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SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No. 0000062596
Company Name KEPPEL PHILS. HOLDINGS INC.
Industry Classification
Company Type Stock Corporation

Document Information

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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

Contact Person

892 1816

Company Telephone Number

1 2

Month

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Day

SEC Form 17Q-September 2015

FORM TYPE

Secondary License Type, if Applicable

0 6

Month

1 9

Day

Annual Meeting

Dept. Requiring this Doc.

Amended Articles Number/Section

436 as of October 31, 2015

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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

1. For the quarterly period ended 30 September 2015
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 Building, 133 Sen. Gil Puyat Avenue 1200
Salcedo Village, Barangay Bel-Air, Makati City
8. Issuer's telephone number, including area code
(632) 892-18-16
9. Former name, former address and former fiscal year, if changed since last report
N.A.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA
- | Title of each Class | Number of shares of common stock outstanding |
|---------------------|--|
| Common 'A' | 38,730,970 |
| Common 'B' | 21,636,449 |
| Total | 60,367,419 (Net of Treasury Shares of 12,806,081) |
11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes [/] No []
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
- | | |
|----------------------------------|----------------------|
| Philippine Stock Exchange | Common Shares |
|----------------------------------|----------------------|
12. Indicate by check mark whether the registrant:
- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes [/] No []
- (b) has been subject to such filing requirements for the past ninety (90) days.
Yes [/] No []

DOCUMENTS INCORPORATED BY REFERENCE

**PART I
FINANCIAL INFORMATION**

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

**PART II
OTHER INFORMATION**

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

NONE

EXHIBIT I

SEPTEMBER 2015 QUARTERLY REPORT

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2015 & DECEMBER 31, 2014

(P'000)

	Unaudited September 2015	Audited December 2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 19)	P79,120	P127,885
Receivables – net (Notes 7, 14 and 19)	66,018	13,217
Other current assets - net (Note 8)	362	186
Total Current Assets	145,500	141,288
Noncurrent Assets		
Available-for-sale financial assets (Notes 9 and 19)	15,000	15,000
Investments in associates (Note 10)	421,684	419,572
Loan receivable – net of current portion (Notes 7, 14, and 19)	187,500	187,500
Lease receivables – net of current portion (Notes 7 and 14)	34,817	35,394
Investment properties – net (Note 11)	210,018	210,334
Property and equipment - net (Note 12)	24	42
Other noncurrent assets (Note 21)	4,141	4,141
Total Noncurrent Assets	873,184	871,983
TOTAL ASSETS	P1,018,684	P1,013,271
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 13)	P3,516	P4,126
Refundable deposits	1,827	1,795
Income tax payable	243	248
Total Current Liabilities	5,586	6,169
Noncurrent Liability		
Deferred tax liability	1,746	1,774
Total Liabilities	P7,332	P7,943

(Forward)

	Unaudited September 2015	Audited December 2014
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 15)	₱73,174	₱73,174
Additional paid-in capital	73,204	73,204
Retained earnings (Note 16)	427,425	423,538
Unrealized gains on available-for-sale financial assets (Note 9)	14,422	14,422
Treasury shares (Note 16)	(9,899)	(9,899)
Total Equity Attributable to Equity Holders of the Parent	578,326	574,439
Noncontrolling Interests	433,026	430,889
Total Equity	1,011,352	1,005,328
TOTAL LIABILITIES AND EQUITY	₱1,018,684	₱1,013,271

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2015 AND 2014
₱'000
(UNAUDITED)

	3rd Qtr Jul to Sep		To-date Jan to Sep	
	2015	2014	2015	2014
REVENUES				
Rental (Notes 11 and 14)	₱4,807	₱4,829	₱14,680	₱14,420
Share in net earnings of associates (Note 10)	3,487	4,724	11,541	14,846
Interest (Notes 6 and 7)	2,171	1,025	7,098	2,587
Management fees (Note 14)	300	300	900	900
Total Revenues	10,765	10,878	34,219	32,753
OPERATING EXPENSES (Note 17)	(4,140)	(4,778)	(12,503)	(13,701)
OTHER INCOME				
Recovery of provision for impairment losses (Note 8)	203	53	722	152
Directors' fee	80	107	156	202
Others	989	-	996	16
Total Other Income	1,272	160	1,874	370
INCOME BEFORE INCOME TAX	7,897	6,260	23,590	19,422
PROVISION FOR INCOME TAX	(1,025)	(512)	(3,323)	(1,516)
NET INCOME	₱6,872	₱5,748	₱20,267	₱17,906
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	₱3,452	₱2,531	₱9,924	₱8,155
Noncontrolling interests	3,420	3,217	10,343	9,751
	₱6,872	₱5,748	₱20,267	₱17,906
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
	₱0.057	₱0.042	₱0.164	₱0.135

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2015 AND 2014**

**₱'000
(UNAUDITED)**

	3rd Qtr Jul to Sep		To-date Jan to Sep	
	2015	2014	2015	2014
NET INCOME	₱6,872	₱5,748	₱20,267	₱17,906
OTHER COMPREHENSIVE INCOME:				
Other comprehensive income to be reclassified to profit and loss in subsequent periods:				
Unrealized gain (loss) in AFS financial assets (Note 9)	-	(500)	-	(2,000)
TOTAL COMPREHENSIVE INCOME	₱6,872	₱5,248	₱20,267	₱15,906
ATTRIBUTABLE TO:				
Equity holders of the parent	₱3,452	₱2,031	₱9,924	₱6,155
Noncontrolling interests	3,420	3,217	10,343	9,751
	₱6,872	₱5,248	₱20,267	₱15,906

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2015 AND 2014
(UNAUDITED)
P'000

	Attributable to Equity Holders of the Parent						Total Equity
	Capital Stock (Note 15)	Additional Paid in Capital	Retained Earnings (Note 16)	Unrealized Gain on Available- for-sale Financial Assets (Note 9)	Treasury Shares (Note 15 and 16)	Non- Controlling Interests	
Balance at January 1, 2015	₱73,174	₱73,204	₱423,538	₱14,422	(₱9,899)	₱574,439	₱1,005,328
Comprehensive income for the period							
Net income	-	-	9,924	-	-	9,924	20,267
Unrealized fair value gain on available-for-sale financial assets (Note 9)	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	9,924	-	-	9,924	20,267
Cash dividends declared	-	-	(6,037)	-	-	(6,037)	(14,243)
Balance as of September 30, 2015	₱73,174	₱73,204	₱427,425	₱14,422	(₱9,899)	₱578,326	₱1,011,352
Balance at January 1, 2014	₱73,174	₱73,204	₱417,285	₱14,422	(₱9,899)	₱568,186	₱987,571
Comprehensive income for the period							
Net income	-	-	8,155	-	-	8,155	17,906
Unrealized fair value loss on available-for-sale financial assets	-	-	-	(2,000)	-	(2,000)	(2,000)
Total comprehensive income for the period	-	-	8,155	(2,000)	-	6,155	15,906
Cash dividends declared	-	-	(6,037)	-	-	(6,037)	(6,037)
Balance as of September 30, 2014	₱73,174	₱73,204	₱419,403	₱12,422	(₱9,899)	₱568,304	₱997,440

See Accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2015 AND 2014
(UNAUDITED)
₱'000

	Sep 2015	Sep 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱23,590	₱19,422
Adjustments for:		
Depreciation (Notes 11, 12, and 17)	334	1,622
Provision for impairment losses (Notes 8 and 17)	177	161
Recovery of provision for impairment losses (Note 8)	(722)	(152)
Interest income (Notes 6, 7 and 14)	(7,098)	(2,587)
Share in net earnings of associates (Note 10)	(11,541)	(14,846)
Operating income before working capital changes	4,740	3,620
Decrease (increase) in:		
Receivables (Notes 7, 14 and 19)	(2,239)	(189)
Other assets (Note 8)	369	7
Increase (decrease) in:		
Accounts payable and other current liabilities	(610)	747
Refundable deposits	32	(141)
Net cash generated from operations	2,292	4,044
Income tax paid	(3,356)	(1,381)
Net cash provided by (used in) operating activities	(1,064)	(2,663)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received (Note 10)	9,429	13,973
Interest received	7,113	2,516
Loan granted to a related party	(50,000)	(200,000)
Net cash provided by (used in) investing activities	(33,458)	(183,511)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid to noncontrolling interest (Note 14)	(8,206)	-
Cash dividends paid to shareholders (Note 16)	(6,037)	(6,037)
Purchase of asset	-	(11)
Net cash provided by (used in) financing activities	(14,243)	(6,048)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(48,765)	(186,896)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	127,885	312,310
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 6)	₱79,120	₱125,414

See Accompanying Notes to Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(P'000)

1. Corporate Information

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

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

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

Kepwealth Inc. and KCL are affiliates of the Company.

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

	<u>Percentage of Ownership</u>
KPSI	100%
GRDC	51%
GMRI	51%

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

Information relating to the Company's associates follows:

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

GMRI has 25% ownership in CLI, thus, KPHI has 13% effective indirect ownership in CLI.

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.

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.

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 consolidated statement of comprehensive income and within equity in the consolidated statement of financial position and consolidated statement of changes in equity.

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

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

As of September 30, 2015 and December 31, 2014, NCI pertains to 49% and 5% ownership of KPMIRP and KPMI, respectively in GRDC.

Consolidated financial information of GRDC and GMRI, which has material NCI is provided below:

	Unaudited Sep 2015	Audited Dec 2014
Current assets	₱36,562	₱35,458
Noncurrent assets	850,260	848,076
Total assets	886,822	883,534
Current liabilities	4,675	5,718
Noncurrent liabilities	1,741	1,770
Total liabilities	6,416	7,488
Revenue	26,720	35,636
Total comprehensive income	21,108	28,402

There are no significant restrictions on the Company's ability to use assets or settle liabilities within the Company. There is no difference on the voting rights of noncontrolling interests as compared to majority stockholders.

3. Summary of Changes in Significant Accounting Policies and Disclosures

Changes in Accounting Policies and Disclosures

The accounting policies adopted for the current interim period unaudited consolidated financial statements are consistent with the previous financial year except for the adoption of the following amended PFRS which became effective on January 1, 2014.

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

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (Amendments)
- PAS 36, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (Amendments). The recoverable amounts of the Company's non-financial assets for which the impairment losses were recognized are presented in Note 8.
- PAS 39, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)

Annual Improvements to PFRSs (2010-2012 Cycle)

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

- Amendment to PFRS 13, *Fair Value Measurement – Short-term Receivables and Payables*. The amendment did not have an impact on the Company's financial position or performance since the Company's policy is already consistent with the amendment.

Annual Improvements to PFRSs (2011-2013 Cycle)

The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Meaning of 'Effective PFRSs'*. This amendment is not applicable to the Company as it is not a first-time adopter of PFRS.

Future Changes in Accounting Policies

The Company will adopt the following new and amended standards and interpretations enumerated below when these become effective and once applicable or significant impact to the Company's financial position or performance.

Effective in 2015

- PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions*

Annual Improvements to PFRSs (2010 -2012 cycle)

- PFRS 2, *Share-based Payment – Definition of Vesting Condition*
- Amendment to PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
- Amendment to PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
- Amendment to PAS 16, *Property, Plant and Equipment – Revaluation Method – Proportionate Restatement of Accumulated Depreciation*
- Amendment to PAS 24, *Related Party Disclosures – Key Management Personnel*
- Amendment to PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Amortization*

Annual Improvements to PFRSs (2011 -2013 cycle)

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
- PFRS 13, *Fair Value Measurement – Portfolio Exception*
- PAS 40, *Investment Property*

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, 2014 audited financial statements and for the period ended September 30, 2015. Any additional disclosures on the significant changes of accounts and subsequent events are disclosed in the succeeding notes and presented in the Management Discussion and Analysis.

5. Significant Accounting Judgment, Estimates and Assumptions

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

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

As of September 30, 2015, there were no judgment, seasonal or cyclical aspects that materially affect the operation of the Company, no substantial nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in the estimates of amounts reported in December 31, 2014 audited financial statements, and no unusual items that materially affect the Company's assets, liabilities, equity, net income or cash flows.

6. Cash and Cash Equivalents

This account consists of:

	Unaudited Sep 2015	Audited Dec 2014
Cash on hand and in banks	₱1,884	₱3,091
Cash equivalents	77,236	124,794
	₱79,120	₱127,885

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 annual interest ranged from 1.0% to 1.5% during the nine-month ended September 2015 as against same period last year from 0.9% to 1.1%.

Interest income on cash and cash equivalents amounted to ₱1.3 million as of September 30, 2015 as against same period last year of ₱2.3 million.

7. Receivables

This account consists of:

	Unaudited Sep 2015	Audited Dec 2014
Loan receivables from a related party (Note 14)	₱250,000	₱200,000
Lease receivables - Affiliates	37,082	35,394
- Non-affiliates	261	170
	287,343	235,564
Nontrade	2,153	2,153
Interest receivable (Note 14)	532	547
Due from related parties (Note 14)	460	-
	290,488	238,264
Less noncurrent portion:		
Loan receivables (Note 14)	187,500	187,500
Lease receivables	34,817	35,394
	222,317	222,894
	68,171	15,370
Less allowance for doubtful accounts	2,153	2,153
	₱66,018	₱13,217

The loan receivable from a related party pertains to the following:

- a) Unsecured, long-term interest-bearing loan obtained by KPMI, an entity under common control, from GMRI last September 2014 amounting to ₱200.0 million. The loan has a term of five (5) years on principal payment with grace period of 15 months and payable in equal quarterly installment. The loan is subject to interest re-pricing on a semi-annual basis. The interest applied in September 2014 ranges from 3.4% to 3.5% as against as against the nine-months ended September 2015 from 3.5% to 4.0%. Interest income recognized as of September 30, 2015 amounted to ₱5.7 million as against last year same period of ₱0.3 million. Accrued interest receivable of ₱0.4 million as of September 30, 2015.

- b) Unsecured, 45 days interest-bearing loan obtained by KPMI with the Parent Company in September 24, 2015 amounting to ₱50.0 million. The loan is subject to 2.85% per annum and accrued interest receivable as of September 30, 2015 amounted to ₱0.02 million.

Current portion of lease receivables and due from related party are non-interest bearing and are generally 30 to 60 day terms. The noncurrent portion of lease receivables pertains to the difference in the computation of rental 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 parties representing receivables 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:

	Unaudited Sep 2015	Audited Dec 2014
Creditable withholding taxes (CWT)	₱2,439	₱3,014
Input VAT	1,847	1,817
Prepaid expenses	168	120
Deposits	54	36
Others	140	30
	₱4,648	₱5,017
Less allowance for impairment loss	4,286	4,831
	₱362	₱186

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

Unaudited September 30, 2015	Input VAT	CWT	Total
Balance at the beginning of the period	₱1,817	₱3,014	₱4,831
Provision for the period	30	147	177
Recovery of provision for the period	-	(722)	(722)
Balance at the end of the period	₱1,847	₱2,439	₱4,286
Audited December 31, 2014	Input VAT	CWT	Total
Balance at the beginning of the period	₱1,820	₱3,262	₱5,082
Provision for the year	-	515	515
Recovery of provision	(3)	(763)	(766)
Balance at the end of the period	₱1,817	₱3,014	₱4,831

9. Available-for-Sale Financial Assets

This account consists of investments in golf club shares:

	Unaudited Sep 2015	Audited Dec 2014
Quoted share—at fair value (cost P577,943)	₱15,000	₱15,000
Unquoted share - at cost	880	880
	15,880	15,880
Less allowance for impairment	880	880
	₱15,000	₱15,000

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

	Unaudited Sep 2015	Audited Dec 2014
Balance at the beginning of the period	₱15,000	₱15,000
Fair value gain	-	-
Balance at the end of the period	₱15,000	₱15,000

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

	Unaudited Sep 2015	Audited Dec 2014
Balance at the beginning of the period	₱14,422	₱14,422
Fair value gain	-	-
Balance at the end of the period	₱14,422	₱14,422

10. Investments in Associates – at equity

This account consists of:

	Unaudited Sep 2015	Audited Dec 2014
Investments in associates	₱895,187	₱895,187
Accumulated shares in net losses:		
Balance at beginning of the period	(475,615)	(481,606)
Share in net earnings of associates	11,541	19,964
Cash dividend received	(9,429)	(13,973)
Balance at end of the period	(473,503)	(475,615)
	₱421,684	₱419,572

The details of investments and advances accounted for under the equity method as of September 30, 2015 and December 31, 2014 follows:

	KPCI		GVI		CLI		TOTAL	
	Sep 2015	Dec 2014	Sep 2015	Dec 2014	Sep 2015	Dec 2014	Sep 2015	Dec 2014
Investments	P273,518	P273,518	P231,834	P231,834	P389,835	P389,835	P895,187	P895,187
Accumulated share in net earnings (losses):								
Balance at beginning of the period	(273,518)	(273,518)	(230,849)	(230,833)	28,752	22,745	(475,615)	(481,606)
Share in net earnings (losses)	-	-	(35)	(16)	11,576	19,980	11,541	19,964
Cash dividend received	-	-	(696)	-	(8,733)	(13,973)	(9,429)	(13,973)
Total	(273,518)	(273,518)	(231,580)	(230,849)	31,595	28,752	(473,503)	(475,615)
Balance at the end of the period	P-	P-	P254	P985	P421,430	P418,587	P421,684	P419,572

KPCI and GVI

KPCI and GVI are both involved in investment holding. KPCI has incurred continued losses and is in liquidating position since 2005. As of September 30, 2015 and December 31, 2014, KPCI has zero equity. The Company's investment in KPCI has been reduced to nil in prior years. There is no unrecognized share of losses of KPCI as of September 30, 2015 and December 31, 2014. In 2011, GVI recognized gain on sale of its CLI shares to GMRI. The Company's share in GVI's net losses amounted to P0.04 million as of September 30, 2015 and P0.01 million as of September 30, 2014. In September 2015, GVI declared P0.8 million dividends to its shareholders wherein the Parent Company received P0.7 million.

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 is still waiting for tax clearance from BIR while GVI received its tax clearance last May 2015 and currently with SEC for its final dissolution.

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

CLI

GMRI ownership in CLI of 25% provided the Company a significant influence in CLI. The Company has 13% effective ownership in CLI. For the periods ended September 30, 2015 and 2014, the Company's share in net earnings of CLI amounted to P11.5 million and P14.9 million, respectively. In February 2015, GMRI received cash dividend of P8.7 million.

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

The financial information of significant associates as of and for the periods ended September 30, 2015 and December 31, 2014 follows:

	KPC		GVI		CLI	
	Sep 2015	Dec 2014	Sep 2015	Dec 2014	Sep 2015	Dec 2014
Current assets	P-	P-	P2,402	P3,318	P79,901	P89,342
Noncurrent assets	-	-	-	-	258,024	242,652
Total assets	-	-	2,402	3,318	337,925	331,994
Current liabilities	-	-	83	112	26,061	31,434
Total Liabilities	-	-	83	112	26,061	31,434
Revenue	-	-	33	92	148,165	242,987
Net income (loss) attributable to common shareholders	-	-	(87)	(39)	46,305	79,918
Net assets	-	-	2,319	3,206	311,864	300,560
Ownership interest	40%	40%	40%	40%	13%	13%
Share in net assets	-	-	928	1,282	40,542	39,073
Acquisition fair value and other adjustments	-	-	(674)	(297)	380,888	379,514
Carrying value of investment	P-	P-	P254	P985	P421,430	P418,587

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

11. Investment Properties

This account consists of:

	Unaudited September 30, 2015			
	Land	Building	Condominium Units	Total
Cost:				
Balance at beginning and end of the period	P205,902	P2,609	P25,343	P233,854
Accumulated depreciation:				
Balance at beginning	-	1,916	21,604	23,520
Depreciation	-	82	234	316
Balance at end of the period	-	1,998	21,838	23,836
Net book value	P205,902	P611	P3,505	P210,018

Audited December 31, 2014

	Land	Building	Condominium Units	Total
Cost:				
Balance at beginning and end of the year	P205,902	P2,609	P25,343	P233,854
Accumulated depreciation:				
Balance at beginning of year	-	1,793	20,384	22,177
Depreciation	-	123	1,220	1,343
Balance at end of year	-	1,916	21,604	23,520
Net book value	P205,902	P693	P3,739	P210,334

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 P758.8 million based on an appraisal by an independent appraiser in November 2014. 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 P411.5 million. The sales comparison 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 P14.7 million and P14.4 million for the periods ended September 30, 2015 and 2014, respectively.

12. Property and Equipment

This account consists of:

Unaudited September 30, 2015

	Commercial Building	Office machine, furniture & fixtures	Transportation Equipment	Total
Cost:				
Balance at beginning and end of the period	P5,397	P333	P776	P6,506
Accumulated depreciation:				
Balance at beginning	5,390	325	749	6,464
Depreciation	5	4	9	18
Balance at end of the period	5,395	329	758	6,470
Net Book Value	P2	P4	P18	P24

Audited December 31, 2014

	Commercial Building	Office machine, furniture & fixtures	Transportation Equipment	Total
Cost:				
Balance at beginning of the period	P5,397	P582	P776	P6,755
Addition	-	11	-	11
Retirement	-	(260)	-	(260)
Balance at end of the period	5,397	333	776	6,506
Accumulated depreciation:				
Balance at beginning of the period	5,080	582	653	6,315
Depreciation	310	3	96	409
Retirement	-	(260)	-	(260)
Balance at end of the period	5,390	325	749	6,464
Net Book Value	P7	P8	P27	P42

13. Accounts Payable and Other Current Liabilities

This account consists of:

	Unaudited Sep 2015	Audited Dec 2014
Accounts payable:		
Affiliate (Note 14)	P223	P246
Others	1,125	1,334
Accrued expenses	1,847	1,562
Taxes payable	288	222
Output VAT	33	47
Provisions	-	715
	P3,516	P4,126

Accounts payable pertains to advance rentals and unearned rent from affiliates and other tenants. Accrued expenses pertain to accrued professional fees, audit fee, directors' fees, employee benefits and others. Provisions represent accruals for claims of third parties. These are expected to be settled within the year. Taxes payable pertains to withholding taxes on salaries and other expenses. Accounts payable and other current liabilities generally have 30-to-60-day terms.

14. Related Party Transactions

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

Terms and Conditions of Transactions with Related Parties

Outstanding balances of transactions with related parties are unsecured and settlements are made in cash. As of this period, the Company has not made any provision for doubtful

accounts relating to amounts owed by related parties. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

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

- a. GMRI has lease agreement with KPMI, an affiliate, covering the property which is the site of KPMI's shipyard. Rent income based on straight-line method amounted to ₱7.5 million as of September 30, 2015 and same period last year. Total outstanding balance of lease receivables amounted to ₱36.6 million and ₱35.4 million as of September 30, 2015 and December 31, 2014, respectively.
- b. In September 2014, GMRI granted a long-term, interest-bearing loan to KPMI amounting to ₱200.0 million. The loan has five-year term, 15-month grace period on principal payment, and payable in equal quarterly installment. The loan is subject to interest repricing on semi-annual basis. The loan has an option for prepayment. Interest rate was repriced in March 2015 at 3.96% as against average interest rate of 3.45% as of September 2014. In September 2015, the interest rate was repriced at 3.53%. Interest income received as of September 30, 2015 amounted to ₱5.7 million as against ₱0.3 million in September 30, 2014 and ₱2.0 million as of December 31, 2014.
- c. In March 2015 and September 2014, GMRI declared cash dividend of ₱17.0 million and ₱5.0 million, respectively. Each common and preferred shareholder received ₱0.09 and ₱0.03 per share based on their total amount of outstanding shares held by them as of December 31, 2014 and August 31, 2014, respectively. The Parent Company received ₱8.5 million and ₱2.5 million, GRDC received ₱0.3 million and ₱0.1 million. The noncontrolling interest received ₱8.2 million and ₱2.4 million in March 2015 and September 2014, respectively.
- d. GRDC leased its properties to KPMI for one year and renewable annually. Rental income amounted to ₱0.2 million both for the periods ended September 30, 2015 and 2014. The outstanding lease receivables as of September 30, 2015 and December 31, 2014 amounted to ₱0.04 million and nil, respectively.
- e. KPSI leases certain properties to KPMI, Keppel IVI Investment, Inc., Keppel Philippine Properties, Inc., and Keppel Energy Consultancy, Inc., its affiliates, for a period of one year, renewable annually. Rental income amounted to ₱0.9 million both for the periods ended September 30, 2015 and 2014. Outstanding receivables with affiliates amounted to ₱0.08 million and nil in September 30, 2015 and December 31, 2014, respectively.
- f. In June 2015, the Parent Company granted a short-term, interest-bearing loan to KPMI amounting to ₱31.0 million and subject to interest of 3.4%. The principal amount and interest of ₱0.05 million was fully paid in July 2015. In September 2015, the Parent Company granted another short-term interest-bearing loan to KPMI amounting to ₱50.0 million at 2.85% interest rate per annum. Accrued interest receivable of ₱0.02 million is recognized for the month of September 2015.
- g. 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 ₱1.5 million both during the periods ending September 30, 2015 and 2014. Outstanding receivables with KPMI as of

September 30, 2015 and December 31, 2014 amounted to ₱0.3 million and nil, respectively.

- h. The Parent Company provides accounting services to its affiliates and related parties. Management fees earned ₱0.9 million both for the periods ended September 30, 2015 and 2014.
- i. In 2014, the Parent Company entered into a Memorandum of Undertaking (MOU) with KPMI to form a joint venture agreement in bidding for upcoming projects. The Parent Company earned ₱0.3 million in relation to this MOU.
- j. Other transactions with related parties consist of reimbursement or sharing of common expenses such as legal, communication and business development expenses.

15. Capital Stock

The Class "A" and Class "B" shares of stock are identical in all respects and have ₱1 par value, except that Class "A" shares are restricted in ownership to Philippine nationals. Class "B" shares are 18% and 82% owned by Philippine nationals and foreign nationals, respectively, as of September 30, 2015. Authorized and issued shares as of September 30, 2015 and 2014 as follows:

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

The weighted average number of shares outstanding as of September 30, 2015 and 2014 as follows:

	Class A	Class B	Total
Issued shares	39,840,970	33,332,530	73,173,500
Less treasury shares	1,110,000	11,696,081	12,806,081
Weighted average number of shares	38,730,970	21,636,449	60,367,419

In accordance with SRC Rule 68, as Amended (2011), Annex 68-D, below is a summary of the Company's track record of registration of securities.

Common shares	Number of shares registered	Issue/offer Price	Date of approval	Number of holders of securities as of September 30, 2015
Class "A"	38,730,970	₱ 1.00	June 30, 2000	388
Class "B"	21,636,449	₱ 1.00	June 30, 2000	61
	60,367,419			

There are 434 shareholders owning both Class "A" and "B" shares as of September 30, 2015.

16. Retained Earnings and Treasury Shares

The portion of retained earnings corresponding to the Parent Company's undistributed equity in net earnings of the associates amounted to P11.5 million and P20.0 million as of September 30, 2015 and December 31, 2014, respectively. These amounts are not available for distribution as dividends until declared by associates. Retained earnings are further restricted to the extent of P9.9 million representing the cost of shares held in treasury shares of as September 30, 2015 and December 31, 2014.

The 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 31, 2014 up to this period.

The BOD declared cash dividends of P0.10 per share or P6.0 million on May 28, 2014 to stockholders of record as of June 13, 2014 and were paid on July 9, 2014. The Company declared same amount of dividend in 2013 and 2012.

In June 19, 2015, the BOD declared cash dividends of P0.10 per share or P6.0 million to stockholders of record as of July 6, 2015 and was paid on July 30, 2015.

17. Operating Expenses

This account consists of:

	Unaudited Sep 2015	Unaudited Sep 2014
Salaries, wages and employees' benefits	P5,323	P5,012
Taxes and licenses	3,561	3,484
Professional fees	927	850
Transportation and travel	410	651
Utilities	383	438
Depreciation and amortization	334	1,622
Membership dues and subscriptions	320	323
Provision for impairment losses	177	161
Office supplies	113	129
Rental expense	72	-
Insurance	51	57
Postages	41	34
Repairs and maintenance	29	93
Commission	-	22
Others	762	825
	P12,503	P13,701

Other expenses consist of business development expenses, outside services, advertising fees, bank charges, notarial fees, and various items that are individually immaterial.

18. Segment Information

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

Unaudited September 30, 2015					
	Investment				
	Holdings	Real Estate	Combined	Eliminations	Consolidated
Revenue	₱15,619	₱30,798	₱46,417	(₱12,198)	₱34,219
Income before tax	8,552	27,011	35,563	(11,973)	23,590
Provision for income tax	253	3,070	3,323	-	3,323
Net Income	8,299	23,941	32,240	(11,973)	20,267
<i>Other Information</i>					
Segment assets	226,475	906,456	1,132,931	(114,247)	1,018,684
Segment liabilities	2,936	9,629	12,565	(5,233)	7,332
Depreciation & amortization	-	334	334	-	334

Audited December 31, 2014					
	Investment				
	Holdings	Real Estate	Combined	Eliminations	Consolidated
Revenue	₱10,188	₱41,151	₱51,339	(₱6,229)	₱45,110
Income before tax	558	33,341	33,899	(5,128)	28,771
Provision for income tax	245	2,318	2,563	-	2,563
Net Income	313	31,023	31,336	(5,128)	26,208
<i>Other Information</i>					
Segment assets	223,861	903,277	1,127,138	(113,867)	1,013,271
Segment liabilities	2,583	10,943	13,526	(5,583)	7,943
Depreciation & amortization	83	1,668	1,751	-	1,751

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 ₱6.4 million both for the periods ended September 30, 2015 and 2014. 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, AFS financial assets and long-term loan. The main purpose of these financial instruments is to raise finances for the Company's operations. The Company has various other financial assets and liabilities such as lease receivables, 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. Receivables are monitored on

an ongoing basis with the result that the Company's exposure to bad debts is not significant. Significant concentration of credit risk as of September 30, 2015 pertains to loan receivable from a related company amounting to ₱250.0 million, which comprise 75% of the Company's loan and receivables.

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

	Unaudited Sep 2015	Audited Dec 2014
<i>Loans and Receivables</i>		
Cash and cash equivalents *	₱79,115	₱127,880
Receivables		
Loan receivable from related party	250,000	200,000
Current portion of lease receivables	2,526	170
Nontrade receivables	2,153	2,153
Interest receivable	532	547
Due from related party	460	-
	₱334,786	₱330,750

*Excluding cash on hand

Credit Quality

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

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

Liquidity Risk

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

Interest Rate Risk

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

Equity Price Risk

Equity price risk is the risk that the fair values of the equities will decrease resulting from changes in the levels of equity indices and the value of the individual stocks. The Company's price risk exposure relates to its quoted AFS financial assets where values will fluctuate as a result of changes in market prices.

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 September 30, 2015 and December 31, 2014 are as follows:

	Unaudited	Audited
	Sep 2015	Dec 2014
Total liabilities	₱7,332	₱7,943
Total equity	1,011,352	1,005,328
Debt to equity ratio	0.007	0.008

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

Fair Values

Due to the short-term nature of the Company's financial instruments, the fair values approximate their carrying amounts as of September 30, 2015 and December 31, 2014 except for the long-term receivable with carrying amount of ₱200.0 million and fair value of ₱180.4 million both for the periods ending September 30, 2015 and December 31, 2014.

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 September 30, 2015 and December 31, 2014, the Company classifies its quoted AFS financial asset under Level 1 of the fair value hierarchy amounting to ₱15.0 million in both periods. During the reporting periods ending September 30, 2015 and December 31, 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

20. Financial Soundness (Key Performance) Indicators

	Unaudited Sep 2015	Audited Dec 2014
A. Current and Liquidity Ratios		
1. Current Ratio (Current Assets/Current Liabilities)	26.05	22.90
2. Acid-test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	25.98	22.87
B. Solvency Ratio (annualized) (Net Income + Depreciation)/Total Liabilities	3.75	3.52
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)	2.65	2.59
2. Return on Equity	2.67	2.61
H. Earnings per Share Attributable to Equity Holders of Parent (P) (Annualized)	0.22	0.20
I. Book Value per Share Attributable to Equity Holders of the Parent (P)	9.58	9.52

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 P4.1 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 P4.1 million with the Court which is presented under "Other noncurrent assets" account in the consolidated statements of financial position.

Aging of Receivable as at September 30, 2015 (P'000):

	Total	Current	2-3 Mos	4 - 6 Mos	7 -12 Mos	More than 1 year
Loan receivables from related party -- current	62,500	62,500				
Lease receivables -- current	2,526	2,526		-	-	-
Nontrade -- receivables	2,153	-	-	-	-	2,153
Interest receivable	532	532	-	-	-	-
Due from related party	460	460	-	-	-	-
Total	68,171	66,018	-	-	-	2,153
Less Allowance for doubtful accounts	2,153	-	-	-	-	2,153
Net Receivables	66,018	66,018	-	-	-	-

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 ₱20.3 million for the nine-month ended September 30, 2015 as against ₱17.9 million in same period last year. The 13% increase was mainly due to higher rental income, increase in interest income from long-term loan receivable, lower operating expenses and recovery of provisions and accruals. These were partially offset by the lower share in net earnings of associates and higher provision for income tax.

Rental revenue as of September 30, 2015 amounted to ₱14.7 million which was slightly higher as against same period last year of ₱14.4 million. This was mainly due to increase in rental rates.

The Company recognized share in net earnings of associates of ₱11.5 million this period as against same period last year of ₱14.8 million. This arose from the 25% share of GMRI in CLI's net earnings.

The Company earned interest income as of September 30, 2015 of ₱7.1 where ₱5.8 million was from interest on loans receivable and ₱1.3 million from cash equivalents or short-term deposits. The ₱1.3 million interest income from cash equivalents was lower than same period last year of ₱2.3 million. This was due to decrease in short-term deposits brought by granting of loans and payment of dividends. This decrease was offset by higher interest on the loans to related company of which it earned ₱5.8 million as of this period as compared with ₱0.3 million in September 2014.

Management fees charged to related parties amounted to ₱0.9 million in both periods ending September 30, 2015 and 2014.

Operating expenses of ₱12.5 million as of September 30, 2015 was lower by 9% as against ₱13.7 million last September 30, 2014. This was brought mainly by lower travel and transportation, decreased in utilities, depreciation cost, office supplies and repairs and maintenance. This was partially offset by higher salaries and benefits, taxes and licenses, professional fees and postages.

The Company generated other income of ₱1.9 million mainly from recovery of provision for impairment losses relating to withholding tax receivables of ₱0.7 million as of September 30, 2015 as against last year same period of ₱0.2 million; ₱0.3 million from joint venture agreement with related company; ₱0.7 million from reversal of provision of contingencies made in prior years.

The Company did not have any change in fair value of AFS financial assets this period as against fair value loss in same period last year of ₱2.0 million.

Financial Condition

The cash position of the Company as of September 30, 2015 amounted ₱79.1 million lower by 38% or ₱48.8 million as against ₱127.9 million as of December 31, 2014. This was brought mainly by the granting of short-term loan of ₱50.0 million in September 2015 and net effect of collections of

lease rentals, interest earned from short term deposits and loans receivables and payment of dividends.

Receivables amounted to ₱66.0 million and ₱13.2 million in September 30, 2015 and December 31, 2014, respectively. The increase of ₱52.8 million was mainly due to granting of short-term loan of ₱50.0 million and ₱2.8 million outstanding lease and interest receivables. Other current assets as of this period increased to ₱0.4 million as against ₱0.2 million as of December 31, 2014 due to prepayments and deposits.

AFS financial assets as of September 30, 2015 and December 31, 2014 both amounted to ₱15.0 million. Investments in associates increased from ₱419.6 million as of December 31, 2014 to ₱421.7 million as of September 30, 2015. The increase of ₱2.1 million was due mainly to the net effect of the recognition of share in net earnings of ₱11.5 million and cash dividend of ₱9.4 million of which ₱8.7 million came from CLI and ₱0.7 million from Goodwealth Ventures, Inc. The minimal decrease in investment properties and property and equipment totaling ₱210.4 million as of December 31, 2014 to ₱210.0 million this period was due to depreciation.

Liabilities gradually decreased from ₱7.9 million as of December 31, 2014 to ₱7.3 million as of September 30, 2015 mainly due to reversal of provisions partially offset by higher taxes payable and other accruals.

The equity attributable to equity holders of the Parent Company as of September 30, 2015 amounted to ₱578.3 million as against last December 31, 2014 of ₱574.4 million. This was due to net income attributable to Parent Company of ₱10.0 million for the period ending September 30, 2015 partially offset by cash dividend paid in July 2015 of ₱6.0 million.

Noncontrolling interests as of September 30, 2015 amounted to ₱433.0 million as against last December 31, 2014 of ₱430.9 million. The increase was due to the net effect of net income attributable to the noncontrolling shareholders of ₱10.3 million for the period ending September 30, 2015 offset by the ₱8.2 million dividend payments to noncontrolling shareholder of GMRI.

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 ₱9.58 as of September 30, 2015 higher than in December 31, 2014 at ₱9.52 per share.

Earnings per share attributable to the equity holders of the Parent (net earnings for the period divided by common shares outstanding) as shown in the consolidated statement of income for the period ending September 30, 2015 was ₱0.16 slightly higher than as of September 30, 2014 of ₱0.14 per share.

Material Events and Uncertainties

There are no known trends, commitments, events or uncertainties that will have a material impact on the 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 six-month ended.

SIGNATURES

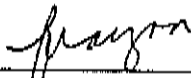
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

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

Signature and Title :



STEFAN TONG/WAI MUN
President



FELICIDAD V. RAZON
VP/Treasurer

Date : 11 November 2015