company:

- PFRS 7, *Financial Instruments: Disclosures –Offsetting Financial Assets and Financial Liabilities (Amendments)*. The related PFRS 7 disclosures of the Company's financial assets and liabilities are included in Note 19.
- PFRS 10, *Consolidated Financial Statements*. Disclosures on the Company's investments in associates are discussed in Note 10.
- PFRS 11, *Joint Arrangements*. The Company has not entered into any joint arrangement.
- PFRS 12, *Disclosure of Interest in Other Entities*. The related PFRS disclosures of the Company's investments in associates are included in Note 10.
- PFRS 13, *Fair Value Measurement*. The management assessed that the standard has no impact on the Company's financial statements since it is already consistent with PFRS 13. Fair value hierarchy of financial instruments is provided in Note 19.
- PAS 1, *Financial Statement Presentation, Presentation of Items of Other Comprehensive Income (OCI) (Amendments)*. The Company's OCI pertains only to items which can be recycled to profit or loss upon derecognition.
- PAS 19, *Employees Benefits (Amendments)*. The Company has no retirement fund or retirement obligation.

- PAS 27, *Separate Financial Statements* (as revised in 2011). The amendment did not have an impact on the separate financial statements of the entities in the Group since these are already consistent with the revised PAS 27.
- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011). The Company's accounting treatment of its investments in associates are already consistent with the revised PAS 28.
- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. The Company is not involved in mining activities.
- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Government Loans* (Amendments). The Company is not a first-time adopter of PFRS.

#### *Annual Improvements to PFRSs (2009-2011 Cycle)*

This contains non-urgent but necessary amendments to PFRS's. The Company adopted these amendments in 2013 and this period but have no impact in the Company's financial statements and performance. Details as follows:

- PFRS 1, *First-time Adoption of PFRS-Borrowing Costs*. The amendment does not apply to the Company as it is not a first-time adopter of PFRS.
- PAS 1, *Presentation of Financial Statements – Clarification of the requirements for comparative information*.
- PAS 16, *Property, Plant and Equipment – Classification of servicing equipment*
- PAS 32, *Financial Instruments: Presentation – Tax effect of distribution to holders of equity instruments*
- PAS 34, *Interim Financial Reporting- Interim financial reporting and segment information for total assets and liabilities*. The related disclosures on segment information are provided in Note 18.

#### Future Changes in Accounting Policies

The Company will adopt the following new and amended standards and interpretations enumerated below when these become effective.

#### *Effective in 2014*

- PAS 36, *Impairment of Assets- Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  - *Investment Entities* (Amendments to PFRS 10, PFRS 12 and PAS 27).
  - Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  - PAS 39, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  - PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (Amendments)
-



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#### 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, 2013 audited financial statements and for the period ended March 31, 2014. 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.

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#### 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, 2014, 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 30, 2013 audited financial statements, and no unusual items that materially affect the Company's assets, liabilities, equity, net income or cash flows.

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#### 6. Cash and Cash Equivalents

This account consists of:

	Mar 2014	Dec 2013
Cash on hand and in banks	₱ 4,418	₱ 2,327
Cash equivalents	308,686	309,983
	<u>₱ 313,104</u>	<u>₱ 312,310</u>

Cash includes cash on hand and in banks. 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 the respective short-term investment rates. Annual interest ranged from 0.88% to 1.0% during the first quarter of 2014 as against same quarter last year from 2.88% to 3.5%.

Interest income on cash and cash equivalents amounted to ₱0.8 million as of March 31, 2014 as against same period last year of ₱2.4 million.

## 7. Receivables

This account consists of:

	Mar 2014	Dec 2013
Lease receivables - Affiliates	₱38,249	₱37,094
- Non-affiliates	216	322
Non-trade	2,153	2,153
Interest receivable	72	266
Due from a related party	18	435
	40,708	40,270
Less noncurrent portion of lease receivables	35,971	36,163
	4,737	4,107
Less allowance for doubtful accounts	2,153	2,153
	₱2,584	₱1,954

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 pertains to the difference in the computation of rent income using straight-line method.

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.

Due from related party is a receivable relating to reimbursement of expenses, is non-interest bearing and is due and demandable. Due from a related party will be settled in cash.

## 8. Other Current Assets

This account consists of:

	Mar 2014	Dec 2013
Creditable withholding taxes	₱3,401	₱3,578
Input VAT	1,840	1,820
Prepaid expenses	528	113
Deposits paid	32	32
Others	179	18
	₱5,980	₱5,561
Less allowance for impairment loss	(5,098)	5,082
	₱882	₱479

In 2012, the Company has impaired its input VAT amounting to ₱1.8 Million and additional of ₱0.01 million in 2013. In 2013, the Company also provided an allowance for impairment on its creditable withholding tax amounting to ₱3.3 million since the Company believes that it may no longer be used in the future.

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

Input VAT

	Mar 2014	Dec 2013
Balance at the beginning of the period	P1,820	P1,810
Provision for the year	20	10
Balance at the end of the period	P1,840	P1,820

Creditable Withholding Tax

	Mar 2014	Dec 2013
Balance at the beginning of the period	P3,262	P14
Provision for the year	46	3,248
Recovery of provision	(50)	-
Balance at the end of the period	P3,258	P3,262

**9. Available-for-Sale Financial Assets**

This account consists of investments in golf club share:

	Mar 2014	Dec 2013
Quoted-at fair value (costing P577,942)	P13,500	P15,000
Unquoted shares Golf club share – at cost	880	880
	14,380	15,800
Less allowance for impairment	880	880
	P13,500	P15,000

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

	Mar 2014	Dec 2013
Balance at the beginning of the period	P15,000	P16,500
Fair value adjustment	(1,500)	(1,500)
Balance at the end of the period	P13,500	P15,000

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

	Mar 2014	Dec 2013
Balance at the beginning of the period	P14,422	P15,922
Fair value loss	(1,500)	(1,500)
Balance at the end of the period	P12,922	P14,422

## 10. Investments in Associates – at equity

This account consists of:

	Mar 2014	Dec 2013
Investments in associates	₱ 895,187	₱ 895,187
Accumulated equity in net losses		
Balance at beginning of year	(481,606)	(499,474)
Equity share in net earnings of associates - net	4,974	17,868
Total	(476,632)	(481,606)
Balance at end of the period	₱418,555	₱413,581

The details of investments and advances accounted for under the equity method as of March 31, 2014 and December 31, 2013 follows:

	KPCI		GVI		CLI	
	Mar 2014	Dec 2013	Mar 2014	Dec 2013	Mar 2014	Dec 2013
Investments	₱273,518	₱273,518	₱231,834	₱231,834	₱389,835	₱389,835
Accumulated share in net losses (income)						
Balance at beginning	(₱273,518)	(₱273,518)	(₱230,833)	(₱230,793)	₱22,745	₱4,837
Equity share in net income	-	-	(11)	( 40)	4,985	17,908
Total	(₱273,518)	(₱273,518)	(₱230,844)	(₱230,833)	₱27,730	₱22,745
Balance at the end	₱-	₱-	₱990	₱1,001	₱417,565	₱412,580

### KPCI and GVI

KPCI and GVI have incurred continued losses and are in capital deficiency since 2005. The Company's investments in KPCI and GVI have been reduced to nil in prior years. In 2011, GVI has incurred gain on sale of its CLI shares to GMRI. The Company's equity share in net losses in GVI amounted to ₱0.01 million both in quarters ended March 31, 2014 and 2013.

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. As of this period, KPCI and GVI are still waiting for the response from BIR with the issuance of tax clearance.

In 2013, 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. All of the officers of GVI are representatives of KPMI Retirement Plan 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 quarter ended March 31, 2014 and 2013, the Company's equity share in net income of CLI amounted to ₱5.0 million and ₱4.0 million, respectively.

The financial information of significant associates as of and for the periods ended March 31, 2014 and December 31, 2013 follows:

	KPCI		GVI		CLI	
	Mar 2014	Dec 2013	Mar 2014	Dec 2013	Mar 2014	Dec 2013
Current assets	₱4,999	₱4,999	₱3,321	₱ 3,383	₱89,477	₱66,180
Noncurrent assets	-	-	-	-	243,680	245,135
Total assets	4,999	4,999	3,370	3,383	333,157	311,315
Current liabilities	-	-	105	138	36,565	34,674
Noncurrent liabilities	4,999	4,999	-	-	-	-
Total Liabilities	4,999	4,999	105	138	36,565	34,674
Revenue	-	-	8	71	59,069	215,156
Net income (loss) attributable to common shareholders	-	-	(28)	(99)	19,941	71,633

### 11. Investment Properties

This account consists of:

	March 2014			
	Land	Building	Condominium Units	Total
Cost:				
Balance at beginning and end of the period	₱205,902	₱2,609	₱25,343	₱233,854
Accumulated depreciation:				
Balance at beginning	-	1,793	20,384	22,177
Depreciation	-	31	396	427
Balance at end of the period	-	1,824	20,780	22,604
Net book value	₱205,902	₱785	₱4,563	₱211,250
	December 2013			
	Land	Building	Condominium Units	Total
Cost:				
Balance at beginning and end of the year	₱205,902	₱2,609	₱25,343	₱233,854
Accumulated depreciation:				
Balance at beginning of year	-	1,668	18,802	20,470
Depreciation	-	125	1,582	1,707
Balance at end of year	-	1,793	20,384	22,177
Net book value	₱205,902	₱816	₱4,959	₱211,677

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 ₱695.2 million based on an appraisal by an independent appraiser in October 2013. Management believes that the fair market value of its investment properties have not changed significantly since then. The fair value attributable to the equity holders of the Parent Company amounted to ₱385.0 million. Market value approach was used in determining the fair value which is allowed by the Philippine Valuation Standards. Rent income attributable to the investment properties amounted to ₱4.8 million and ₱4.7 million for the periods ended March 31, 2014 and 2013, respectively.

## 12. Property and Equipment

This account consists of:

March 2014				
	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
Balance at beginning and end of the period	₱5,397	₱582	₱776	₱6,755
Accumulated depreciation :				
Balance at beginning	5,080	582	653	6,315
Depreciation	98	-	39	137
Balance at end of the period	5,178	582	692	6,452
Net Book Value	₱219	₱-	₱84	₱303

December 2013				
	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
Balance at beginning and end of the year	₱5,397	₱582	₱776	₱6,755
Accumulated depreciation:				
Balance at beginning of year	4,688	569	498	5,755
Depreciation	392	13	155	560
Balance at end of year	5,080	582	653	6,315
Net Book Value	₱317	₱ -	₱123	₱440

### 13. Accounts Payable and Other Current Liabilities

This account consists of:

	Mar 2014	Dec 2013
Advance rentals:		
Affiliates (Note 14)	₱ 296	₱ 127
Others	1,174	1,174
Provisions	1,315	1,315
Accrued expenses	1,283	1,171
Other taxes payable	182	375
Output VAT	83	98
Others	78	78
	<b>₱4,411</b>	<b>₱4,338</b>

Accounts payable and other current liabilities are generally within 30 to 60 days terms.

Advance rentals are to be applied in subsequent month's rentals. Accrued expenses pertain to accrued professional fees, audit fee, employee leaves, 13<sup>th</sup> month and other benefits. Other taxes payable pertain to withholding taxes on salaries and other expenses. Other payables consist of 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 Keppel Philippines Marine, Inc. (KPMI), an affiliate, covering the property which is the site of KPMI's shipyard, for a period of 50 years beginning 1993. Rent income based on straight-line method amounted to ₱2.5 million as of March 31, 2014 and same period last year. Total outstanding balance of lease receivables amounted to ₱37.8 million and ₱37.1 million as of March 31, 2014 and December 31, 2013, respectively. The lease has a remaining non-cancelable lease term of 29 years and one month.
- 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, 2014 and 2013. The outstanding lease receivables as of March 31, 2014 and December 31, 2013 amounted to ₱0.04 million for both periods.

- 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 subject to renewal. Rental income amounted to ₱0.3 million both for the periods ended March 31, 2014 and 2013. Outstanding receivables with affiliates amounted to ₱0.08 million and ₱0.07 million in March 31, 2014 and December 31, 2013.
- 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, 2014 and 2013. Outstanding receivables with KPMI amounted to ₱0.3 million and ₱0.5 million in March 31, 2014 and December 31, 2013, respectively.
- e. The Parent Company provides accounting services to its affiliates and related parties. Management fees earned ₱0.4 million as of March 31, 2014 and ₱0.3 million in same period last year.
- f. Other transactions with related parties consist of granting and availing of advances for working capital requirements and sharing of common 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, 2014. Authorized and issued shares as of March 31, 2014 as follows:

	Authorized - ₱1 Par Value	Issued
Class "A"	90,000,000	39,840,970
Class "B"	200,000,000	33,332,530
	<b>290,000,000</b>	<b>73,173,500</b>

The weighted average number of shares outstanding as of March 31, 2014 and December 31, 2013 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	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.

	Number of shares registered	Issue/offer Price	Date of approval	Number of holders of securities as of March 31, 2014
Common shares				
Class "A"	38,730,970	₱ 1.00	June 30, 2000	394
Class "B"	21,636,449	₱ 1.00	June 30, 2000	62
	<b>60,367,419</b>			

There are 440 shareholders owning both Class "A" and "B" shares as of March 31, 2014.



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## 16. Retained Earnings and Treasury Shares

The Parent Company's retained earnings are restricted as to dividend declaration in the amount of ₱9.9 million as of this period and in December 2013 representing the cost of treasury shares. Total number of shares as of this period is 12,806,081 composed of 1,110,000 Class "A" shares and 11,696,081 Class "B" shares. There was no acquisition made from December 2013 up to this period.

The BOD declared cash dividends of ₱0.10 per share or ₱6.0 million on June 6, 2013 to stockholders of record as of June 21, 2013 and were paid on July 17, 2013 and July 18, 2012, respectively.

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## 17. Operating Expenses

This account consists of:

	Mar 2014	Mar 2013
Salaries, wages and employee benefits	₱1,532	₱1,463
Taxes and licenses	1,188	1,270
Depreciation and amortization	564	570
Professional fees	262	264
Transportation and travel	159	157
Utilities	154	158
Membership dues and subscriptions	114	111
Provision for impairment losses	66	-
Office supplies	39	23
Insurance	15	16
Others	181	147
	₱4,274	₱4,179

Other expenses consist of bank charges, notarial fees, and various items that are individually immaterial.

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## 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:

	March 31, 2014				
	Investment Holdings	Real Estate	Combined	Eliminations	Consolidated
Revenue	₱1,772	₱9,848	₱11,620	(₱790)	₱10,830
Income before tax	(434)	7,572	7,138	(511)	6,627
Provision for income tax	60	452	512	-	787
Net Income	(494)	7,120	6,626	(511)	6,115
Other Information					
Segment assets	227,234	903,520	1,130,754	(130,464)	1,000,290
Segment liabilities	2,227	28,061	30,288	(22,184)	8,104
Depreciation & amortization	36	528	564	-	564

December 31, 2013

	Investment Holdings	Real Estate	Combined	Eliminations	Consolidated
Revenue	₱8,643	₱21,920	₱30,563	₱14,160	₱44,723
Income before tax	(1,843)	9,910	8,067	15,369	23,436
Provision for income tax	452	2,222	2,674	-	2,674
Net Income	(2,295)	7,688	5,393	15,369	20,762
Other Information					
Segment assets	229,292	879,064	1,108,356	(112,611)	995,745
Segment liabilities	2,290	28,135	30,425	(22,251)	8,174
Depreciation & amortization	143	2,125	2,268	-	2,268

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 and ₱3.1 million as of March 31, 2014 and 2013, respectively. 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, 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 trade 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

The Company pertains to the risk that a party to financial instrument will fail to discharge its obligation can cause the other party to incur a financial loss. The Company transacts mostly with related parties, thus, there is no requirement for collateral. There are no significant concentrations of credit risk within the Company. In addition, receivable balance is monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

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

	Mar 2014	Dec 2013
<i>Loans and Receivables</i>		
Cash and cash equivalents *	₱313,099	₱312,305
Receivables		
Current portion of lease receivables	2,494	1,253
Nontrade	2,153	2,153
Interest receivable	72	266
Due from related party	18	435
	₱317,836	₱316,412

\*Excluding cash on hand

### Credit Quality

The cash and cash equivalents of the Company from a local bank with good financial standing is considered a good credit policy. 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.

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, short-term investments 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 with interest rate repriced annually. Since the Company's credit standing is good, there is no requirement for collateral or guaranty.

### Equity Price Risk

Equity price risk is the risk that the fair values of the equities decrease as the result of changes in the levels of equity indices and the value of 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.

### 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, 2014 and December 31, 2013 are as follows:

	Mar 2014	Dec 2013
Total liabilities	₱8,104	₱8,174
Total equity	992,186	987,571
Debt to equity ratio	0.008	0.008

### 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, 2014 and December 31, 2013.

### Fair Value Hierarchy

As of March 31, 2014 and December 31, 2013, the Company classifies its quoted AFS financial asset under Level 1 of the fair value hierarchy amounting to ₱13.5 million and ₱15.0 million, respectively. During the reporting periods ending March 31, 2014 and December 31, 2013, 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.

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## 20. Financial Soundness (Key Performance) Indicators

	Mar 2014	Dec 2013
A. Current and Liquidity Ratios		
1. Current Ratio (Current Assets/Current Liabilities)	50.35	49.58
2. Acid-test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	50.21	49.50
B. Solvency Ratio (annualized) (Net Income + Depreciation)/Total Liabilities	3.30	2.82
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)	2.45	2.09
2. Return on Equity	2.47	2.10
H. Earnings per Share Attributable to Equity Holders of Parent (₱) (Annualized)	0.19	0.15

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## 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). 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. 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 outstanding 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.

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. 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, 2014 (₱'000):**

	Total	Current	2-3 Mos	4 - 6 Mos	7 -12 Mos	More than 1 year
Lease receivables - current	2,494	2,494		-	-	-
Nontrade - receivables	2,153	-	-	-	-	2,153
Interest receivable	72	72	-	-	-	-
Due from related party	18	18	-	-	-	-
<b>Total</b>	<b>4,737</b>	<b>2,584</b>	-	-	-	<b>2,153</b>
Less Allowance for doubtful accounts	2,153	-	-	-	-	2,153
<b>Net Receivables</b>	<b>2,584</b>	<b>2,584</b>	-	-	-	-

**EXHIBIT II**

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

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

### **Results of Operations**

The Company recorded a net income of ₱6.1 million for the first quarter ended March 31, 2014 as against ₱6.4 million in same period last year. The decrease was mainly due lower interest income from short term deposits partially offset by the increase in equity share in net earnings of associates.

The Company recognized equity share in net earnings of associates of ₱5.0 million this quarter as against same period last year of ₱4.0 million. This came mainly from the 25% equity share of GMRI in CLI's net income.

Rental revenue as of the quarter amounted to ₱4.8 million which was slightly higher by 2% as against same period last year of ₱4.7 million. This was due mainly to increase in rental rates.

Interest income from short-term deposits amounted to ₱0.8 million this quarter as against ₱2.4 million of same period last year. The decrease was mainly due to lower interest rate ranging from 0.88% to 1.0% during the first quarter of 2014 as against same quarter last year from 2.88% to 3.53%.

Operating expenses of ₱4.3 million this period was slightly higher by 2% as against ₱4.2 million last March 31, 2013. This was brought by increase in salaries and benefits, higher professional and legal charges, and provision for impairment losses.

The Company's other comprehensive income from unrealized loss in AFS financial asset amounted to ₱1.5 million this quarter as against ₱1.0 million gain of same period last year.

### **Financial Condition**

The cash position of the Company as of March 31, 2014 amounted ₱313.1 million which was slightly higher by ₱0.8 million as against ₱312.3 million as of December 31, 2013. This was brought by interest from short-term deposit offset by payment of dividends and operating expenses.

Receivables amounted to ₱2.6 million and ₱2.0 million in March 31, 2014 and December 31, 2013, respectively. Other current assets as of this period increased to ₱0.9 million as against ₱0.5 million as of December 2013 due to prepayments.

AFS financial assets as of March 31, 2014 amounted to ₱13.5 million as compared to December 2013 of ₱15.0 million. Long-term lease receivables as of March 31, 2014 amounted to ₱36.0 million slightly lower than last December 31, 2013 of ₱36.2 million.

Investments in associates increased from ₱413.6 million as of December 2013 to ₱418.6 million as of March 31, 2014. The increase of ₱5.0 million was due to the recognition of 25% equity share of GMRI from CLI's net income. The Company, thru GMRI, has 13% effective indirect ownership in CLI.

Current liabilities as of March 31, 2014 were almost at same level as of December 31, 2013 of ₱6.3 million.

Total stockholders' equity increased from ₱987.6 million in December 2013 to ₱992.2 million in March 2014 due to net income for the period of ₱6.1 million partially offset by the cumulative unrealized loss on AFS financial assets of ₱1.0 million due to decrease in market price.

The equity attributable to equity holders of the Parent Company as of March 31, 2014 amounted to ₱569.6 million versus last December 31, 2013 of ₱568.2 million.

The book value per share attributable to equity holders of the parent (equity attributable to equity holders of the parent divided by common shares outstanding) at ₱9.44 as of March 31, 2014 higher than in December 31, 2013 at ₱9.41 per share.

Earnings per share attributable to the equity holders of the Parent (net earnings for the period divided by common shares outstanding) as shown in the consolidated statement of income for the period ending March 31, 2014 was ₱0.05, almost at same level as of March 31, 2013.

#### **Material Events and Uncertainties**

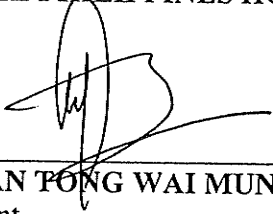
There are no known trends, commitments, events or uncertainties that will have a material impact on the Company's liquidity for the remaining periods of the year. There are also no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of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

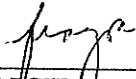


## SIGNATURES

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 FONG WAI MUN**  
President

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

Date : April 11, 2014

## **KEPPEL PHILIPPINES HOLDINGS, INC.**

**MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS**  
*Held at the Legaspi & Urdaneta Room, Makati (Sports) Club, Inc.*  
*L.P. Leviste corner Gallardo Streets, Salcedo Village, Makati City*  
*on 06 June 2013*

### **I. CALL TO ORDER**

The Chairman, Mr. Teo Soon Hoe, called the meeting to order at about 3:30 p.m.

### **II. PROOF OF NOTICE OF MEETING AND CERTIFICATION OF QUORUM**

The Corporate Secretary advised the Chairman that notice for this meeting has 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 Manila Bulletin last 20 May 2013. Out of the total outstanding shares, about 86.36% 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 07 JUNE 2012**

It was indicated that copies of the minutes of the last annual meeting held on 07 June 2012 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 2012 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 2012 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 2013-2014. 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 2013-2014 and shall serve as such until their successors are elected and shall have qualified:

1. Teo Soon Hoe
2. Stefan Tong Wai Mun
3. Mayo Jose B. Ongsingco
4. Rogelio R. Cabuñag
5. Toh Ko Lin
6. Benjamin P. Mata
7. Ma. Melva E. Valdez
8. Celso P. Vivas – Independent Director
9. Noel M. Mirasol – Independent Director

**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 2013 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 21 June 2013; payment to be made on or before 17 July 2013.

**X. ADJOURNMENT**

There being no other matters to be discussed, the meeting was adjourned at about 3:42 p.m.

  
MA. MELVA E. VALDEZ  
Corporate Secretary

ATTESTED BY:

  
TEO SOON HOE  
Chairman

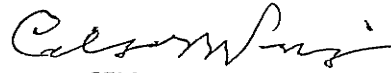
### CERTIFICATION OF INDEPENDENT DIRECTOR

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
Corporate Governance Institute of the Philippines (CGIP)	Vice-Chairman and CEO	March 2001 to Present
Marubeni Foundation	Member, Board of Trustees	March 2001 to Present
Canadian Chamber of Commerce	Member, Board of Governors	March 2011 to Present
Keppel Philippines Properties, Inc.	Independent Director	November 2004 to Present
Keppel Philippines Marine, Inc.	Independent Director	April 2005 to Present
Keppel Subic Shipyard, Inc.	Independent Director	2011 to Present
Flexo Manufacturing Corporation	Independent Director	March 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 P. VIVAS**

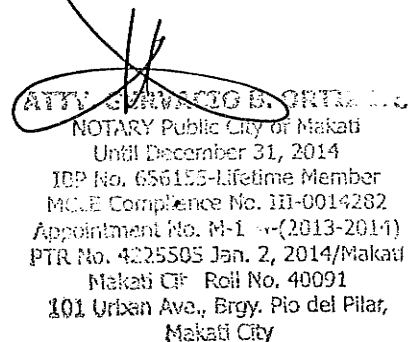
Affiant

APR 04 2014

CITY OF MAKATI

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of April 2014 at \_\_\_\_\_; affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 123-305-216.

Doc. No. 286 ;  
Page No. 49 ;  
Book No. XX ;  
Series of 2014.



**ATTY. GERMARDO B. ORTIZ, JR.**  
NOTARY Public City of Makati  
Until December 31, 2014  
IDP No. 656155-Lifetime Member  
MCE Compliance No. III-0014282  
Appointment No. M-1 --(2013-2014)  
PTR No. 4225505 Jan. 2, 2014/Makati  
Makati CF Roll No. 40091  
101 Urban Ave., Brgy. Pio del Pilar,  
Makati City

### 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.

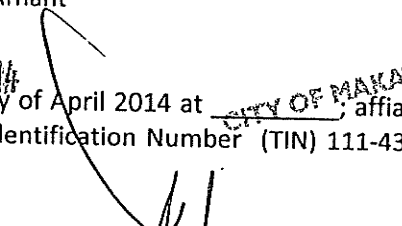


**NOEL M. MIRASOL**

Affiant

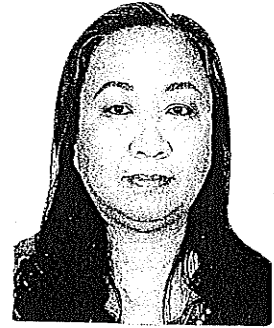
**APR 14 2014**  
SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of April 2014 at CITY OF MAKATI, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 111-430-461.

Doc. No. 265 ;  
Page No. 08 ;  
Book No. XIX ;  
Series of 2014.



**ATTY. GENERAL G. B. ORTEGA JR.**  
NOTARY Public City of Makati  
Until December 31, 2014  
IBP No. 656153-Lifetime Member  
MCLC Compliance No. III-C014282  
Appointment No. M-1 (2013-2014)  
PTR No. 4225505 Jan. 2, 2014/Makati  
Makati City Roll No. 40091  
101 Urban Ave., Brgy. Pio del Pilar,  
Makati City

**CURRICULUM VITAE OF  
FELICIDAD V. RAZON**  
Certified Public Accountant



**PERSONAL INFORMATION:**

DATE OF BIRTH: 17 MAY 1960  
PLACE OF BIRTH: MANILA  
NATIONALITY: FILIPINO  
STATUS : MARRIED

**PRESENT POSITIONS:**

- VICE-PRESIDENT/TREASURER - KEPPEL PHILIPPINES HOLDINGS, INC.
- DIRECTOR - GOODWEALTH REALTY DEVELOPMENT CORPORATION
- DIRECTOR - GOODSOIL MARINE REALTY INC.
- TREASURER – KEPWEALTH PROPERTY PHILS., INC.
- PRESIDENT – KEPPEL CENTER CONDOMINIUM CORP.
- FINANCE MANAGER OF VARIOUS KEPPEL COMPANIES IN THE PHILIPPINES

**EDUCATIONAL ATTAINMENT:**

- ATTENDED – 1993 MANAGEMENT DEVELOPMENT PROGRAM AT ASIAN INSTITUTE OF MANAGEMENT, MAKATI CITY
- COLLEGE - 1981 B.S. COMMERCE MAJOR IN ACCOUNTANCY AT POLYTECHNIC UNIVERSITY OF THE PHILIPPINES

**WORK EXPERIENCES:**

- 2002 – 2008 FINANCE MANAGER, ARROW FREIGHT CORPORATION,  
SUBSIDIARY OF BENGUET MANAGEMENT CORPORATION
- 1983 – 2002 BENGUET MANAGEMENT CORPORATION, WHOLLY OWNED  
SUBSIDIARY OF BENGUET CORPORATION
- \*1998 – 2002, FINANCE & MATERIALS MANAGER – FOUNDRY DIVISION
- \*1993 – 1998, TREASURY MANAGER – FOUNDRY DIVISION
- \*1989 – 1993, ACCOUNTING MANAGER – FOUNDRY DIVISION
- \*1983 – 1989, ROSE FROM RANKS TO ACCOUNTANT – BMC MARINE, INC.  
SHIPPING COMPANY, A SUBSIDIARY OF BENGUET MANAGEMENT  
CORPORATION