COVER SHEET

6	2	5	9	6						

S.E.C Registration Number

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

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

Contact Person

892 1816
815-9071

Company Telephone Number

1	2		3	1

Month *Day*

SEC Form 20 IS – Definitive Information Statement

FORM TYPE

0	6		1	9

Month *Day*

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

436 as of April 30, 2015

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Keppel Philippines

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

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

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAY 15 2015
MARKET REGULATION DEPT.
BY: TIME:

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 **19 June 2015**, Friday at **11:00 a.m.**, at **Garcia Villa, 1st Floor, The Peninsula Manila, corner Ayala and Makati Avenues, 1226 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 28 May 2014
4. Presentation of the 2014 Annual Report and Approval of the 2014 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 2015-2016
7. Directors' Remuneration
8. Appointment of External Auditor
9. Such other matters as may properly come up before the Meeting
11. Adjournment

The Board of Directors has fixed the close of business on **19 May 2015** 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 **19 May 2015** 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 **Garcia Villa, 1st Floor, The Peninsula Manila, corner Ayala and Makati Avenues, 1226 Makati City.** Registration shall start at **10:30 a.m.**

LORY ANNE P. MANUEL-McMULLIN
Assistant 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
RECEIVED
MAY 15 2015
MARKET REGULATION DEPT.

1. Check the appropriate box:

____ Preliminary Information Statement
_X_ Definitive Information Statement

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

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

4. SEC Identification Number: **62596**

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

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

Postal Code: **1200**

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

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

Date	:	**June 19, 2015**
Time	:	**11:00 a.m.**
Place	:	**Garcia Villa, 1st Floor, The Peninsula Manila, corner Ayala and Makati Avenues, 1226 Makati City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **May 28, 2015**

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding (As of April 30, 2015)
Class 'A' Common	**38,730,970**
Class 'B' Common	**21,636,449**
	60,367,419 (Net of 12,806,081 Treasury shares)

12. Are any or all of registrant's securities listed on the Philippines Stock Exchange?

Yes _X_ No ____

PART 1

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

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

Date : **June 19, 2015**
Time : **11:00 a.m.**
Place : **Garcia Villa, 1st Floor, The Peninsula Manila, corner Ayala and Makati Avenues, 1226 Makati City**

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

(b) The approximate date on which the information statement is first to be sent and given to the security holders shall be **May 28, 2015.**

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

2. **Dissenters' Right of Appraisal**

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

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

4. **Voting Securities and Principal Holders Thereof**

(a) Class of Voting Shares as of April 30, 2015:

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

(b) All stockholders of record as of **May 19, 2015** are entitled to notice of and to vote at the Annual Stockholders' Meeting.

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

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

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

The persons known to the registrant to be directly or indirectly the record or beneficial owner of more than 5% of the registrant's voting securities as of April 30, 2015 are as follows:

Title of Class	Name, Address of record owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Kepwealth, Inc.[a] Unit 3B, Country Space I Bldg., 133 Sen. Gil Puyat Ave. Salcedo Village, Barangay Bel-Air, Makati City	Same as Record Owner Alan I. Claveria (President)	Filipino	Class 'A': 25,091,784 Class 'B': 1,715,749 26,807,533	44.407
Common	Keppel Corporation Ltd.[b] 1 Harbour Front Ave, #18-01, Keppel Bay Tower, Singapore 098632	Same as Record Owner Chow Yew Yuen (Chief Executive Director-Keppel Offshore Marine)	Singaporean	Class 'B': 16,894,082	27.985
Common	PCD Nominee Corp. - Filipino[c] 37/F, Enterprise Bldg, Ayala Ave., Makati City • HSBC Securities Services[d]	*The Insular Life Assurance Co., Ltd.* *Mayo Jose B. Ongsinco*[1] *(President & Chief Operating Officer)*	Filipino Foreign	Class 'A': 10,995,371 Class 'B': 2,044,536 Class 'B': 613,916 13,653,823 *Class 'A': 6,408,422*	22.618 *10.616*

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

b. *Keppel Corporation Ltd., (KCL) is listed in the Singapore Stock Exchange. The Chairman of the Board or in his absence, the President or in his absence the Chairman of the meeting shall have the right to vote or direct voting or disposition of the shareholdings of KCL in the Company.*

c. *PCD Nominee Corp. is a wholly-owned subsidiary of the Philippine Central Depository, Inc. (PCD). It is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants. PCD holds the shares on their (beneficial owners) behalf or on behalf of their (PCD) clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.*

d. *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 April 30, 2015:

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

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

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

(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.

[1] *Resigned as member of Keppel Philippines Holdings, Inc. (KPH) Board of Directors on March 18, 2015.*

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. **Chow Yew Yuen**, 60, Singaporean, was elected Chairman of the Company in June 2014. He is currently the Chief Executive Director of Keppel Offshore & Marine (Keppel O&M), Ltd. He also serves as a regular member of the Board of Director of Keppel O&M and holds regular directorships on several Keppel subsidiaries including Keppel FELS, Keppel Shipyard, Keppel O&M Technology Centre, Keppel Infrastructure Holdings and Keppel Energy. He is also the Chairman of Keppel Singmarine, Keppel AmFels, Keppel O&M USA and Keppel FELS Brazil. Mr. Chow has a Bachelor of Science degree in Mechanical Engineering with First Class Honours from the University of Newcastle-upon-Tyne. He has attended the Harvard Business School's Advance Management Program. He is the Vice President of Association of Singapore Marine Industries, a Council Member of Singapore Accreditation Council and a member of The American Bureau of Shipping (ABS), ABS Southeast Asia Regional Committee, ABS Offshore Technical Committee and DNV GL South East Asia & Pacific Committee. Mr. Chow has been with Keppel companies for more than 30 years and first joined Keppel FELS in 1981 as Project Engineer.

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

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

4. **Noel M. Mirasol**, 77, Filipino, was elected Independent Director of the Company in June 2003 and currently a member of the Audit Committee of the Company. He currently serves as Special Consultant to the CEO of International Container Terminal Services, Inc. He is also a regular Director and President of ICTSI Georgia Corp.-Cayman Islands. He is also a regular Director of ICTSI Warehousing, Inc., Container Terminal Systems Solutions, Inc.-Mauritius and Guam-International Container Terminal., Inc. and other international container terminals here and abroad. Mr. Mirasol graduated from De La Salle College, Manila with a Bachelor of Science Degree in Mechanical Engineering. He also obtained Masters of Science Degree in Management from Rennselaer Polytechnic Institute, New York and a PhD. in Operations Research from Case Institute of Technology, Cleveland, Ohio. Mr. Mirasol has 48 years of experience in finance in various industries.

5. **Mayo Jose B. Ongsingco**[2], 63, 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 41 years of experience in banking, finance, and insurance.

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[2] *Mayo Jose B. Ongsingco resigned as a member of KPH's Board of Directors as well as member of the Audit Committee and the Compensation Committee effective March 18, 2015. New director will be elected during the Annual Stockholders Meeting to be held on June 19, 2015.*

6. **Benjamin P. Mata**, 84, 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 47 years of experience in the maritime industry and he has sat in various committees relating to maritime issues.

7. **Toh Ko Lin**, 62, 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 38 years in the marine industry.

8. **Ma. Melva E. Valdez**, 55, 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 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 regular Director of Leighton Contractors (Phils.), Inc. Atty. Valdez has 30 years of working experience in her field of profession as a lawyer.

9. **Felicidad V. Razon**, 54, Filipino, was elected as a regular Director of the Company last May 2014. She joined the Company as Finance Manager in May 2008 and was elected as Treasurer in June 2008 and was appointed as Vice President/Treasurer and Compliance Officer in November 2013. She is also a regular Director of Goodsoil Marine Realty, Inc. and Goodwealth Realty Development Corp., Treasurer of Kepwealth Property Philippines, Inc., President of Keppel Center Condominium Inc. and Finance Manager of KPH related companies. She graduated from Polytechnic University of the Philippines with Bachelor of Science Degree in Commerce major in Accountancy and a Certified Public Accountant.

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

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

The Nomination Committee composed of Toh Ko Lin (Chairman), Celso P. Vivas, Noel M. Mirasol, and Stefan Tong Wai Mun received recommendations for the position of independent directors for the Company. The said recommendations were signed by the nominating 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 September 9, 2003 and further amended on July 04, 2006, provides for the procedure for the nomination and election of Independent Directors pursuant to SRC Rule 38, as amended.

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

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

***Enrico L. Cordoba**, 43, Filipino, holder of a Master's degree in Business Administration at Ateneo Graduate School of Business and Bachelor of Science degree in Mathematics Major in Actuarial Science at University of Santo Tomas. He has also earned the professional designations of Fellow of the Financial Services Institute, Fellow of the Life Management Institute, Associate in Annuity Products and Administration, Associate in Customer Service, and Associate in Reinsurance Administration from the Life Office Management Association, as well as the designation of Associate in Research and in Planning from the Insurance Institute of America. Currently he is the Vice President for Corporate Planning of The Insular Life Assurance Co., Ltd. He is a regular director of the Insular Life Management and Development Corp., Insular Life Foundation, and PPI Prime Venture, Inc. He is also a Professorial Lecturer for Management Science at De La Salle University Graduate School of Business. He has more than 20 years of experience in his area of expertise.

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,** Vice President / Treasurer – (See foregoing Director's Profile)

(4) **Lory Anne P. Manuel-McMullin,** 45, Filipino, holder of degrees of Bachelor of Arts (Major in Communication Arts) and Bachelor of Laws from the University of Santo Tomas, has been the Asst. Corporate Secretary of the Company since 1998. She is a Junior Partner of JGLaw. She is also the Asst. Corporate Secretary of Keppel Philippines Marine, 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, 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., a regular Director and Corporate Secretary of Tokai Precision Philippines, Inc., Mektec (Philippines) Inc. and A+O Distribution Corporation; regular Director of Cushman Wakefield Philippines, Inc.; Corporate Secretary of Fonality (Philippines), Inc. and Nachi Pilipinas Industries, Inc.; regular Director and Assistant Corporate Secretary of Furuhashi Knit Glove Philippines, Inc. and Resident Agent of Mektec Corp. (Singapore) Pte. Ltd. and Entel HK Philippines. Atty. Manuel-McMullin has 21 years of working experience in her field of profession as a lawyer.

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

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

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

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

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

(4) Significant Employees

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

(5) Family Relationships

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

(6) Involvement in Certain Legal Proceedings

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

(7) Certain Relationships and Related Transactions

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

(b) Except for the resignation of Mr. Mayo Jose B. Ongsingco last March 18, 2015 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	2015—Estimate	₱4,650,000	None	None
	2014	₱4,565,000	None	None
	2013	₱4,425,000	None	None
Aggregate For All Officers And Directors As A Group	2015 – Estimate	₱5,138,000	None	None
	2014	₱5,053,000	None	None
	2013	₱4,925,000	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 2014, the directors were each paid directors' fee amounting to ₱60,000 each and the same amount is budgeted for 2015 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 2014 is SyCip Gorres Velayo & Co. (SGV). SGV's reappointment as external auditor of the Company for the fiscal year 2015 has been recommended by the Audit Committee, composed of: Celso P. Vivas (Chairman), Noel M. Mirasol, Mayo Jose B. Ongsingco[3] 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, 2014. 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.

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[3] *Resigned as member of the Audit Committee on March 18, 2015.*

(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:

	2014	2013
1. Audit, other Assurance and Related Fees	₱320,000	₱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, 2014

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 2014 Annual Meeting of the Stockholders

Approval of the minutes of the 2014 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 2013, Presentation of the 2013 Annual Report and Approval of the 2013 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 2014-2015, Approval of Directors' Remuneration, Appointment of External Auditor and amendment of Articles of Incorporation re Principal Office Address. This does not constitute a second approval of the same matters taken up at the 2014 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. 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 May 28, 2014 to June 18, 2015. 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 2015-2016
4. Re-appointment of External Auditor

19. Voting Procedures

(a) 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; and 4) Directors' Remuneration.

(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 14 May 2015.

KEPPEL PHILIPPINES HOLDINGS, INC.

By:

MA. MELVA E. VALDEZ
Corporate Secretary

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

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

Attention: The Corporate Secretary

KEPPEL PHILIPPINES HOLDINGS, INC.
MANAGEMENT REPORT

INFORMATION OF THE COMPANY

A. Description of Business

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

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

The contribution from each segment of the businesses to the consolidated revenues and net income of the Company is stated in Note 20 of the audited financial statements.

Subsidiaries under real estate industry:

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

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

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

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

KPH Group owns the following properties:

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

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

B. Legal Proceedings

In September 2003, the Company filed a complaint against Philippine National Oil Company (PNOC) for specific performance with the Regional Trial Court in Batangas City for the enforcement of the contract relating to the option to purchase parcels of land in Batangas. Judgment was rendered in January 2006 in favor of KPH ordering PNOC to accept the payment of ₱4.1 million, which was consigned with the Clerk of Court as full and complete payment of the purchase price, and to execute a Deed of Absolute Sale in favor of KPH. PNOC, however, filed an appeal with the Court of Appeals (CA). The CA dismissed PNOC's appeal in December 2011. In July 2012, PNOC filed with the Supreme Court (SC) a petition for review on certiorari of the decision of the CA. In November 2013, the Company filed a Motion to Resolve with the SC to ask for an early resolution and issue an order dismissing the petition. The case is still outstanding as at December 31, 2014.

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, 2014. Given the length of time that had lapsed, it is unlikely that the Compromise Agreement will be approved.

C. Securities of the Registrant

Market Price, Dividends and Related Stockholder Matters

The principal market of the Company's common equity is PSE where it was listed last August 26, 1987. The high and low closing prices for each quarter within the last two (2) fiscal years and first quarter of 2015 as traded at the Philippine Stock Exchange are as follows:

	2014		2013	
	High	Low	High	Low
First Quarter	'A' ₱4.99	'A' ₱4.47	'A' ₱6.00	'A' ₱3.25
	'B' ₱5.00	'B' ₱4.90	'B' ₱5.80	'B' ₱4.90
Second Quarter	'A' ₱5.08	'A' ₱3.42	'A' ₱5.95	'A' ₱4.30
	'B' ₱6.66	'B' ₱3.52	'B' ₱5.64	'B' ₱5.00
Third Quarter	'A' ₱6.00	'A' ₱4.51	'A' ₱5.00	'A' ₱4.00
	'B' ₱6.99	'B' ₱4.24	'B' ₱5.30	'B' ₱5.30
Fourth Quarter	'A' ₱5.20	'A' ₱4.41	'A' ₱4.99	'A' ₱3.00
	'B' ₱5.10	'B' ₱4.30	'B' ₱4.80	'B' ₱4.80

	2015	
	High	Low
First Quarter	'A' ₱5.50	'A' ₱5.00
	'B' ₱5.30	'B' ₱4.82
April 23, 2015	'A' ₱5.50	'A' ₱5.16
April 15, 2015	'B' ₱4.80	'B' ₱4.80

The number of shareholders of record as of April 30, 2015 was 436.

Common shares outstanding as of April 30, 2016 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	3,860,458	6.39
Foreign	B	17,775,991	29.45
Total		60,367,419	100.00

The Company has 16.99% or 10,256,476 shares owned by the public out of the 60,367,419 total outstanding shares as of April 30, 2015.

Top 20 Stockholders as of April 30, 2015 are as follows:

	Shareholder	No. of Shares Held	%
1.	Kepwealth, Inc.	26,807,533	44.407
2.	Keppel Corporation Ltd.	16,894,082	27.985
3.	PCD Nominee Corp. – Filipino	13,039,907	21.601
4.	International Container Terminal Services, Inc,	2,121,287	3.514
5.	PCD Nominee Corp. – Foreign	613,916	1.017
6.	Soh Ngoi May	83,179	0.138
7.	Willy Y. C. Lim	60,175	0.100
8.	Edbert G. Tantuco	50,017	0.083
9.	New Court Nominees Ltd.	49,779	0.082
10.	El Observatorio De Manila	45,070	0.075
11.	Emilio C. Tiu	23,238	0.038
12.	National Book Store, Inc.	22,422	0.037
13.	Ang Guan Piao	21,900	0.036
14.	Manolo Z. Alcasabas	21,170	0.035
15.	Willy Yew Chai Lim	20,085	0.033
16.	Yeo Chee Chiow	18,848	0.031
17.	Ma. Victoria R. Del Rosario	17,938	0.030
18.	Liwayway Sy	17,938	0.030
19.	Ramon R. Del Rosario Jr.	17,938	0.030
20.	Dr. Victorino Medrano Jr. &/or Ofelia R. Medrano	13,952	0.023

Top 20 Stockholders of Class "A" shares as of April 30, 2015 are as follows:

	Shareholder	No. of Shares Held	%
1.	Kepwealth, Inc.	25,091,784	64.785
2.	PCD Nominee Corp. – Filipino	10,995,371	28.389
3.	International Container Terminal Services, Inc,	2,121,287	5.477
4.	El Observatorio De Manila	30,314	0.078
5.	Emilio C. Tiu	23,238	0.060
6.	National Book Store, Inc.	22,422	0.058
7.	Ma. Victoria R. Del Rosario	17,938	0.046
8.	Ramon R. Del Rosario Jr.	17,938	0.046
9.	Liwayway Sy	17,938	0.046
10.	Dr. Victorino Medrano, Jr. &/or Ofelia R. Medrano	13,952	0.036
11.	Procurador General de Padres Franciscano de Manila	11,211	0.029
12.	Josefina Tengco Reyes	11,211	0.029
13.	Carlos T. Chua	10,192	0.026
14.	Barcelon Roxas Securities , Inc.	9,924	0.026
15.	Denis L. Lipio ITF Valerie May Lipio	9,697	0.025
16.	Denis L. Lipio ITF Elizah Anne Lipio	9,697	0.025
17.	Ronald L. Lipio ITF Frederick Brian Lipio	9,697	0.025
18.	Roberto Tan Lim	8,969	0.023
19.	Prudencio B. Zuluaga	8,969	0.023
20.	Justino H. Cacanindin	8,969	0.023

Top 20 Stockholders of "Class B" shares as of April 30, 2015 are as follows:

	Shareholder	No. of Shares Held	%
1.	Keppel Corporation Ltd.	16,894,082	78.082
2.	PCD Nominee Corporation – Filipino	2,044,536	9.449
3.	Kepwealth, Inc.	1,715,749	7.930
4.	PCD Nominee Corp. – Non- Filipino	613,916	2.837
5.	Soh Ngoi May	83,179	0.384
6.	Willy Y.C. Lim	60,175	0.278
7.	New Court Nominees Ltd.	49,779	0.230
8.	Edbert G. Tantuco	44,059	0.204
9.	Ang Guan Piao	21,900	0.101
10.	Manolo Z. Alcasabas	21,170	0.098
11.	Willy Yew Chai Lim	20,085	0.093
12.	Yeo Chee Chiow	18,848	0.087
13.	El Observatorio De Manila	14,756	0.068
14.	Solidbank Trust Division as Sub-Custodian	8,000	0.037
15.	CBNA MLA OBO A/C # 6011800001	7,294	0.034
16.	Franciscan Phil Province	4,484	0.021
17.	Ronald Co &/or Susana Co	1,815	0.008
18.	Lee Patt Yong	1,663	0.008
19.	Keppel Marine Industries Limited	1,594	0.007
20.	BPI TA # 13115826	1,303	0.006

The declaration and payment of dividends will depend, among others, upon the Company's earnings, cash flow, capital requirements and financial condition in addition to other factors. Cash dividends are subject to approval by the Board of Directors but no stockholders' approval is required. Dividends are payable to stockholders whose names are recorded in the stock and transfer books as of the record date fixed by the Board. The Company declared cash dividends in 2014, 2013 and 2012. Cash dividend details are as follows:

	2014	2013	2012
Date of BOD Approval	May 28	June 6	June 7
Record Date	June 13	June 21	June 22
Payment Date	July 9	July 17	July 18
Amount of Cash Dividend per Common Share	₱ 0.10 or 10%	₱0.10 or 10%	₱0.10 or 10%

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

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

Results for the 1st Quarter March 2015

The Company recorded a net income of ₱7.3 million for the first quarter ended March 31, 2015 as against ₱6.1 million in same period last year. The 19% increase was mainly due to interest income from long-term loan, higher rental income, lower operating expenses and recovery of provisions. These were partially offset by the lower share in net earnings of associates and higher provision for income tax.

The Company recognized equity share in net earnings of associates of ₱4.1 million this quarter as against same period last year of ₱5.0 million. This came from the 25% share of GMRI in CLI's net earnings. Rental revenue as of the quarter amounted to ₱4.9 million which was slightly higher by 3% as against same period last year of ₱4.8 million. This was due mainly to increase in rental rates. The Company earned interest income this quarter of ₱2.5 million where in ₱2.0 million came from interest on long-term loan of ₱200.0 million granted to a related company last September 2014 and ₱0.5 million from cash equivalents or short term deposits. Interest income from cash equivalents of ₱0.5 million was lower than same quarter last year of ₱0.8 million. This was due to decrease short-term deposits brought by payment of dividends and granting of loan. Management fees charged to related parties amounted to ₱0.3 million in both quarters ending March 31, 2015 and 2014.

Operating expenses of ₱4.1 million this period was slightly lower by 4% as against ₱4.3 million last March 31, 2014. This was brought by mainly by lower depreciation cost and utilities and partially offset by higher salaries and benefits, taxes and licenses and professional fees.

The Company generated other income from recovery of provision for impairment losses relating to withholding tax receivables of ₱0.7 million this quarter as against last year same period of ₱0.1 million.

The Company realized other comprehensive income from fair value gain on AFS financial assets this quarter of ₱0.2 million as against fair value loss same period last year of ₱1.5 million.

Financial Condition

The cash position of the Company as of March 31, 2015 amounted ₱130.4 million higher by ₱2.5 million as against ₱127.9 million as of December 31, 2014. This was brought by the net effect of interest income, payment and receipt of dividends and lower operating expenses.

Receivables amounted to ₱14.3 million and ₱13.2 million in March 31, 2015 and December 31, 2014, respectively. Other current assets as of this period increased to ₱0.7 million as against ₱0.2 million as of December 2014 due to prepayments.

AFS financial assets as of March 31, 2015 amounted to ₱15.2 million as compared to December 31, 2014 of ₱15.0 million. Investments in associates decreased from ₱419.6 million as of December 2014 to ₱415.0 million as of March 31, 2015. The decrease of ₱4.6 million was due mainly to the net effect of the recognition of equity share of ₱4.1 million and cash dividend of ₱8.7 million from CLI this quarter ending March 31, 2015. Gradual decrease in investment properties and property and equipment from ₱210.4 million as of December 31, 2014 to ₱210.3 million this period was due to depreciation.

Liabilities gradually increased from ₱7.9 million as of December 31, 2014 to ₱8.0 million as of March 31, 2015 mainly due to higher income tax payable.

The equity attributable to equity holders of the Parent Company as of March 31, 2015 amounted to ₱578.2 million as against last December 31, 2014 of ₱574.4 million. This was due to net income attributable to Parent Company of ₱3.6 million for the quarter ending March 31, 2015 and unrealized gain on available for sale financial assets of ₱0.2 million.

Noncontrolling interests as of March 31, 2015 amounted to ₱426.4 million as against last December 31, 2014 of ₱430.9 million. The decrease was due to the net effect of net income attributable to the noncontrolling shareholders of ₱3.7 million for the quarter ending March 31, 2015 offset by the ₱8.2 million dividend payment 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 March 31, 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 March 31, 2015 was ₱0.06 slightly higher than as of March 31, 2014 of ₱0.05 per share.

Year Ended 2014

Results for the Year

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

The Company realized an equity share in net earnings of associates of ₱20.0 million as of December 31, 2014 as against in 2013 of ₱17.9 million and in 2012 of ₱77.2 million. The 2012 share earnings arose from the realized gain on the upstream sale to GMRI amounting to ₱72.5 million and equity share in net earnings of associates of ₱4.7 million. The rental revenue this year amounted to ₱19.3 million, 2% higher than in 2013 of ₱18.8 million and 8% higher than in 2012 of ₱17.9 million due to increase in rental rate. The Company earned interest income of ₱4.7 million where in ₱2.7 million came from short-term deposits and ₱2.0 million came from the long-term loan of ₱200.0 million granted to a related company last September 2014. Interest income from short term deposits went down to ₱2.7 million this year from ₱6.9 million in 2013 and ₱14.6 million in 2012. This was due decrease in short term deposits brought by the payment of dividends and the drop of the annual interest rates ranging from 1.0% to 1.4% in 2014 as against 1.0% to 3.5% in 2013 and 3.5% to 4.6% in 2012. Management fees charged to related parties amounted to ₱1.2 million this year and in 2013 as against ₱0.6 million in 2012. The Company received from an associate, CLI, cash dividend of ₱14.0 million in 2014, stock dividend of 6,549,823 shares in 2013 and cash dividend of ₱16.0 million in 2012 prior to step-acquisition of CLI by GMRI.

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

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

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

Financial Condition

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

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

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

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

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

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

Year Ended 2013

Results for the Year

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

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

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

The Company generated other income of ₱0.4 million this year as against ₱52.8 million and ₱501.4 million in 2012 and 2011, respectively. In 2011, the Company generated a gain of ₱500.3 million from the disposal of shares in KCSLI. Also in 2011, when GVI sold its shares in CLI to GMRI, the Company recorded unrealized gain on the net income of GVI amounting to ₱72.5 million since the transaction was an upstream sale to GMRI which was reported under "Other Comprehensive Income". This unrealized gain on upstream sale to GMRI was then realized in 2012 and was included as part of the equity share in net earnings of associates as mentioned above. The realized gain was due to the increase in shareholdings of GMRI in CLI from 18% to 25% when GMRI availed CLI's right issue and purchased additional shares from KPMI. The increase in shareholdings also resulted to the reclassification of its investment in CLI from AFS financial assets to investment in an associate. The step-acquisition resulted to a total gain on purchase of an investment in an associate amounting to ₱52.2 million from fair value adjustments.

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

Financial Condition

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

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

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

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

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

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

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.

Plan of Action for 2015

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

Key Performance Indicators

The key performance indicators of the Company for the last three (3) fiscal years and first quarter of 2015 are follows:

Particulars	1Q Mar 2015	2014	2013	2012
Current Ratio (Current Assets/Current Liabilities)	23.29	22.90	49.58	57.91
Acid Test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	23.18	22.87	49.50	57.10
Solvency Ratio * (Net Income + Depreciation)/Total Liabilities	3.71	3.52	2.82	21.95
Asset to Equity Ratio	1.01	1.01	1.01	1.01
Debt Ratio (Total Liabilities/Total Assets)	0.01	0.01	0.01	0.01
Debt to Equity Ratio (Total Liabilities/Stockholders' Equity)	0.01	0.01	0.01	0.01
Return on Assets (%) * (Net Income/Total Assets)	2.89	2.59	2.09	16.10
Return on Equity (%) * (Net Income/Ending Stockholders' Equity)	2.91	2.61	2.10	16.22
Earnings per Share Attributable to Equity Holders of Parent (₱) *	0.24	0.20	0.15	1.92
Book Value per Share Attributable to Equity Holders of the Parent (₱)	9.58	9.52	9.41	9.38

**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 2014, 2013, and 2012. Total outstanding balance of lease receivables amounted to ₱35.4 million and ₱37.9 million as of December 31, 2014 and 2013, 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 2014, 2013 and 2012. The outstanding balance of lease receivable amounted to nil and ₱0.03 million as of December 31, 2014 and 2013, 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 2014, 2013 and 2012.

4. In June 2008, the Parent Company and KPMI entered into a lease agreement, whereby the Parent Company leased to KPMI a piece of land which is the subject of complaint against PNOC. The lease is for a period of one year subject to renewal. Rental income derived from the land amounted to ₱2.0 million in 2014 and 2013 and ₱1.9 million in 2012.

5. In September 2010, GMRI purchased 4.3% of CLI shares for ₱59.8 million. In July 2011, GMRI purchased 7.7% and 5.7% 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 4.3% to 17.7%.

   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 KPMI 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 July 2012, prior to the step acquisition, GMRI received ₱16.0 million cash dividend from CLI. In June 2013, CLI's BOD declared 60% stock dividend and GMRI received additional shares of 6,549,823. In July 2014, GMRI received cash dividend of ₱14.0 million.

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 in 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 and was presented as part of the "Equity in net earnings of associates" account in the consolidated statements of income.

7. In September 2014, GMRI granted a long-term interest bearing loan to KPMI amounting to ₱200.0 million. The loan has five-year term, 15 months grace period on principal payment and payable in equal quarterly installment. The loan is subject to interest repricing on semi-annual basis. The loan has an option for prepayment. The interest rate applied in 2014 ranges from 3.4% to 3.5%. Interest income derived as of December 31, 2014 amounted to ₱1.5 million and accrued interest of ₱0.5 million.

8. Compensation of the key management personnel of the Company pertains to salaries and other short-term employee benefits amounting to ₱4.5 million in 2014, ₱4.3 in 2013 and ₱3.8 million in 2012.

9. In 2014, the Parent Company entered into a Memorandum of Understanding (MOU) with KPMI to form a joint venture agreement for upcoming projects. As at year end, the Parent Company has not received any income in relation to this MOU.

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 ₱320,000 for 2014 and ₱310,000 for 2013-2012. 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 2014, 2013 and 2012.

   c. Other Fees – No other fees were paid for the years 2014, 2013 and 2012.

   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 2014. 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 2014.

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[4], Toh Ko Lin and Stefan Tong Wai Mun, as members. The committee met 4 times in 2014.

The Nominations Committee comprising of Toh Ko Lin, as Chairman, Celso P. Vivas, Noel Mirasol, and Stefan Tong Wai Mun, as members, met once in 2014.

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

The Board of Directors of the Company approved the Amended Manual on Corporate Governance last February 4, 2010 pursuant to SEC Memorandum Circular No. 6, series of 2009 (Revised Code of Corporate Governance) and submitted the same to SEC last March 15, 2010. The Company also complied with the submission of SEC Form ACGR (Annual Corporate Governance Report) to SEC and PSE (on line) on 01 July 2013 as per SEC Memorandum Circular No. 5, series of 2013. The Company also submitted to SEC an update or summary of changes in KPH ACGR last January 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 31, 2015.

[4] *Resigned as member of the Audit Committee on March 18, 2015.*

KEPPEL PHILIPPINES HOLDINGS, INC.

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS
Held at the Dasmariñas-Magallanes Room, Makati (Sports) Club, L.P. Leviste corner Gallardo Streets, Salcedo Village, Makati City
on 28 May 2014

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 being currently overseas, the Assistant Corporate Secretary was appointed Acting Secretary of the meeting. She 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 15 May 2014. Out of the total outstanding shares, about 86.23% 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 06 JUNE 2013

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

IV. PRESENTATION OF ANNUAL REPORT AND APPROVAL OF AUDITED FINANCIAL STATEMENTS

The Chairman stated that the Annual Report was not prepared for 2013 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 2013 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 2014-2015. 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 2014-2015 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. Toh Ko Lin
5. Benjamin P. Mata
6. Ma. Melva E. Valdez
7. Felicidad V. Razon
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 2014 at a fee to be fixed by Management."

IX. AMENDMENT OF ARTICLES OF INCORPORATION RE PRINCIPAL OFFICE ADDRESS

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

> "**RESOLVED,** That the Third Article of the Corporation's Articles of Incorporation be amended to read as follows:
>
> 'Third: That the place where the principal office of the corporation is to be located or established in **Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City**.'
>
> **RESOLVED FURTHER,** that the Vice President/Treasurer of the Corporation, assisted by the Corporate Secretary, Atty. Ma. Melva E. Valdez, Assistant Corporate Secretary, Atty. Lory Anne P. Manuel- McMullin, Atty. Ethelene G. Velasco, or any of the authorized representatives of Jimenez Bello Valdez Caluya and Fernandez Law Offices (JGLaw), with office address at 6th Floor, SOL Building, 112 Amorsolo Street, Legaspi Village, Makati City, be authorized to implement the foregoing, to perform any and/or all acts, and to effect any and/or all amendments to any and/or all documents as may be necessary or appropriate to implement the processing of the foregoing application before the Securities and Exchange Commission (SEC)."

X. 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 13 June 2014; payment to be made on or before 09 July 2014.

XI. ADJOURNMENT

There being no other matters to be discussed, the meeting was adjourned at about 3:45 p.m.

LORY ANNE P. MANUEL-MCMULLIN
Acting Secretary of the Stockholders Meeting

Attested by:

TEO SOON HOE
Chairman of the Stockholders' Meeting

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) SS.

CERTIFICATION

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

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

FELICIDAD V. RAZON
Vice President/Treasurer

SUBSCRIBED AND SWORN to before me this MAY 1 4 2015 at Makati City; affiant exhibited to me her Taxpayer Identification Number (TIN) Card bearing numbers 112-942-756.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2016
IBP No. 656150-Lifetime Member
MCLE Compliance No. III-0014282
Appointment No. M-199-(2015-2016)
PTR No. 4748512 Jan. 5, 2015
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc. No. 78 ;
Page No. 17 ;
Book No. XXVIII ;
Series of 2015.

Republic of the Philippines)
CITY OF MAKATI

CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

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

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

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

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

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

CELSO P. VIVAS
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of MAY 0 4 2015 2015 at CITY OF MAKATI; affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 123-305-216.

Doc. No. 303;
Page No. 62;
Book No. XXIV
Series of 2015.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2016
IBP No. 656155-Lifetime Member
MCLE Compliance No. III-0014282
Appointment No. M-199-(2015-2016)
PTR No. 4748512 Jan. 5, 2015
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.

Republic of the Philippines)
______________________) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

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

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

NOEL M. MIRASOL
Affiant

SUBSCRIBED AND SWORN to before me this MAY 0 4 2015 day of ________ 2015 at CITY OF MAKATI, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 111-430-461.

Doc. No. 304;
Page No. 62;
Book No. XXIV;
Series of 2015.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2016
IBP No. 656155-Lifetime Member
MCLE Compliance No. III-0014282
Appointment No. M-199-(2015-2016)
PTR No. 4748512 Jan. 5, 2015
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Curriculum Vitae of:

ENRICO LEE CORDOBA

Home address:	No. 2 Nehemiah St., Camella Homes Classic, Pilar Village, Talon II, Las Piñas City
Contact nos.:	Office: 5821818 local 1115 Cell.: 0917-7947390

Date of birth:	March 3, 1972
Civil status:	Married to Linette Lynn T. Cordoba, with two children (Caitlin Nicole T. Cordoba and Lance Emeric T. Cordoba)

EMPLOYMENT HIGHLIGHTS

1998 - Present
Professorial Lecturer for Management Science
De La Salle University Graduate School of Business

As a part-time professorial lecturer, I teach Management Science to the graduate school students of the De La Salle University. I provide instruction in the area of the scientific and objective approach to management decision making.

2001 - Present
Head (rank of Vice President), Corporate Planning Staff
The Insular Life Assurance Co., Ltd.

As Head of the Corporate Planning Staff of The Insular Life Assurance Co., I oversee the group that provides support to the company's top management in its planning, organizing, and controlling functions. The Corplan staff provides management with timely and relevant information on intra- and extra-industry developments, as well as assesses company operations and other internal developments. The staff also assists management in the formulation of objectives, strategies and action plans, and oversees the annual planning and budgeting process. In addition, the staff continually explores opportunities for further diversification and expansion activities as well as identifies means and proposes measures to optimize the business relationships among Insular Life and its subsidiaries and affiliates.

2003 – 2011
Executive Assistant to the Chairman of the Board & Chief Executive Officer
The Insular Life Assurance Co., Ltd.
(The largest Filipino-owned Mutual life insurance company in the country.)

As Executive Assistant to the Chairman of the Board and Chief Executive Officer, I generally filter and prioritize all communication and concerns sent to the Office of the Chairman of the Board & CEO (OCB & CEO), and ensure that all those elevated to the OCB & CEO are promptly acted upon. I gather and interpret pertinent data, and provide recommendations to aid in the Chairman of the Board & CEO's decision making. Upon the Chairman of the Board & CEO's approval, I then forward communications to other personnel/units for action, and then monitor their implementation.

As Executive Assistant, I also exercise administrative supervision over the Audit Staff, the Public Relations Staff and the Real Property Division.

2008 - 2009 Head (rank of Senior Assistant Vice President), Corporate Planning Staff
2005 - 2007 Head (rank of Assistant Vice President), Corporate Planning Staff
2001 - 2004 Head (rank of Senior Manager), Corporate Planning Staff
2000 - 2001 Manager, Corporate Planning Staff
1998 - 2000 Assistant Manager, Corporate Planning Staff
1996 - 1998 Corporate Planning Assistant

1994 - 1996
Marketing Planning Staff
The Insular Life Assurance Co., Ltd.

As a staff assistant to the head of the planning and research staff of the company's Sales Operations Group, I conducted research and analysis in the areas of territorial development, competitive performance, policyowner/agency profile, salability of products, performance standards for the agency force, economic/regional developments, and lead generation, among others. I performed environmental/market surveys and prepared the monthly reports on the performance of the Sales Operations Group for the Staff and Board of Directors' Meetings. I also assisted in the development and administration of sales operation's annual national sales drives particularly in the area of accreditation.

EDUCATION

Graduate School:

1998 - Present — **Doctorate Degree in Business Administration**
De La Salle University Graduate School of Business
Taft Avenue, Manila

1994 - 1998 — **Masters Degree in Business Administration**

Thesis:* *A Feasibility Study On Adopting The Concept Of Bancassurance As A Distribution System For The Insular Life Assurance Company, Limited

Ateneo Graduate School of Business
H.V. de la Costa St., Makati City

College:

1988 - 1992 — **Bachelor of Science in Mathematics**
Major in Actuarial Science
University of Santo Tomas
España, Manila

Elementary:

1978 - 1984 — *Lourdes School of Quezon City*

PROFESSIONAL DESIGNATIONS EARNED

2010 — **Gold Mastery in Strategic Management**
Haines Centre for Strategic Management
San Diego, USA

2009 — **Associate in Reinsurance Administration**
Life Office Management Association
Atlanta, Georgia, USA

2008 — **Associate in Annuity Products and Administration**
Life Office Management Association
Atlanta, Georgia, USA

2007	**Fellow, Financial Services Institute** *Life Office Management Association* *Atlanta, Georgia, USA*
2003	**Fellow, Life Management Institute** *Life Office Management Association* *Atlanta, Georgia, USA*
2000	**Associate in Research and in Planning** *Insurance Institute of America* *Malvern, Philadelphia, USA*
1994	**Associate in Customer Servicing** *Life Office Management Association* *Atlanta, Georgia, USA*

PROFESSIONAL AFFILIATIONS

2010	**President, Corporate Planning Society of the Philippines**
2005	**President, Corporate Planning Society of the Philippines**

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

6	2	5	9	6						

Company Name

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

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

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
437 as of Dec 31, 2014	May 28	December 31

CONTACT PERSON INFORMATION

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

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

Contact Person's Address

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

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

Keppel Philippines

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

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **KEPPEL PHILIPPINES HOLDINGS, INC. & SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements including the additional components attached therein, for the years ended **December 31, 2014** and **2013**, in accordance with the Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

Chow Yew Yuen
Chairman

Stefan Tong Wai Mun
President

Felicidad V. Razon
Vice President -Treasurer

Signed this 3rd day of February 2015

MAR 2 6 2015

SUBSCRIBED AND SWORN to before me this ______day of ____________ 2015, affiants exhibiting to me their Passport Nos. as follows:

Name	Passport No.	Issued At	Expiry
Chow Yew Yuen	E4493965E	Singapore	29 October 2019
Stefan Tong Wai Mun	A22011774	Malaysia	17 June 2015
Felicidad V. Razon	EB0534556	Manila	05 July 2015

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Page No. 80
Book No. XVII
Series of 2015

ATTY. GERARDO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2015
IBP No. 656158-Lifetime Member
MCLE Compliance No. III-0014282
Appointment No. M-199-(2015-2016)
PTR No. 4748512 Jan. 5, 2015
Makati City Roll No. 40091
101 Urban Ave. ...

SGV
Building a better working world

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
133 Sen. Gil Puyat Avenue
Salcedo Village, Barangay Bel-Air,
Makati City

We have audited the accompanying consolidated financial statements of Keppel Philippines Holdings, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014, 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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Building a better working world

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, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014 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. 4751347, January 6, 2015, Makati City

February 3, 2015

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

	December 31 2014	December 31 2013
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 21)	**₱127,884,635**	₱312,310,233
Receivables - net (Notes 7, 14 and 21)	**13,216,948**	1,953,570
Other current assets - net (Note 8)	**185,868**	479,295
Total Current Assets	**141,287,451**	314,743,098
Noncurrent Assets		
Available-for-sale financial assets (Notes 9 and 21)	**15,000,001**	15,000,001
Investments in associates (Note 10)	**419,572,134**	413,581,086
Loan receivable - net of current portion (Notes 7, 14 and 21)	**187,500,000**	–
Lease receivables - net of current portion (Notes 7, 14, and 21)	**35,393,933**	36,162,905
Investment properties - net (Note 11)	**210,334,162**	211,676,776
Property and equipment - net (Note 12)	**42,662**	440,101
Other noncurrent assets - net (Note 23)	**4,140,710**	4,140,710
Total Noncurrent Assets	**871,983,602**	681,001,579
TOTAL ASSETS	**₱1,013,271,053**	₱995,744,677
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 13, 14 and 21)	**₱4,125,996**	₱4,441,286
Refundable deposits (Note 21)	**1,794,468**	1,871,655
Income tax payable (Note 18)	**248,007**	35,299
Total Current Liabilities	**6,168,471**	6,348,240
Noncurrent Liability		
Deferred tax liability (Note 18)	**1,774,381**	1,825,786
Total Liabilities	**7,942,852**	8,174,026
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 15)	**73,173,500**	73,173,500
Additional paid-in capital	**73,203,734**	73,203,734
Retained earnings (Note 16)	**423,538,262**	417,284,390
Unrealized gain on available-for-sale financial assets (Note 9)	**14,422,058**	14,422,058
Treasury shares (Note 16)	**(9,898,178)**	(9,898,178)
Total	**574,439,376**	568,185,504
Noncontrolling Interests (Note 2)	**430,888,825**	419,385,147
Total Equity	**1,005,328,201**	987,570,651
TOTAL LIABILITIES AND EQUITY	**₱1,013,271,053**	₱995,744,677

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2014	2013	2012
REVENUE AND INCOME			
Equity in net earnings of associates (Notes 10 and 14)	**₱19,964,035**	₱17,868,723	₱77,181,761
Rental income (Notes 11 and 14)	**19,270,326**	18,804,270	17,887,264
Interest income (Notes 6, 7 and 14)	**4,675,608**	6,874,863	14,612,691
Management fees (Note 14)	**1,200,000**	1,175,000	600,000
Dividend (Notes 10 and 14)	**–**	–	15,977,802
	45,109,969	44,722,856	126,259,518
EXPENSES			
Operating expenses (Note 17)	**(18,217,619)**	(21,656,806)	(17,187,573)
OTHER INCOME			
Recovery of provision for impairment (Note 8)	**765,873**	–	–
Director's fees (Note 14)	**212,000**	259,000	223,000
Gain on purchase of investment in an associate (Notes 10 and 14)	**–**	–	52,238,150
Others	**900,513**	110,963	319,123
	1,878,386	369,963	52,780,273
INCOME BEFORE INCOME TAX	**28,770,736**	23,436,013	161,852,218
PROVISION FOR INCOME TAX (Note 18)	**2,562,944**	2,674,499	3,785,325
NET INCOME	**₱26,207,792**	₱20,761,514	₱158,066,893
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent (Note 19)	**₱12,290,614**	₱9,219,933	₱115,664,581
Noncontrolling interests	**13,917,178**	11,541,581	42,402,312
	₱26,207,792	₱20,761,514	₱158,066,893
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 19)	**₱0.204**	₱0.153	₱1.916

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2014	2013	2012
NET INCOME	**₱26,207,792**	₱20,761,514	₱158,066,893
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Unrealized fair value gain (loss) on available-for-sale financial assets (Note 9)	–	(1,500,000)	5,300,000
Realized gain on transfer from AFS financial assets to investments in associates (Notes 10 and 14)	–	–	(72,454,888)
TOTAL COMPREHENSIVE INCOME	**₱26,207,792**	₱19,261,514	₱90,912,005
ATTRIBUTABLE TO:			
Equity holders of the parent	**₱12,290,614**	₱7,719,933	₱48,509,693
Noncontrolling interests	**13,917,178**	11,541,581	42,402,312
	₱26,207,792	₱19,261,514	₱90,912,005

See accompanying Notes to Consolidated Financial Statements.

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

	Attributable to Equity Holders of the Parent							
	Capital Stock (Note 15)	Additional Paid-in Capital	Retained Earnings (Note 16)	Unrealized Gain on Available-for-sale Financial Assets (Note 9)	Treasury Shares (Note 16)	Total	Noncontrolling Interests	Total Equity
Balance at January 1, 2014	**₱73,173,500**	**₱73,203,734**	**₱417,284,390**	**₱14,422,058**	**(₱9,898,178)**	**₱568,185,504**	**₱419,385,147**	**₱987,570,651**
Total comprehensive income for the year	–	–	**12,290,614**	–	–	**12,290,614**	**13,917,178**	**26,207,792**
Cash dividend declared (Note 16)	–	–	**(6,036,742)**	–	–	**(6,036,742)**	**(2,413,500)**	**(8,450,242)**
Balance at December 31, 2014	**₱73,173,500**	**₱73,203,734**	**₱423,538,262**	**₱14,422,058**	**(₱9,898,178)**	**₱574,439,376**	**₱430,888,825**	**₱1,005,328,201**
Balance at January 1, 2013	₱73,173,500	₱73,203,734	₱414,101,199	₱15,922,058	(₱9,898,178)	₱566,502,313	₱407,843,566	₱974,345,879
Net income	–	–	9,219,933	–	–	9,219,933	11,541,581	20,761,514
Unrealized fair value loss on available-for-sale financial assets (Note 9)	–	–	–	(1,500,000)	–	(1,500,000)	–	(1,500,000)
Total comprehensive income for the year	–	–	9,219,933	(1,500,000)	–	7,719,933	11,541,581	19,261,514
Cash dividend declared (Note 16)	–	–	(6,036,742)	–	–	(6,036,742)	–	(6,036,742)
Balance at December 31, 2013	₱73,173,500	₱73,203,734	₱417,284,390	₱14,422,058	(₱9,898,178)	₱568,185,504	₱419,385,147	₱987,570,651
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 10)	–	–	–	(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

See accompanying Notes to Consolidated Financial Statements.

KEPPEL PHILIPPINES HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱28,770,736**	₱23,436,013	₱161,852,218
Adjustments for:			
Depreciation and amortization (Notes 11, 12 and 17)	**1,751,481**	2,267,672	2,244,871
Provision for impairment losses (Notes 8 and 17)	**514,735**	3,257,275	124,434
Recovery of provision for impairment (Note 8)	**(765,873)**	–	–
Interest income (Notes 6 and 14)	**(4,675,608)**	(6,874,863)	(14,612,691)
Equity in net earnings of associates (Notes 10 and 14)	**(19,964,035)**	(17,868,723)	(77,181,761)
Dividend income (Notes 10 and 14)	**–**	–	(15,977,802)
Gain on purchase of investment in an associate (Notes 10,14 and 22)	**–**	–	(52,238,150)
Operating income before working capital changes	**5,631,436**	4,217,374	4,211,119
Decrease (increase) in:			
Receivables	**2,287,171**	(550,717)	1,576,426
Other current assets	**544,565**	644,859	(217,139)
Increase (decrease) in:			
Accounts payable and other current liabilities	**(315,290)**	852,511	(1,640,997)
Refundable deposits	**(77,187)**	100,455	78,120
Payable to a related party	**–**	(21,326)	(1,320,480)
Net cash generated from operations	**8,070,695**	5,243,156	2,687,049
Income tax paid	**(2,401,641)**	(2,734,948)	(3,795,835)
Net cash provided by (used in) operating activities	**5,669,054**	2,508,208	(1,108,786)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Note 10 and 14)	**13,972,987**	–	14,214,527
Interest received	**4,394,032**	7,012,091	15,287,813
Acquisitions of:			
Property and equipment (Note 12)	**(11,429)**	–	(258,161)
Available-for-sale financial assets (Notes 10 and 14)	**–**	–	(94,901,500)
Long-term loan granted to a related party (Note 14)	**(200,000,000)**	–	–
Net cash provided by (used in) investing activities	**(181,644,410)**	7,012,091	(65,657,321)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid (Note 16)	**(8,450,242)**	(6,036,742)	(6,036,742)
Payment of long-term loan (Note 14)	**–**	–	(17,095,367)
Cash used in financing activities	**(8,450,242)**	(6,036,742)	(23,132,109)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(184,425,598)**	3,483,557	(89,898,216)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**312,310,233**	308,826,676	398,724,892
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱127,884,635**	₱312,310,233	₱308,826,676

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

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

KPHI shares are publicly traded in the Philippine Stock Exchange (PSE). As of December 31, 2014 and 2013, the top four beneficial shareholders are the following:

	Percentage of Ownership	
	2014	2013
Kepwealth, Inc.	**44.4%**	38.7%
Keppel Corporation Limited (KCL)	**28.0%**	28.0%
The Insular Life Assurance Company, Ltd.	**10.6%**	10.6%
Public	**17.0%**	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	
	2014	2013
KPSI	**100%**	100%
GRDC	**51%**	51%
GMRI	**51%**	51%

GRDC is 44% owned by Keppel Philippines Marine, Inc. Retirement Plan (KPMI Retirement Plan) and 5% by Keppel Philippines Marine, Inc. (KPMI) in 2014 and 2013. GRDC owns 100% of GMRI, thus, KPHI has 51% effective ownership on GMRI.

Information relating to the Group's associates follows:

	Percentage of Direct Ownership		Percentage of Indirect Ownership	
	2014	2013	**2014**	2013
KP Capital, Inc. (KPCI)	**40%**	40%	–	–
Goodwealth Ventures, Inc. (GVI)	**40%**	40%	–	–
Consort Land, Inc. (CLI)	–	–	**13%**	13%

In September 2012, GMRI gained significant influence in CLI and increased its ownership to 25% (see Notes 10 and 14). KPHI has 13% effective indirect ownership in CLI through GMRI.

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

The consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on February 3, 2015.

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, 2014 and 2013 and for each of the three years in the period ended December 31, 2014. Subsidiaries are all entities over which the Group has control. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies.

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

Assessment of Control
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 Group and are presented separately in the consolidated statement of income and consolidated statement of comprehensive income and within equity in the consolidated statement of financial position and consolidated statement of changes in equity.

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

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

As of December 31, 2014 and 2013, NCI pertains to 49% and 5% ownership of KPMI Retirement Plan and KPMI, respectively in GRDC.

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

	2014	2013
Current assets	**₱35,457,546**	₱222,080,676
Noncurrent assets	**848,076,463**	655,448,866
Total assets	**883,534,009**	877,529,542
Current liabilities	**5,718,134**	6,757,294
Noncurrent liabilities	**1,769,698**	18,202,475
Total liabilities	**7,487,832**	24,959,769
Revenue	**35,636,098**	32,968,784
Total comprehensive income	**28,402,405**	23,554,245

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

3. Summary of Changes in Significant Accounting Policies and Disclosures

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amended PFRS, which became effective on January 1, 2014.

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
  These amendments 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 did not have an impact to the Group's consolidated financial statements since the Parent Company's investment in subsidiaries would not qualify as investment entities.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. The amendments did not have any impact on the Group's financial position or performance since it does not offset its financial instruments.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for 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. The recoverable amounts of the Group's non-financial assets for which 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)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. The amendments did not have any impact on the Group's financial position or performance since it has no hedging instruments.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 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. Retrospective application is required for IFRIC 21. The interpretation will not have any impact on the Group's consolidated financial statements as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

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 clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment did not have an impact on the Group's financial position or performance since the Group'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'*
  The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

Future Change in Accounting Policies
The Group will adopt the following new and amended standards and interpretations enumerated below when these becomes effective.

Effective in 2015

- PAS 19, *Employee Benefits- Defined Benefit Plans: Employee Contributions*
  The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost

upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. This amendment will not be relevant to the Group since none of the entities within the Group has defined benefit plans.

Annual Improvements to PFRSs (2010 - 2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015.

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Group as it has no share-based payments.

- Amendment to PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- 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*
  The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only on the judgment made by management in aggregating operating segments and have no impact on the Group's financial position or performance.

- Amendment to PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
  The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Group's financial position or performance since the Group does not carry its property and equipment at revalued amount.

- Amendment to PAS 24, *Related Party Disclosures - Key Management Personnel*
The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments will not have an impact on the Group's financial position or performance since the key management personnel of the Group are employees of the Group.

- Amendment to PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard. The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Group's financial position or performance since the Group has no intangible assets.

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

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment will have no impact on the Group's consolidated financial statements since the Group has not entered into any joint arrangements.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment will have no impact on the Group's financial position or performance since the Group's accounting policy is already consistent with the improvement.

- PAS 40, *Investment Property*
The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The Group shall consider this amendment for future acquisition of investment property.

Effective in 2016

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have an impact to the Group given that the Group has not used a revenue-based method to depreciate its property and equipment.

- PAS 16, *Property, Plant and Equipment,* and PAS 41, *Agriculture - Bearer Plants* (Amendments)
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 and is measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have an impact to the Group since the Group is not involved in any agricultural activities.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for

annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements since the Group is already using equity accounting. The Group is currently assessing the impact of these amendments in the separate financial statements of each entity in the Group.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016. These amendments will not have an impact on the Group's consolidated financial statements since the Group is not involved in any sale or contribution of assets with its associates.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact to the Group since the Group does not expect to enter into any joint arrangements.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. The amendment will not have an impact on the Group's consolidated financial statements since the Group is an existing PFRS preparer and has no activities subject to rate regulation.

Annual Improvements to PFRSs (2012-2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016.

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment will not have an impact on the Group's financial statements since the Group does not have noncurrent assets held for sale nor any discontinued operations.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. The amendment will not have an impact on the Group's financial statement since the Group is not a party to any servicing contracts.

- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. The amendment does not apply to the Group's consolidated financial statements.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendments will not have an impact on the Group's financial statements since the Group does not have defined benefit plans.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The amendments will not have an impact on the Group's financial statements since the Group already presents the required interim disclosures in its interim financial statements.

Effective in 2018

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

  PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

- PFRS 9, *Financial Instruments - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39* (2013 version)
  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

  The amendments will not have an impact on the Group's consolidated financial statements since the Group is not involved in any hedging transactions.

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

  The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will have no impact on the classification and measurement of financial liabilities.

No effective date yet

- 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. 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. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. 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.

- IFRS 15, *Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

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.

The Group has no financial assets and financial liabilities at FVPL and HTM investments as of December 31, 2014 and 2013.

Day 1 profit

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

Loans and receivables

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

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

AFS financial assets

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

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

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

The Group's AFS financial assets consist of quoted and unquoted golf club shares as of December 31, 2014 and 2013.

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 and refundable deposits as of December 31, 2014 and 2013.

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

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

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

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

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

In the case of debt instruments, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss.

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

Derecognition of Financial Assets and Liabilities

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

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

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

Financial liabilities

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

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

Offsetting of Financial Instruments

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

Fair Value

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

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

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

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

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

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

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

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

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

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

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

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

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

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

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

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

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

Step acquisition of investment in an associate
The cost based approach is used in the step acquisition of investments resulting to a change in the classification of the investment from a financial asset to an associate (when the Group obtained significant influence on the investee company as a result of the acquisition). On acquisition of the investment in associate in each tranche, any difference between the costs of the investment and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as follows: (a) goodwill relating to an associate is included in the carrying amount of the investment, (b) any excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the investor's share of associate's profit or loss in the period in which the investment is acquired.

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

Investment Properties

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

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

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

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

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

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

Property and Equipment

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

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

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

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

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

Impairment of Nonfinancial Assets

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

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

Foreign Currency Transactions

The consolidated financial statements are presented in Philippine Peso, which is the Group's functional and presentation currency. Each entity in the Group determines its 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.

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

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

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

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

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

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

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

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

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

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

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

Value-Added Tax (VAT)
Revenue, expenses and assets are recognized net of the amount of sales tax except:

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

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

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

Earnings Per Share
Earnings per share (EPS) are determined by dividing net income attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the year. The weighted average number of shares outstanding is the number of issued capital stock less treasury shares.

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

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

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

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

5. Significant Accounting Judgments, Estimates and Assumptions

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

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

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

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

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

Assessment of control
The Group re-assesses whether or not the Group has control over GVI, an associate due to the Parent Company's higher beneficial interest on dividends declared by GVI as compared to other shareholders. In spite of the higher beneficial interest of the Parent Company as indicated in the Articles of Incorporation of GVI, the Parent Company has no dominant influence over GVI's significant decisions and operations. All the officers of GVI are representatives of the other shareholders and not of the Parent Company. The management assessed that the Group has no control over GVI and thus will continue to account for GVI as an associate (see Note 10).

Operating lease - Group as lessor
The Group has entered into various commercial property leases on its investment properties. The Group has determined that it retains all the significant risks and rewards of ownership of these

properties as the Group considered, among others, the length of the lease term as compared with the estimated life of the assets. The Group's operating lease contracts are accounted for as noncancellable operating leases. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including economic consequence to the lessee.

Contingencies
The Group is currently involved in a legal proceeding. The estimate of the probable cost for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's consolidated financial statements (see Note 23).

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

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

Allowance for doubtful accounts
The Group maintains an allowance for doubtful accounts on its receivables at a level considered adequate to provide for any potential uncollectible receivable. The level of this allowance is regularly evaluated by the Group. The Group assesses whether objective evidence of impairment exists for a receivable by considering the financial condition of the counterparty. The Group reviews the status of the receivables and identifies amounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in the Group's allowance for doubtful accounts would increase the Group's recorded expenses and decrease current assets. Allowance for doubtful accounts on the Group's receivables as of December 31, 2014 and 2013 amounted to ₱2.2 million (see Note 7).

The carrying value of the Group's receivables amounted to ₱236.1 million and ₱38.1 million as of December 31, 2014 and 2013, respectively (see Note 7).

Estimating useful lives of investment properties
The Group estimates the useful lives of the investment properties 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 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 would increase the recorded expenses and decrease noncurrent assets. There was no change in the estimated useful lives of the Group's investment properties in 2014 and 2013.

The carrying value of the investment properties amounted to ₱210.3 million and ₱211.7 million as of December 31, 2014 and 2013, respectively (see Note 11).

Impairment of other current assets
Management believes that the Group's input VAT and creditable withholding tax may not be recoverable because of the expected future minimal transactions where the Group's input VAT and creditable withholding tax will be utilized. Other current assets totaling ₱4.8 million and ₱5.1 million as of December 31, 2014 and 2013, respectively, are fully impaired (see Note 8).

Impairment of AFS financial assets
The Company recognizes impairment losses on AFS financial assets when there has been a significant or prolonged decline in the fair value of such investments below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. In determining whether the decline in value is significant, the Company considers historical volatility of market price (i.e., the higher the historical volatility, the greater the decline in fair value before it is likely to be regarded as significant) and the period of time over which the market price has been depressed (i.e., a sudden decline is less significant than a sustained fall of the same magnitude over a longer period). Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations. The carrying value of AFS financial assets amounted to ₱15.0 million as of December 31, 2014 and 2013 (see Note 9).

Recognition of deferred tax assets
The Group's assessment on the recognition of deferred tax assets on nondeductible temporary differences, and carryforward benefit of NOLCO and MCIT, is based on the forecasted taxable income of the following reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses. Management believes that future taxable profit may not be available against which these temporary difference can be applied.

Unrecognized deferred tax assets are disclosed in Note 18.

6. Cash and Cash Equivalents

This account consists of:

	2014	2013
Cash on hand	**₱5,000**	₱5,000
Cash in banks	**3,085,862**	2,322,517
Cash equivalents	**124,793,773**	309,982,716
	₱127,884,635	₱312,310,233

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term investments which are made for varying periods of up to three months, depending on the immediate cash requirements of the Group, and earned interest at annual rates that ranged from 1.00% to 1.38% in 2014 and 1.00% to 3.53% in 2013.

Interest income on cash and cash equivalents amounted to ₱2.6 million, ₱6.9 million and ₱14.6 million in 2014, 2013 and 2012, respectively.

7. Receivables

This account consists of:

	2014	2013
Loan receivable from a related party (Note 14)	**₱200,000,000**	₱–
Lease receivables:		
Affiliates (Note 14)	**35,393,933**	₱37,093,894
Others	**169,709**	322,205
	235,563,642	37,416,099
Nontrade	**2,152,580**	2,152,580
Interest receivable (Note 14)	**547,239**	265,662
Due from related parties (Note 14)	**–**	434,714
	238,263,461	40,269,055
Less noncurrent portion:		
Loan receivables (Note 14)	**187,500,000**	–
Lease receivables	**35,393,933**	36,162,905
	222,893,933	36,162,905
	15,369,528	4,106,150
Less allowance for doubtful accounts	**2,152,580**	2,152,580
	₱13,216,948	₱1,953,570

The loan receivable from a related party pertains to unsecured, long-term interest- bearing loan obtained by Keppel Philippine Marine, Inc. (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 rate applied this year ranges from 3.4% to 3.5%. Interest income recognized in 2014 amounted to ₱2.0 million with accrued interest receivable of ₱0.5 million as of December 31, 2014.

Current portion of lease receivables and due from related parties are noninterest-bearing and are generally with 30- to 60-day terms. The noncurrent portion of lease receivables pertains to the difference in the computation of rent income using straight-line method. These amounts are expected to reverse more than one year from the financial reporting date.

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

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

8. Other Current Assets

This account consists of:

	2014	2013
Creditable withholding taxes (CWT)	**₱3,014,048**	₱3,578,452
Input VAT	**1,816,531**	1,819,821
Prepaid expenses	**119,913**	113,129
Deposits	**35,955**	32,015
Others	**30,000**	17,596
	5,016,447	5,561,013
Less allowance for impairment loss	**4,830,579**	5,081,718
	₱185,868	₱479,295

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

2014

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

2013

	Input VAT	CWT	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

9. Available-for-Sale Financial Assets

This account consists of investments in:

	2014	2013
Quoted share - at fair value		
Golf club share (costing ₱577,943)	**₱15,000,001**	₱15,000,001
Unquoted share - at cost		
Golf club share	**880,000**	880,000
	15,880,001	15,880,001
Less allowance for impairment	**880,000**	880,000
	₱15,000,001	₱15,000,001

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

	2014	2013
Balance at beginning of year	**₱15,000,001**	₱16,500,001
Fair value loss	**–**	(1,500,000)
Balance at end of year	**₱15,000,001**	₱15,000,001

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

	2014	2013
Balance at beginning of year	**₱14,422,058**	₱15,922,058
Fair value loss	**–**	(1,500,000)
Balance at end of year	**₱14,422,058**	₱14,422,058

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

This account consists of:

	2014	2013
Investments in associates	**₱895,186,646**	₱895,186,646
Accumulated share in net losses:		
Balance at beginning of year	**(481,605,560)**	(499,474,283)
Equity in net earnings of associates	**19,964,035**	17,868,723
Cash dividend received	**(13,972,987)**	–
Balance at end of year	**(475,614,512)**	(481,605,560)
	₱419,572,134	₱413,581,086

The details of the Group's investments in associates accounted for under the equity method as of December 31, 2014 and 2013 follow:

	KPCI		GVI		CLI		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
Investments	₱273,518,182	₱273,518,182	₱231,833,514	₱231,833,514	₱389,834,950	₱389,834,950	₱895,186,646	₱895,186,646
Accumulated share in net earnings (losses):								
Balance at beginning of year	(273,518,182)	(273,518,182)	(230,832,875)	(230,793,427)	22,745,497	4,837,326	(481,605,560)	(499,474,283)
Equity in net earnings (losses) of associates	–	–	(15,553)	(39,448)	19,979,588	17,908,171	19,964,035	17,868,723
Cash dividend received	–	–	–	–	(13,972,987)	–	(13,972,987)	–
Balance at end of year	(273,518,182)	(273,518,182)	(230,848,428)	(230,832,875)	28,752,098	22,745,497	(475,614,512)	(481,605,560)
	₱–	₱–	₱985,086	₱1,000,639	₱418,587,048	₱412,580,447	₱419,572,134	₱413,581,086

KPCI and GVI

KPCI and GVI are both involved in investment holding. KPCI has incurred continued losses and is in liquidating position since 2005. As of December 31, 2014 and 2013, KPCI has zero equity. The Group's investment in KPCI has been reduced to nil in prior years. There is no unrecognized share of losses of KPCI as of December 31, 2014 and 2013. In 2011, GVI recognized gain on sale of its CLI shares to GMRI. The Group's equity share in GVI's net losses amounted to ₱0.02 million in 2014 and ₱0.04 million in 2013.

On June 19, 2013 and June 22, 2011, the BOD and the stockholders of GVI and KPCI, respectively, approved and ratified the dissolution and the amendment of the Articles of Incorporation to shorten their corporate term up to and only until June 30, 2013 and June 30, 2011, respectively. KPCI has already filed a notice of dissolution with the SEC and the BIR on July 25, 2011 and September 14, 2011, respectively. GVI filed a notice of dissolution with the SEC and the BIR on July 22, 2013 and July 31, 2013, respectively. As of February 3, 2015, KPCI and GVI are still waiting for the response from BIR and SEC.

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

CLI

CLI is involved in property leasing and power sales. 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 its 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 Note 14).

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

In June 2013, CLI's BOD declared 60% stock dividend and GMRI received additional 6,549,823 shares of CLI. In July 2014, GMRI received cash dividend of ₱14.0 million.

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

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

	KPCI		GVI		CLI	
	2014	2013	2014	2013	2014	2013
Current assets	₱–	₱4,998,852	₱3,317,929	₱3,383,019	₱89,342,074	₱66,180,481
Noncurrent assets	–	–	–	–	242,651,543	245,134,822
Total assets	₱–	₱4,998,852	₱3,317,929	₱3,383,019	₱331,993,617	₱311,315,303
Current liabilities	₱–	₱4,998,852	₱111,777	₱137,984	₱31,434,168	₱34,674,206
Total liabilities	₱–	₱4,998,852	₱111,777	₱137,984	₱31,434,168	₱34,674,206
Revenue	₱–	₱–	₱91,783	₱70,648	₱242,987,121	₱215,156,405
Net income (loss) attributable to common shareholders	–	–	(38,883)	(98,621)	79,918,352	71,632,683
Net assets	₱–	₱–	₱3,206,152	₱3,245,035	₱300,559,449	₱276,641,097
Ownership interest	40%	40%	40%	40%	13%	13%
	–	–	1,282,461	1,298,014	39,072,728	35,963,343
Acquisition fair value and other adjustments	–	–	(297,375)	(297,375)	379,514,320	376,617,104
Carrying value of investment	₱–	₱–	₱985,086	₱1,000,639	₱418,587,048	₱412,580,447

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

11. Investment Properties

This account consists of:

	2014			
	Land	Building and Improvements	Condominium Units	Total
Cost				
Balance at beginning and end of year	₱205,901,939	₱2,609,001	₱25,342,689	₱233,853,629
Accumulated Depreciation				
Balance at beginning of year	–	1,792,926	20,383,927	22,176,853
Depreciation and amortization (Note 17)	–	122,532	1,220,082	1,342,614
Balance at end of year	–	1,915,458	21,604,009	23,519,467
Net Book Value	₱205,901,939	₱693,543	₱3,738,680	₱210,334,162

	2013			
	Land	Building and Improvements	Condominium Units	Total
Cost				
Balance at beginning and end of year	₱205,901,939	₱2,609,001	₱25,342,689	₱233,853,629
Accumulated Depreciation				
Balance at beginning of year	–	1,667,892	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
Net Book Value	₱205,901,939	₱816,075	₱4,958,762	₱211,676,776

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

The investment properties have an aggregate fair value of ₱758.8 million based on an appraisal made by an accredited independent appraiser in November 2014. The sales comparison approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. The fair value of the investment properties is categorized as Level 2 which used adjusted inputs for valuation that are observable as of the date of valuation. The inputs used were asking prices of similar listings and offerings. Significant increases or decreases in asking price would result in higher or lower fair value of the asset. The appraisers determined that the highest and best use of these properties is for industrial utilization.

Rent income attributable to the investment properties amounted to ₱19.3 million, ₱18.8 million and ₱17.9 million in 2014, 2013 and 2012, respectively. The operating expenses directly attributable to the investment properties pertaining to depreciation and real estate taxes amounted to ₱5.7 million, ₱5.8 million and ₱5.6 million in 2014, 2013 and 2012, respectively.

12. Property and Equipment

This account consists of:

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

	2013			
	Building	Office Machine, Furniture and Fixtures	Transportation Equipment	Total
Cost				
Balance at beginning and end of year	₱5,397,020	₱582,115	₱776,186	₱6,755,321
Accumulated Depreciation				
Balance at January 1	4,687,909	569,185	497,768	5,754,862
Depreciation (Note 17)	392,194	12,930	155,234	560,358
Balance at December 31	5,080,103	582,115	653,002	6,315,220
Net Book Value	₱316,917	₱–	₱123,184	₱440,101

Fully depreciated assets still in use as of December 31, 2014 and 2013 amounted to ₱6.3 million and ₱0.9 million, respectively.

13. Accounts Payable and Other Current Liabilities

This account consists of:

	2014	2013
Accounts Payable:		
Affiliate (Note 14)	**₱245,665**	₱230,431
Others	**1,334,345**	1,252,462
Accrued expenses	**1,562,364**	1,170,853
Provisions	**715,000**	1,315,000
Taxes payable	**221,545**	374,719
Output VAT	**47,077**	97,821
	₱4,125,996	₱4,441,286

Accounts payable pertain 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 one year. Provisions amounting to ₱0.6 million were reversed in 2014 since the management believes that it is no longer probable that this amount will be settled. No provisions were paid or charged to profit or loss in 2014 and 2013.

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 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.

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, 2014, 2013 and 2012, 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:

2014

Category	Transaction Amount	Outstanding Balance	Terms	Conditions
Entities under common control				
Loan receivable (Note 7)				
KPMI (j)	**₱200,000,000**	**₱200,000,000**	Interest-bearing, repriced semi-annually, payable quarterly installment, 5-year	Unsecured, no impairment
Lease receivables (Note 7)				
KPMI (a, b, c and d)	**13,466,766**	**35,393,933**	Noninterest-bearing, 30-year	Unsecured, no impairment
Interest				
KPMI (j)	**2,042,000**	**491,079**	Repriced semi-annually, payable quarterly 5-year	Unsecured, no impairment
Advance rentals and refundable deposits (Notes 13 and 21)				
KPMI (a, b, and d)	–	**443,329**	Noninterest-bearing, end of lease term	Unsecured, no impairment
Due from related parties (Note 7)				
KPMI (h)	**285,887**	–	Noninterest-bearing, 30-to-60 days	Unsecured, no impairment
Keppel Subic Shipyard, Inc. (KSSI) (h)	**43,441**	–	Noninterest-bearing, 30-to-60 days	Unsecured, no impairment

2013

Category	Transaction Amount	Outstanding Balance	Terms	Conditions
Entities under common control				
Lease receivables (Note 7)				
KPMI (a, b, c and d)	₱11,436,334	₱37,093,894	Noninterest-bearing, 30-year	Unsecured, no impairment
Advance rentals and refundable deposits (Notes 13 and 21)				
KPMI (b)	–	460,854	Noninterest-bearing, end of lease term	Unsecured, no impairment
Due from related parties (Note 7)				
KPMI (h)	1,956,427	405,402	Noninterest-bearing, 30-to-60 days	Unsecured, no impairment
KSSI (h)	184,955	29,312	Due and demandable	Unsecured, no impairment

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

2014

Category	**Basis**	**Transaction Amount**	**Outstanding**	**Terms and Conditions**
Other related parties				
Keppel Energy Consultancy, Inc. (KECI)				
Management fee (g)	₱25,000 per month	**₱300,000**	**₱–**	30-to-60 days, renewable annually
Rental income (c)	₱19,000 per month	**228,000**	–	30-to-60 days, 2-year term
KPMI				
Rental income (a)	₱862,750 monthly	**10,353,000**	**35,393,933**	Non-interest-bearing, 30-year
Rental income (b, c and d)	₱18,750 - ₱167,012 monthly	**3,114,000**	–	30-to-60 days, renewable annually
Kepwealth Property Phils, Inc. (KPPI)				
Management fees (g)	₱50,000 per month	**600,000**	–	30-to-60 days, renewable annually
Rental income (c)	₱20,000 per month	**240,000**	–	30-to-60 days, renewable annually
Keppel IVI Investments, Inc. (KIVI)				
Management fees (g)	₱15,000 per month	**180,000**	–	30-to-60 days, renewable annually
Rental income (c)	₱25,000 per month	**300,000**	–	30-to-60 days, 2-year term
Kepwealth Inc.				
Management fees (g)	₱8,000 per month	**96,000**	–	30-to-60 days, renewable annually
Kepventure Inc.				
Management fees (g)	₱2,000 per month	**24,000**	–	30-to-60 days, renewable annually

2013

Category	Basis	Transaction Amount	Outstanding	Terms and Conditions
Other related parties				
KECI				
Management fee (g)	₱50,000 to ₱25,000 per month	₱350,000	₱–	30-to-60 days, renewable annually
Rental income (c)	₱19,000 per month	228,000	–	30-to-60 days, 2-year term
KPMI				
Rental income (a)	₱862,750 monthly	10,353,000	37,093,894	Non-interest-bearing, 30-year
Rental income (b, c and d)	₱18,000 - ₱163,000 monthly	3,051,000	–	30-to-60 days, renewable annually
KPPI				
Management fees (g)	₱50,000 per month	550,000	–	30-to-60 days, renewable annually
Rental income (c)	₱20,000 per month	240,000	–	30-to-60 days, 2-year term
KIVI				
Management fees (g)	₱15,000 per month	165,000	–	30-to-60 days, renewable annually
Rental income (c)	₱25,000 per month	300,000	–	30-to-60 days, 2-year term
Kepwealth Inc.				
Management fees (g)	₱8,000 per month	88,000	–	30-to-60 days, renewable annually
Kepventure Inc.				
Management fees (g)	₱2,000 per month	22,000	–	30-to-60 days, renewable annually

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. The annual lease rate amounted to ₱10.2 million and is subject to an escalation clause of 2% after every 5 years from the date of the renewal on January 1, 2007. Rent income based on the straight-line method amounted to ₱9.6 million in 2014, 2013, and 2012. Total outstanding balance of lease receivables presented in the consolidated statements of financial position representing lease differential in the computation of rent income using straight line method amounted to ₱35.4 million and ₱37.9 million as of December 31, 2014 and 2013, respectively. Advance rentals and deposits of KPMI amounted to ₱0.1 million as of December 31, 2014 and 2013, respectively. Future minimum rentals receivable from this transaction follow:

	2014	2013
Within one year	**₱10,353,000**	₱10,353,000
After one year but not more than five years	**52,386,180**	52,230,885
More than five years	**246,598,512**	257,106,807
	₱309,337,692	₱319,690,692

b. GRDC leased its properties to KPMI for one year from January 1, 2014 to December 31, 2014. The lease contracts were renewed for another year effective January 1, 2015. Rental income derived from these transactions amounted to ₱0.2 million in 2014, 2013 and 2012. Future minimum rentals receivable from the renewal of contracts amounted to ₱0.2 million as of December 31, 2014 and 2013. The outstanding balance of lease receivable amounted to nil and ₱0.03 million as of December 31, 2014 and 2013, respectively. Advance rental and deposit from KPMI amounted to ₱0.04 million and ₱0.06 million as of December 31, 2014 and 2013, respectively.

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 2014, 2013 and 2012. The lease contracts with KPMI and KPPI were last renewed on April 11, 2014 and March 31, 2014, respectively for a period of one (1) year. Lease contracts with KIVI and KECI are for two years and subject for renewal on April 1, 2016 and June 1, 2016, respectively. The outstanding balance of lease receivable from these affiliates amounted to nil and ₱0.07 million as of December 31, 2014 and 2013, respectively.

d. The Parent Company and KPMI has an existing land lease agreement on a piece of land which is the subject of complaint against the Philippine National Oil Company (PNOC) (see Note 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 2014, the lease agreement was renewed for another year with 5% increase. Rental income derived from the land amounted to ₱2.0 million in 2014 and 2013 and ₱1.9 million in 2012. Future minimum lease rentals receivable from the renewed contract amounted to ₱1.0 million as of December 31, 2014 and 2013. Outstanding balance of lease receivables amounted to nil and ₱0.3 million as of December 31, 2014 and 2013, respectively (see Note 7). Advance rental and deposits amounted to ₱0.3 million, as of December 31, 2014 and 2013, respectively.

e. 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 ₱104.0 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 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 July 2012, prior to the step acquisition, GMRI received ₱16.0 million cash dividend from CLI. In June 2013, CLI's BOD declared 60% stock dividend and GMRI received additional 6,549,823 shares of CLI. In July 2014, GMRI received cash dividend of P14.0 million.

f. 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 financial assets to an associate and was presented as part of the "Equity in net earnings of associates" account in the consolidated statements of income.

g. 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 2014 and 2013 and ₱0.6 million in 2012. As of December 31, 2014, there was no intention from any of the parties to terminate the management services.

h. Amounts due from KPMI and KSSI pertain to reimbursement of various expenses such as legal, communication and business development expenses paid by the Group amounting to nil and ₱0.4 million as of December 31, 2014 and 2013, respectively.

i. In January 2012, GMRI fully settled its outstanding long-term loans payable from KPMI, an affiliate amounting to ₱17.1 million.

j. In September 2014, GMRI granted a long-term, interest-bearing loan to KPMI amounting to ₱200.0 million. The loan has five-year term, 15 months grace period on principal payment, and payable in equal quarterly installment. The loan is subject to interest repricing on semi-annual basis. The loan has an option for prepayment. The interest rate applied in 2014 ranges from 3.4% to 3.5%. Interest income received as of December 31, 2014 amounted to ₱1.5 million and accrued interest of ₱0.5 million.

k. Total director's fees received by the Group amounted to ₱0.2 million in 2014 and ₱0.3 million in 2013 and ₱0.2 million in 2012.

l. Compensation of the key management personnel of the Group pertains to salaries and other short-term employee benefits amounting to a total of ₱4.5 million in 2014 and ₱4.3 million in 2013 and ₱3.8 million in 2012.

m. In 2014, KPHI entered into a Memorandum of Understanding (MOU) with KPMI to form a joint venture agreement in bidding for upcoming projects. As at year end, KPHI has not received any income in relation to this MOU.

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, 2014. Authorized and issued shares as of December 31, 2014 and 2013 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, 2014 and 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 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, 2014
Class "A"	38,730,970	₱1.00	June 30, 2000	391
Class "B"	21,636,449	1.00	June 30, 2000	62
	60,367,419			

There are 437 and 440 total shareholders per record holding both Class A and B shares as of December 31, 2014 and 2013, respectively.

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 ₱20.0 million, ₱17.9 million and ₱77.2 million as of December 31, 2014, 2013 and 2012, respectively. These amounts are not available for distribution as dividends until declared by associates. Retained earnings are further restricted to the extent of ₱9.9 million representing the cost of shares held in treasury as of December 31, 2014, 2013 and 2012.

The total number of Class "A" and Class "B" treasury shares are 1,110,000 and 11,696,081, respectively, amounting to ₱9.9 million as of December 31, 2014 and 2013. There were no acquisitions of treasury shares made for both years.

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

	2014	2013	2012
Date of declaration and approval	**May 28**	June 6	June 7
Date of stockholders record	**June 13**	June 21	June 22
Date paid	**July 9**	July 17	July 18

In September 2014, GMRI declared cash dividend of ₱5.0 million to all its shareholders per record as of August 2014 and paid in October 2014. Each common and preferred shareholder received ₱0.0269 per share based on their total amount of outstanding shares held by them. The Parent Company received ₱2.5 million. Total cash dividend declared by the Group amounted to ₱8.5 million and ₱6.0 million in 2014 and 2013.

17. Operating Expenses

This account consists of:

	2014	2013	2012
Salaries, wages and employee benefits (Note 14)	**₱6,601,890**	₱6,745,563	₱5,811,756
Taxes and licenses	**5,072,141**	4,838,886	4,846,293
Depreciation and amortization (Notes 11 and 12)	**1,751,481**	2,267,672	2,244,871
Professional fees	**1,299,821**	1,369,207	1,203,404
Transportation and travel	**814,447**	769,062	693,986
Utilities	**598,559**	672,023	727,545
Provision for impairment losses (Note 8)	**514,735**	3,257,275	124,434
Membership dues	**425,133**	411,295	483,344
Office supplies	**144,977**	117,048	114,831
Repairs and maintenance	**104,848**	98,950	71,937
Insurance	**70,567**	76,689	95,113
Postage	**40,065**	44,871	40,585
Commission	**21,621**	–	77,704
Advertising	**7,350**	9,450	9,450
Others	**749,984**	978,815	642,320
	₱18,217,619	₱21,656,806	₱17,187,573

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

18. Income Tax

The provision for income tax consists of:

	2014	2013	2012
Current	**₱2,087,630**	₱1,374,973	₱870,087
Final	**526,721**	1,354,354	2,922,538
Deferred	**(51,407)**	(54,828)	(7,300)
	₱2,562,944	₱2,674,499	₱3,785,325

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

	2014	2013
NOLCO	₱13,743,242	₱14,648,343
Allowance for doubtful accounts	2,152,580	2,152,580
Allowance for impairment losses	2,826,057	2,627,796
Accrued expenses	2,192,359	1,784,194
Advance rentals	1,481,362	1,397,604
Unearned rentals	78,768	78,768
	22,474,368	22,689,285
Tax rate	30%	30%
	6,742,310	6,806,786
MCIT	264,088	279,588
	₱7,006,398	₱7,086,374

The deferred tax liability of ₱1.8 million as of December 31, 2014 and 2013 pertains to the income tax effect of additional lease receivables accrued using the straight-line method.

Following are the changes in NOLCO and MCIT:

	2014	2013
NOLCO:		
Balance at beginning of year	₱14,648,343	₱13,036,966
Addition	4,729,930	3,844,829
Expiration	(5,635,031)	(2,233,452)
Balance at end of year	₱13,743,242	₱14,648,343
MCIT:		
Balance at beginning of year	₱279,588	₱287,195
Addition	92,316	94,072
Expiration	(107,816)	(101,679)
Balance at end of year	₱264,088	₱279,588

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, 2012	₱77,700	₱5,168,483	December 31, 2015
December 31, 2013	94,072	3,844,829	December 31, 2016
December 31, 2014	92,316	4,729,930	December 31, 2017
	₱264,088	₱13,743,242	

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:

	2014	2013	2012
Statutory income tax	**₱8,631,221**	₱7,030,804	₱48,555,665
Income tax effects of:			
Interest income subjected to final tax	**165,809**	518,240	1,202,373
Nondeductible expense	**70,462**	5,650	59,943
Nontaxable income	**(6,768,489)**	(5,360,617)	(25,389,130)
Income subjected to lower tax rate	**(1,254,408)**	(1,449,174)	(22,231,162)
Change in unrecognized deferred tax assets	**1,718,349**	1,929,596	1,587,636
Effective income tax	**₱2,562,944**	₱2,674,499	₱3,785,325

Income tax payable as of December 31, 2014 and 2013 amounted to ₱0.2 million and ₱0.03 million, respectively.

19. Earnings Per Share

EPS computation is as follows:

	2014	2013	2012
Net income attributable to equity holders of the parent (a)	**₱12,290,614**	₱9,219,933	₱115,664,581
Weighted average number of shares outstanding (b) (Note 15)	**60,367,419**	60,367,419	60,367,419
Earnings per share (a/b)	**₱0.204**	₱0.153	₱1.916

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:

	2014				
	Investment Holding	**Real estate**	**Combined**	**Eliminations**	**Consolidated**
Revenue	**₱10,187,968**	**₱41,150,654**	**₱51,338,622**	**(₱6,228,653)**	**₱45,109,969**
Income before tax	**557,807**	**33,340,982**	**33,898,789**	**(5,128,053)**	**28,770,736**
Provision for income tax	**244,620**	**2,318,324**	**2,562,944**	**–**	**2,562,944**
Net income	**313,187**	**31,022,658**	**31,335,845**	**(5,128,053)**	**26,207,792**
Other Information					
Segment assets	**223,860,640**	**903,277,117**	**1,127,137,757**	**(113,866,704)**	**1,013,271,053**
Segment liabilities	**2,582,614**	**10,943,298**	**13,525,912**	**(5,583,060)**	**7,942,852**
Depreciation and amortization	**83,425**	**1,668,056**	**1,751,481**	**–**	**1,751,481**

	2013				
	Investment Holding	Real estate	Combined	Eliminations	Consolidated
Revenue	₱8,643,130	₱39,828,611	₱48,471,741	(₱3,748,885)	₱44,722,856
Income (loss) before tax	(1,842,946)	27,818,407	25,975,461	(2,539,448)	23,436,013
Provision for income tax	452,250	2,222,249	2,674,499	–	2,674,499
Net income (loss)	(2,295,196)	25,596,158	23,300,962	(2,539,448)	20,761,514
Other Information					
Segment assets	229,291,915	879,064,191	1,108,356,106	(112,611,429)	995,744,677
Segment liabilities	2,290,334	28,135,200	30,425,534	(22,251,508)	8,174,026
Depreciation and amortization	143,004	2,124,668	2,267,672	–	2,267,672

	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
Other Information					
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 ₱12.7 million in 2014 and ₱11.4 million in 2013 and in 2012, comprise more than 10% of the Group's revenue.

21. Financial Risk Management Objectives and Policies

The Group's principal financial assets and financial 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 financial liabilities such as lease receivables, 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.

The Group transacts mostly with related parties, thus, there is no requirement for collateral. Receivables are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Significant concentration of credit risk in 2014 pertains to the loan receivable from a related party amounting to ₱200.0 million, which comprise 60% of the Group's loans and receivables.

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

	2014	2013
Loans and receivables:		
Cash and cash equivalents*	**₱127,879,635**	₱312,305,233
Receivables		
Loan receivable from a related party	**200,000,000**	–
Current portion of lease receivables**	**169,709**	1,253,194
Nontrade	**2,152,580**	2,152,580
Due from related parties	–	434,714
Interest receivable	**547,239**	265,662
	₱330,749,163	₱316,411,383

** Excluding cash on hand*
***Noncurrent portion of lease receivables pertains to straight-line recognition of rental income*

The table below shows the financial effect of collateral or credit enhancement to the Group's financial assets as of December 31, 2014 and 2013:

	2014			
	Gross Maximum Exposure	**Fair Value of Collateral or Credit Enhancement**	**Net Exposure**	**Financial Effect of Collateral or Credit Enhancement**
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**₱127,884,635**	**₱–**	**₱127,884,635**	**₱–**
Receivables				
Loan receivable from a related party	**200,000,000**	–	**200,000,000**	–
Current portion of lease receivables	**169,709**	**1,768,179**	–	**1,768,179**
Nontrade	**2,152,580**	–	**2,152,580**	–
Interest receivable	**547,239**	–	**547,239**	–
	₱330,754,163	**₱1,768,179**	**₱330,584,454**	**₱1,768,179**

	2013			
	Gross Maximum Exposure	Fair Value of Collateral or Credit Enhancement	Net Exposure	Financial Effect of Collateral or Credit Enhancement
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	₱312,310,233	₱–	₱312,310,233	₱–
Receivables				
Current portion of lease receivables	1,253,194	1,173,692	79,502	1,173,692
Nontrade	2,152,580	–	2,152,580	–
Due from a related party	434,714	–	434,714	–
Interest receivable	265,662	–	265,662	–
	₱316,416,383	₱1,173,692	₱315,242,691	₱1,173,692

Credit quality
The table below shows the credit quality of the Group's financial assets as of December 31, 2014 and 2013:

December 31, 2014

	Neither Past Due nor Impaired High Grade	Past Due but not Impaired	Impaired	Total
Financial assets				
Loans and receivables:				
Cash and cash equivalents*	**₱127,879,635**	**₱–**	**₱–**	**₱127,879,635**
Receivables				
Loan receivable from a related party	**200,000,000**	**–**	**–**	**200,000,000**
Current portion of lease receivables	**169,709**	**–**	**–**	**169,709**
Nontrade	**–**	**–**	**2,152,580**	**2,152,580**
Interest receivable	**547,239**	**–**	**–**	**547,239**
	₱328,596,583	**₱–**	**₱2,152,580**	**₱330,749,163**

* *Excluding cash on hand*
***Noncurrent portion of lease receivables pertains to straight-line recognition of rental income*

December 31, 2013

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

* *Excluding cash on hand*
***Noncurrent portion of lease receivables pertains to straight-line recognition of rental income*

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

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

Liquidity risk
Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and 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, 2014 and 2013 based on contractual undiscounted payments:

	2014				
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	Total
Financial assets					
Loans and receivables:					
Cash and cash equivalents	₱127,884,635	₱–	₱–	₱–	₱127,884,635
Receivables					
Loan receivables	–	491,079	12,500,00	187,500,000	200,491,079
Lease receivables	–	169,709	–	35,393,933	35,563,642
Interest receivable	56,160	–	–	–	56,160
	₱127,940,795	₱660,788	₱12,500,000	₱222,893,933	₱363,995,516
Financial liabilities					
Accounts payable and other current liabilities (excluding output VAT, provisions and other taxes payable)	₱–	₱3,142,374	₱–	₱–	₱3,142,374
Refundable deposits	–	–	1,794,468	–	1,794,468
	₱–	₱3,142,374	₱1,794,468	₱–	₱4,936,842

	2013				
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	Total
Financial assets					
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
	₱313,675,936	₱587,867	₱–	₱36,162,905	₱350,426,708
Financial liabilities					
Accounts payable and other current liabilities (excluding output VAT, provisions and other taxes payable)	₱–	₱2,653,746	₱–	₱–	₱2,653,746
Refundable deposits	–	–	1,871,655	–	1,871,655
	₱–	₱2,653,746	₱1,871,655	₱–	₱4,525,401

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term loan receivable with interest rate being repriced semi-annually. Since the Company's long-term loan was granted to a related party, there is no requirement for collateral or guaranty (see Note 14).

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

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

The Group determined the reasonably possible change in interest rate using the percentage changes in floating rates for the past (4) quarters for the year ended December 31, 2014.

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

The Group's price risk exposure relates to its quoted AFS financial asset where values will fluctuate as a result of changes in market prices.

Such quoted AFS financial asset is subject to price risk due to changes in market values arising from factors specific to the instruments or its issuer or factors affecting all instruments traded in the market.

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

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

	2013	
	Change in Equity Price (%)	Effect on Other Comprehensive Income Increase (Decrease)
Quoted club share	+20.00	₱3,688,000
	-20.00	(₱3,688,000)

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, 2014 and 2013 are as follows:

	2014	2013
Total liabilities	**₱7,942,852**	₱8,174,026
Total equity	**1,005,328,201**	987,570,651
Debt to equity ratio	**0.008:1**	0.008:1

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

Fair Values
Due to the short term nature of the Group's financial instruments, the fair values approximate their carrying amounts as of December 31, 2014 and 2013 except for its long-term loan receivable with carrying amount of ₱200.0 million and fair value of ₱180.4 million, respectively, as of December 31, 2014. The fair value of long-term loan receivable was determined by discounting future cash flows using prevailing market interest rate of 2.4% to 5.8% in 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 December 31, 2014 and 2013, the Group classifies its quoted AFS financial asset amounting to ₱15.0 million in both years, under Level 1 of the fair value hierarchy. During the reporting period ended December 31, 2014 and 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.

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 10 and 14).

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 in the same year. The Court of Appeals dismissed the PNOC's appeal in December 2011.

In July 2007, the Parent Company and PNOC signed a compromise agreement wherein both parties agreed to increase the purchase price to ₱6.1 million. This, however, was never approved by the Office of the Solicitor General. In July 2012, PNOC filed a petition for review on certiorari of the decision of the Court of Appeals. On November 7, 2013, the Parent Company filed a Motion to Resolve with the Supreme Court to ask for an early resolution and issue an order dismissing the Petition. As of February 3, 2015, the case is still pending before the Supreme Court.

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

SGV
Building a better working world

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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 I Building
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Salcedo Village, Barangay Bel-air
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Keppel Philippines Holdings, Inc. and its subsidiaries (collectively, the Group) as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, included in this Form 17-A, and have issued our report thereon dated February 3, 2015. 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
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. 4751347, January 6, 2015, Makati City

February 3, 2015

SUPPLEMENTARY SCHEDULES

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
Schedule A. Available-for sale-financial-assets and Other Short-term Cash Investments
December 31, 2014

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	
		₱ 15,000,001	₱ 15,000,001	₱ -
SHORT-TERM CASH INVESTMENTS **		₱ 124,793,773	₱ 309,982,716	₱ 2,633,608

* 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, 2014

Name and Designation of Debtor	Beginning Balance	Additions	Deductions: Amount Collected	Deductions: Amount Written-Off	Current	Non Current	Ending Balance
Keppel Philippines Marine, Inc.	₱ 37,499,296	₱ 213,752,653	₱ (15,366,937)	₱ -	₱ 12,991,079	₱ 222,893,933	₱ 235,885,012
Keppel Subic Shipyard, Inc.	29,312	43,441	(72,753)		-	-	-
	₱ 37,528,608	₱ 213,796,094	₱ (15,439,690)	₱ -	₱ 12,991,079	₱ 222,893,933	₱ 235,885,012

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, 2014

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	₱ 1,000,639	₱ (15,553)	₱ -	₱ -	₱	200,000	₱ 985,086	
KP Capital, Inc.	1,250,000	-			-		1,250,000	-	
Consort Land, Inc.	17,466,196	412,580,447	19,979,588	-	(13,972,987)		17,466,196	418,587,048	-
		₱ 413,581,086	19,964,035	₱ -	₱ (13,972,987)	₱		₱ 419,572,134	-

See Note 10 of the Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
Schedule D. Indebtedness of Unconsolidated Subsidiary and Affiliates
December 31, 2014

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

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

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

Schedule E. Investment Properties, and Property, Plant and Equipment

December 31, 2014

Classification	Beginning Balance	Additions at Cost	Retirements/ Disposal	Other Changes Additions (Deductions)	Ending Balance
Investment Properties					-
Land	₱ 205,901,939	₱ -	₱ -	-	₱ 205,901,939
Building and improvements	2,609,001	-	-	-	2,609,001
Condominium units	25,342,689	-	-	-	25,342,689
	233,853,629	-	-	-	233,853,629
Property Plant & Equipment					-
Building	5,397,020	-	-	-	5,397,020
Office machine, furnitures and fixtures	582,115	11,429	(259,910)	-	333,634
Transportation equipment	776,186	-	-	-	776,186
	6,755,321	11,429	(259,910)	-	6,506,840
	₱ 240,608,950	₱ 11,429	₱ (259,910)	₱ -	₱ 240,360,469

See Notes 11 and 12 of the Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
Schedule F. Accumulated Depreciation
December 31, 2014

Classification	Beginning Balance	Additions Charged to Costs and Expenses	Retirements/ Disposal	Other Changes- Additions (Deductions)	Ending Balance
Investment Properties					-
Building and improvements	₱ 1,792,926	₱ 122,532	₱ -	₱ -	₱ 1,915,458
Condominium units	20,383,927	1,220,082	-	-	21,604,009
	22,176,853	1,342,614	-	-	23,519,467
Property Plant & Equipment					-
Building	5,080,103	310,347	-	-	5,390,450
Office machine, furnitures and fixtures	582,115	2,847	(259,909)	-	325,053
Transportation equipment	653,002	95,673	-	-	748,675
	6,315,220	408,867	(259,909)	-	6,464,178
	₱ 28,492,073	₱ 1,751,481	₱ (259,909)	₱ -	₱ 29,983,645

See Notes 11 and 12 of the Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
Schedule G. Intangible Assets - Other Assets
December 31, 2014

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

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
Schedule H. Long-term Debt
December 31, 2014

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

NOT APPLICABLE

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
Schedule I. Indebtedness to Affiliates and Related Parties
December 31, 2014

Name of Affiliate		Beginning Balance		Ending Balance
Keppel Philippines Marine, Inc. (Advance Rental)	₱	230,427	₱	221,664
Keppel Philippines Marine, Inc.(Security Deposit)		230,427		221,665
	₱	460,854	₱	443,329

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, 2014

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

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
Schedule K. Capital Stock
December 31, 2014

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Issued Shares:						
Common Class "A"	90,000,000	39,840,970				
Common Class "B"	200,000,000	33,332,530				
Total	290,000,000	73,173,500	-	-	-	-
Less Treasury Shares:						
Common Class "A"		1,110,000				
Common Class "B"		11,696,081				
Total		12,806,081				
Outstanding Shares:						
Common Class "A"		38,730,970		25,091,784	901	13,638,285
Common Class "B"		21,636,449		18,609,831	5	3,026,613
Total		60,367,419		43,701,615	906	16,664,898

See Notes 15 and 16 of the Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2014

Unappropriated retained earnings, beginning	₱83,461,226
Adjustments:	
Restricted retained earnings for treasury shares	(9,898,178)
Unappropriated retained earnings, as adjusted, beginning	73,563,048
Add: Net income for the year	313,187
Less: Cash dividend declared	(6,036,742)
Non-actual/unrealized income net of tax:	–
Equity in net income of associate/joint venture	–
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain	–
Fair value adjustment	–
Fair value adjustment of Investment Property resulting to gain Adjustment due to deviation from PFRS/ GAAP- gain	–
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	–
Adjustment due to deviation from PFRS/GAAP - loss	
Loss on fair value adjustment of investment property (after tax)	–
Unappropriated retained earnings, as adjusted, ending	₱67,839,493

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

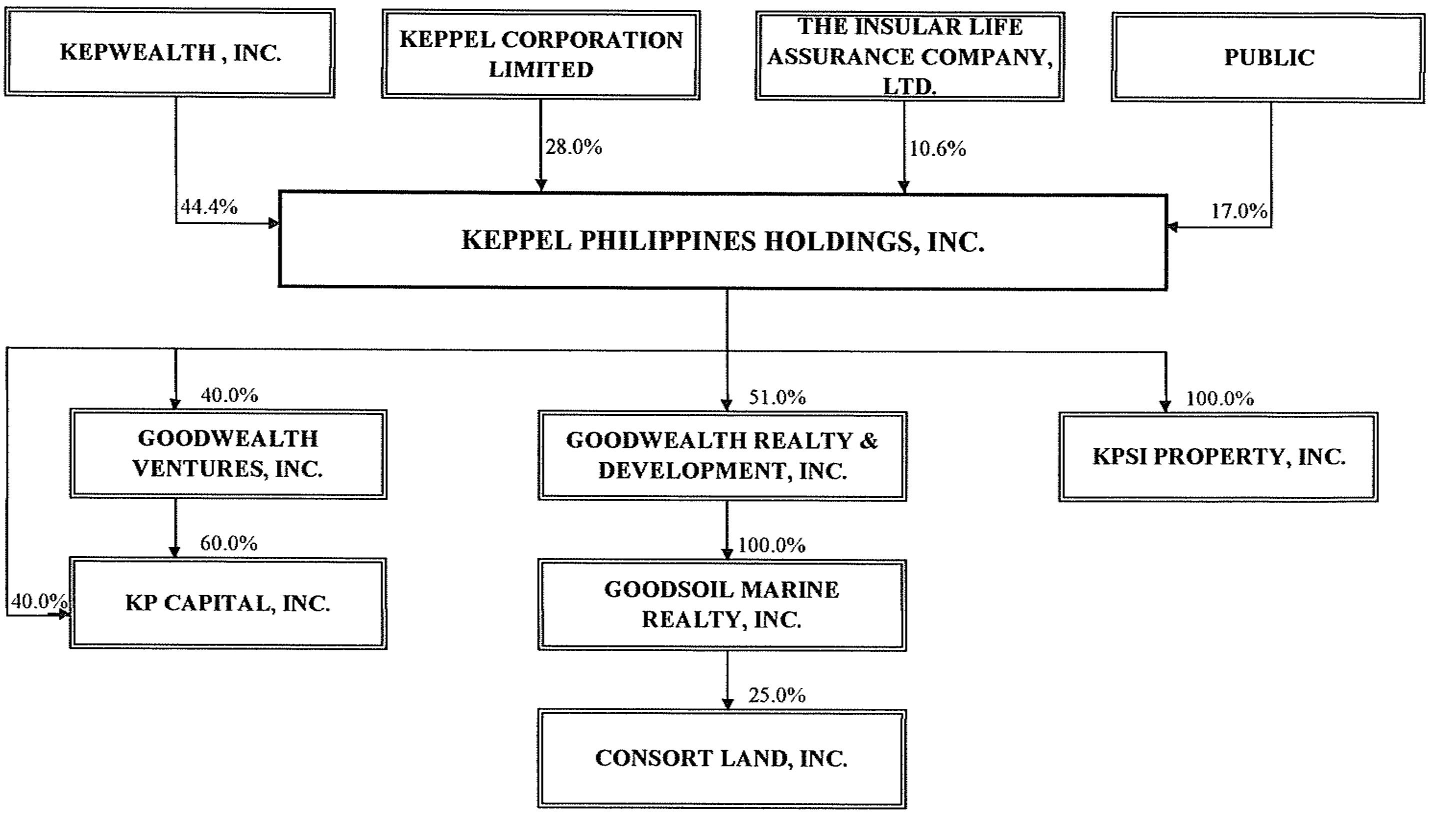
Schedule of All the Effective Standards and Interpretations Under PFRS in compliance with SRC Rule 68, As Amended (2011)
December 31, 2014

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Borrowing Costs			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	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	Not early adopted		
	Amendments to PFRS 9: Financial Instruments	Not early adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Investment entities			✓
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 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 as of December 31, 2014		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 (Revised)			✓
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 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 Estate	**Not early adopted**		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
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.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

KEPPEL PHILIPPINES HOLDINGS, INC.
CORPORATE STRUCTURE



Financial Soundness Indicators

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

Particulars	2014	2013	2012
A. Current and Liquidity Ratios			
1. Current Ratio (Current Assets/Current Liabilities)	22.90	49.58	57.91
2. Acid Test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	22.87	49.50	57.10
B. Solvency Ratio (Net Income + Depreciation)/Total Liabilities	3.52	2.82	21.95
C. Asset to Equity Ratio	1.01	1.01	1.01
D. Debt to Equity Ratio (Total Liabilities/Stockholders' Equity)	0.01	0.01	0.01
E. Debt Ratio (Total Liabilities/Total Assets)	0.01	0.01	0.01
F. Interest Coverage Ratio (EBIT/Interest Expense)	-	-	-
G. Profitability Ratios			
1. Return on Assets (%) (Net Income/Total Assets)	2.59	2.09	16.10
2. Return on Equity (%) (Net Income/Ending Stockholders' Equity)	2.61	2.10	16.22
H. Earnings per Share Attributable to Equity	0.20	0.15	1.92

COVER SHEET

6	2	5	9	6						

S.E.C Registration Number

KEPPEL PHILIPPINES HOLDINGS,
INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Stefan Tong Wai Mun/ Felicidad V. Razon	892 1816
Contact Person	Company Telephone Number

12	31	SEC Form 17Q-March 2015	06	19
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

436 as of April 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

MAY 14 2015

1. For the quarterly period ended **31 March 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 Bldg., 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 1
FINANCIAL INFORMATION

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

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

PART II
OTHER INFORMATION

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

NONE

EXHIBIT I

MARCH 2015
QUARTERLY REPORT

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2015 & DECEMBER 31, 2014
(₱'000)

	Unaudited March 2015	Audited December 2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 19)	**130,399**	127,885
Receivables – net (Notes 7, 14 and 19)	**14,290**	13,217
Other current assets - net (Note 8)	**670**	186
Total Current Assets	**145,359**	141,288
Noncurrent Assets		
Available-for-sale financial assets (Notes 9 and 19)	**15,200**	15,000
Investments in associates (Note 10)	**414,967**	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)	**35,202**	35,394
Investment properties – net (Note 11)	**210,228**	210,334
Property and equipment - net (Note 12)	**36**	42
Other noncurrent assets (Note 21)	**4,141**	4,141
Total Noncurrent Assets	**867,274**	871,983
TOTAL ASSETS	**1,012,633**	1,013,271
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 13)	**4,124**	4,126
Refundable deposits	**1,796**	1,795
Income tax payable	**322**	248
Total Current Liabilities	**6,242**	6,169
Noncurrent Liability		
Deferred tax liability	**1,765**	1,774
Total Liabilities	**8,007**	7,943

(Forward)

	Unaudited March 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)	**427,121**	423,538
Unrealized gains on available-for-sale financial assets (Note 9)	**14,622**	14,422
Treasury shares (Note 16)	**(9,899)**	(9,899)
Total Equity Attributable to Equity Holders of the Parent	**578,222**	574,439
Noncontrolling Interests	**426,404**	430,889
Total Equity	**1,004,626**	1,005,328
TOTAL LIABILITIES AND EQUITY	**1,012,633**	1,013,271

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2015 AND 2014
₱'000
(UNAUDITED)

	March 2015	March 2014
REVENUES		
Share in net earnings of associates (Note 10)	**4,128**	4,974
Rental income (Notes 11 and 14)	**4,913**	4,775
Interest income (Note 6)	**2,462**	781
Management fees (Note 14)	**300**	300
Total Revenues	**11,803**	10,830
OPERATING EXPENSES (Note 17)	**(4,085)**	(4,274)
OTHER INCOME		
Recovery of provision for impairment losses (Note 8)	**671**	50
Director's fee	**66**	21
Others	**7**	-
Total Other Income	**744**	71
INCOME BEFORE INCOME TAX	**8,462**	6,627
PROVISION FOR INCOME TAX	**(1,158)**	(512)
NET INCOME	**7,304**	6,115
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	**3,583**	2,899
Noncontrolling interests	**3,721**	3,216
	7,304	6,115
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**₱0.059**	P0.048

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2015 AND 2014
₱'000
(UNAUDITED)

	March 2015	March 2014
NET INCOME	**7,304**	6,115
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Unrealized gain (loss) in AFS financial assets (Note 9)	**200**	(1,500)
TOTAL COMPREHENSIVE INCOME	**7,504**	4,615
ATTRIBUTABLE TO:		
Equity holders of the parent	**3,783**	1,399
Noncontrolling interest	**3,721**	3,216
	7,504	4,615

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2015 AND 2014
(UNAUDITED)
₱'000

	Attributable to Equity Holders of the Parent							
	Capital Stock (Note 15)	Additional Paid in Capital	Retained Earnings (Note 16)	Unrealized Gain on Available-for-Sale Financial Assets (Note 9)	Treasury Shares (Notes 15 and 16)	Total	Noncontrolling Interests	Total Equity
Balance at January 1, 2015	**73,174**	**73,204**	**423,538**	**14,422**	**(9,899)**	**574,439**	**430,889**	**1,005,328**
Comprehensive income for the period								
Net income	–	–	3,583	–	–	3,583	3,721	7,304
Unrealized fair value gain on available-for-sale financial assets (Note 9)	–	–	–	200	–	200	–	–
Total comprehensive income for the period	–	–	**3,583**	**200**	–	**3,783**	**3,721**	**7,304**
Cash dividends declared	–	–	–	–	–	–	(8,206)	(8,206)
Balance at March 31, 2015	**73,174**	**73,204**	**427,121**	**14,622**	**(9,899)**	**578,222**	**426,404**	**1,004,426**
Balance at January 1, 2014	73,174	73,204	417,285	14,422	(9,899)	568,186	419,385	987,571
Comprehensive income for the period								
Net income	–	–	2,899	–	–	2,899	3,216	6,115
Unrealized fair value loss on available-for-sale financial assets	–	–	–	(1,500)	–	(1,500)	–	(1,500)
Total comprehensive income for the period	–	–	2,899	(1,500)	–	1,399	3,216	4,615
Balance at March 31, 2014	73,174	73,204	420,184	12,922	(9,899)	569,585	422,601	992,186

See Accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2015 AND 2014
(UNAUDITED)
₱'000

	March 2015	March 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**8,462**	6,627
Adjustments for:		
Depreciation (Notes 11, 12, and 17)	**112**	564
Provision for impairment losses (Note 8)	**81**	66
Recovery of provision for impairment losses (Note 8)	**(671)**	(50)
Interest income (Note 6, 7 and 14)	**(2,462)**	(781)
Share in net earnings of associates (Note 10)	**(4,128)**	(4,974)
Operating income before working capital changes	**1,394**	1,452
Decrease (increase) in:		
Receivables (Notes 7, 14, and 19)	**(818)**	(632)
Other assets (Note 8)	**106**	(419)
Increase (decrease) in:		
Accounts payable and other current liabilities	**(2)**	73
Refundable deposits	**–**	(167)
Net cash generated from operations	**680**	307
Income tax paid	**(1,093)**	(488)
Net cash provided by (used in) operating activities	**(413)**	(181)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received (Note 10)	**8,733**	–
Interest received	**2,400**	975
Net cash provided by (used in) investing activities	**11,133**	975
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid to noncontrolling interest (Note16)	**(8,206)**	–
Net cash provided by (used in) financing activities	**(8,206)**	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,514**	794
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**127,885**	312,310
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 6)	**130,399**	313,104

See accompanying Notes to Consolidated Financial Statements

(₱'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:

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

Kepwealth Inc. and KCL are affiliates of the Company.

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

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

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

Information relating to the Company's associates follows:

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

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
Conrol 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 March 31, 2015 and December 31, 2014, NCI pertains to 49% and 5% ownership of KPMIR and KPMI, respectively in GRDC.

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

	Unaudited Mar 2015	Audited Dec 2014
Current assets	**₱30,786**	₱35,458
Noncurrent assets	**843,260**	848,076
Total assets	**874,046**	883,534
Current liabilities	**5,394**	5,718
Noncurrent liabilities	**1,760**	1,770
Total liabilities	**7,154**	7,488
Revenue	**8,840**	35,636
Total comprehensive income	**7,594**	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 PFSs'.* 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 March 31, 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 March 31, 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 Mar 2015	Audited Dec 2014
Cash on hand and in banks	**₱2,667**	₱3,091
Cash equivalents	**127,732**	124,794
	₱130,399	₱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 first quarter of 2015 as against same quarter last year from 0.88% to 1.0%.

Interest income on cash and cash equivalents amounted to ₱0.4 million as of March 31, 2015 as against same period last year of ₱0.8 million.

7. Receivables

This account consists of:

	Unaudited Mar 2015	Audited Dec 2014
Loan receivable from a related party (Note 14)	**₱200,000**	₱200,000
Lease receivables - Affiliates	**36,364**	35,394
- Non-affiliates	–	170
	236,364	235,564
Nontrade	**2,153**	2,153
Interest receivable (Note 14)	**610**	547
Due from related parties (Note 14)	**18**	-
	239,145	238,264
Less noncurrent portion:		
Loan receivables (Note 14)	**187,500**	187,500
Lease receivables	**35,202**	35,394
	222,702	222,894
	16,443	15,370
Less allowance for doubtful accounts	**2,153**	2,153
	₱14,290	₱13,217

The loan receivable from a related party pertains to 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 this March 2015 of 4.0%. Interest income recognized this quarter March 2015 amounted to ₱2.0 million with accrued interest receivable of ₱0.6 million as of March 31, 2015.

Current portion of lease receivables and due from related party are non-interest bearing and are generally 30 to 60 day terms. The noncurrent portion of lease receivables pertains to the difference in the computation of rent income using straight-line method.

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 Mar 2015	Audited Dec 2014
Creditable withholding taxes (CWT)	**₱2,390**	₱3,014
Input VAT	**1,851**	1,817
Prepaid expenses	**480**	120
Deposits	**42**	36
Others	**148**	30
	₱4,911	₱5,017
Less allowance for impairment loss	**4,241**	4,831
	₱670	₱186

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

Unaudited Mar 2015	**Input VAT**	**CWT**	**Total**
Balance at the beginning of the period	**₱1,817**	**₱3,014**	**₱4,831**
Provision for the period	**34**	**47**	**81**
Recovery of provision for the period	**-**	**(671)**	**(671)**
Balance at the end of the period	**₱1,851**	**₱2,390**	**₱4,241**

Audited Dec 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 Mar 2015	Audited Dec 2014
Quoted share–at fair value (cost ₱577,943)	**₱15,200**	₱15,000
Unquoted share - at cost	**880**	880
	16,080	15,880
Less allowance for impairment	**880**	880
	₱15,200	₱15,000

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

	Unaudited Mar 2015	Audited Dec 2014
Balance at the beginning of the period	**₱15,000**	₱15,000
Fair value gain	**200**	–
Balance at the end of the period	**₱15,200**	₱15,000

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

	Unaudited Mar 2015	Audited Dec 2014
Balance at the beginning of the period	**₱14,422**	₱14,422
Fair value gain	**200**	–
Balance at the end of the period	**₱14,622**	₱14,422

10. Investments in Associates – at equity

This account consists of:

	Unaudited Mar 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	**4,128**	19,964
Cash dividend received	**(8,733)**	(13,973)
Balance at end of the period	**(480,220)**	(475,615)
	₱414,967	₱419,572

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

	KPCI		GVI		CLI		TOTAL	
	Mar 2015	Dec 2014	**Mar 2015**	Dec 2014	**Mar 2015**	Dec 2014	**Mar 2015**	Dec 2014
Investments	**₱273,518**	₱273,518	**₱231,834**	₱231,834	**₱389,835**	₱389,835	**₱895,187**	₱895,187
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)	**-**	-	**(8)**	(16)	**4,136**	19,980	**4,128**	19,964
Cash dividend received	**-**	-	**-**	-	**(8,733)**	(13,973)	**(8,733)**	(13,973)
Total	**(273,518)**	(273,518)	**(230,857)**	(230,849)	**24,155**	28,752	**(480,220)**	(475,615)
Balance at the end of the period	**₱-**	₱-	**₱977**	₱985	**₱413,990**	₱418,587	**₱414,967**	₱419,572

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 March 31, 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 March 31, 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 ₱0.01 million both in quarters ended March 31, 2015 and 2014.

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

CLI

GMRI ownership in CLI of 25% provided the Company a significant influence in CLI. The Company has 13% effective ownership in CLI. For the quarters ended March 31, 2015 and 2014, the Company's share in net earnings of CLI amounted to ₱4.1 million and ₱5.0 million, respectively. In February 2015, GMRI received cash dividend of ₱8.7 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 March 31, 2015 and December 31, 2014 follows:

	KPC		GVI		CLI	
	Mar 2015	Dec 2014	**Mar 2015**	Dec 2014	**Mar 2015**	Dec 2014
Current assets	**₱-**	₱-	**₱3,291**	₱3,318	**₱72,129**	₱89,342
Noncurrent assets	**-**	-	**-**	-	**242,358**	242,652
Total assets	**-**	-	**3,291**	3,318	**314,487**	331,994
Current liabilities	**-**	-	**106**	112	**32,384**	31,434
Total Liabilities	**-**	-	**106**	112	**32,384**	31,434
Revenue	**-**	-	**11**	92	**50,709**	242,987
Net income (loss) attributable to common shareholders	**-**	-	**(21)**	(39)	**16,544**	79,918
Net assets	**-**	-	**3,185**	3,206	**282,103**	300,560
Ownership interest	**40%**	40%	**40%**	40%	**13%**	13%
Share in net assets	**-**	-	**1,274**	1,282	**36,673**	39,073
Acquisition fair value and other adjustments	**-**	-	**(297)**	(297)	**377,317**	379,514
Carrying value of investment	**₱-**	₱-	**₱977**	₱985	**₱413,990**	₱418,587

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 March 2015				
	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	–	**1,916**	**21,604**	**23,520**
Depreciation	–	**28**	**78**	**106**
Balance at end of the period	–	**1,944**	**21,682**	**23,626**
Net book value	**₱205,902**	**₱665**	**₱3,661**	**₱210,228**

Audited December 2014				
	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	-	1,793	20,384	22,177
Depreciation	-	123	1,220	1,343
Balance at end of year	-	1,916	21,604	23,520
Net book value	₱205,902	₱693	₱3,739	₱210,334

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 ₱758.8 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 ₱411.5 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 ₱4.9 million and ₱4.8 million for the periods ended March 31, 2015 and 2014, respectively.

12. Property and Equipment

This account consists of:

Unaudited March 2015	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
Balance at beginning and end of the period	**₱5,397**	**₱333**	**₱776**	**₱6,506**
Accumulated depreciation:				
Balance at beginning	**5,390**	**325**	**749**	**6,464**
Depreciation	**2**	**1**	**3**	**6**
Balance at end of the period	**5,392**	**326**	**752**	**6,470**
Net Book Value	**₱5**	**₱7**	**₱24**	**₱36**

Audited December 2014	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
Balance at beginning of the period	₱5,397	₱582	₱776	₱6,755
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	₱7	₱8	₱27	₱42

13. Accounts Payable and Other Current Liabilities

This account consists of:

	Unaudited Mar 2015	Audited Dec 2014
Accounts payable:		
Affiliate (Note 14)	**₱246**	₱246
Others	**1,521**	1,334
Accrued expenses	**1,390**	1,562
Provisions	**715**	715
Taxes payable	**185**	222
Output VAT	**67**	47
	₱4,124	₱4,126

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 ₱2.7 million as of March 31, 2015 and same period last year. Total outstanding balance of lease receivables amounted to ₱36.2 million and ₱35.4 million as of March 31, 2015 and December 31, 2014, respectively.

b. GRDC leased its properties to KPMI for one year and renewable annually. Rental income amounted to ₱0.06 million both for the quarters ended March 31, 2015 and 2014. The outstanding lease receivables as of March 31, 2015 and December 31, 2014 amounted to ₱0.02 million and nil, respectively.

c. KPSI leases certain properties to KPMI, Keppel IVI Investment, Inc., Keppel Philippine Properties, Inc., and Keppel Energy Consultancy, Inc., its affiliates, for a period of one year, renewable annually. Rental income amounted to ₱0.3 million both for the periods ended March 31, 2015 and 2014. Outstanding receivables with affiliates amounted to ₱0.04 million and nil in March 31, 2015 and December 31, 2014, respectively.

d. In 2008, the Parent Company and KPMI entered into a lease agreement, whereby the Parent Company leased to KPMI a piece of land which is the subject of complaint against Philippine National Oil Company (PNOC). The lease is for a period of one year subject to renewal. Rental income derived from the land amounted to ₱0.5 million both during the periods ending March 31, 2015 and 2014. Outstanding receivables with KPMI as of March 31, 2015 and December 31, 2014 amounted to ₱0.2 million and nil, respectively.

e. The Parent Company provides accounting services to its affiliates and related parties. Management fees earned ₱0.3 million as of March 31, 2015 and in the same period last year.

f. In September 2014, GMRI granted a long-term, interest-bearing loan to KPMI amounting to ₱200.0 million. The loan has five-year term, 15 months grace period on principal payment, and payable in equal quarterly installment. The loan is subject to interest repricing on semi-annual basis. The loan has an option for prepayment. Interest rate was repriced at 3.96% as of March 2015 as against average interest rate of 3.45% as of September 2014. Interest income received as of March 31, 2015 amounted to ₱2.0 million same as of December 31, 2014.

g. 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. As of this period, the Parent Company has not received any income in relation to this MOU.

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

15. Capital Stock

The Class "A" and Class "B" shares of stock are identical in all respects and have ₱1 par value, except that Class "A" shares are restricted in ownership to Philippine nationals. Class "B" shares are 18% and 82% owned by Philippine nationals and foreign nationals, respectively, as of March 31, 2015. Authorized and issued shares as of March 31, 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 March 31, 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 March 31, 2015
Class "A"	38,730,970	₱ 1.00	June 30, 2000	390
Class "B"	21,636,449	₱ 1.00	June 30, 2000	62
	60,367,419			

There are 436 shareholders owning both Class "A" and "B" shares as of March 31, 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 ₱4.1 million and ₱20.0 million as of March 31, 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 ₱9.9 million representing the cost of shares held in treasury shares of as March 31, 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 2014 up to this period.

The BOD declared cash dividends of ₱0.10 per share or ₱6.0 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 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 in March 2015 and September 2014, respectively. GRDC received ₱0.3 million and ₱0.1 million in March 2015 and September 2014, respectively. Noncontrolling interest received ₱8.2 million and ₱2.4 million in March 2015 and September 2014, respectively.

17. Operating Expenses

This account consists of:

	Unaudited Mar 2015	Unaudited Mar 2014
Salaries, wages and employees' benefits	**₱1,709**	₱1,532
Taxes and licenses	**1,206**	1,188
Professional fees	**306**	262
Transportation and travel	**145**	159
Utilities	**117**	154
Membership dues and subscriptions	**116**	114
Depreciation and amortization	**112**	564
Provision for impairment losses	**81**	66
Rental expense	**24**	-
Postages	**17**	6
Office supplies	**11**	39
Insurance	**15**	15
Others	**226**	175
	₱4,085	₱4,274

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

18. Segment Information

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

	Unaudited March 31, 2015				
	Investment Holdings	**Real Estate**	**Combined**	**Eliminations**	**Consolidated**
Revenue	**₱10,624**	**₱10,705**	**₱21,329**	**(₱9,526)**	**₱11,803**
Income before tax	**8,268**	**9,645**	**17,913**	**(9,451)**	**8,462**
Provision for income tax	**80**	**1,078**	**1,158**	**–**	**1,158**
Net Income	**8,188**	**8,567**	**16,755**	**(9,451)**	**7,304**
Other Information					
Segment assets	**232,351**	**893,857**	**1,126,208**	**(113,575)**	**1,012,633**
Segment liabilities	**2,685**	**10,605**	**13,290**	**(5,283)**	**8,007**
Depreciation & amortization	**–**	**112**	**112**	**–**	**112**

	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
Other Information					
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 ₱3.2 million both for the periods ended March 31, 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 March 31, 2015 pertains to loan receivable from a related company amounting to ₱200.0 million, which comprise 60% 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 Mar 2015	Audited Dec 2014
Loans and Receivables		
Cash and cash equivalents *	**₱130,394**	₱127,880
Receivables		
Loan receivable from related party	**200,000**	200,000
Current portion of lease receivables	**1,162**	170
Nontrade receivables	**2,153**	2,153
Interest receivable	**610**	547
Due from related party	**18**	-
	₱334,337	₱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 March 31, 2015 and December 31, 2014 are as follows:

	Unaudited Mar 2015	Audited Dec 2014
Total liabilities	**₱8,007**	₱7,943
Total equity	**1,004,626**	1,005,328
Debt to equity ratio	**0.008**	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 March 31, 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 March 31, 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 March 31, 2015 and December 31, 2014, the Company classifies its quoted AFS financial asset under Level 1 of the fair value hierarchy amounting to ₱15.2 million and ₱15.0 million, respectively. During the reporting periods ending March 31, 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 Mar 2015	Audited Dec 2014
A. Current and Liquidity Ratios		
1. Current Ratio		
(Current Assets/Current Liabilities)	**23.29**	22.90
2. Acid-test Ratio or Quick Ratio		
(Monetary Current Assets/Current Liabilities)	**23.18**	22.87
B. Solvency Ratio (annualized)		
(Net Income + Depreciation)/Total Liabilities	**3.71**	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)	**2.89**	2.59
2. Return on Equity	**2.91**	2.61
H. Earnings per Share Attributable to Equity Holders of Parent (₱) (Annualized)	**0.24**	0.20
I. Book Value per Share Attributable to Equity Holders of the Parent (₱)	**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 ₱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, 2015 (₱'000):

	Total	Current	2-3 Mos	4 - 6 Mos	7 -12 Mos	More than 1 year
Long-term loan receivable - current	12,500	12,500				
Lease receivables - current	1,162	1,162		-	-	-
Nontrade - receivables	2,153	-	-	-	-	2,153
Interest receivable	610	610	-	-	-	-
Due from related party	18	18	-	-	-	-
Total	**16,443**	**14,290**	**-**	**-**	**-**	**2,153**
Less Allowance for doubtful accounts	2,153	-	-	-	-	2,153
Net Receivables	**14,290**	**14,290**	**-**	**-**	**-**	**-**

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 ₱7.3 million for the first quarter ended March 31, 2015 as against ₱6.1 million in same period last year. The 19% increase was mainly due to interest income from long-term loan receivable, higher rental income, lower operating expenses and recovery of provisions. These were partially offset by the lower share in net earnings of associates and higher provision for income tax.

The Company recognized share in net earnings of associates of ₱4.1 million this quarter as against same period last year of ₱5.0 million. This came from the 25% share of GMRI in CLI's net earnings.

Rental revenue as of the quarter amounted to ₱4.9 million which was slightly higher by 3% as against same period last year of ₱4.8 million. This was mainly due to increase in rental rates.

The Company earned interest income this quarter of ₱2.5 million where in ₱2.0 million came from interest on long-term loan receivable of ₱200.0 million granted to a related company last September 2014 and ₱0.5 million from cash equivalents or short term deposits. Interest income from cash equivalents of ₱0.5 million was lower than same quarter last year of ₱0.8 million. This was due to decrease in short-term deposits brought by payment of dividends and granting of loan.

Management fees charged to related parties amounted to ₱0.3 million in both quarters ending March 31, 2015 and 2014.

Operating expenses of ₱4.1 million this quarter was slightly lower by 4% as against ₱4.3 million last March 31, 2014. This was brought mainly by lower depreciation cost and utilities and partially offset by higher salaries and benefits, taxes and licenses and professional fees.

The Company generated other income from recovery of provision for impairment losses relating to withholding tax receivables of ₱0.7 million this quarter as against last year same period of ₱0.1 million.

The Company realized other comprehensive income from fair value gain on AFS financial assets this quarter of ₱0.2 million as against fair value loss same period last year of ₱1.5 million.

Financial Condition

The cash position of the Company as of March 31, 2015 amounted ₱130.4 million higher by ₱2.5 million as against ₱127.9 million as of December 31, 2014. This was brought by the net effect of interest income, payment and receipt of dividends and lower operating expenses.

Receivables amounted to ₱14.3 million and ₱13.2 million in March 31, 2015 and December 31, 2014, respectively. Other current assets as of this period increased to ₱0.7 million as against ₱0.2 million as of December 2014 due to prepayments.

AFS financial assets as of March 31, 2015 amounted to ₱15.2 million as compared to December 31, 2014 of ₱15.0 million. Investments in associates decreased from ₱419.6 million as of December 2014 to ₱415.0 million as of March 31, 2015. The decrease of ₱4.6 million was due mainly to the net effect of the recognition of share in net earnings of ₱4.1 million and cash dividend of ₱8.7 million from CLI this quarter ending March 31, 2015. Gradual decrease in investment properties and property and equipment from ₱210.4 million as of December 31, 2014 to ₱210.3 million this period was due to depreciation.

Liabilities gradually increased from ₱7.9 million as of December 31, 2014 to ₱8.0 million as of March 31, 2015 mainly due to higher income tax payable.

The equity attributable to equity holders of the Parent Company as of March 31, 2015 amounted to ₱578.2 million as against last December 31, 2014 of ₱574.4 million. This was due to net income attributable to Parent Company of ₱3.6 million for the quarter ending March 31, 2015 and unrealized gain on available for sale financial assets of ₱0.2 million.

Noncontrolling interests as of March 31, 2015 amounted to ₱426.4 million as against last December 31, 2014 of ₱430.9 million. The decrease was due to the net effect of net income attributable to the noncontrolling shareholders of ₱3.7 million for the quarter ending March 31, 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 March 31, 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 March 31, 2015 was ₱0.06 slightly higher than as of March 31, 2014 of ₱0.05 per share.

Material Events and Uncertainties

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

SIGNATURES

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

Issuer	:	**KEPPEL PHILIPPINES HOLDINGS, INC.**
Signature and Title	:	**STEFAN TONG WAI MUN** President
		FELICIDAD V. RAZON VP/Treasurer
Date	:	May 14, 2015