COVER SHEET

6	2	5	9	6					

S.E.C Registration Number

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

UNIT 3-B COUNTRY SPACE I BLDG. 133 SEN. GIL PUYAT AVENUE, SALCEDO VILLAGE, BRGY. BEL-AIR MAKATI CITY

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

Alan I. Claveria/
Felicidad V. Razon/ Ma. Melva E. Valdez

Contact Person

8892 1816
8815-9071

Company Telephone Number

1	2		3	1

Month *Day*

SEC FORM 17A – Annual Report 2021 & Sustainability Report

FORM TYPE

0	6		1	8

Month *Day*

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

420 as of
31 December 2021

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

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

1. For the fiscal year ended **31 December 2021**
2. SEC Identification Number **62596**
3. BIR Tax Identification No. **000-163-715-000**
4. **KEPPEL PHILIPPINES HOLDINGS, INC.**
   Exact name of registrant as specified in its charter
5. **Philippines**
   Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: [ ] (SEC Use Only)
7. **Unit 3B, Country Space I Bldg., 133 Sen. Gil Puyat Ave., Salcedo Village, Barangay Bel-Air, Makati City**
   Address of registrant's principal office Postal Code
8. **(632) 8892-1816** **1200**
   Registrant's telephone number, including area code
9. **N.A.**
   Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of each Class	Number of Shares of Common Stock Outstanding (as of 31 Dec 2021)
Common - Class 'A' P1.00 Par Value	**35,826,670**
Common - Class 'B' P1.00 Par Value	**21,515,749**
Total	**57,342,419**
	(Net of Treasury Shares of 15,831,081)

11. Are any or all of the securities listed on a Stock Exchange?
    Yes [/] No [ ] **Philippine Stock Exchange** **Common Shares of Stock**

12. Check whether the registrant:

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

Yes [/] No [ ]

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

Yes [/] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant:
    ₱60,512,743 as of 31 December 2021 closing price (KPH ₱ 6.10; KPHB ₱ 6.11)
    ₱52,510,103 as of 31 December 2020 closing price (KPH ₱ 5.19; KPHB ₱ 5.06)

14. Documents Incorporated By Reference:
    None

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

1 - Business

(a) **Keppel Philippines Holdings, Inc**. (hereinafter to be referred to as "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 Limited (KCL) of Singapore to carry out ship repair and shipbuilding activities in the Philippines. In 1993, the Company was converted into an investment holding company under the name of Keppel Philippines Holdings, Inc. KPH shares are being traded at the Philippine Stock Exchange (PSE).

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

(b) The Company is not involved in any bankruptcy, receivership, or similar proceedings.

(c) There is no material reclassification, merger, consolidation, purchase, or sale of a significant amount of assets not in the ordinary course of business.

(d) The Company does not have any patents, trademarks, licenses, franchises, concessions, and/or royalty agreements.

(e) As an investment holding company, KPH has six (6) regular employees in 2021 and 2020 and five (5) regular employees in 2019. There is no collective bargaining agreement between the Company and the employees.

(f) **Brief Description of Business**

KPH has two main business segments: Investment Holdings and Real Estate. The contribution from each segment of the businesses to the consolidated revenues and net income of the Company is stated in Note 17 of the audited financial statements.

Real Estate

KPH as Parent Company owns office space at Fedman Suites, while **KPSI Property, Inc. (**KPSI**)**, a wholly owned subsidiary of KPH, owns and leases out the office spaces in Country Space 1 Building at Makati City. **Goodwealth Realty Development Corp.** (GRDC), 51% owned by KPH, owns and leases parcels of land in Batangas City. **Goodsoil Marine Realty, Inc.** (GMRI), wholly owned by GRDC and effectively 51% owned by KPH, owns and leases the land in Bauan, Batangas to Keppel Philippines Marine Inc. (KPMI) used for the construction and repair of all types and classes of vessels, the fabrication of offshore marine structures together with the related services and operations of a shipyard. GMRI is registered as an Ecozone Developer/Operator with the Philippine Economic Zone Authority (PEZA) since 2007. **Consort Land, Inc.** (CLI), 25% owned by GMRI and effectively 13% owned by KPH, owns and leases the land in Subic, Zambales to Keppel Subic Shipyard, Inc. (KSSI) used for the construction and repair of all types and classes of vessels and the fabrication of offshore marine structures. CLI is registered with PEZA as an Ecozone Developer/Operator of the Subic Shipyard-Special Economic Zone and distribute power to its locators.

2 - Properties

The Company owns the following properties:

Owned by	Property Description	Area
KPH	Two (2) office condominium units at Fedman Suite in Makati City	166 sqm
KPSI	Two (2) office condominium units and five (5) parking slots at Country Space I Building in Makati City	345 sqm
GRDC	Five (5) lots of residential land in Batangas City	1,500 sqm
GMRI	Land located in Bauan, Batangas	249,584 sqm
CLI	Land and building located in Subic, Zambales	840,043 sqm

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

3 - Legal Proceedings

On 2 June 2021, the Company sold its land rights in a 10.4 has. property located in Bauan, Batangas to a non-related company. The property is the subject of an ongoing case in the Regional Trial Court in Batangas. As part of the conditions of the sale, the necessary motions for substitution were made in court to replace the Company with the buyer as the new plaintiff.

4 - Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the third and fourth quarter of the fiscal year covered by the report. The last meeting of the Company's stockholders was the annual stockholders' meeting, which was held on 18 June 2021.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

(a) Market Information

The principal market of the Company's common equity is the Philippine Stock Exchange (PSE) where it was listed on 26 August 1987. The high and low closing prices for each quarter within the last two (2) fiscal years and first quarter of 2022 as traded at the Philippine Stock Exchange are as follows:

STOCK PRICES	**2021**		**2020**	
	High	**Low**	**High**	**Low**
First Quarter	'A' ₱6.00	'A' ₱4.63	'A' ₱5.50	'A' ₱4.00
	'B' ₱6.22	'B' ₱4.00	'B' ₱6.80	'B' ₱5.50
Second Quarter	'A' ₱5.94	'A' ₱4.25	'A' ₱5.50	'A' ₱4.68
	'B' ₱4.31	'B' ₱4.31	'B' ₱6.00	'B' ₱5.19
Third Quarter	'A' ₱6.96	'A' ₱5.00	'A' ₱5.11	'A' ₱4.82
	'B' ₱6.20	'B' ₱4.90	'B' ₱4.68	'B' ₱4.68
Fourth Quarter	'A' ₱6.40	'A' ₱5.96	'A' ₱7.21	'A' ₱3.51
	'B' ₱6.12	'B' ₱5.99	'B' ₱6.21	'B' ₱3.30

	2022	
	High	**Low**
First Quarter	'A' 7.04	'A' ₱6.12
	'B' ₱8.08	'B' ₱8.00

(b) Holders

The number of shareholders of record as of 31 December 2021 was 420.

Common shares outstanding as of 31 December 2021 were 57,342,419 broken down as follows:

Nationality	Class	No. of Shares	Percentage
Filipino	A	35,826,670	62.48
Filipino	B	3,858,476	6.73
Foreign	B	17,657,573	30.79
Total		**57,342,419**	**100.00**

The top 20 stockholders as of 31 December 2021 are as follows:

	Shareholder	No. of Shares Held	%
1.	Kepwealth, Inc.	30,532,930	53.247
2.	Keppel Corporation Limited	16,894,087	29.462
3.	PCD Nominee Corp. – Filipino	6,489,825	11.318
4.	International Container Terminal Services, Inc,	2,121,287	3.699
5.	PCD Nominee Corp. – Foreign	544,974	0.950
6.	Soh Ngoi May	83,179	0.145
7.	Willy Y. C. Lim	60,175	0.105
8.	Edbert G. Tantuco	50,017	0.087
9.	Emilio C. Tiu	23,238	0.041
10.	National Book Store, Inc.	22,422	0.039
11.	Ang Guan Piao	21,900	0.038
12.	Manolo Z. Alcasabas	21,170	0.037
13.	Willy Yew Chai Lim	20,085	0.035
14.	Yeo Chee Chiow	18,848	0.033
15.	Liwayway Sy	17,938	0.031
16.	Ma. Victoria R. Del Rosario	17,938	0.031
17.	Ramon R. Del Rosario Jr.	17,938	0.031
18.	Dr. Victorino Medrano Jr. &/or Ofelia R. Medrano	13,952	0.024
19.	Procurador General De Padres Franciscano de Manila	11,211	0.020
20.	Josefina Tengco Reyes	11,211	0.020

(c) Dividends

The declaration and payment of dividends will depend, among others, upon the Company's earnings, cash flow, capital requirements and financial condition in addition to other factors. Cash dividends are subject to approval by the Board of Directors (BOD) 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 2021, 2020 and 2019. Details of cash dividend are as follows:

	Y2021	Y2020	Y2019
Date of BOD Approval	June 18	June 19	June 21
Record Date	July 8	July 9	July 5
Payment Date	July 31	July 31	July 31
Amount of Dividend per Share	₱0.10 or 10%	P0.10 or 10%	P0.10 or 10%

(d) Recent Sales of Unregistered Securities

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

6 - Management's Discussion and Analysis

Results for the Year

Year Ended 2021

Keppel Philippines Holdings, Inc. (KPH) and its subsidiaries (the "Company") recorded a net income of ₱269.2 million in 2021, ₱26.1 million in 2020, and ₱26.6 million in 2019. The reasons for the changes in net income are as follows:

The Company earned ₱345.6 million from the sale of land rights in a property in Bauan, Batangas in June 2021. The right was sold to a non-related third-party buyer for a gross price of ₱358.6 million. Cash deposit to the Supreme Court of ₱4.1 million, related legal expenses of ₱1.8 million, and commission expense of ₱7.2 million incurred and paid in 2021, were applied against the gross price resulting to net gain of ₱345.6 million.

Interest income earned by the Company comes from loans granted to related company and from short-term bank deposits. The Company earned total interest income of ₱9.6 million in 2021, ₱12.1 million in 2020, and ₱18.3 million in 2019. The interest earned from the loans granted to a related company amounted to ₱8.6 million in 2021, ₱11.3 million in 2020, and ₱16.5 million in 2019. The decrease in 2021 was due repayment of ₱10.0 million loan in 2021 and a significant drop in interest rates ranging from 3.1% to 3.8% per annum (p.a.) in 2021 as against 3.4% to 4.9% p.a. in 2020 and 4.8% to 7% p.a. in 2019. Interest rates are agreed upon with the related party on a comparable market rate basis on date of granting or renewal of the loan. While interest from short-term deposits amounted to ₱0.9 million both in 2021 and 2020 and ₱1.8 million in 2019. The drop in interest on short-term deposits was also brought by the decrease in time deposit rates from 0.4% to 0.5% p.a. in 2021 as against 0.5% to 3.6% p.a. in 2020 and 3.8% to 5.3% p.a. in 2019.

Rental revenue for the year 2021 amounted to ₱9.1 million as against rental revenue of ₱33.3 million and ₱28.5 million in 2020 and 2019, respectively. The decrease was due to the termination of lease rental on properties in Bauan, Batangas to a third party in December 2020. Rental revenue from related party amounted to ₱9.1 million as against as against ₱10.7 million in 2020 and ₱13.2 million in 2019. The decrease of ₱1.6 million from 2020 to 2021 and ₱2.5 million from 2019 to 2020 was due to the concessions given to KPMI for the whole year of 2021 and from March 15, 2020 to December 2020, respectively. This was due to difficult business environment due to the COVID-19 pandemic which affected the operation of KPMI. The rental concession has been properly studied and justified to be within market practices.

The equity in net earnings of associate - CLI as of 31 December 2021 amounted to ₱6.7 million, as against ₱7.6 million and ₱8.9 million in 2020 and 2019, respectively. Increase or decrease in equity in net earnings of associate depends upon the net income realized by CLI during the years. The Company received cash dividend from CLI amounting to ₱7.5 million, ₱8.7 million and ₱10.5 million in 2021, 2020, and 2019, respectively.

In February 2020, the Parent Company entered into a payroll service agreement with related companies with regards to the payroll system upgrade of the KPMI, KSSI and the Parent Company. Payroll service fees earned for the year 2021 amounted to ₱3.6 million as against in 2020 of ₱ 1.1 million.

Management fees charged to related parties amounted to ₱0.8 million from 2019 to 2021.

Operating expenses amounted to ₱22.0 million, ₱24.9 million, and ₱27.8 million in 2021, 2020 and 2019, respectively. The increase in expenses was brought professional fees and outside services, depreciation, and repair and maintenance expense. This was partially offset by lower salaries and benefits, contractual services relating to properties for rent, and recovery of impairment on creditable withholding tax.

The Company has unrealized fair value gain on financial asset fair value through other comprehensive income of ₱9.0 million in 2021, loss of ₱2.0 million in 2020 and gain of ₱2.0 million in 2019. The Company recognized gain of ₱2.0 million in 2021, loss in 2020 of ₱1.1 million and gain in 2019 of ₱0.2 million on remeasurement of retirement benefits assets based on retirement actuarial retirement plan fund from 2019 to 2021.

Financial Condition

The cash position of the Company for the year ended 31 December 2021 amounted to ₱341.1 million as against the same period last year of ₱80.4 million. The increase of ₱260.7 million was from the proceeds from the sale of land rights in a property in Bauan, Batangas of ₱349.6 million, principal payment of loan of ₱10.0 million, interest received from short-term loans of ₱8.5 million and cash dividend received of ₱7.5 million. This was partially offset by payment of income tax relating to the sale of land rights of ₱56.9 million, cash dividend paid to shareholder of ₱15.7 million, acquisition of office equipment and software of ₱1.7 million, and purchase of treasury shares of ₱1.7 million.

Total receivables both current and non-current this year amounted to ₱272.5 million as against last year of ₱282.6 million. The net decrease of ₱10.1 million was due mainly to the repayment of loan by a related party amounting to ₱10 million.

Other current assets increased from ₱0.4 million to ₱1.7 million this year. The increase was due to higher creditable withholding tax, input VAT both net of provisions and prepaid expenses. The ₱6.0 provision for doubtful accounts of creditable withholding tax in 2020 was fully applied against tax payment.

Available-for-sale financial assets related to a quoted club share at fair value price as of December 2021 and 2020 amounted to ₱44.0 million and ₱35.0 million, respectively.

Investment in an associate decreased from ₱419.1 million in 2020 to ₱418.2 million this year. The net decrease was due to equity share in net income of CLI of ₱6.7 million reduced by the cash dividend received this year amounting to ₱7.5 million.

Investment properties, Property and equipment and Intangible assets – net of depreciation and amortization as of 2021 amounted to ₱212.9 million same in 2020. Total acquisition of equipment and payroll application for the payroll system upgrade for the year amounted to ₱1.7 million almost same amount of depreciation for the year.

Total liabilities decreased from ₱11.8 million in 2020 to ₱4.9 million this year. The decrease of ₱6.9 million was due to return of security deposits of ₱2.6 million, advance rentals of ₱0.5 million, adjustment and payment of retirement liability of ₱1.7 million, decrease in tax payable of ₱0.1 million and net decrease in accrued operating expenses and other payables of ₱2.0 million

Total equity as of 31 December 2021 amounted to ₱1,285.6 million and ₱1,022.7 million in December 2020. Retained earnings amounted to ₱762.6 million as of December 2021 as compared to ₱503.7 million in December 2020. The increase in retained earnings was due to higher net income after non-controlling interests of ₱264.6 million partially offset by cash dividend of ₱5.8 million. The Company also had unrealized gain on fair value of financial asset at fair value through other comprehensive income of ₱9.0 million and remeasurement gain on retirement benefits ₱2.0 million. The Company also bought back its own shares amounting to ₱1.7 million. Non-controlling interest of minority shareholders also recognized ₱4.6 million share in the net income of the Company and received dividends of ₱9.9 million.

The equity attributable to equity holders of the parent amounted to ₱928.2 million and ₱660.0 million as of December 2021 and 2020, respectively. The net book value per share as of December 2020 was ₱16.19 as against December 2020 of ₱11.45. The earnings per share attributable to the equity holders of the parent as of December 2021 and 2020 were ₱4.61 and ₱0.35, respectively.

Year Ended 2020

Keppel Philippines Holdings, Inc. (KPH) and its subsidiaries (the "Company") recorded a net income of ₱26.1 million in 2020, ₱26.6 million in 2019, and ₱14.2 million in 2018. The reasons for the changes in net income are as follows:

Rental revenue for the year 2020 amounted to ₱33.3 million as against rental revenue of ₱28.5 million and ₱22.7 million in 2019 and 2018, respectively. Lease of properties to third parties contributed to the increase in rental revenue which amounted to ₱22.7 million in 2020, ₱15.3 million in 2019 and ₱9.5 million in 2018. Rental revenue from affiliates amounted to ₱10.7 million in 2020 as against ₱13.2 million both for 2019 and 2018. The ₱2.5 million or 18.9% decrease in rental revenue from the affiliates was due to 25% rental rebates given to KPMI during the Community Quarantine period due to the COVID-19 pandemic from 16 March to 31 December 2020. The rental rebate has been properly studied and justified to be within market practices.

The Company earned interest income of ₱12.1 million in 2020, ₱18.3 million in 2019, and ₱12.2 million in 2018. The interest earned from the loans granted to a related company amounted to ₱11.3 million in 2020, ₱16.5 million in 2019, and ₱10.7 million in 2018. The decrease in 2020 was due repayment of ₱22.0 million loan in 2020 and a significant drop in interest rates ranging from 3.4% to 4.9% in 2020 as against the 4.8% to 7% in 2019 and 3.0% to 6.3% in 2018 and. Interest rates are agreed upon with related party on a comparable market rate basis on date of granting or renewal of the loan. The Company also earned interest from short-term deposits amounted to ₱0.9 million, ₱1.8 million, and ₱1.5 million in 2020, 2019 and 2018, respectively. The drop in interest on short-term deposits was also brought by the decrease in time deposit rates from 0.5% to 3.6% in 2020 as against 2.75% to 5.25% in 2019 and 2.0% to 5% in 2018.

The equity in net earnings of associate - CLI as of 31 December 2020 amounted to ₱7.6 million, as against ₱8.9 million and ₱10.0 million in 2019 and 2018, respectively. Increase or decrease in equity in net earnings of associate depends upon the net income realized by CLI during the years. The Company received cash dividend from CLI amounting to ₽8.7 million in 2020, ₽10.5 million in 2019 and ₽8.7 million in 2018.

In February 2020, the Parent Company entered into a payroll service agreement with related companies with regards to the payroll system upgrade of the Parent Company, KPMI and KSSI. From February to December 2020, the total payroll service charges to KSSI and KPMI amounted to ₽0.6 million and ₽0.5 million, respectively.

Management fees charged to related parties amounted to ₽0.8 million from 2018 to 2020.

In 2018, the Company realized a gain on the sale of investment properties of ₽1.9 million from sale of its residential unit at Batangas City. The proceeds received from the sale of properties amounted to ₽2.3 million. There was no sale of investment property in 2020 and 2019.

Operating expenses amounted to ₽24.9 million, ₽27.8 million, and ₽31.4 million in 2020, 2019 and 2018, respectively. The decrease in expenses was brought mainly by lower taxes and licenses paid to local government and lower professional fees and outside services. The decrease was offset by higher salaries and benefits, contractual services relating to properties for rent, and recovery of impairment on creditable withholding tax.

The Company has unrealized fair value loss on financial asset fair value through other comprehensive income of ₽2.0 million in 2020 as against fair value gain of ₽2.0 million in 2019 and ₽15 million in 2018. The Company also recognized P1.1 million and ₽0.2 million remeasurement loss on retirement benefits assets, net of tax, based on actuarial of retirement plan funded in 2020 and 2019.

Financial Condition

The cash position of the Company for the year ended 31 December 2020 amounted to ₽80.4 million as against the same period last year of ₽50.7 million. The increase of ₽29.7 million was brought mainly by net cash provided by the operating activities of ₽12.5 million, collection of loan of ₽22 million, interest income received from loans of ₽11.5 million, and receipt of dividends from CLI of ₽8.7 million. This was partially offset by payment of dividends of ₽15.4 million, purchase of equipment and systems application and deposits of ₽8.6 million and buy-back of shares of ₽1.0 million.

Total receivables both current and non-current this year amounted to ₽282.6 million as against last year of ₽306.2 million. The net decrease of ₽23.6 million was brought by repayment of loan amounting to ₽22 million and ₽1.8 million from lease rentals, interest receivable from bank deposits and loans and write-off of allowance.

Other current assets decreased from ₽0.5 million to ₽0.4 million this year. The decrease was due to lower advances to employees and other deposits and utilized creditable withholding tax.

Available-for-sale financial assets related to a quoted club share at fair value price as of December 2020 and 2019 amounting to ₽35.0 million and ₽37.0 million, respectively.

Investment in an associate decreased from ₽420.2 million in 2019 to ₽419.1 million this year. The net decrease was due to equity share in net income of CLI of ₽7.6 million reduced by the cash dividend received this year amounting to ₽8.7 million.

Investment properties, Property and equipment and Intangible assets increased from ₽205.5 million in 2019 to ₽212.9 million this period. This was brought by acquisition of equipment and payroll application for the payroll system upgrade of ₱8.6 million and net of accumulated depreciation of ₱1.2 million.

Total liabilities increased from ₱8.7 million in 2019 to ₱11.8 million this year. The increase of ₱3.1 million was due to net increase in accrued operating expenses and other payables of ₱0.3 million, increase in refundable security deposits of ₱1.4 million, retirement benefit liability of ₱1.7 million, and decrease in tax liabilities of ₱0.3 million.

Total equity as of 31 December 2020 amounted to ₱1,022.7 million and ₱1,016.1 million in December 2019. Retained earnings amounted to ₱503.7 million as of December 2020 as compared to ₱489.3 million in December 2019. The increase in retained earnings was due to higher net income after non-controlling interests of ₱20.2 million partially offset by cash dividend of ₱5.8 million. The Company also had unrealized loss on fair value of financial asset at fair value through other comprehensive income of ₱2.0 million and remeasurement loss on retirement benefits ₱1.1 million. Non-controlling interest of minority shareholders also recognized ₱5.9 million share in the net income of the Company and received dividends of ₱9.7 million.

The equity attributable to equity holders of the parent amounted to ₱660.0 million and ₱649.6 million as of December 2020 and 2019, respectively. The net book value per share as of December 2020 was ₱11.45 as against December 2019 of ₱11.24. The earnings per share attributable to the equity holders of the parent as of December 2020 and 2019 were ₱0.35 and ₱0.32, respectively.

Year Ended 2019

Keppel Philippines Holdings, Inc. (KPH) and its subsidiaries (the "Company") recorded a net income of ₱26.6 million in 2019, higher than ₱14.2 million in 2018 and lower than ₱54.9 million in 2017. KPH has higher revenue of ₱57.0 million in 2019, as against ₱48.5 million in 2018, and lower than ₱91.2 million in 2017. Operating expenses which decreased from ₱31.4 million in 2018 to ₱27.8 million in 2019 and slightly higher than in 2017 of ₱23.6 million, contributed to the increase in net income. Revenues in 2019 were mainly from rental income, interest earned from loans and short-term deposits, equity in net earnings of an associate, and management fees.

Rental revenue for the year amounted to ₱28.5 million as against rental revenue of ₱22.7 million and ₱18.0 million in 2018 and 2017, respectively. Lease of properties to third parties contributed to the increase in revenue which amounted to ₱15.3 million in 2019 as compared with ₱9.5 million and ₱4.3 million in 2018 and 2017, respectively. Rental from affiliates amounted to ₱13.2 million both for 2019 and 2018 and ₱13.7 million in 2017.

The Company earned interest income of ₱18.3 million in 2019, ₱12.2 million in 2018, and ₱12.5 million in 2017. The interest earned from the loans granted to a related company amounted to ₱16.5 million in 2019, ₱10.7 million in 2018 and ₱11.5 million in 2017. The increase was due to higher interest rates ranging from 4.8% to 7.0% as against 3.0% to 6.3% in 2018 and 2.8% to 3.5% in 2017. There was no repayment of loan in 2019. Interest rates are agreed upon with related party on a comparable market rate basis on date of granting or renewal of the loan. The Company also earned interest from short-term deposits amounted to ₱1.8 million, ₱1.5 million, and ₱0.9 million in 2019, 2018 and 2017, respectively.

In 2018, the Company realized a gain on the sale of investment properties of ₱1.9 million from sale of its residential unit at Batangas City as compared to the gain recognized in 2017 amounting to ₱49.6 million from the sale of its condominium units in Makati City, Cebu City and residential unit at Batangas City. The proceeds received from the sale of properties amounted to ₱2.3 million in 2018 as against ₱51.7 million in 2017. There was no sale of investment property in 2019.

The equity in net earnings of associate - CLI as of 31 December 2019 amounted to ₽8.9 million, compared to ₽10.0 million and ₽8.7 million in 2018 and 2017, respectively. Increase or decrease in equity in net earnings of associate depends upon the net income realized by CLI during the years. The Company received cash dividend from CLI amounting to ₽10.5 million in 2019, ₽8.7 million in 2018 and ₽3.5 million in 2017.

Management fees charged to related parties amounted to ₽0.8 million both for 2019 and 2018 compared to ₽1.8 million in 2017. The number of related companies being served by the Parent Company remained the same for both 2019 and 2018.

Operating expenses amounted to ₽27.8 million, ₽31.4 million, and ₽23.6 million in 2019, 2018 and 2017, respectively. The decrease in expenses was brought mainly by: a) lower salaries & benefits due to lower accrual of retirement plan benefits and bonuses; b) lower repairs and maintenance relating to properties for rent; and c) lower taxes and licenses paid to local government. The decrease was offset by increases in a) provision for impairment on creditable withholding tax; and b) rental expense relating to properties for rent.

The Company have unrealized fair value gain on financial asset fair value through other comprehensive income of ₽2.0 million in 2019 and ₽15 million in 2018. The Company also recognized this year ₽0.2 million remeasurement gain on retirement benefits assets, net of tax, based on actuarial of retirement plan funded this December 2019.

Financial Condition

The cash position of the Company for the year ended 31 December 2019 amounted to ₽50.7 million as against the same period last year of ₽39.5 million. The increase of ₽11.2 million was brought mainly by interest income received from loans and deposits of ₽18.4 million and receipt of dividends from CLI of ₽10.5 million. This was partially offset by payment of dividends of ₽5.8 million, funding of retirement benefit amounting to ₽10.6, and net cash used for operating activities of ₽1.0 million.

Total receivables both current and non-current this year amounted to ₽306.2 million as against last year of ₽305.6 million. The net increase of ₽0.6 million was brought by lease rental and interest receivable from bank deposits and loans.

Other current assets decreased to ₽0.5 million as against ₽1.0 million last year. The decrease was due to lower input VAT net applied against output tax and lower advances to employees and other deposits.

Available-for-sale financial assets related to a quoted club share at fair value price as of December 2019 and 2018 amounting to ₽37.0 million and ₽35.0 million, respectively.

Investment in an associate decreased from ₽421.7 million in 2018 to ₽420.2 million this year. The net decrease was due to equity share in net income of CLI of ₽8.9 million reduced by the cash dividend received this year amounting to ₽10.5 million.

Investment properties and Property and equipment remained about the same at ₽205.4 million in 2018 to ₽205.5 million this period.

Total liabilities decreased from ₽19.2 million in 2018 to ₽8.7 million this year. The decrease of ₽10.6 million was due to a) payment of retirement benefit trust fund amounting to ₽10.6 million; b) lower security deposits by ₽1.2 million; c) decrease in income tax payable by ₽0.4 million; and d) net increase in accrual of operating expenses of ₽1.6 million.

Total equity as of 31 December 2019 amounted to ₱1,016.1 million and ₱993.1 million in December 2018. Retained earnings amounted to ₱489.3 million as of December 2019 as compared to ₱476.7 million in December 2018. The increase in retained earnings was due to higher net income after non-controlling interests of ₱18.3 million partially offset by cash dividend of ₱5.8 million. The Company also had unrealized gain on fair value of financial asset at fair value through other comprehensive income of ₱2.0 million and remeasurement gain on retirement benefits, net of tax of ₱0.2 million. Non-controlling interest of minority shareholders also recognized ₱8.2 million share in the net income of the Company.

The equity attributable to equity holders of the parent amounted to ₱649.6 million and ₱634.9 million as of December 2019 and 2018, respectively. The net book value per share as of December 2019 was ₱11.24 as against December 2018 of ₱10.98. The earnings per share attributable to the equity holders of the parent as of December 2019 and 2018 were ₱0.32 and ₱0.09, respectively.

Plan of Action for 2022

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

Key Performance Indicators

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

Particulars	**2021**	**2020**	**2019**
Current Ratio (Current Assets/Current Liabilities)	172.71	38.37	46.54
Acid Test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	172.20	38.33	46.47
Solvency Ratio (Net Income + Depreciation)/Total Liabilities	55.35	2.31	3.08
Debt to Equity Ratio (Total Liabilities/Stockholders' Equity)	0.004	0.01	0.01
Assets to Equity Ratio	1.00	1.01	1.01
Debt Ratio (Total Liabilities/Total Assets)	0.004	0.01	0.01
Return on Assets (%) (Net Income/Total Assets)	20.86	2.53	2.60
Return on Equity (%) (Net Income/Stockholders' Equity)	20.94	2.56	2.62
Net Profit Margin (%) (Net Income/Total Revenues	71.53	46.48	46.64
Earnings per Share Attributable to Equity Holders of Parent (₱)	4.61	0.35	0.32
Book Value per Share Attributable to Equity Holders of Parent (₱)	16.19	11.45	11.24

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

The COVID-19 global pandemic and the challenges it brought to the Philippines continued in 2021. During the year, the National Capital Region continued to be under the extended General Community Quarantine (GCQ) with its less stringent guidelines from 1 January 2021 to 21 March 2021. However, with COVID-19 cases spiking at an average of least 6,000 per day in March 2021 compared to 2,000 per day in February 2021, the government then put the National Capital Region (NCR), Bulacan, Laguna and Rizal (collectively known as "NCR Plus") under Enhanced Community Quarantine (ECQ) with its stricter lockdown guidelines effective 22 March 2021. Unlike the first ECQ in 2020, public transports were allowed to operate but at reduced capacity. Likewise, curfew has been imposed in NCR Plus forcing businesses to adjust its operating hours. The NCR Plus bubble "lockdown" was later eased to the Modified Enhanced Community Quarantine (MECQ) on 12 April 2021 and has since been extended up to 14 May 2021. This was further eased to GCQ with "heightened restrictions" until 31 May 2021. From June 1 to June 15, 2021, GCQ was extended "with restrictions." NCR Plus remained under GCQ "with some restrictions" from June 16 to July 15, 2021. From July 16 to 22, 2021, NCR was put back to normal GCQ only to be put back under GCQ with "heightened restriction" from July 23 to July 31, 2021as the health department confirmed the local transmission of the COVID-19 Delta variant.

NCR reverted to the stricter MECQ from September 1 to 15, 2021. After this period, the government adopted the new Alert Level System that favored localized, small scale "granular" lockdowns instead of region-wide quarantine measures as it continued to balance the need to reopen the economy and promoting public health. Under the new system, the NCR was put under Alert Level 4 from September 16 to October 15, 2021. It was later scaled down to Level 3 from October 16 to November 4, 2021. The NCR was later put under Level 2 from November 5, 2021 to December 31, 2021 despite the growing concern over the new COVID-19 Omicron variant.

As of 31 December 2021, the Philippines has recorded 2,843,979 cases of COVID-19 with 2,778,242 recoveries and 51,504 reported deaths due to the virus. Since the vaccination rollout last 1 March 2021 until year end, about 49.8 Mn individuals have completed their vaccination or about 45% of the 111 Mn Philippine population. At the current rate, the Philippines could have 70% of its people vaccinated (2 doses) by April 2022.

In compliance to the government proclamations, memorandum, and guidelines and in order to mitigate the risk of spreading COVID-19 in the workplace, the Parent Company has provided alternative work options such as working from home to ensure continued business operations. The Parent Company continues to be in close communication with its stakeholders during 2021's GCQ, ECQ, MECQ and the different Alert level periods that includes, among others, it's employees, lessees, borrowers, industry regulators, suppliers and service providers. 100% of the Parent Company's personnel have received their second vaccination dose.

Notwithstanding the prevailing community quarantine level and the current COVID-19 situation in the Philippines, there are no known trends, commitments, events, or uncertainties that will have a material impact, whether favorable and unfavorable on the revenues or income from continuing operations of the Parent Company. There are also no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Parent Company with unconsolidated entities or other persons created during the year.

7 - Financial Statements

The audited consolidated financial statements as of and for the year ended 31 December 2021 and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

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

8 - Information on Independent Accountants and Other Related Matters

(a) External Audit Fees and Services

(i) Audit and Related Fees - The Company's auditor for 2021 is Isla Lipana & Co. (PwC) to audit the current year's financial statements. The aggregate fee billed by Isla Lipana for the audit of the Company's annual financial statements was ₱0.5 million from 2019 to 2021. There were no other services performed by Isla Lipana for during the last three (3) years. The services performed by the Company's external auditors and the fees are reviewed by the Audit and Risk Management Committee prior to submission to the Board of Directors for approval.

(ii) Tax Fees –No tax fees were paid for the years 2020 and 2019. Tax service fee amounting to ₱0.5 million was paid to Isla Lipana & Co. in relation to services for tax case of GMRI with the BIR for the year 2017.

(iii) Other Fees – No other fees were paid for the years 2021, 2020, and 2019.

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

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

Accounting standards in accordance with PFRS are stated in Note 20 to the financial statements. For the last three (3) fiscal years, there were no disagreements with the independent accountants relating to accounting principles or practices, financial statements disclosure, or auditing scope or procedure.

PART III – CONTROL AND COMPENSATION INFORMATION

9 - Directors and Executive Officers of the Issuer

(a) Directors, Including Independent Directors and Executive Officers

There are seven (7) members of the Board, three (3) of whom are independent directors. The term of office of each member is one (1) year and the members are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified. A director who is elected to fill any vacancy holds office for the unexpired portion of the term of his predecessor.

The current members of the Board of Directors are the following:

Board of Directors

(i) **Chng Chee Keong**, 49, Malaysian, has been Chairman of the Board since 8 May 2020. He joined Keppel Corporation Limited as General Manager of Group Risk Compliance in November 2016. He assumed the role of Chief Financial Officer, Keppel Offshore & Marine from January 1, 2020. He had been with the Credit Suisse Group in Singapore and Hong Kong for 16 years where he last served as their Regional Head of Internal Audit (Asia Pacific). Being part of the global audit leadership team, he was in-charge of delivering risk-based audit plans and maintaining oversight of the region's consolidated risks. This included annual and continuous risk assessments, as well as the development of audit approaches taking into consideration changes in risk profile, market, and operating environment. He was based in Australia in the earlier part of his career and took on roles in the areas of audit and risk management with Price Waterhouse and Ord Minnett Group. He started his career with Price Waterhouse Singapore, having graduated with a Bachelor of Commerce (Accounting and Information System) with Merit degree from the University of New South Wales. He is a Chartered Accountant with Chartered Accountants Australia & New Zealand (previously the Institute of Chartered Accountants Australia).

(ii) **Alan I. Claveria**, 50, Filipino, has been the President and regular Director of the Company since 14 September 2017. Prior to his appointment, he was the Senior Manager, Administration and Corporate Affairs of Keppel Philippines Marine, Inc. He is concurrently the President and Director of Consort Capital, Inc. He also holds the position of Treasurer and Director in KPSI Property, Inc., and other Keppel companies in the Philippines. He provides advice in matters relating to corporate affairs and communication, administration, and human resources, drawing from his experience from holding various positions in Keppel's different business units involved in shipbuilding and ship repair, towage and salvage, investment, and real estate. Mr. Claveria holds a Master's in Business Administration degree from the Ateneo Graduate School of Business and finished BS Management, Major in Legal Management at the Ateneo de Manila University. He has been with Keppel in the Philippines for over 20 years.

(iii) **Celso P. Vivas**, 74, Filipino, has been Independent Director of Keppel Philippines Holdings, Inc. since June 2005 and is currently the Company's Lead Independent Director and Chairman of the Audit & Risk Management Committee (ARMC). He is an Independent Director and Chairman of the Audit Committee of Keppel Philippines Marine, Inc. and Independent Director and member of the Audit Committee of Keppel Philippines Properties, Inc. Mr. Vivas is also an Independent Director of Megawide Construction Corp., Chairman of its Audit and Compliance Committee, and member of both the Board Risk Oversight and Governance, Nomination and Remuneration

Committee. He is also an Independent Director of Republic Glass Holdings Corp., Chairman of its Governance, Nomination and Remuneration Committee, and member of the ARMC. He is also an Independent Director of Goodsoil Marine Realty, Inc., Goodwealth Realty Development, Inc., subsidiaries of the Company, Independent director of Keppel Subic Shipyard, Inc. and regular director of Consort Land, Inc. He was Risk Consulting Partner and Assurance Business Advisory Partner of SGV & Company until his retirement in 2001. Mr. Vivas obtained his Bachelor's Degree in Business Administration (Cum Laude) from the University of the East. He also obtained a Master's Degree in Business Management from the Asian Institute of Management (SGV & Co. Scholar). He is also a graduate of Company Directors' Course from Australian Institute of Company Directors (ICD Scholar). Mr. Vivas is a Certified Public Accountant and has over 50 years of experience in audit, finance, enterprise risk management, and corporate governance.

(iv) **Ramon J. Abejuela**, 72 years old, Filipino, has been Independent Director of Keppel Philippines Holdings, Inc. since 14 September 2017. He is also the Independent Director of Keppel Philippines Properties, Inc. (KPPI) from November 1999 to June 2008. He was re-elected as Independent Director in 2009 and is currently the Chairman of the Audit Committee of KPPI. He was elected as Independent Director of Keppel Philippine Marine, Inc. and Keppel Subic Shipyard, Inc. in June 2020. He also serves as Director and Vice Chairman of the Board of Philippine Nutri-Foods Corporation and NCP Publishing Inc. since 2004. Mr. Abejuela holds a Bachelor of Science in Chemical Engineering Degree (cum laude) from De La Salle University and a Master's Degree in Business Management – General Management Curriculum from the Asian Institute of Management. Mr. Abejuela has more than 45 years of experience in the field of financial planning, control, and consultancy.

(v) **Leonardo R. Arguelles, Jr.,** 72, Filipino, has been Independent Director of Keppel Philippines Holdings, Inc. since 19 June 2020 and Keppel Philippines Properties, Inc. since 13 August 2020. He was the President and Director of Unicapital Securities Inc. (Stockbroker) from 2001 to March 2019 and Managing Director of Unicapital, Inc (Investment House) from 2003 to March 2019. He was an Advisory Board Member of Basic Energy Corporation (listed company) from 2012 to 2019 and Director of Des Eaux Utilities Corp from 2007 to March 2019. He was an Independent Director of Royal Bank of Scotland, Manila Branch from 2002 to 2009 and Anglo Philippines Holdings (listed company) from 2004 to 2007. He was previously Executive Director of Keppel IVI Investments from 1989 to 1997. He graduated from Ateneo de Manila University with AB Economics. He has more than 45 years of experience in the field of investment banking.

(vi) **Stefan Tong Wai Mun**, 49, Malaysian, has been regular Director of the Company since June 2007 and had been the President from same period until 14 September 2017. He has been a regular Director of Keppel Philippine Properties, Inc. since June 2007 and has been elected as regular Director of Keppel Philippines Marine, Inc. in February 2010 and Executive Vice-President in June 2011. He is also a regular Director of various Keppel companies in the Philippines. Mr. Tong graduated from University of Western Australia with a Bachelor's Degree in Accounting and Finance (Honors). He is a Chartered Accountant and a member of the Chartered Accountants Australia and New Zealand**.** He has more than 20 years of experience in banking, finance, and real estate.

(vii) **Felicidad V. Razon**, 61, Filipino, has been regular Director of the Company since May 2014. She joined the Company as Finance Manager in May 2008 and has been appointed as Treasurer in June 2008 and elected/appointed as Vice President/Treasurer in November 2013. She is also a Chairman/President of Goodsoil Marine Realty, Inc.

and Goodwealth Realty Development Corp., Director and President of Consort Land, Inc. and regular director and officer of KPH related companies. Prior to Keppel Group, Ms. Razon has been Finance Manager/Officer of various local companies involved in manufacturing, shipping and freight forwarding. She graduated from Polytechnic University of the Philippines with Bachelor of Science Degree in Commerce Major in Accountancy and is a Certified Public Accountant. She has more than 30 years of experience in her field of profession.

Executive Officers

(i) **Alan I. Claveria** – President **-** (See foregoing Director's profile)

(ii) **Felicidad V. Razon,** Vice President/Treasurer **–** (See foregoing Director's profile)

(iii) **Ma. Melva E. Valdez**, Corporate Secretary – 62, Filipino, has been the Corporate Secretary of the Corporation since 1999. She also served as Director of KPH from 24 June 2008 to 11 June 2009. She is a Senior Partner of the law firm of Bello Valdez and Fernandez Law Offices. She has been the Corporate Secretary of KPHI, KPPI and Mabuhay Vinyl Corporation (listed corporations) and Keppel Subic Shipyard, Inc., Keppel Batangas Shipyard, Inc., and various Keppel companies in the Philippines. She is likewise the Corporate Secretary of Asian Institute of Management, Keppel Subic Shipyard, Inc., Keppel Batangas Shipyard, Inc. and various Keppel companies in the Philippines, Gruppo EMS Inc., EMS Resources Technology Inc., EMS Services Philippines, Inc., EMS Services International Inc., Creotec Philippines Inc., Wartsila Philippines Inc., Calamba Medical Center, Inc., Calamba Cancer Center, Inc., Saint John the Baptist Medical Center, Inc., Kopiko Philippines Corporation, Sagara Metro Plastics Industrial Corporation, Hi-P Philippines Technology Corporation and Toyota Corolla Sapporo Philippines Holdings, Inc.; Atty. Valdez holds directorship positions in the following companies: Servier Philippines, Inc., Leighton Contractors (Phils), Inc., Suretrac Holdings Inc., Asia Contractors Holdings, Inc. Cambe Dental Billing Services, Inc., Logwin Air + Ocean Philippines, Inc., KPSI Property, Inc., Opon Realty & Development Corp., and Opon-KE Properties, Inc.; and also a trustee of the AIM Scientific Research Foundation, Inc. Atty. Valdez graduated from the University of the Philippines as a holder of degrees of Bachelor of Arts in Political Science and Bachelor of Laws. She is a regular lecturer of the Paralegal Training Program of the University of the Philippines Law Center. She is the incoming Chairperson of the Membership Committee of the Inter-Pacific Bar Association. She has more than 36 years of working experience in her field of profession as a lawyer.

(iv) **Pamela Ann T. Cayabyab**, 39, Filipino, has been the Asst. Corporate Secretary of the Company since 7 May 2021. She has been the Asst. Corporate Secretary of other companies such as Mabuhay Vinyl Corporation (a listed company) and MVC Properties since November 2020; Fujita Philippines Construction and Development, Inc., since April 2017; Keppel Philippines Properties, Inc. (a listed company) since June 2021 and various Keppel companies; Brother International Philippines Corp. since May 2015; PPG Coatings (Philippines) Inc. since March 2012; Tosoh Polyvin Corporation since March 2011 and various non-stock condominium corporations/foundation. Atty. Cayabyab is a Senior Associate of Bello Valdez & Fernandez. She obtained her Bachelor of Arts in Political Science from the University of the Philippines – Diliman in 2003 and her Juris Doctor degree from the Ateneo de Manila University School of Law in 2007. She was admitted to the Philippine Bar in 2008.

(b) Significant Employees

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

(c) Family Relationship

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

(d) Involvement in Certain Legal Proceedings

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

10 - Executive Compensation

As the Company is an investment holding company, it has three (3) senior officers, namely the President, Vice President/Treasurer, and Internal Audit and Risk Manager.

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

<table>
<tr><th>Description</th><th>Year</th><th>Salary
(in Php)</th><th>Bonus</th><th>Other Annual Compensation</th></tr>
<tr><td rowspan="3">Aggregate for All Officers</td><td>2022 Estimate</td><td>8,900,000</td><td>None</td><td>None</td></tr>
<tr><td>2021</td><td>8,709,000</td><td>None</td><td>None</td></tr>
<tr><td>2020</td><td>8,611,000</td><td>None</td><td>None</td></tr>
<tr><td rowspan="3">Aggregate for All Officers
& Directors as a Group</td><td>2022 Estimate</td><td>9,296,000</td><td>None</td><td>None</td></tr>
<tr><td>2021</td><td>9,105,000</td><td>None</td><td>None</td></tr>
<tr><td>2020</td><td>8,921,000</td><td>None</td><td>None</td></tr>
</table>

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

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

Security Ownership of Certain Record and Beneficial Owners

As of 31 December 2021, the Company knows of no one who beneficially owns in excess of 5% of the Company's common stock except as set forth in the table below:

Title of Class	Name, Address of Record/ Beneficial Owner	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	Kepwealth, Inc. [1] Unit 3B, Country Space 1 Bldg. 133 Sen. Gil J. Puyat Ave., Salcedo Village, Brgy. Bel-Air, Makati City	Alan I. Claveria (Director)	Filipino	'A': 28,817,182 'B': 1,715,748 30,532,930	53.25
Common	Keppel Corporation Ltd. [2] 1 Harbour Front Ave., #18-01 Keppel Bay Tower, Singapore 098632	Chng Chee Keong (Director)	Malaysian	'B': 16,894,087	29.46
Common	PCD Nominee Corp. [3] 37/F Enterprise Bldg., Ayala Avenue, Makati City		Filipino Filipino Foreign	'A': 4,432,179 'B': 2,057,646 'B': 544,974 7,034,799	12.27

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

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

3. *PCD Nominee Corp. is a wholly owned subsidiary of the Philippine Central Depository, Inc. (PCD). It is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants. PCD holds the shares on their beneficial owner's 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. (excluding 141,000 KPH and 3,600 KPHB shares which are still scripless as of 31 December 2021)*

Security Ownership of Management as of 31 December 2021

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Chng Chee Keong / Chairman / Director	'B': 1(r)	Malaysian	-
	Alan I. Claveria / President/Director	'A': 38(r)	Filipino	-
	Celso P. Vivas / Lead Independent Director	'A': 1(r)	Filipino	-
	Ramon J. Abejuela / Independent Director	'A': 1(r)	Filipino	-
	Leonardo R. Arguelles / Independent Director	'B': 1(r)	Filipino	-
	Stefan Tong Wai Mun / Director	'B': 1(r)	Malaysian	-
	Felicidad V. Razon / Vice President/Treasurer /Director	'A': 1(r)	Filipino	-
	Ma. Melva E. Valdez / Corporate Secretary	-	Filipino	-
	Pamela Ann T. Cayabyab/ Asst. Corp. Sec.	-	Filipino	-
		'A':41; 'B':3		

Free float level

The Company has 17.29% or 9,915,358 shares owned by the public out of the 57,342,419 total outstanding shares as of 31 December 2021.

12 - Certain Relationships and Related Transactions

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

		Transactions			Outstanding receivable (payable)		
Related party	Notes	2021	2020	2019	2021	2020	Terms and conditions
Entities under common control							
Loans (a)							
KPMI							
Principal	3	(10,000,000)	(22,000,000)	-	240,000,000	250,000,000	Outstanding balance is collectible in cash, with terms of 88 to 90 days subject for renewal, interest-bearing at 3.1% to 3.8% per annum in 2021 (2020 – 3.4% to 4.9%), and unsecured.
Interest income	3	8,641,563	11,256,118	16,477,352	1,223,442	1,112,281	
Leases (b)							
Rental income							
KPMI		8,636,598	10,232,728	12,816,179	30,296,494	30,158,922	Outstanding balance is collectible in cash within the first five (5) days of each month, non-interest bearing and unsecured.
Keppel IVI Investment, Inc. (KIVI)		300,000	300,000	300,000	-	-	
Keppel Energy and Consultancy, Inc. (KECI)		120,000	120,000	120,000	-	-	
	7	9,056,598	10,652,728	13,245,179	30,296,494	30,158,922	
Advance rentals							Outstanding balance is to be applied on the last monthly rental at end of lease term, is non-interest bearing and unsecured.
KPMI		175,363	-	-	(93,982)	(269,345)	
KIVI		-	-	-	(25,000)	(25,000)	
KECI		-	-	-	(10,000)	(10,000)	
	7, 10	175,363	-	-	(128,892)	(304,345)	
Refundable deposits							Outstanding balance is payable in cash within 60 days from end of lease term, non-interest bearing and unsecured.
KPMI	7	175,363	-	-	(93,982)	(269,346)	
Various expenses and charges (c)							
KPMI		7,304,509	2,500,703	2,088,162	-	-	Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
Keppel Enterprises Services Pte. Ltd.		1,487,751	-	-	-	-	
Keppel Subic Shipyard, Inc. (KSSI)		-	14,345	16,309	-	-	
Kepventure, Inc.		-	-	11,625	-	-	
KIVI		-	-	11,188	-	-	
Keppel Infrastructure Holdings Pte. Ltd.		-	-	10,204	-	-	
Keppel DHCS Pte. Ltd.		-	-	5,801	-	-	
					-	-	
Payroll service fees (d)							
KSSI		1,847,942	570,098	-	125,602	268,505	
KPMI		1,757,056	541,800	-	804,959	351,154	
		3,604,998	1,111,898	-	930,561	619,569	
Management fees (e)							
KECI		240,000	240,000	240,000	-	-	
KIVI		180,000	180,000	180,000	-	-	
Kepventure, Inc.		60,000	60,000	60,000	-	-	
		480,000	480,000	480,000	-		
Other income							
Commission (f)							
KPMI		828,000	1,123,485		-	-	
Director's fees							
KPPI		190,000	170,000	220,000	-	-	
KPMI		-	-	60,000	-	-	
					-	-	
Due from related parties	3				930,561	619,569	
Associates							
Cash dividends received	6	7,510,465	8,733,099	10,479,719	-	-	Outstanding balance is collectible in cash on pay-out date as approved by the related party's BOD, non-interest bearing and unsecured.

Related party	Notes	Transactions 2021	2020	2019	Outstanding receivable (payable) 2021	2020	Terms and conditions
Shareholders of Parent Company							
Cash dividends declared and paid							Outstanding balance is payable in cash on pay-out date as approved by the Parent Company's BOD, non-interest bearing and unsecured.
Kepwealth, Inc.		3,053,293	3,053,293	3,053,293	-	-	
KCL		1,689,409	1,689,409	1,689,409	-	-	
Others		1,019,130	1,019,130	1,037,640	(674,282)	(627,936)	
	10, 14	5,761,832	5,761,832	5,780,342	(674,282)	(627,936)	
Various expenses and charges (b)							Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
Kepwealth, Inc.		40,789	501,405	23,250	-	-	
KCL		78,811	-	9,000	-	-	
Management fees (e)							
Kepwealth, Inc.		276,000	276,000	276,000	-	-	
Non-controlling interests (NCI)							
Cash dividends declared and paid		9,899,808	9,654,808	-	-	-	Outstanding balance is payable in cash on pay-out date as approved by the subsidiary's BOD, non-interest bearing and unsecured.

(a) Loans

The Group granted short-term, interest-bearing loans to KPMI. Movements in loans receivable for the years ended December 31 are as follows:

	2021	**2020**	**2019**
January 1	250,000,000	272,000,000	272,000,000
Collections	(10,000,000)	(22,000,000)	-
December 31	240,000,000	250,000,000	272,000,000

(b) Leases

The Group leases certain investments properties to related parties (Note 7). The Group granted lease concessions to KPMI which amounted to P2.7 million in 2021 (2020 - P2.6 million; 2019 – nil)

(c) Various expenses and charges

The Group paid for various reimbursable expenses which are utilized in the normal operations of the related parties.

The Group also incurred share in various expenses due to KPMI relating to clearing and levelling operations on leased out properties amounting to P2.5 million and P2.1 million in 2020 and 2019, respectively. There was no such expense in 2021.

In June 2021, the Company paid commission to KPMI related to the sale of interests in land rights amounting to P7.2 million.

(d) Payroll service fees

In 2020, the Group entered into payroll service agreements with KSSI and KPMI for the use of the payroll system of the Group. The Group charges these parties at agreed service fees for the one-time and recurring charges incurred by the Group. These agreements are considered renewed every year thereafter and subject to mutual amendments or termination by the parties.

(e) Management fees

Since 2013 the Group had management agreements with related companies with monthly management fees which are subject to change depending upon the extent and volume of services provided by the Group. The services cover regular consultancy, handling of financial reporting, personnel and administration services including payroll and other government documentary requirements. The agreements are considered renewed every year thereafter, unless one (1) party gives the other a written notice of termination at least three (3) months prior to the expiration date.

(f) Commission

The Group entered into an agreement with KPMI to assist the latter in its bidding activities for select projects with the Group earning a 1% share in KPMI's revenues. The income is recognized under other income in the consolidated statements of income amounting to P1.1 in 2020. There was no income earned in 2021.

The Group also entered into an agreement with KPMI in 2021 to assist the latter in the sale of its improvements in a piece of land at Bauan, Batangas with the Company earning a 2% share in the sale. The income recognized a commission of P0.8 million 2021 (2020-nil).

PART IV - CORPORATE GOVERNANCE

13 – Corporate Governance

Per SEC Memorandum Circular No. 15, Series of 2017 and SEC Memorandum Circular No. 10, Series of 2019, publicly-listed companies such as KPH is required to submit an Integrated Annual Corporate Governance Report (I-ACGR). The Company submitted its I-ACGR for year 2020 on 30 June 2021. There was no Advisement Report in 2021 since there was no material transaction reaching 10%-of- total-assets limit.

PART V - EXHIBITS AND SCHEDULES

14 - Exhibits and Reports on SEC Form 17-C

(a) **Exhibits** – See accompanying Index to Exhibits

(b) **Reports on SEC Form 17-C** – The Company has filed all reports on Form 17-C (Current Report) on matters needed in compliance with the SEC's SRC during the fiscal year 2021as follows:

29 Jan 2021	Results of Board of Directors Meeting – 29 January 2021 • Approval of KPH's 2020 SEC From 17-A (Annual Report) and Audited Financial Statements (AFS) for the year ended 31 December 2020 and release of said AFS • Setting of the Annual Meeting of Stockholders and Record Date • Re-appointment of External Auditor
23 Mar 2021	Resignation of Assistant Corporate Secretary
05 Mar 2021	Details of the Annual Stockholders' Meeting
07 May 2021	Results of Board of Directors Meeting - 7 May 2021
16 June 2021	Sale of Land Rights - 2 June 2021
18 June 2021	Results of Board of Directors Meeting – 18 June 2021 • Approval of Directors' Remuneration for 2020 • Declaration of Cash Dividend - declaration of 10% or ₱0.10 per share cash dividend to all stockholders of record of the Company as of 8 July 2021 to be paid on or before 31 July 2021

18 June 2021	Results of the Annual Stockholders' Meeting - 18 June 2021 • Appointment of External Auditor, Isla Lipana & Co. (PwC) for the financial year 2021 • Election of Directors for year 2021 - 2022 • Approval of the Corporation's Audited Financial Statements for the year ended 31 December 2020 • Approval of Directors' Annual Remuneration of ₱60,000 for 2020
18 June 2021	Results of Organizational Meeting – 18 June 2021 • Election of Officers for the ensuing year 2021 - 2022 • Appointment of chairman, members of the various committees and compliance officer/corporate information officer
22 June 2021	Legal Proceedings Update
20 Aug 2021	Share buy back 3,000 KPH shares
6 Sep 2021	Share buy back of 20,000 KPH shares
7 Sep 2021	Share buy back of 10,900 KPH shares
10 Sep 2021	Share buy back of 3,800 KPH shares
13 Sep 2021	Share buy back of 35,300 KPH Shares
15 Sep 2021	Share buy back of 10,000 KPH and 10,000 KPHB share
16 Sep 2021	Share buy back of 15,000 KPH and 15,000 KPHB shares
17 Sep 2021	Share buy back of 200 KPH shares
20 Sep 2021	Share buy back of 100 KPH shares
21 Sep 2021	Share buy back of 8,000 KPHB shares
7 Oct 2021	Share buy back of 10,000 KPH shares
21 Oct 2021	Share buy back of 400 KPHB shares
5 Nov 2021	Result of Board of Directors Meeting - 5 Nov 2021 – Buy back shares
9 Nov 2021	Share buy back of 6,700 KPH shares
19 Nov 2021	Share buy back of 1,200 KPHB shares
23 Nov 2021	Share buy back of 20,000 KPH shares
25 Nov 2021	Share buy back of 20,000 KPH shares
1 Dec 2021	Share buy back of 30,000 KPH shares
2 Dec 2021	Share buy back of 48,600 KPH shares
3 Dec 2021	Share buy back of 1,500 KPH shares
6 Dec 2021	Share buy back of 4,200 KPH shares
13 Dec 2021	Share buy back of 2,000 KPHB shares

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 1 Building
133 Sen. Gil Puyat Avenue, Salcedo Village
Barangay Bel-Air, Makati City 1200

Attn: The Corporate Secretary

SIGNATURES

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

KEPPEL PHILIPPINES HOLDINGS, INC.
Issuer

By:

Alan I. Claveria
President

Felicidad V. Razon
Vice President / Treasurer

Ma. Melva. E. Valdez
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ______ day of APR 13 2022 2022; affiants exhibiting to me their Tax Identification Numbers (TIN), as follows:

Names	Tax Identification Numbers
Alan I. Claveria	125-165-720
Felicidad V. Razon	112-942-756
Ma. Melva E. Valdez	123-493-209

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31/2022
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-82-(2021-2022)
PTR No. 8852511 Jan. 3, 2022
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc No. 265
Page No. 54
Book No XII
Series of 2022.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

6	2	5	9	6

COMPANY NAME

KEPPEL PHILIPPINES HOLDINGS INC. & 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		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@keppelph.com	02-88921820	

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
420 as of 31 Dec 2021	Any Day in June	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
Felicidad V. Razon	info@keppelph.com	02-88921820	

CONTACT PERSON's ADDRESS

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

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

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

Keppel Philippines

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

Tel : (632) 8892 1816
(632) 88921820to24
Fax : (632) 8815 2581
E-mail: info@keppelph.com
Web : www.keppelph.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules therein, for the years ended **December 31, 2021 and 2020**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Isla Lipana & Co., the Philippine member firm of PwC, the independent auditor appointed by the shareholders, has audited the financial statements of the Company in accordance with Philippines Standards on Auditing, and in its report to the shareholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

CHNG CHEE KEONG
Chairman of the Board

NOTARY PUBLIC
Yee May Kuen
Peggy Sarah
NP2021/0549
1 Oct 2021 – 30 Sep 2022
SINGAPORE

ALAN I. CLAVERIA
President

FELICIDAD V. RAZON
Vice President/Treasurer

Signed this 28 January **2022**

NC0M2W0D2A

NOTARIAL CERTIFICATE

TO ALL TO WHOM these presents shall come

I, Yee May Kuen Peggy Sarah, NOTARY PUBLIC duly admitted, authorised to practise in the Republic of Singapore, DO HEREBY CERTIFY

AND ATTEST that I was present on the **14th** day of **April 2022** at Singapore when **Mr. CHNG CHEE KEONG** duly signed the annexed **STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS** and that the signature of **Mr. CHNG CHEE KEONG** thereto subscribed is of the proper handwriting of the said **Mr. CHNG CHEE KEONG**.

IN FAITH AND TESTIMONY whereof I the said notary have subscribed my name and set and affixed my seal of office at Singapore, this 14th day of April 2022.

NOTARY PUBLIC
SINGAPORE

NOTARY PUBLIC
Yee May Kuen
Peggy Sarah
NP2021/0549
1 Oct 2021 – 30 Sep 2022
SINGAPORE

REPUBLIC OF SINGAPORE
NOTARY PUBLIC

By virtue of Rule 8(3)(c) of the Notaries Public Rules, a Notarial Certificate must be authenticated by the Singapore Academy of Law in order to be valid.

With effect from 16 September 2021, a Notarial Certificate shall be deemed to be validly authenticated by the affixing of an Apostille to the back of the Notarial Certificate.

APOSTILLE

(Convention de La Haye du 5 Octobre 1961)

This **Apostille** only certifies the authenticity of the signature, seal or stamp and the capacity of the person who has signed the attached Singapore public document, and, where appropriate, the identity of the seal or stamp. It does **not** certify the authenticity of the underlying document.

If this document is to be used in a country not party to the Hague Convention of the 5th of October 1961, it should be presented to the consular section of the mission representing that country.

To verify this **Apostille**, go to https://legalisation.sal.sg or scan QR code:

Verification code: 62930171

1. **Country:**	Singapore
This public document	
2. **Has been signed by:**	Yee May Kuen Peggy Sarah
3. **Acting in the capacity of:**	Notary Public
4. **Bears the seal/stamp of:**	Notary Public
Certified	
5. **At:**	Singapore Academy of Law
6. **The:**	19th April 2022
7. **By:**	Melissa Goh, Head of Statutory Services, SAL
8. **No.:**	AC0M3109OG
9. **Seal/Stamp:**	10. **Signature:** Melissa

Keppel Philippines

Keppel Philippines Holdings, Inc
Unit 3-B Country Space 1 Building
133 Senator Gil Puyat Avenue
Salcedo Village, Brgy. Bel-Air
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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Isla Lipana & Co., the Philippine member firm of PwC, the independent auditor appointed by the shareholders, has audited the financial statements of the Company in accordance with Philippines Standards on Auditing, and in its report to the shareholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

CHNG CHEE KEONG
Chairman of the Board

ALAN I. CLAVERIA
President

FELICIDAD V. RAZON
Vice President/Treasurer

Signed this 28th day of January 2022

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN to before me this APR 13 2022 at Makati City, Affiants exhibiting to me their Tax Identification Number (TIN) as follows:

NAME	TIN
ALAN I. CLAVERIA	127-165-720
FELICIDAD V. RAZON	112-942-756

NOTARY PUBLIC

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2022
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-82-(2021-2022)
PTR No. 8852511 Jan. 3, 2022
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

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Book No. XII
Series of 2022.

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Isla Lipana & Co.

Independent Auditor's Report

To the Board of Directors and Shareholders of
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

Report on the Audits of the Consolidated Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Keppel Philippines Holdings, Inc. (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2021 and 2020, and the consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of income for each of the three years in the period ended December 31, 2021;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2021;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2021;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2021; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 845 2728, F: +63 (2) 845 2806, www.pwc.com/ph

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit pertains to the assessment of recoverability of investment properties and basis of preparation - impact of COVID-19.

Key Audit Matters	How our Audit Addressed the Key Audit Matter
Assessment of recoverability of investment properties	
Assessing the recoverability of investment properties requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Investment properties represent 16% of the total assets and are part of the Group's real estate business segment.	We addressed the matter through inspection of all long and short-term lease contracts. The inspection procedures included thorough understanding of the terms and conditions of the underlying lease contracts, including assessing management's estimated future cash flows to support recoverability of investment properties.
Refer to Note 7 for the details of the Group's investment properties and to Note 21.2 (b) for the discussion on critical accounting judgments.	

Key Audit Matters	How our Audit Addressed the Key Audit Matter
	Additionally, we examined the latest appraisal reports prepared by a third-party appraiser and noted that the aggregate and individual fair values of the investment properties are higher than their respective carrying amounts. Audit evidence over the reliability of the appraisal report was obtained through independent verification of certain fair value assumptions and inputs specifically: • similar market listing in the area by comparing to records of recent sales and offerings of similar land and condominium units; • physical factors by comparing to property titles, historical experience and external data, and validating transactions related to improvements and development, if any; and • rental rate by comparing to prevailing market rents to leasing transactions of comparable properties. We also verified the independence and competency of the third-party appraiser by examining their qualifications, experiences, and business relationship with the Group. The results of procedures performed and discussions with management did not note any indicators of impairment as at December 31, 2021.
Basis of preparation - impact of COVID-19 The Director General of the World Health Organization declared the novel coronavirus, COVID-19, a global pandemic on March 11, 2020. As set out in Note 1 to the consolidated financial statements, following the declaration, management have updated their evaluation of the Group's ability to continue as a going concern to incorporate an assessment of the potential impact of COVID-19.	In challenging management's assessment of the impact of COVID-19 on their business, we addressed the matter through the following procedures: • Conducted inquiries with key management to understand the Group's mitigating actions and contingency plans; • Inspected minutes of meeting of Board of Directors with regard to the expected business impact of the matter; • Checked the mathematical accuracy of management's cash flow forecasts and validated the opening cash position;

pwc Isla Lipana & Co.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
The Group has implemented a variety of mitigating actions and contingency plans in response to the pandemic. Given the inherent uncertainty associated with the impact of COVID-19 on the Group, we consider this to be a key audit matter in relation to going concern assumption and general disclosures.	• Evaluated management's underlying cash flow projections by testing the assumptions and methodologies and agreeing data to other external and internal sources as necessary, including inspection of customer contracts, mainly lease contracts and loan agreements; • Considered the financial condition of the Group's lessees and/or borrower and the impact of a likely delay in their payments on the Group's cash flows; and • Reviewed the adequacy and appropriateness of management's going concern disclosures in the consolidated financial statements. Based on the procedures performed, we concluded that no change was required in respect of management's conclusions on going concern, and based on the current facts and circumstances, we believe that management's disclosures in relation to COVID-19 are appropriate. As management has disclosed, COVID-19 has resulted in termination of lease contract and extension of lease concessions, however, mitigating actions are in place to address such impact.

Other Information

Management is responsible for the other information. The other information comprise the information included in the SEC Form 20-IS (Definitive Information Statement), and SEC Form 17-A and Annual Report for the year ended December 31, 2021, but do not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when they become available and, in doing so, consider whether the other information are materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the ability of each entity within the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each entity within the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity within the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Catherine H. Santos.

Isla Lipana & Co.

Catherine H. Santos
Partner
CPA Cert. No. 0110097
P.T.R. No. 0011422; issued on January 6, 2022 at Makati City
SEC A.N. (individual) as general auditors 110097-SEC; Category A,
valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 211-726-564
BIR A.N. 08-000745-132-2020; issued on June 5, 2020; effective until June 4, 2023
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
January 28, 2022

pwc

Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
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 consolidated financial statements of Keppel Philippines Holdings, Inc. (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2021, on which we have rendered the attached report dated January 28, 2022. The supplementary information shown in the Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2021, Map of Relationships of the Companies within the Group as at December 31, 2021, and Schedules A, B, C, D, E, F, and G as at December 31, 2021, as additional components required by Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with SRC Rule 68.

Isla Lipana & Co.

Catherine H. Santos
Partner
CPA Cert. No. 0110097
P.T.R. No. 0011422; issued on January 6, 2022 at Makati City
SEC A.N. (individual) as general auditors 110097-SEC; Category A,
valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 211-726-564
BIR A.N. 08-000745-132-2020; issued on June 5, 2020; effective until June 4, 2023
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
January 28, 2022

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Statements Required by Rule 68
Securities Regulation Code (SRC)

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Keppel Philippines Holdings, Inc. and its subsidiaries as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated January 28, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

Isla Lipana & Co.

Catherine H. Santos
Partner
CPA Cert. No. 0110097
P.T.R. No. 0011422; issued on January 6, 2022 at Makati City
SEC A.N. (individual) as general auditors 110097-SEC; Category A,
valid to audit 2020 to 2024 financial statements
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Makati City
January 28, 2022

Keppel Philippines Holdings, Inc. and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	2	341,097,007	80,366,937
Receivables, net	3	244,237,233	253,402,093
Other current assets, net	4	1,724,906	406,652
Total current assets		587,059,146	334,175,682
Non-current assets			
Lease receivables, net of current portion	3	28,310,387	29,234,655
Financial asset at fair value through other comprehensive income	5	44,000,000	35,000,000
Investment in an associate	6	418,223,947	419,061,368
Investment properties, net	7	205,288,439	205,288,439
Property and equipment, net	8	1,780,426	1,558,162
Intangible assets, net	9	5,843,232	6,079,372
Other non-current assets	19	-	4,140,710
Total non-current assets		703,446,431	700,362,706
Total assets		1,290,505,577	1,034,538,388
LIABILITIES AND EQUITY			
Current liabilities			
Accrued expenses and other current liabilities	10	3,247,181	5,846,669
Refundable deposits	7	93,982	2,685,793
Income tax payable	17	57,953	175,866
Total current liabilities		3,399,116	8,708,328
Non-current liabilities			
Retirement benefit liability, net	12	-	1,663,717
Deferred income tax liability, net	17	1,495,948	1,466,007
Total non-current liabilities		1,495,948	3,129,724
Total liabilities		4,895,064	11,838,052
Equity			
Share capital	13	73,173,500	73,173,500
Share premium		73,203,734	73,203,734
Retained earnings	14	762,610,375	503,738,857
Investment revaluation reserve	5	43,422,057	34,422,057
Remeasurements on retirement benefits	12	1,099,460	(948,862)
Treasury shares	14	(25,280,999)	(23,614,089)
Attributable to equity holders of the parent		928,228,127	659,975,197
Non-controlling interests	22.2	357,382,386	362,725,139
Total equity		1,285,610,513	1,022,700,336
Total liabilities and equity		1,290,505,577	1,034,538,388

The notes on pages 1 to 40 are integral part of these consolidated financial statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Consolidated Statements of Income
For each of the three years in the period ended December 31, 2021
(All amounts in Philippine Peso)

	Notes	2021	2020	2019
Revenues and income				
Gain on sale of interest in land rights	19	345,559,187	-	-
Interest income	2, 11	9,587,462	12,115,846	18,271,772
Rental income	7	9,056,598	33,331,048	28,536,362
Equity in net earnings of associates	6	6,673,044	7,607,779	8,926,743
Payroll service fees	11	3,605,018	1,111,898	-
Management fees	11	756,000	756,000	756,000
Other income		1,092,284	1,323,175	546,390
Total revenues and income		376,329,593	56,245,746	57,037,267
Operating expenses	16	(21,993,536)	(24,936,692)	(27,774,020)
Income before income tax		354,336,057	31,309,054	29,263,247
Income tax expense	17	(85,145,652)	(5,168,122)	(2,661,817)
Net income for the year		269,190,405	26,140,932	26,601,430
Attributable to:				
Equity holders of the parent		264,633,350	20,207,345	18,387,319
Non-controlling interests	22.2	4,557,055	5,933,587	8,214,111
		269,190,405	26,140,932	26,601,430
Earnings per share attributable to equity holders of the parent	15	4.61	0.35	0.32

The notes on pages 1 to 40 are integral part of these consolidated financial statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2021
(All amounts in Philippine Peso)

	Notes	2021	2020	2019
Net income for the year		269,190,405	26,140,932	26,601,430
Other comprehensive income (loss)				
Items that will not be reclassified to profit or loss:				
Unrealized fair value gain (loss) on financial asset at fair value through other comprehensive income	5	9,000,000	(2,000,001)	2,000,000
Remeasurement gain (loss) on retirementbenefits, net of tax	12	2,048,322	(1,133,794)	184,932
		11,048,322	(3,133,795)	2,184,932
Total comprehensive income for the year		280,238,727	23,007,137	28,786,362
Attributable to:				
Equity holders of the parent		275,681,672	17,073,550	20,572,251
Non-controlling interests	22.2	4,557,055	5,933,587	8,214,111
		280,238,727	23,007,137	28,786,362

The notes on pages 1 to 40 are integral part of these consolidated financial statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2021
(All amounts in Philippine Peso)

	Notes	Attributable to equity holders of the parent: Share capital (Note 13)	Share premium	Retained earnings	Investment revaluation reserve (Note 5)	Remeasurements on retirement benefit asset (Note 12)	Treasury shares (Note 14)	Total	Non-controlling interests (Note 22.2)	Total equity
Balances at January 1, 2019		73,173,500	73,203,734	476,686,367	34,422,058	-	(22,622,976)	634,862,683	358,232,249	993,094,932
Comprehensive income										
Net income for the year		-	-	18,387,319	-	-	-	18,387,319	8,214,111	26,601,430
Other comprehensive income	5	-	-	-	2,000,000	184,932	-	2,184,932	-	2,184,932
Total comprehensive income for the year		-	-	18,387,319	2,000,000	184,932	-	20,572,251	8,214,111	28,786,362
Transaction with owners										
Cash dividends declared	14	-	-	(5,780,342)	-	-	-	(5,780,342)	-	(5,780,342)
Purchase of treasury shares	14	-	-	-	-	-	(5,601)	(5,601)	-	(5,601)
Total transactions with owners		-	-	(5,780,342)	-	-	(5,601)	(5,785,943)	-	(5,785,943)
Balances at December 31, 2019		73,173,500	73,203,734	489,293,344	36,422,058	184,932	(22,628,577)	649,648,991	366,446,360	1,016,095,351
Comprehensive income										
Net income for the year				20,207,345				20,207,345	5,933,587	26,140,932
Other comprehensive loss	5, 12	-	-		(2,000,001)	(1,133,794)	-	(3,133,795)	-	(3,133,795)
Total comprehensive income for the year		-	-	20,207,345	(2,000,001)	(1,133,794)	-	17,073,550	5,933,587	23,007,137
Transaction with owners										
Cash dividends declared	14	-	-	(5,761,832)	-	-	-	(5,761,832)	(9,654,808)	(15,416,640)
Purchase of treasury shares	14	-	-	-	-	-	(985,512)	(985,512)	-	(985,512)
Total transactions with owners		-	-	(5,761,832)	-	-	(985,512)	(6,747,344)	(9,654,808)	(16,402,152)
Balances at December 31, 2020		73,173,500	73,203,734	503,738,857	34,422,057	(948,862)	(23,614,089)	659,975,197	362,725,139	1,022,700,336
Comprehensive income										
Net income for the year		-	-	264,633,350	-	-	-	264,633,350	4,557,055	269,190,405
Other comprehensive income	5, 12	-	-		9,000,000	2,048,322	-	11,048,322	-	11,048,322
Total comprehensive income for the year		-	-	264,633,350	9,000,000	2,048,322	-	275,681,672	4,557,055	280,238,727
Transaction with owners										
Cash dividends declared	14	-	-	(5,761,832)	-	-		(5,761,832)	(9,899,808)	(15,661,640)
Purchase of treasury shares		-	-	-	-	-	(1,666,910)	(1,666,910)	-	(1,666,910)
Total transactions with owners		-	-	(5,761,832)	-	-	(1,666,910)	(7,428,742)	(9,899,808)	(17,328,550)
Balances at December 31, 2021		73,173,500	73,203,734	762,610,375	43,422,057	1,099,460	(25,280,999)	928,228,127	357,382,386	1,285,610,513

The notes on pages 1 to 40 are integral part of these consolidated financial statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2021
(All amounts in Philippine Peso)

	Notes	2021	2020	2019
Cash flows from operating activities				
Income before income tax		354,336,057	31,309,054	29,263,247
Adjustments for:				
Depreciation and amortization	7,8,9,16	1,734,434	1,227,738	116,473
Retirement benefit expense	12	658,408	1,026,662	1,258,170
Reversal of accrued expenses	10, 16	-	(800,000)	-
Provision for (reversal of) impairment losses, net	3, 4, 16	(4,709,314)	(575,487)	2,771,598
Equity in net earnings of associates	6	(6,673,044)	(7,607,779)	(8,926,743)
Interest income	2, 11	(9,587,462)	(12,115,846)	(18,271,772)
Gain on sale of interest in land rights	7	(345,559,187)	-	-
Operating income (loss) before working capital changes		(9,800,108)	12,464,342	6,210,973
Changes in working capital:				
Receivables		429,412	1,147,205	(549,962)
Other current assets		(24,675,184)	766,470	(3,573,926)
Other non-current assets		50,710	-	-
Accrued expenses and other current liabilities		(2,599,488)	1,145,569	(261,128)
Refundable deposits		(2,591,811)	1,405,663	(1,129,753)
Net cash generated from (absorbed by) operations		(39,186,469)	16,929,249	696,204
Interest received from cash and cash equivalents		877,054	888,324	1,816,336
Contributions to the retirement fund		(273,803)	-	(10,619,028)
Income tax paid		(443,949)	(5,330,183)	(1,738,562)
Net cash provided by (used in) operating activities		(39,027,167)	12,487,390	(9,845,050)
Cash flows from investing activities				
Net proceeds from sale of interest in land rights	19	349,649,187	-	-
Principal collection of loans to a related party	11	10,000,000	22,000,000	-
Interest received from loans to a related party		8,502,124	11,508,806	16,591,766
Cash dividends received	6, 11	7,510,465	8,733,099	10,479,719
Purchase of property and equipment	8	(591,536)	(1,562,034)	(235,410)
Purchase of intangible assets	9	(1,129,022)	(7,085,405)	-
Income tax paid from sale of interest in land rights		(56,855,431)	-	-
Net cash provided by investing activities		317,085,787	33,594,466	26,836,075
Cash flows from financing activities				
Purchase of treasury shares	14	(1,666,910)	(985,512)	(5,601)
Cash dividends paid	14	(15,661,640)	(15,416,640)	(5,780,342)
Net cash used in financing activities		(17,328,550)	(16,402,152)	(5,785,943)
Net increase (decrease) in cash and cash equivalents		260,730,070	29,679,704	11,205,082
Cash and cash equivalents at January 1		80,366,937	50,687,233	39,482,151
Cash and cash equivalents at December 31		341,097,007	80,366,937	50,687,233

The notes on pages 1 to 40 are integral part of these consolidated financial statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements
As at December 31, 2021 and 2020
and for each of the three years in the period ended December 31, 2021
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Keppel Philippines Holdings, Inc. (the "Parent Company") and its subsidiaries, KPSI Property, Inc. (KPSI), and Goodwealth Realty and Development Corporation (GRDC), including GRDC's subsidiary, Goodsoil Marine Realty Inc. (GMRI), collectively referred to as the "Group", were incorporated in the Philippines.

The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 1975 with registered office address at 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 while the subsidiaries are in the real estate industry.

In 1987, the Parent Company became a publicly-listed entity through initial public offering (IPO) of its shares. There was no follow on offering after the IPO. The Parent Company's shares are publicly traded in the Philippine Stock Exchange (PSE).

As at December 31, 2021 and 2020, the top three (3) shareholders are the following:

	Percentage of ownership
Kepwealth, Inc.	53.2%
Keppel Corporation Limited (KCL)	29.5%
Public	17.3%

As at December 31, 2021 and 2020, the Parent Company's percentage of ownership in its subsidiaries are as follows:

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

GRDC is 44%-owned by Keppel Philippines Marine, Inc. Retirement Plan (KPMI Retirement Plan) and 5%-owned by Keppel Philippines Marine, Inc. (KPMI) in 2021 and 2020. GRDC owns 93.8% of GMRI, thus, including the Parent Company's 3.2% separate interest in GMRI, the Parent Company has 51% effective ownership on GMRI.

The ultimate parent company of the Group is KCL, a company incorporated in Singapore and listed in the Singapore Exchange.

The Parent Company has six (6) regular employees as at December 31, 2021 and 2020. The administrative functions of the subsidiaries are handled by the Parent Company's management.

As at December 31, 2021 and 2020, the Parent Company has 238 shareholders, each owning at least 100 shares.

The accompanying consolidated financial statements have been approved and authorized for issuance by the Board of Directors (BOD) on January 28, 2022.

Impact of Coronavirus Disease 2019

Subsequent to the outbreak of COVID-19 in the first quarter of 2020, a series of measures to curb the pandemic have been and continues to be implemented in the Philippines. As a result of the implementation of the community quarantine, the Group has extended lease concessions to its related party lessees (Note 11). One of the Group's third-party lessees experienced difficulties in meeting obligations to the Group which resulted in the termination of its lease contract (Note 3). Management continues to implement measures to mitigate and reduce any negative impact to its profitability or any other economic effects on its business. Measures have likewise been undertaken to preserve the health and safety of its employees and other stakeholders. Management is closely monitoring the status of the pandemic and its related impact on its business operations. As at the date of approval of these financial statements, management is continuously assessing the impact of the pandemic on the next financial year and deems that the entities in the Group will continue to operate as going concern within the next 12 months.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2021	2020
Cash in banks	7,624,647	13,638,056
Cash equivalents	333,472,360	66,728,881
	341,097,007	80,366,937

Cash in banks earn interests at the prevailing bank deposit rates. Cash equivalents are short-term investments which are placed in financial institutions for varying periods of up to three (3) months, depending on the immediate cash requirements of the Group, and earned interest at annual rates that ranged from in 0.375% to 0.5% in 2021 (2020 - 0.5% to 3.6%).

Interest income earned amounted to P0.9 million in 2021 and (2020 - P0.9 million; 2019 - P1.8 million). Interest receivable amounted to P0.01 million as at December 31, 2021 (2020 - P0.03 million).

Note 3 - Receivables, net

Receivables, net as at December 31 consist of:

	Notes	2021	2020
Loan receivables from a related party	11	240,000,000	250,000,000
Lease receivables from:			
Related parties	11	30,296,494	30,158,922
Third parties		-	849,607
Interest receivable	2, 11	1,320,565	1,140,560
Due from related parties	11	930,561	619,659
Others		-	384,912
		272,547,620	283,153,660
Allowance for impairment		-	(516,912)
		272,547,620	282,636,748
Less: Non-current portion of lease receivables		28,310,387	29,234,655
		244,237,233	253,402,093

Movements in allowance for impairment related to lease receivables from third parties, non-trade and other receivables for the years ended December 31 are as follows:

	Note	2021	2020	2019
January 1		516,912	2,152,580	2,152,580
Provision (Reversal)	16	(132,000)	132,000	-
Write-off		(384,912)	(1,767,668)	-
		-	516,912	2,152,580

In 2021, the Group fully collected the lease receivable from third-party customer and subsequently reversed the previously recognized allowance for impairment amounting to P 0.1 million as at December 31, 2020 which was considered credit-impaired due to the third-party customer's difficulty in meeting obligations to the Group in light of COVID-19 (Note 1). COVID-19 had no impact on other receivables of the Group. The allowance was reversed considering that the external party was able to pay the P0.1 million in 2021.

As at December 31, 2021 and 2020, other receivables amounting to P0.4 million were fully provided since 2003. The Group assessed that the amount may not be collectible and write-off was made in 2021.

As at December 31, 2019, non-trade receivables amounting to P1.8 million which pertain to deposit to a seller of a parcel of land, the title of which has not been transferred to the Group, was fully provided with allowance for impairment since 2003. In 2020, the Group wrote off the full amount as it deems it can no longer recover the balance after exhausting collection efforts.

Note 4 - Other current assets, net

Other current assets, net as at December 31 consist of:

	2021	2020
Creditable withholding tax (CWT)	1,509,162	6,071,888
Deposits	760,963	29,630
Input value-added tax (VAT)	672,647	396,000
Prepaid expenses	291,310	5,800
Advances to employees	107,821	209,378
Others	273,577	161,844
	3,615,480	6,874,540
Allowance for impairment	(1,890,574)	(6,467,888)
	1,724,906	406,652

Movements in the allowance for impairment related to input VAT and CWT for the years ended December 31 are as follows:

	2021			2020			2019		
	Input VAT	CWT	Total	Input VAT	CWT	Total	Input VAT	CWT	Total
January 1	396,000	6,071,888	6,467,888	302,400	6,872,975	7,175,375	-	4,403,777	4,403,777
Provision	93,600	1,400,974	1,494,574	93,600	2,846,676	2,940,276	302,400	2,990,578	3,292,978
Recovery of provision	-	(6,071,888)	(6,071,888)	-	(3,647,763)	(3,647,763)	-	(521,380)	(521,380)
Net provision (recovery) (Note 16)	93,600	(4,670,914)	(4,577,314)	93,600	(801,087)	(707,487)	302,400	2,469,198	2,771,598
December 31	489,600	1,400,974	1,890,574	396,000	6,071,888	6,467,888	302,400	6,872,975	7,175,375

The recovered CWT and VAT were applied against income tax due and VAT payable, respectively, in the related year recorded.

Note 5 - Financial asset at fair value through other comprehensive income (FVOCI)

Details and movements of financial asset at FVOCI as at and for the years ended December 31 are as follows:

	2021	2020
Original cost	316,004	316,004
Accumulated revaluation		
January 1	34,683,996	36,683,997
Unrealized fair value gain (loss)	9,000,000	(2,000,001)
December 31	43,683,996	34,683,996
	44,000,000	35,000,000

Movement of investment revaluation reserve for the years ended December 31 are as follows:

	2021	2020	2019
January 1	34,422,057	36,422,058	34,422,058
Unrealized fair value gain (loss)	9,000,000	(2,000,001)	2,000,000
December 31	43,422,057	34,422,057	36,422,058

This account pertains to proprietary golf club share that provides the Group with opportunities for return through dividend income and trading gains. This share does not have fixed maturity or coupon rate and the movement is based on quoted market prices or executable dealer quotes for identical or similar instruments in inactive markets. There were no dividends earned during 2021, 2020, and 2019.

Note 6 - Investment in an associate, at equity

Investment in an associate as at December 31 consists of:

	Note	2021	2020
Original cost		337,596,800	337,596,800
Accumulated share in net income			
At January 1		81,464,568	82,589,888
Equity in net earnings of associate		6,673,044	7,607,779
Cash dividends received	11	(7,510,465)	(8,733,099)
At December 31		80,627,147	81,464,568
		418,223,947	419,061,368

This account consists of GMRI's 24.95% investment or 17,466,196 shares out of 70,000,000 shares in Consort Land, Inc. (CLI), a company incorporated in the Philippines. The principal activity of CLI is to engage in real estate business except real estate subdivision business.

The Group has a Share Purchase Agreement with KPMI for the transfer of 2,950,000 shares dated September 6, 2012. In March 2021, the Bureau of Internal Revenue issued Certificate Authorizing Registration (CAR) for the transfer of the said shares. With the issuance of CAR, this gives GMRI an ownership interest of 24.95% in CLI.

GMRI received cash dividend from CLI amounting to P10.5 million in 2019.

Summarized financial information of CLI as at and for the years ended December 31 are as follows:

	2021	2020
Current assets	57,498,158	56,504,559
Non-current assets	266,066,155	267,883,671
Current liabilities	22,708,231	20,090,643
Non-current liabilities	2,146,565	2,180,246
Net assets	298,709,517	302,117,341
Revenues	141,519,621	144,714,466
Income (Loss) before income tax	(2,177,479)	32,591,942
Net income and total comprehensive income for the year	26,692,177	30,431,116

The Group share in the net assets of CLI amounted to P74.5 million as at December 31, 2021 (2020 - P75.4 million).

The non-current assets of CLI represent prime lots held for appreciation, which are carried at cost. The fair value of the property is P2.5 billion as at December 31, 2021 and 2020 on the latest valuation report of an independent appraiser.

The difference between the Group's share in net assets of CLI and carrying amount of its investment in an associate is attributable to the price premium from fair values of land holdings of CLI.

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.

There are no contingent liabilities relating to the Group's investment in associate.

Note 7 - Investment properties, net; Leases

Details and movements of investment properties as at and for the years ended December 31 are as follows:

	Land	Condominium units	Total
Cost			
January 1, 2020 and December 31, 2020 and 2021	205,288,439	3,689,178	208,977,617
Accumulated depreciation			
January 1, 2020 and December 31, 2020 and 2021	-	3,689,178	3,689,178
Net book values	205,288,439	-	205,288,439

Investment properties represent the parcels of land situated in Batangas City and condominium units in Makati City which are held for lease.

Based on an appraisal made by an accredited independent appraiser, the investment properties have an aggregate fair value of P1.3 billion as at December 31, 2021 (2020 - P1.1 billion). The market 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 appraiser determined that the highest and best use of the subject properties are those of industrial uses, commercial and residential properties, which are aligned with the current use. The fair value of the investment properties is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as at the date of valuation. The inputs used were asking prices of similar listings and offerings, discounts and physical adjustments (such as location, neighborhood size and development). Significant increases or decreases in the inputs would result in higher or lower fair value of the asset. None of the properties are impaired.

Group as lessor

The Group leases out a parcel of land used as a shipyard site in San Miguel, Bauan, Batangas to KPMI. The agreement is for a period of 50 years beginning 1993. The annual rental on the leased property is originally subject to 5% escalation after every five (5) years. In May 2007, the agreement was amended revising the annual lease rate and escalation rate to 1.50% escalation after every five (5) years.

Aside from the aforementioned lease, the Group leases out its investment properties to third party and related party customers for periods ranging from one (1) month to three (3) years with option to renew for another one (1) month to three (3) years under such terms and conditions as may be mutually agreed upon by the parties to the contracts. In 2021, there were no leases to third party.

The Group also leases out a piece of land until June 1, 2021, which is the subject of complaint against the Philippine National Oil Company (PNOC) (Note 19).

Rental income attributable to the investment properties for the years ended December 31 consists of the following:

	Note	2021	2020	2019
Third parties		-	22,678,320	15,300,183
Related parties	11	9,056,598	10,652,728	13,236,179
		9,056,598	33,331,048	28,536,362

The operating expenses directly attributable to the investment properties pertaining to contractual services, repairs and maintenance, and real estate taxes amounted to P4.0 million in 2021 (2020 - P6.8 million; 2019 - P6.0 million).

Outstanding balances of lease receivables from related parties as at December 31, 2021 and 2020 represent lease differential in the computation of rent income using straight-line method.

The Group's outstanding receivables and unearned rental income from third parties as at December 31, 2021 and 2020 are disclosed in Notes 3 and 10, respectively.

Advance rentals as at December 31 are as follows:

	Notes	2021	2020
Third parties		-	346,447
Related parties	11	128,982	304,345
	10	128,982	650,792

Refundable deposits as at December 31, 2020 which were returned in 2021 are as follows:

	Note	2021	2020
Third parties		-	2,416,447
Related parties	11	93,982	269,346
		93,982	2,685,793

Future minimum rental receivables under non-cancellable operating lease agreements as at December 31 are as follows:

	2021	2020
Within one (1) year	10,665,919	10,742,465
After one (1) year but not more than five (5) years	42,663,676	42,663,676
More than five (5) years	182,760,622	193,426,541
	236,090,217	246,832,682

Note 8 - Property and equipment, net

Details and movements of property and equipment as at and for the years ended December 31 are as follows:

	Note	Condominium units	Office machine, furniture and fixtures	Transportation equipment	Total
2021					
Cost					
January 1		5,397,020	2,254,159	776,186	8,427,365
Additions		-	591,536	-	591,536
Disposal		-	(151,959)	-	(151,959)
December 31		5,397,020	2,693,736	776,186	8,866,942
Accumulated depreciation					
January 1		5,397,020	695,997	776,186	6,869,203
Depreciation	16	-	369,272	-	369,272
Disposal		-	(151,959)	-	(151,959)
December 31		5,397,020	913,310	776,186	7,086,516
Net book values		-	1,780,426	-	1,780,426
2020					
Cost					
January 1		5,397,020	692,125	776,186	6,865,331
Additions		-	1,562,034	-	1,562,034
December 31		5,397,020	2,254,159	776,186	8,427,365
Accumulated depreciation					
January 1		5,397,020	474,292	776,186	6,647,498
Depreciation	16	-	221,705	-	221,705
December 31		5,397,020	695,997	776,186	6,869,203
Net book values		-	1,558,162	-	1,558,162

Additions to cost and depreciation expense for the year ended December 31, 2019 amounted to P235.4 thousand and P116.5 thousand, respectively.

Based on the results of management assessment, the Group believes that there was no objective evidence that indicators of impairment exist as at December 31, 2021 and 2020.

Note 9 - Intangible assets, net

Details and movements of intangible assets which pertain to computer software programs as at and for the years ended December 31 are as follows:

	Note	2021	2020
Cost			
January 1		7,085,405	-
Additions		1,129,022	7,085,405
December 31		8,214,427	7,085,405
Accumulated amortization			
January 1		1,006,033	-
Amortization expense	16	1,365,162	1,006,033
December 31		2,371,195	1,006,033
Net book value at December 31		5,843,232	6,079,372

Based on the results of management's assessment, the Group believes that there was no objective evidence that indicators of impairment exist as at December 31, 2021 and 2020.

Note 10 - Accrued expenses and other current liabilities

Accrued expenses and other current liabilities as at December 31 consist of:

	Notes	2021	2020
Accrued expenses		2,095,268	3,275,471
Payable to government agencies		348,649	774,970
Advance rentals	7	128,982	650,792
Unearned rental income from third party		-	517,500
Others	11	674,282	627,936
		3,247,181	5,846,669

Accrued expenses include professional fees, audit fees, directors' fees, fringe, membership dues, taxes and licenses, and other expenses.

Payable to government agencies include output VAT and withholding taxes.

Other accounts payable pertain to unclaimed monies or dividends by shareholders (Note 11).

The Group reversed accrued expenses amounting to P0.8 million which prescribed in 2020.

Note 11 - Related party transactions and balances

In the normal course of business, the Group transacts with companies which are considered related parties. The significant related party transactions and balances as at and for the years ended December 31 are as follows:

		Transactions			Outstanding receivable (payable)		
Related party	Notes	2021	2020	2019	2021	2020	Terms and conditions
Entities under common control							
Loans (a)							
KPMI							
Principal	3	(10,000,000)	(22,000,000)	-	240,000,000	250,000,000	Outstanding balance is collectible in cash, with terms of 88 to 90 days subject for renewal, interest-bearing at 3.1% to 3.8% per annum in 2021 (2020 - 3.4% to 4.9%), and unsecured.
Interest income	3	8,641,563	11,256,118	16,477,352	1,223,442	1,112,281	
Leases (b)							
Rental income							
KPMI		8,636,598	10,232,728	12,816,179	30,296,494	30,158,922	Outstanding balance is collectible in cash within the first five (5) days of each month, non-interest bearing and unsecured.
Keppel IVI Investment, Inc. (KIVI)		300,000	300,000	300,000	-	-	
Keppel Energy and Consultancy, Inc. (KECI)		120,000	120,000	120,000	-	-	
	7	9,056,598	10,652,728	13,236,179	30,296,494	30,158,922	
Advance rentals							
KPMI		175,363	-	-	(93,982)	(269,345)	Outstanding balance is to be applied on the last monthly rental at end of lease term, is non-interest bearing and unsecured.
KIVI		-	-	-	(25,000)	(25,000)	
KECI		-	-	-	(10,000)	(10,000)	
	7, 10	175,363			(128,892)	(304,345)	
Refundable deposits							
KPMI	7	175,364	-	-	(93,982)	(269,346)	Outstanding balance is payable in cash within 60 days from end of lease term, non-interest bearing and unsecured.

Related party	Notes	Transactions 2021	2020	2019	Outstanding receivable (payable) 2021	2020	Terms and conditions
Entities under common control							
Various expenses and charges (c)							
KPMI		7,304,509	2,500,703	2,088,162	-	-	Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
Keppel Enterprise Services Pte. Ltd		1,487,751	-	-	-	-	
Keppel Subic Shipyard, Inc. (KSSI)		-	14,345	16,309	-	-	
Kepventure, Inc.		-	-	11,625	-	-	
KIVI		-	-	11,188	-	-	
Keppel Infrastructure Holdings Pte. Ltd.		-	-	10,204	-	-	
Keppel DHCS Pte. Ltd.		-	-	5,801	-	-	
					-	-	
Payroll service fees (d)							
KSSI		1,847,962	570,098	-	125,602	351,154	
KPMI		1,757,056	541,800	-	804,959	268,505	
		3,605,018	1,111,898	-	930,561	619,659	
Management fees (e)							
KECI		240,000	240,000	240,000	-	-	
KIVI		180,000	180,000	180,000	-	-	
Kepventure, Inc.		60,000	60,000	60,000	-	-	
		480,000	480,000	480,000	-	-	
Other income							
Commission (f)							
KPMI		828,000	1,123,485	-		-	
Director's fees							
KPPI		190,000	170,000	220,000		-	
KPMI		-	-	60,000		-	
						-	
Due from related parties	3	-	-	-	930,561	619,659	
Associates							
Cash dividends received	6	7,510,465	8,733,099	10,479,719	-	-	Outstanding balance is collectible in cash on pay-out date as approved by the related party's BOD, non-interest bearing and unsecured.
Shareholders of Parent Company							
Cash dividends declared and paid							Outstanding balance is payable in cash on pay-out date as approved by the Parent Company's BOD, non-interest bearing and unsecured.
Kepwealth, Inc.		3,053,293	3,053,293	3,053,293	-	-	
KCL		1,689,409	1,689,409	1,689,409	-	-	
Others		1,019,130	1,019,130	1,037,640	(674,282)	(627,936)	
	10, 14	5,761,832	5,761,832	5,780,342	(674,282)	(627,936)	
Various expenses and charges (b)							Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
Kepwealth, Inc.		40,789	501,405	23,250	-	-	
KCL		78,811	-	9,000	-	-	
Management fees (e)					-		
Kepwealth, Inc.		276,000	276,000	276,000	-	-	
Non-controlling interests (NCI)							
Cash dividends declared and paid	14	9,899,808	9,654,808	-	-	-	Outstanding balance is payable in cash on pay-out date as approved by the subsidiary's BOD, non-interest bearing and unsecured.
Key management personnel							
Salaries and other short-term employee benefits		1,763,200	3,645,212	3,461,400	-	-	Outstanding balance is payable every designated period per employee contracts, non-interest bearing and unsecured.
Retirement benefits		658,408	491,278	450,742	-	(1,087,622)	
Retirement plan							
Contributions to the fund	12	273,803	-	10,619,028	-	-	Refer to note.

The Group at all times observes and adheres with the related party transactions policy and all other relevant laws, rules and regulations, as may be applicable, in the review, approval and disclosure of related party transactions. The members of the Audit Committee and management discloses to the BOD all material facts related to the material related party transactions, whether potential or actual conflict of interest, including their direct and indirect interest in any transaction or matter that may affect or is affecting the Group. Materiality threshold of the Group is ten percent (10%) of the Group's total consolidated assets based on the latest audited financial statements. The material related party transactions are approved by two-thirds vote of the BOD with at least majority of the independent directors voting to approve. In the case that the majority of the independent directors' vote is not secured, the material related party transactions may be ratified by the vote of the shareholders representing at least two-thirds of the outstanding share capital of the Parent Company.

For each of the three (3) years in the period ended December 31, 2021, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties because of strong financial condition of the concerned entities. 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.

(a) Loans

The Group granted short-term, interest-bearing loans to KPMI. Movements in loans receivable for the years ended December 31 are as follows:

	2021	2020	2019
January 1	250,000,000	272,000,000	272,000,000
Collections	(10,000,000)	(22,000,000)	-
December 31	240,000,000	250,000,000	272,000,000

(b) Leases

The Group leases certain investments properties to related parties (Note 7). The Group granted lease concessions to KPMI which amounted to P2.7 million in 2021 (2020 - P2.6 million; 2019 - nil) which were netted to rental income.

(c) Various expenses and charges

The Group paid for various reimbursable expenses which are utilized in the normal operations of the related parties.

The Group also incurred share in various expenses due to KPMI relating to clearing and leveling operations on leased out properties amounting P2.5 million and P2.1 million in 2020 and 2019, respectively. There were no such expenses in 2021.

In 2021, the Group paid commission to KPMI related to the sale of interest in land rights amounting P7.2 million (2020 and 2019 - nil) (Note 19).

(d) Payroll service fees

In 2020, the Group entered into payroll service agreements with KSSI and KPMI for the use of the payroll system of the Group. The Group charges these parties at agreed service fees for the one-time and recurring charges incurred by the Group. These agreements are considered renewed every year thereafter and subject to mutual amendments or termination by the parties.

(e) Management fees

Since 2013, the Group had management agreements with related companies with monthly management fees which are subject to change depending upon the extent and volume of services provided by the Group. The services cover regular consultancy, handling of financial reporting, personnel and administration services including payroll and other government documentary requirements. The agreement are considered renewed every year thereafter, unless one (1) party gives the other a written notice of termination at least three (3) months prior to the expiration date.

(f) Commission

The Group entered into an agreement with KPMI to assist the latter in its bidding activities for select projects with the Company earning a 1% share in KPMI's revenues. The income earned amounted to P1.1 million in 2020. There was no income earned in 2021.

The Group also entered into an agreement with KPMI to assist the latter in the sale of its improvement in a piece of land at Bauan, Batangas with the Company earning a 2% share in the sale. The income earned amounted to P0.8 million in 2021 (2020 - nil).

(g) Key management personnel

There were no share-based compensation, other long-term and termination benefits provided to key management personnel for each of the three (3) years in the period ended December 31, 2021.

(h) Elimination

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

	Note	2021	2020	2019
As at December 31				
Investment in subsidiaries		110,165,069	110,165,069	110,165,069
For the years ended December 31				
Dividend income of Parent Company from subsidiaries	14	10,703,867	10,548,867	1,500,000
Dividend income of GRDC from GMRI		296,325	296,325	-
Management fees of Parent Company from subsidiary		780,000	780,000	780,000

Note 12 - Retirement benefits

The Group has a funded, non-contributory defined benefit plan covering the retirement and disability benefits to its qualified employees and is being administered by a trustee bank. The normal retirement age is 60 years with at least five (5) years of service and optional retirement date is at age 50 or completion of at least ten (10) years of service. The retirement obligation is determined using the Projected Unit Credit (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined using the amount necessary to provide for the portion of the retirement benefit accruing during the year.

Details of retirement benefit liability, net in the consolidated statements of financial position as at December 31 are as follows:

	2021	2020
Fair value of plan assets	9,052,516	8,853,942
Present value of defined benefit obligation	(9,052,516)	(10,517,659)
	-	(1,663,717)

Movements in the present value of defined benefit obligation for the years ended December 31 are as follows:

	2021	2020	2019
At January 1	10,517,659	10,043,033	9,049,051
Current service cost	576,054	751,500	757,659
Interest cost	520,624	290,075	432,545
Past service cost	-	-	67,966
Benefits paid	(990,745)	(1,780,000)	-
Remeasurement loss from:			
Experience adjustments	(1,565,482)	-	(101,473)
Change in financial assumptions	(5,594)	1,213,051	(162,715)
At December 31	9,052,516	10,517,659	10,043,033

Movements in the fair value of plan assets for the years ended December 31 are as follows:

	2021	2020	2019
At January 1	8,853,942	10,619,028	-
Interest income	438,270	14,914	-
Contributions	273,803	-	10,619,028
Benefits paid	(990,745)	(1,780,000)	-
Gain on plan assets	477,246	-	-
At December 31	9,052,516	8,853,942	10,619,028

These plan assets are composed mainly of government securities and unit investment trust funds under Level 1 fair value category.

There is no expected contribution to the plan assets for the year ending December 31, 2022.

Details of retirement benefit expense recognized as part of salaries, wages, and employee benefits under operating expenses in profit or loss for the years ended December 31 are as follows:

	2021	2020	2019
Current service cost	576,054	751,500	757,659
Net interest cost	82,354	275,162	432,545
Past service cost	-	-	67,966
	658,408	1,026,662	1,258,170

Movements in remeasurements on retirement benefits as at and for the years ended December 31 are as follows:

	2021	2020	2019
January 1	(948,862)	184,932	-
Remeasurement gain (loss)	2,048,322	(1,213,050)	264,188
Tax effect	-	79,256	(79,256)
Remeasurement gain (loss), net of tax	2,048,322	(1,133,794)	184,932
December 31	1,099,460	(948,862)	184,932

The principal actuarial assumptions used are as follows:

	2021	2020
Discount rate	4.96%	2.88%
Salary increase rate	5.0%	3.92%
Average remaining working life	9.6	12.5
Weighted average duration of the defined benefit obligation	12	12

The discount rate assumption is based on the theoretical spot yield curve calculated from the Bankers Association of the Philippines PHP BVAL Reference Rates benchmark reference curve for the government securities market (previously the PDEx (PDST-R2) market yields on benchmark government bonds) by stripping the coupons from government bonds to create virtual zero coupon bonds as of the valuation date, and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

Assumptions regarding future mortality are set based on actuarial report as at December 31, 2021 in accordance with published statistical data and historical mortality experience in the Philippines.

The sensitivities of the defined benefit obligation to changes in the principal assumptions as at December 31 are as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2021			
Discount rate	1%	(872,283)	976,509
Salary increase rate	1%	965,158	(880,830)
2020			
Discount rate	1%	(1,194,697)	970,892
Salary increase rate	1%	2,649,196	547,850

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized in the consolidated statements of financial position. The methods and types of assumptions used in the preparing the sensitivity analysis did not change compared to previous period.

The maturity analysis of undiscounted future retirement payments as at December 31 are as follows:

	2021	2020
Less than a year	125,133	2,202,563
Between one (1) to five (5) years	554,958	8,810,250
Over five (5) years but not more than ten (10) years	20,358,400	11,012,813
Over ten (10) years	19,533,413	22,025,626
	40,571,904	44,051,252

Note 13 - Share capital

Details of share capital as at December 31, 2021 and 2020 are as follows:

	Amount
Authorized at P1 par value	
Class A	90,000,000
Class B	200,000,000
	290,000,000
Issued at P1 par value	
Class A	39,840,970
Class B	33,332,530
Share capital	73,173,500

The Class "A" and Class "B" shares of stock are identical in all respects and have P1 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 at December 31, 2021 and 2020. Each share has a right to one (1) vote.

Movements in the number of outstanding shares (or issued less treasury shares) as at December 31 are as follows:

	2021	2020	2019
Class "A"			
January 1	36,065,970	36,165,970	36,166,970
Purchase of treasury shares	(239,300)	(100,000)	(1,000)
December 31	35,826,670	36,065,970	36,165,970
Class "B"			
January 1	21,552,349	21,636,449	21,636,449
Purchase of treasury shares	(36,600)	(84,100)	-
December 31	21,515,749	21,552,349	21,636,449
Total outstanding shares	57,342,419	57,618,319	57,802,419

Details of the Parent Company's weighted average number of shares as at December 31 are as follows:

	2021	2020	2019
Class A	35,826,670	36,065,970	36,165,970
Class B	21,515,749	21,552,349	21,636,449
	57,342,419	57,618,319	57,802,419

In accordance with SRC Rule 68, as Amended (2019), Annex 68-K, below is a summary of the Parent Company's track record of registration of securities as at December 31:

Common shares	Number of shares registered	Issue/ offer price	Date of approval	Number of holders of securities
2021				
Class "A"	35,826,670	1.00	June 30, 2000	378
Class "B"	21,515,749	1.00	June 30, 2000	55
	57,342,419			
2020				
Class "A"	36,065,970	1.00	June 30, 2000	378
Class "B"	21,552,349	1.00	June 30, 2000	55
	57,618,319			

Note 14 - Retained earnings; Treasury shares

The portion of retained earnings, corresponding to the undistributed equity in net earnings of the associates, is not available for distribution as dividends until declared by the associates.

Retained earnings are further restricted to the extent of treasury shares with the following details as at December 31:

	2021		2020	
	Shares	Cost	Shares	Cost
Class "A"	4,014,300	15,383,529	3,775,000	13,936,130
Class "B"	11,816,781	9,897,470	11,780,181	9,677,959
	15,831,081	25,280,999	15,555,181	23,614,089

As at December 31, 2021, total unrestricted retained earnings of the Parent Company amounted to P494.5 million (2020 - P229.5 million). The amount of unrestricted retained earnings is in excess of 100% of its paid-up capital as at December 31, 2021 and 2020. The Parent Company declared and paid cash dividends on a regular basis to comply with the Corporation Code of the Philippines. The Parent Company declares dividend based upon the favorable result of operations and the availability of unappropriated retained earnings.

(a) Dividends

(i) Parent Company

The Parent Company's BOD declared cash dividends of P0.10 per share or P5.8 million in 2021, 2020 and 2019 as follows:

	2021	2020	2019
Date of declaration and approval	June 19	June 19	June 21
Date of shareholders' record	July 8	July 9	July 5
Date paid	July 31	July 31	July 31

(ii) Subsidiaries

Dividends declared by the subsidiaries for the years ended December 31 are as attributable to:

	Note	2021	2020	2019
Equity holders of Parent Company	11	10,703,867	10,548,867	1,500,000
NCI	11	9,899,808	9,654,808	-
GRDC to GMRI	11	296,325	296,325	-
		20,900,000	20,500,000	1,500,000

Dividends to NCI were declared and paid in the same year.

Note 15 - Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders of the Group by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Group and held as treasury shares, if any.

Earnings per share for the years ended December 31 is calculated as follows:

	Note	2021	2020	2019
Net income attributable to equity holders of the parent		264,633,350	20,207,345	18,387,319
Weighted average number of shares outstanding	13	57,342,419	57,618,319	57,802,419
Basic earnings per share		4.61	0.35	0.32

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

Note 16 - Operating expenses

Operating expenses for the years ended December 31 consist of:

	Notes	2021	2020	2019
Salaries, wages, and employee benefits		10,906,102	12,063,802	11,409,246
Taxes and licenses		4,394,018	4,370,228	4,412,278
Professional fees		4,155,989	3,125,239	3,847,359
Depreciation and amortization	7, 8, 9	1,734,434	1,227,738	116,473
Repairs and maintenance		1,208,977	197,677	104,039
Contractual services		1,092,000	2,898,000	2,080,350
Utilities		877,885	741,595	766,631
Membership dues		652,414	467,305	481,782
Transportation and travel		513,642	442,186	620,565
Office supplies		124,972	92,653	176,879
Reversal of accrued expenses	10	-	(800,000)	-
Provision for impairment losses, net	3, 4	(4,709,314)	(575,487)	2,771,598
Others		1,042,417	685,756	986,820
		21,993,536	24,936,692	27,774,020

Others consist of bank charges, business development expenses, and miscellaneous items.

Note 17 - Income taxes

The Group's deferred income tax liability, net as at December 31 are as follows:

	2021	2020
Deferred income tax liability		
Lease receivable from straight-lining	1,495,948	1,507,947
Deferred income tax assets of a subsidiary		
Allowance for doubtful accounts	-	(39,600)
Others	-	(2,340)
	-	(41,940)
December 31	1,495,948	1,466,007

The deferred income tax assets and liability are expected to be recovered and settled, respectively, after more than 12 months from reporting date.

Details of deferred income tax assets as at December 31 which were not recognized because management believes that future taxable profit will not be available against which the deductible temporary difference and carry-forward benefits of net operating loss carry-over (NOLCO) and excess minimum corporate income tax (MCIT) can be applied are as follows:

	2021		2020	
	Tax base	Tax effect	Tax base	Tax effect
Accrued expenses	815,598	202,363	1,387,070	416,121
NOLCO	238,487	47,697	-	-
Advance rentals	57,592	6,012	650,792	195,238
Retirement benefit liability, net	-	-	1,663,717	499,115
Unearned rental income	-	-	517,500	155,250
	1,111,677	256,072	4,219,079	1,265,724
MCIT		1,278,457		1,608,903
		1,534,529		2,874,627

Under the National Internal Revenue Code of 1997, net operating loss carry-over (NOLCO) and MCIT can be applied as deduction from taxable income and tax due, respectively, over the next three (3) years immediately following the year of such loss.

On September 11, 2020, Republic Act (R.A.) No. 11494, otherwise known as "Bayanihan to Recover as One Act", was passed into law to strengthen the government's efforts in mitigating the effects of COVID-19 pandemic. Under R.A. No. 11494, NOLCO for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

R.A. No. 11534, known as the CREATE Act, was signed into law on March 26, 2021. The signing into law of the CREATE Act is a non-adjusting subsequent event as at December 31, 2020. The salient provisions of CREATE that are relevant to the Company are the lowering of the regular corporate income tax rate (RCIT) from 30% to 20% or 25%, depending on the level of the Company's total assets and net taxable income, and minimum corporate income tax (MCIT) from 2% to 1%, starting July 1, 2020. For financial reporting purposes, the entities in the Group are subject to 20% or 25% RCIT and 1% MCIT as at December 31, 2021 (2020 - 30% RCIT and 2% MCIT).

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.

Registered business enterprises, like GMRI, will continue to enjoy the preferential rates on registered activities for 10 years from the approval of CREATE Act or until April 2031.

Details of and movements in NOLCO and MCIT as at and for the years ended December 31 are as follows:

		2021		2020	
Year incurred	Expiry year	NOLCO	MCIT	NOLCO	MCIT
2021	2026	238,487		-	-
2020	2023	-	757,077	-	757,077
2019	2022	-	521,380	-	521,380
2018	2021	-	330,446	-	330,446
2017	2020	-	-	3,797,876	-
		238,487	1,608,903	3,797,876	1,608,903
Expiration		-	(330,446)	(3,797,876)	-
December 31		238,487	1,278,457	-	1,608,903

Income tax payable amounted to P0.06 million and P0.2 million as at December 31, 2021 and 2020, respectively.

The components of the income tax expense for the years ended December 31 are as follows:

	2021	2020	2019
Current	84,926,531	5,084,329	1,827,767
Final tax on interest income	189,180	171,946	358,883
Deferred	29,941	(88,153)	475,167
	85,145,652	5,168,122	2,661,817

Reconciliations of the income tax expense at statutory income tax rates to the income tax expense as shown in the consolidated statements of income are as follows:

	2021	2020	2019
Income tax computed at statutory tax rates	90,745,468	9,392,716	8,778,974
Adjustments resulting from tax effects of:			
Differential in income subject to 5% on gross income	529,604	(1,000,554)	(1,521,623)
Final tax on interest income	189,180	171,946	312,156
Non-deductible expenses	110,450	474,546	1,124,645
Changes in unrecognized deferred income tax assets	24,129	(848,454)	(2,853,508)
Interest income subjected to final tax	(237,500)	(257,918)	(487,304)
Impact of CREATE Act on current income tax	(435,102)	-	-
Non-taxable income and reversals	(5,780,577)	(2,764,160)	(2,691,523)
Effective income tax expense	84,145,652	5,168,122	2,661,817

Note 18 - Operating segments

For management reporting purposes, the Group's businesses are classified into the following business segments: (1) investment holding, and (2) real estate, with KPMI, a related party, and third parties, as key lessees. The Group's BOD reviews the performance of these reportable segments. Details of the Group's business segments are as follows:

	Investment holding	Real estate	Combined	Eliminations	Consolidated
2021					
Revenues and income					
KPMI	10,398,619	9,464,598	19,863,217	-	19,863,217
External customers	-	345,559,187	345,559,187	-	345,559,187
Equity in net earnings of an associate	-	-	-	6,673,044	6,673,044
Other related parties	14,087,829	420,000	14,507,829	(11,483,867)	3,023,962
Interest income from banks and others	1,210,183	-	1,210,183	-	1,210,183
Total revenues and income	25,696,631	355,443,785	381,140,416	(4,810,823)	376,329,593
Income before income tax	8,891,853	356,148,071	365,039,924	(10,703,867)	354,336,057
Income tax benefit (expense)	2,019,159	(87,164,811)	(85,145,652)	-	(85,145,652)
Net income	10,911,012	268,983,260	279,894,272	(10,703,867)	269,190,405
Other comprehensive income	11,048,322	-	11,048,322	-	11,048,322
Total comprehensive income	21,959,334	268,983,260	290,942,594	(10,703,867)	280,238,727
Other information					
Segment assets	656,087,826	744,582,820	1,400,670,646	(110,165,069)	1,290,505,577
Segment liabilities	3,350,568	2,440,842	5,791,410	(896,346)	4,895,064
Depreciation and amortization	1,250,692	483,742	1,734,434	-	1,734,434
2020					
Revenues and income					
KPMI	11,837,803	10,232,728	22,070,531	-	22,070,531
External customers	-	22,678,320	22,678,320	-	22,678,320
Equity in net earnings of an associate	-	-	-	7,607,779	7,607,779
Other related parties	22,937,989	420,000	23,357,989	(20,358,291)	2,999,698
Interest income from banks and others	889,418	-	889,418	-	889,418
Total revenues and income	35,665,210	33,331,048	68,996,258	(12,750,512)	56,245,746
Income before income tax	16,344,163	26,935,403	43,279,566	(11,970,512)	31,309,054
Income tax expense	(5,168,122)	-	(5,168,122)	-	(5,168,122)
Net income	11,176,041	26,935,403	38,111,444	(11,970,512)	26,140,932
Other comprehensive loss	(3,133,795)	-	(3,133,795)	-	(3,133,795)
Total comprehensive income	8,042,246	26,935,403	34,977,649	(11,970,512)	23,007,137
Other information					
Segment assets	904,274,549	240,428,908	1,144,703,457	(110,165,069)	1,034,538,388
Segment liabilities	8,869,466	3,864,931	12,734,397	(896,345)	11,838,052
Depreciation and amortization	1,227,738	-	1,227,738	-	1,227,738

	Investment holding	Real estate	Combined	Eliminations	Consolidated
2019					
Revenues and income					
KPMI	16,687,351	12,259,499	28,946,850	-	28,946,850
External customers	-	15,300,183	15,300,183	-	15,300,183
Equity in net earnings of an associate	-	-	-	8,926,743	8,926,743
Other related parties	13,795,719	976,680	14,772,399	(12,759,719)	2,012,680
Interest income from banks and others	1,850,811	-	1,850,811	-	1,850,811
Total revenues and income	32,333,881	28,536,362	60,870,243	(3,832,976)	57,037,267
Income before income tax	9,748,654	22,567,569	32,316,223	(3,052,976)	29,263,247
Income tax expense	(2,661,817)	-	(2,661,817)	-	(2,661,817)
Net income	7,086,837	22,567,569	29,654,406	(3,052,976)	26,601,430
Other comprehensive income	2,184,932	-	2,184,932	-	2,184,932
Total comprehensive income	9,271,769	22,567,569	31,839,338	(3,052,976)	28,786,362
Other information					
Segment assets	892,788,814	242,136,027	1,134,924,841	(110,165,069)	1,024,759,772
Segment liabilities	7,242,163	2,318,604	9,560,767	(896,346)	8,664,421
Depreciation and amortization	116,473	-	116,473	-	116,473

Segment assets and segment liabilities are measured in the same way as in the consolidated financial statements. These assets and liabilities are allocated based on the operations of each segment. 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 mainly from operations within Luzon, an island of the Philippines.

Significant revenue from third party due to sale of interest in land rights accounted for 90.7% of the Group's consolidated revenues and income in 2021 (2020 - nil; 2019 - nil) (Note 19). Rental income from KPMI comprise 2.4% of the Group's consolidated revenues and income in 2021 (2020 - 18.2%; 2019 - 21.5%).

Note 19 - Other matters

In September 2003, the Parent Company filed a complaint against PNOC for specific performance with the Regional Trial Court (RTC) 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 P4.1 million as full and complete payment of the purchase price, and to execute a Deed of Absolute Sale in favor of the Parent Company. PNOC, however, filed an appeal with the Court of Appeals (CA) in the same year which the CA dismissed on December 19, 2011.

On July 25, 2016, the Supreme Court (SC) affirmed the decision of the CA in December 2011 in the resolution dated May 14, 2012 and upheld the Parent Company's option to buy the land and remanded the case to the RTC of Batangas City to update the Parent Company's Filipino equity ownership. On December 14, 2016, SC's decision became final and executory and was recorded in the Books of Entries of Judgments.

Considering that the case remained unresolved for an unreasonably long period of time, the Group decided to monetize its interest by signing agreements which effectively transferred the Parent Company's land rights over the subject property to the third-party buyer in June 2021 for a gross price of P358.6 million. The Group's cash deposit of P4.1 million within other non-current assets in the statement of financial position as at December 31, 2020, and related legal expense of P1.8 million and commission expense of P7.2 million incurred and paid in 2021, were applied against the gross price resulting in a net gain of P345.6 million on the sale of interest in land rights. As a condition of the sale, a motion for substitution was made in court to replace the Company with the buyer as the new plaintiff.

The remaining balance in other non-current assets as at December 31, 2020 pertain to other long-term deposits.

Note 20 - Financial risk management and capital management

20.1 Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, market risks (interest rate risk and equity price risk), and liquidity risk that could affect its financial position and results of operations. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The BOD reviews and approves the policies for managing each of these risks.

(a) 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. There are no significant concentrations of credit risk within the Group.

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 pertains to the loan receivables from a related party (Notes 3 and 11), which comprise 39.0% of the Group's maximum exposure in credit risk as at December 31, 2021 (2020 - 68.8%).

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

	Notes	High performing	Credit-impaired	Total
2021				
Cash and cash equivalents	2	341,097,007	-	341,097,007
Receivables, at gross	3	273,545,760	-	273,545,760
		614,642,767	-	614,642,767
2020				
Cash and cash equivalents	2	80,366,937	-	80,366,937
Receivables, at gross	3	281,919,141	1,234,519	283,153,660
		362,286,078	1,234,519	363,520,597

The Group's financial assets are categorized based on the Group's collection experience with the counterparties as follows:

a. High performing - settlements are obtained from counterparty following the terms of the contracts without history of default.
b. Underperforming - some reminder follow-ups are performed to collect accounts from counterparty.
c. Credit impaired - evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the counterparty, a breach of contract such as a default or being more than 120 days past due; or it is probable that the borrower will enter bankruptcy or other financial reorganization.

The credit quality of financial assets is discussed below:

(i) Cash and cash equivalents

There is low credit risk exposure and immaterial expected credit losses (ECL) as these are deposited/placed in accredited universal banks as defined by the Philippine Banking System that have high credit standing in the financial services industry.

(ii) Receivables

Related parties

There is low credit risk exposure and immaterial ECL on loans receivable and related interest receivable, due from and refundable deposits from related parties since these accounts are considered high performing with no history of defaults. These accounts are classified as high performing. Additionally, credit risk is minimized since the related parties are paying on normal credit terms based on contracts. The Group does not hold any collateral as security for these receivables.

Third parties - Credit impaired

Lease receivable from a third party amounting to P0.8 million as at December 31, 2020 is considered credit-impaired due to significant past due default. The related lease contract has not been extended and was terminated in 2020. Management assessed a lifetime ECL of P0.1 million. The balance was fully collected in 2021 (Note 3).

As at December 31, 2021 and 2020, other receivables from a third party amounting to P0.4 million aged over 360 days or significantly past due is considered credit-impaired. Management provided the balance with full allowance since 2003. The Group assessed that the amount may not be collectible and write-off was made in 2021 (Note 3).

As at December 31, 2019, receivable from a third party amounting to P1.8 million aged over 360 days was considered credit-impaired and has been fully provided with allowance for impairment per management's evaluation of the collectability of the long-outstanding receivable. The Group wrote-off the balance in full in 2020 (Note 3).

(b) Market risk

(i) 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 is significantly exposed to fair value interest rate risk since a portion of its income and operating cash flows are affected by changes in market interest rates, particularly its loans receivable from a related party.

The effect on income before tax as a result of a change in interest rates (based on prior year percentage change in interest rates), with all other variables held constant, is as follows:

	Change in interest rates (%)	Effect on income before income tax
December 31, 2021	+/- 17	+/- 1,469,066
December 31, 2020	+/- 38	+/- 4,277,325

The Group's exposure to movements in market interest rates to its cash and cash equivalents placed with local banks is immaterial. The Group has no hedging policy in relation to managing its interest rates.

(ii) 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 equity investments where values will fluctuate as a result of changes in market prices.

Such quoted equity investments are 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 equity price due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	Change in equity price (%)	Effect on other comprehensive income
December 31, 2021	+/- 10	+/- 4,600,000
December 31, 2020	+/- 10	+/- 1,499,999

The Group determined the reasonably possible change in equity pricing percentage changes in the fair value for the past three (3) years.

(c) Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and loans. The Group also monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information. There are no material liquidity risks given minimal liabilities relative to available liquid assets.

The maturity profile and contractual undiscounted cash flows from the Group's financial liabilities which are subject to liquidity risk as at December 31 are as follows:

	On demand	Within 3 months	From 3 to 12 months	Total
2021				
Accounts payable and other current liabilities*	674,282	2,095,268	-	2,769,550
Refundable deposits	-	-	93,982	93,982
	674,282	2,095,268	93,982	2,863,532
2020				
Accounts payable and other current liabilities*	627,936	3,275,471	-	3,903,407
Refundable deposits	-	-	2,685,793	2,685,793
	627,936	3,275,471	2,685,793	6,589,200

**Excluding payable to government agencies, unearned rental income and advance rentals*

20.2 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 that will require increased capitalization.

The debt-to-equity ratios as at December 31 are as follows:

	2021	2020
Total liabilities	4,895,064	11,838,052
Total equity	1,285,610,513	1,022,700,336
Debt-to-equity ratio	0.004:1	0.012:1

There were no changes in the Group's approach to capital management during the year.

As part of the reforms of the PSE to expand the capital market and improve transparency among listed firms, the PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Parent Company has fully complied with this requirement.

20.3 Fair value of financial instruments

(a) Financial assets and liabilities at amortized cost

Due to the short-term nature of the Group's financial assets and liabilities at amortized costs, the fair values approximate their carrying amounts as at December 31, 2021 and 2020. Lease receivables are not subject to discounting; thus, the fair values approximate their carrying amounts as at December 31, 2021 and 2020.

(b) Financial asset at FVOCI

The fair value of quoted equity investment 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. As at December 31, 2021 and 2020, the Group classifies its financial asset at FVOCI under Level 2 of the fair value hierarchy. For the years ended December 31, 2021 and 2020, 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.

Note 21 - Critical accounting estimates, assumptions, and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the amounts reported in the consolidated financial statements and the related notes. The estimates, assumptions, and judgments used are based upon management's evaluation of the relevant facts and circumstances as at the date of the consolidated financial statements. These 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. Actual results could differ from such estimates.

The estimates, assumptions, and judgments that may 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.

21.1 Critical accounting estimates and assumptions

(a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are discussed in Note 20.1(a).

(b) Fair value of equity instruments

The Group determines the fair value of its equity investments based on quoted market prices or executable dealer quotes for identical or similar instruments in inactive markets at each reporting date (Note 5). The related balances and details of fair value hierarchy are disclosed in Notes 5 and 20.3(b), respectively.

(c) Impairment of other current assets

Management believes that the Group's CWT and input VAT may not be recoverable because of the expected future minimal transactions where the Group's CWT and input VAT will be utilized. The amount and timing of recorded expenses for any period would therefore differ based on the judgment or estimates made. Details of allowance for impairment related CWT and input VAT are disclosed in Note 4.

(d) Fair value of investment properties

The fair value of the investment properties was determined using the market approach as at December 31, 2021 and 2020 (Note 7). The valuation of the investment properties was categorized as Level 3 measurement as it utilized adjusted inputs for valuation that were, for the major part, unobservable as at the date of valuation.

The following table summarizes the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements as at December 31, 2021 and 2020:

	Range of inputs		Relationship of unobservable
Unobservable inputs	2021	2020	inputs to fair value
Asking price discount	10% to 15%	10%	The higher the input, the lower the fair value.
Physical adjustments (location, shape, size, condition, development and neighborhood)	-40% to -5%	-30% to 5%	The higher the input, the higher the fair value.

There were no significant interrelationships between unobservable inputs that materially affects fair values.

(e) Estimated useful lives of property and equipment, and intangible assets

The Group's management determines the estimated useful lives and related amortization charges for its property and equipment, and intangible assets. This estimate is based on the expected future economic benefit to the Group. Management adjusts the depreciation and amortization charge where useful lives are less than previously estimated lives, or write-offs or write-downs technically obsolete assets that have been abandoned or sold. Management believes that the current estimated useful lives of such assets approximate their actual economic benefits to the Group. Further, management does not foresee any changes in terms of business operations that would warrant reassessment of estimated useful lives. The carrying values of the property and equipment, and intangible assets are disclosed in Notes 8 and 9, respectively.

(f) Retirement benefits

The Group maintains a qualified defined benefit retirement plan. The calculations of retirement benefit costs of the Group are dependent upon the use of assumptions, including discount rates, expected return on plan assets, interest cost, future salary increases, benefits earned, mortality rates, the number of employee retirements, the number of employees electing to take lump-sum payments and other factors.

The Group determines the appropriate discount rate at year-end dates. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Group considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligation. Other key assumptions for retirement benefit obligation are based in part on current market conditions. Additional information is disclosed in Note 12.

21.2 Critical accounting judgments

(a) Impairment of investment in an associate

Investment in an associate carried at equity method is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. To determine if its investment in an associate is impaired, the Group evaluates whether its ownership interest in the net assets of its associate after fair value adjustments on non-depreciable non-current assets is less than its cost. Other factors considered are financial health, and short and long-term business outlook, including operational and financing cash flows. As at December 31, 2021 and 2020, the Group's share in CLI's net assets after fair value adjustments is higher than its carrying value, hence, the asset is deemed not impaired. The carrying value of investment in CLI are disclosed in Note 6.

(b) Impairment of other non-financial assets

The Group assesses impairment on investment properties whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Determining the recoverable amount of investments properties (Note 7), property and equipment (Note 8), and intangible assets (Note 9) requires the determination of future cash flows expected to be generated from such assets. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Group recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount. This requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations. The Group considers each asset separately in making its judgment. As at December 31, 2021 and 2020, management assessed that there were no identified impairment indicators for its other non-financial assets.

(c) Classification of leases

The Group has entered into a property lease 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 contract is accounted for as non-cancellable operating lease. 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. Detail of leases are disclosed in Note 7.

(d) Contingencies

The Group is currently involved in a legal proceeding and claims by third parties. The estimate of the probable cost for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings and claims by third parties will have a material effect on the Group's consolidated financial statements (Note 19).

(e) Income taxes

Significant judgment is required in determining the income tax expense. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognizes liabilities for tax audit issues when it is probable. The liabilities are based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made

The Group's assessment on the recognition of deferred income tax assets on non-deductible temporary differences is based on the forecasted taxable income of the following reporting periods. This forecast is based on the Group's future expectations on revenues and expenses. As at December 31, 2021, deferred income tax assets were not recognized because management believes that future taxable profit will not be available against which the deferred income tax assets can be applied. As at December 31, 2020, certain deferred income tax assets disclosed were recognized up to the amounts that management believes that future taxable profit will be available against which the deferred income tax assets can be applied (Note 17).

Note 22 - Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

22.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee and International Financial Reporting Interpretations Committee which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The consolidated financial statements have been prepared on historical cost basis, except for:

- financial assets at FVOCI; and
- fair value of plan assets within retirement benefit liability, net.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the consolidated financial statements are disclosed in Note 21.

Changes in accounting policies and disclosures

There are no new standards, amendments to existing standards, and interpretations that are effective for the annual periods beginning on January 1, 2021, and issued but not yet effective as at December 31, 2021, which would have a significant impact or are considered relevant to the Group's consolidated financial statements.

22.2 Basis of consolidation

The consolidated financial statements comprise the separate financial statements of the Parent Company and its subsidiaries as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021. The Group uses uniform accounting policies; any difference between the subsidiaries and Parent Company are adjusted properly.

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

Assessment of control

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. NCI pertain to the equity in a subsidiary not attributable, directly, or indirectly to the Parent Company. NCI represent the portion of profit or loss and the net assets not held by the Group and are presented separately in the consolidated statements of income and consolidated statements of total comprehensive income and within equity in the consolidated statements of financial position and consolidated statements of changes in equity.

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

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

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

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

As at December 31, 2021 and 2020, NCI pertains to 44% and 5% ownership in GRDC of KPMI Retirement Plan and KPMI, respectively.

The financial information (before intercompany eliminations) of GRDC and its wholly-owned subsidiary, GMRI, and NCI balances (after intercompany eliminations) as at and for the years ended December 31 are as follows:

	2021			2020		
	GRDC	GMRI	Total	GRDC	GMRI	Total
Current assets	863,653	74,213,223	75,076,876	995,403	83,144,844	84,140,247
Non-current assets	3,250,697	569,502,853	572,753,550	3,248,792	570,309,858	573,558,650
Total assets	4,114,350	643,716,076	647,830,426	4,244,195	653,454,702	657,698,897
Current liabilities	71,415	630,458	701,873	98,168	394,036	492,204
Non-current liabilities	-	1,495,948	1,495,948	-	1,507,947	1,507,947
Total liabilities	71,415	2,126,406	2,197,821	98,168	1,901,983	2,000,151
Revenues and income	547,619	16,594,573	17,142,192	548,284	19,614,975	20,163,259
Income before income tax	414,820	10,592,078	11,006,898	418,462	14,220,448	14,638,910
Net income and total comprehensive income	396,908	10,036,951	10,433,859	383,463	13,147,544	13,531,007
Cash flows from:						
Operating activities	58,525	1,348,421	1,406,946	44,401	2,693,862	2,738,263
Investing activities	288,846	18,720,788	19,009,634	273,513	21,966,822	22,240,335
Financing activities	(500,000)	(20,000,000)	(20,500,000)	-	(20,000,000)	(20,000,000)
Accumulated balance of material NCI	1,981,038	355,401,348	357,382,386	2,031,553	360,693,586	362,725,139
Net income and total comprehensive income attributable to material NCI	49,286	4,507,769	4,557,055	42,697	5,890,890	5,933,587

Accumulated balance of material NCI, and net income and total comprehensive income attributable to material NCI as at and for the year ended December 31, 2019 are P358.2 million and P8.9 million, respectively.

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

22.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are carried in the consolidated statements of financial position at amortized cost. Other relevant policies are disclosed in Note 22.5.

22.4 Receivables

Receivables are amounts due from debtors in the ordinary course of business. Receivables are recognized initially at the original invoice amount which approximates fair value (as the effect of discounting is immaterial), and subsequently measured at amortized cost less provision for impairment, if any. Other relevant policies are disclosed in Note 22.5.

22.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity. The Group recognizes a financial instrument in the consolidated statements of financial position, when and only when, the Group becomes a party to the contractual provisions of the instrument.

(a) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. The Group reclassifies debt investments when and only when its business model for managing those assets changes. The Group has financial assets at FVOCI and at amortized cost as at December 31, 2021 and 2020. Financial assets at amortized cost include cash and cash equivalents (Note 22.3) and receivables (Note 22.4). Financial assets at FVOCI include equity instruments.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

On the disposal of equity instruments classified as FVOCI, any related balance within the FVOCI reserve is reclassified to retained earnings.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value.

Subsequent to initial recognition, measurement depends on the Group's business model for managing the asset and cash flow characteristic of the asset. For financial assets at amortized cost, interest income, if any, from these financial assets is included within other income in the consolidated statements of income using the effective interest rate method. Impairment losses are presented as separate line item in profit or loss when material.

Where the Group's management has elected to present fair value gains and losses on investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the Group's right to receive payments is established.

(iv) Impairment

The Group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The general approach is applied. Under this approach, credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognized.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Group to actions such as realizing security (if any is held).

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized as a separate line item, when material, in the consolidated statements of income. When an asset remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against impairment losses in the consolidated statements of income.

(b) Financial liabilities

(i) Classification

The Group classifies its financial liabilities at initial recognition in the following categories: at fair value through profit or loss (including financial liabilities held for trading and those designated at fair value) and financial liabilities at amortized cost. The Group only has financial liabilities at amortized cost which accrued expenses and other current liabilities (excluding payables to government agencies, unearned rental income and advance rentals) (Note 21.12) as at December 31, 2021 and 2020.

Issued financial instruments or their components, which are not designated at fair value through profit or loss, are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder. Other financial liabilities include accrued expenses. These are included in current liabilities except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

(ii) Initial recognition and derecognition

Financial liabilities are initially recognized at fair value of the consideration received plus directly attributable transaction costs. A financial liability is derecognized when the obligation under the liability is discharged or 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.

(iii) Subsequent measurement

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty. There are no financial assets and financial liabilities that were offset as at December 31, 2021 and 2020.

22.6 Prepayments and other assets

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Input VAT is carried at face amount or at nominal amount less allowance for impairment loss. 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 statements of financial position.

CWT is recognized as asset in the period such excess income tax payments become available as tax credits to the Group and carried over to the extent that it is probable that the benefit will flow to the Group. These are derecognized when there is a legally enforceable right, as prescribed by the applicable laws, to apply the recognized amounts against the related income tax due.

Advances to suppliers and advances to officers and employees represent initial payments for purchases or expenditures. These are reclassified to another asset account or expense upon delivery of the goods or the service by the supplier or upon liquidation of the cash advance.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

22.7 Investment in an associate

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 investment in an associate is 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 statements 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 in net 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 statements of income reflects the Group's share in the results of operations of the associate under the equity in net earnings of associate account. 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 statements 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.

Investment in associate is derecognized upon disposal or loss of significant influence over an associate. 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.

The Group determines at each reporting date whether there is any objective evidence that investment in an associate is impaired (Note 22.11).

22.8 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business. The Group has adopted the cost model for its investment properties.

Land is not depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives in years:

Asset class	Useful life
Condominium units	15 - 25
Furniture, fixtures and equipment	2 - 4

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.

Investment properties are derecognized when either these 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.

Fully depreciated investment properties are still carried in the books until they are no longer in use or are retired.

The Group determines at each reporting date whether there is any objective evidence that investment properties are impaired (Note 22.11).

22.9 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.

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

Asset class	Useful life
Condominium units	15 to 25
Office machine, furniture and fixtures	1 to 7
Transportation equipment	5

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.

Fully depreciated property and equipment are still carried in the books until they are no longer in use or are retired.

The Group determines at each reporting date whether there is any objective evidence that property and equipment are impaired (Note 22.11).

22.10 Intangible assets

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Amortization of computer software is calculated using the straight-line method over their estimated useful lives of seven (7) years.

Intangible assets are derecognized when sold, disposed or when contractual agreements expire and are no longer renewed.

The Group determines at each reporting date whether there is any objective evidence that intangible are impaired (Note 22.11).

22.11 Impairment of non-financial assets

The Group assesses at the reporting date whether there is an indication that its non-financial assets 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.

Where 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 assessments of the time value of money and the risks specific to the asset. Impairment losses, if any, are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at the 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income 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 charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining estimated useful life.

22.12 Accrued expenses and other current liabilities

Accrued expenses and other current liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are recognized initially at invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method which is normally equal to its nominal amount. Other relevant policies are disclosed in Note 22.5, except for payables to government agencies, unearned rental income and advance rentals.

Payable to government agencies are recognized at face amount, not subject to discounting but are derecognized similarly with financial liabilities.

Other relevant policies for unearned rental income and advance rentals are disclosed in Note 22.16.

22.13 Fair value measurement

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 of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

As at December 31, 2021 and 2020, the fair value of plan assets and fair value of financial assets at FVOCI are measured under Level 1 and Level 2 fair value category, respectively. The fair value of investment properties are disclosed under Level 3 fair value category. The Group has no other assets and liabilities that are measured or disclosed at fair value.

22.14 Equity

(a) Share capital and share premium

Share capital is measured at par value for all shares issued. When the Group issues shares in excess of par, the excess is recognized as share premium. Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from share premium.

(b) Treasury shares

Treasury shares are recorded at cost and presented as a deduction from equity. When the shares are retired, the share capital account is reduced by the par value and the excess of cost over par value upon retirement is debited to share premium to the extent of the specific or average share premium when the shares were issued and to retained earnings for the remaining balance.

(c) Retained earnings

Retained earnings include current and prior year's results of operations, net of transactions with shareholders and dividends declared, if any.

Cash dividend distribution to the Group's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's BOD.

22.15 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing net income attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the year, excluding common shares purchased by and held as treasury shares.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential common shares. As at report date, the Parent Company has no dilutive potential common shares.

22.16 Revenues and income

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The following specific criteria must be met before recognition:

(a) Rental income

Rental income from investment properties is accounted for on a straight-line basis over the lease term (Note 22.19).

Advance rentals are received at the start of the lease term and recognized as liabilities until earned or applied at the end of lease term. Unearned rental income are received in advance within the lease term and recognized as liabilities until earned or applied at the related lease term period.

(b) Management fees, commission income and directors' fees

These are recognized over time as the services are rendered based on the fixed terms and fixed price of the contracts.

(c) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method (Note 22.5).

(d) Dividend income

Dividend income is recognized at point in time when the shareholders' right to receive the payment is established.

(e) Other income

Other income is recognized when there is an incidental economic benefit that has been earned, other than the usual business operation, that will flow to the Group through an increase in asset or reduction in liability and that can be measured reliably.

22.17 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.

22.18 Employee benefits

(a) Short-term employee benefits

Short-term employee benefits include items such as salaries and wages, social security contributions and non-monetary benefits, if expected to be settled wholly within 12 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. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value, if material.

The related liability on employee benefits is derecognized when the obligation is discharged or cancelled.

(b) Retirement benefits

The Group maintains a non-contributory defined benefit retirement plan which is a retirement plan that defines an amount of pension benefit that an employee will receive upon retirement, dependent on certain factors such as age, years of credited service, and compensation.

The liability recognized in the consolidated statements of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. In cases when the fair value of plan assets exceeds the present value of the defined benefit obligation at the end of the reporting period, the asset recognized is adjusted to the effect of asset ceiling which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The defined benefit obligation is calculated annually by an independent actuary using the PUC method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income during the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

Liabilities for employee benefits are derecognized when the obligation is settled or cancelled or has expired.

Leases - Group as lessor

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:

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

<u>Operating leases</u>

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.

22.19 Income taxes

Income tax expense comprises current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates based on existing laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (NOLCO) and unused tax credits (excess MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when related bases are realized/settled or when it is no longer realizable/due.

22.20 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.

22.21 Provisions and contingencies

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense in the consolidated statements of income.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed and derecognized from the consolidated statements of financial position.

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. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Cash deposit for court case is refundable per court decision or applied as payment to plaintiff contingent upon the results of the court case.

22.22 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its shareholder. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged.

22.23 Functional and presentation currency

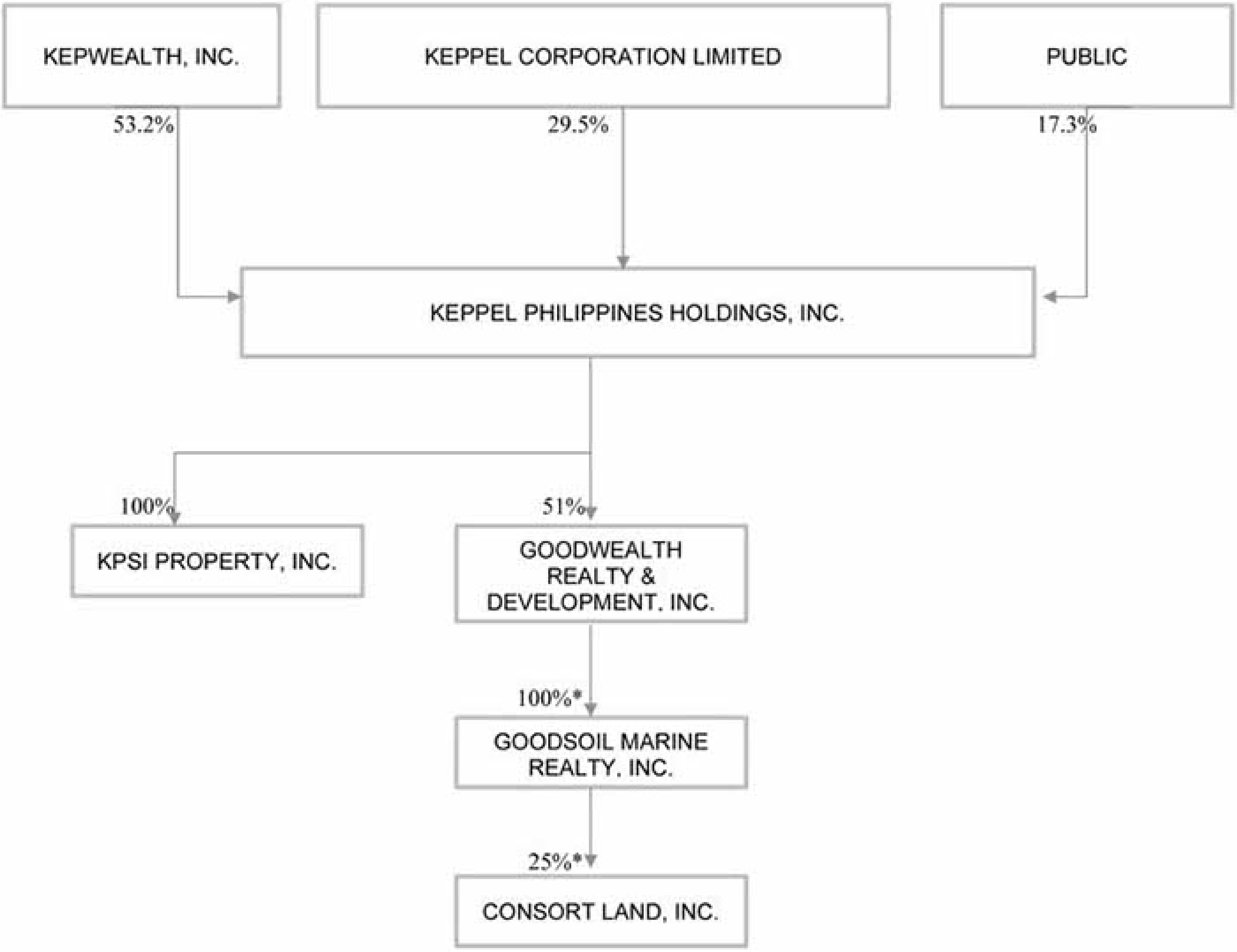
Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Philippine Peso, which is the Group's functional and presentation currency.

22.24 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 to the consolidated financial statements when material.

Keppel Philippines Holdings, Inc. and Subsidiaries

Map of Relationships of the Companies within the Group
As at December 31, 2021



Including voting rights

Keppel Philippines Holdings, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2021 and 2020
(With comparative figures as at December 31, 2019)

Ratio	Formula		2021	2020	2019
A. Current and liquidity ratios					
Current ratio	Total current assets	587,059,146	172.71	38.37	46.54
	Divided by: Total current liabilities	3,399,116			
	Current ratio	172.71			
Acid test ratio	Total current assets	587,059,146	172.20	38.33	46.47
	Less: Other current assets	1,724,906			
	Quick assets	585,334,240			
	Divided by: Total current liabilities	3,399,116			
	Acid test ratio	172.20			
B. Solvency ratio	Total net income after tax	269,190,405	55.35	2.31	3.08
	Add: Depreciation and amortization	1,734,434			
		270,924,839			
	Divided by: Total liabilities	4,895,064			
	Solvency ratio	55.35			
C. Debt-to-equity ratio	Total liabilities	4,895,064	0.004	0.01	0.01
	Divided by: Total equity	1,285,610,513			
	Debt-to-equity ratio	0.004			
D. Asset-to-equity ratio	Total assets	1,290,505,577	1.00	1.01	1.01
	Divided by: Total equity	1,285,610,513			
	Asset-to-equity ratio	1.00			
E. Debt ratio	Total liabilities	4,895,064	0.004	0.01	0.01
	Divided by: Total assets	1,290,505,577			
	Debt ratio	0.004			
F. Profitability ratios					
Return on assets (%)	Net income	269,190,405	20.86	2.53	2.60
	Divided by: Total assets	1,290,505,577			
	Return on assets (%)	20.86			
Return on equity (%)	Net income	269,190,405	20.94	2.56	2.62
	Divided by: Total equity	1,285,610,513			
	Return on equity (%)	20.94			
Net profit margin (%)	Net income	269,190,405	71.53	46.48	46.64
	Divided by: Total revenues	376,329,593			
	Net profit margin (%)	71.53			
G. Earnings per share (EPS) attributable to equity holders of Parent	Net income after minority interest	264,633,350	4.61	0.35	0.32
	Divided by: Total shares outstanding	57,342,419			
	EPS attributable to equity holders of Parent	4.61			
H. Book value per share (BPS) attributable to equity holders of Parent	Total equity after minority interest	928,228,127	16.19	11.45	11.24
	Divided by: Total shares outstanding	57,342,419			
	BPS attributable to equity holders of Parent	16.19			

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule A - Financial Assets
As at December 31, 2021
(All amounts in Philippine Peso)

Name of issuing entity and description of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the Consolidated Statement of Financial Position****	Value based on market quotations at statement date****	Income received and accrued
Financial assets at amortized cost				
Cash and cash equivalents*		341,097,007	341,097,007	945,899
Receivables, net**		244,237,233	244,237,233	8,641,563
		585,334,240	585,334,240	9,587,462
Financial asset at fair value through other comprehensive income***				
Wack-Wack Golf and Country Club, Inc.	1	44,000,000	44,000,000	-
		629,334,240	629,334,240	9,587,462

* See Note 2 to the Consolidated Financial Statements.
** See Note 3 to the Consolidated Financial Statements.
*** See Note 5 to the Consolidated Financial Statements.
****See Notes 20.1(a) and 20.3 to the Consolidated Financial Statements.
****See Note 20.3 to the Consolidated Finance Statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule B - Amounts Receivable from Directors, Officers,
Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As at December 31, 2021
(All amounts in Philippine Peso)

			Deductions				
Name and designation of debtor	Beginning balance	Additions	Amount collected	Amount written-off	Current	Non-current	Ending balance
Accounts receivable							
Keppel Philippines Marine, Inc.	30,510,076	11,537,555	(10,946,178)	-	2,791,066	28,310,387	31,101,453
Keppel Subic Shipyard, Inc.	268,505	1,847,942	(1,990,845)	-	125,602	-	125,602
Keppel IVI Investments, Inc.	-	480,000	(480,000)	-	-	-	-
Keppel Energy Consultancy, Inc.	-	360,000	(360,000)	-	-	-	-
Kepwealth, Inc.	-	316,789	(316,789)	-	-	-	-
Keppel Philippines Properties, Inc.	-	190,000	(190,000)	-	-	-	-
Keppel Corporation Limited	-	78,811	(78,811)	-	-	-	-
Kepventure, Inc.	-	60,000	(60,000)	-	-	-	-
	30,778,581	14,871,097	(14,422,623)	-	2,916,668	28,310,387	31,227,055
Loans receivable							
Keppel Philippines Marine, Inc.*	251,112,281	8,641,563	(18,530,402)	-	241,223,442	-	241,223,442
	281,890,862	23,512,660	(32,953,025)	-	244,140,110	28,310,387	272,450,497

Including interest receivable amounting to P1,223,442 and P1,112,281 as at December 31, 2021 and 2020, respectively. Information such as due dates, interest rates, terms of repayments and collateral, if any, are provided in Note 11 to the consolidated financial statements.

See Notes 3 and 11 to the Consolidated Financial Statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule C - Amounts Receivable from Related Parties
which are eliminated during the Consolidation of Financial Statements
As at December 31, 2021
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
			Not applicable				

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule D - Long-Term Debt
As at December 31, 2021
(All amounts in Philippine Peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet"
	Not applicable		

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule E - Indebtedness to Related Parties
As at December 31, 2021
(All amounts in Philippine Peso)

Name of affiliate	Beginning balance	Ending balance
Not applicable		

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2021
(All amounts in Philippine Peso)

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				

Fely Razon

From: eafs@bir.gov.ph
Sent: 18 April, 2022 2:38 PM
To: INFO@KEPPELPH.COM
Cc: FELY.RAZON@KEPPELPH.COM
Subject: Your BIR AFS eSubmission uploads were received

Hi KEPPEL PHILIPPINES HOLDINGS, INC.,

Valid files

- EAFS000163715OTHTY122021.pdf
- EAFS000163715ITRTY122021.pdf
- EAFS000163715TCRTY122021-02.pdf
- EAFS000163715TCRTY122021-01.pdf
- EAFS000163715AFSTY122021.pdf
- EAFS000163715RPTTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-96C6BEHD0QSNZV4SVQNRZRNTY0AGJLC6EH**
Submission Date/Time: **Apr 18, 2022 02:38 PM**
Company TIN: **000-163-715**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

6	2	5	9	6

COMPANY NAME

KEPPEL PHILIPPINES HOLDINGS INC.

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		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@keppelph.com	02-88921820	

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
420 as of 31 December 2021	Any Day in June	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
Felicidad V. Razon	info@keppelph.com	02-88921820	

CONTACT PERSON's ADDRESS

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

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

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

Keppel Philippines Holdings, Inc
Unit 3-B Country Space 1 Building
133 Senator Gil Puyat Avenue
Salcedo Village, Brgy. Bel-Air
1200 Makati City, Philippines
Tel : (632) 8892 1816
(632) 8892 1820 to 24
Fax : (632) 8815 2581
E-mail: info@keppelph.com
Web : www.keppelph.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **KEPPEL PHILIPPINES HOLDINGS, INC.** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules therein, for the years ended **December 31, 2021 and 2020**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Isla Lipana & Co., the Philippine member firm of PwC, the independent auditor appointed by the shareholders, has audited the financial statements of the Company in accordance with Philippines Standards on Auditing, and in its report to the shareholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

CHNG CHEE KEONG
Chairman of the Board

ALAN I. CLAVERIA
President

FELICIDAD V. RAZON
Vice President/Treasurer

Signed this 28th day of January 2022

Independent Auditor's Report

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

Report on the Audits of the Separate Financial Statements

Our Opinion

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Keppel Philippines Holdings, Inc. (the "Company") as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The separate financial statements of the Company comprise:

- the statements of financial position as at December 31, 2021 and 2020;
- the statements of total comprehensive income for the years ended December 31, 2021 and 2020;
- the statements of changes in equity for the years ended December 31, 2021 and 2020;
- the statements of cash flows for the years ended December 31, 2021 and 2020; and
- the notes to the separate financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report.

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

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Bureau of Internal Revenue Requirement

Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 22 to the separate financial statements are presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information are the responsibility of management and has been subjected to the auditing procedures applied in our audits of the separate financial statements. In our opinion, the supplementary information are fairly stated in all material respects in relation to the separate financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Catherine H. Santos.

Isla Lipana & Co.

Catherine H. Santos
Partner
CPA Cert. No. 0110097
P.T.R. No. 0011422; issued on January 6, 2022 at Makati City
SEC A.N. (individual) as general auditors 110097-SEC; Category A,
valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 211-726-564
BIR A.N. 08-000745-132-2020; issued on June 5, 2020; effective until June 4, 2023
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
January 28, 2022

Statement Required by Rule 68
Securities Regulation Code (SRC)

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

We have audited the separate financial statements of Keppel Philippines Holdings, Inc. (the "Company") as at and for the year ended December 31, 2021, on which we have rendered the attached report dated January 28, 2022.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary, the Company has 238 shareholders, each owning one hundred (100) or more shares, as at December 31, 2021.

Isla Lipana & Co.

Catherine H. Santos
Partner
CPA Cert. No. 0110097
P.T.R. No. 0011422; issued on January 6, 2022 at Makati City
SEC A.N. (individual) as general auditors 110097-SEC; Category A,
valid to audit 2020 to 2024 financial statements
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Makati City
January 28, 2022

Isla Lipana & Co.

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

We have audited the separate financial statements of Keppel Philippines Holdings, Inc. as at and for the year ended December 31, 2021, on which we have rendered the attached report dated January 28, 2022. The Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2021, as additional component required by SRC Rule 68, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with SRC Rule 68.

Isla Lipana & Co.

Catherine H. Santos
Partner
CPA Cert. No. 0110097
P.T.R. No. 0011422; issued on January 6, 2022 at Makati City
SEC A.N. (individual) as general auditors 110097-SEC; Category A,
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T.I.N. 211-726-564
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BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
January 28, 2022

Keppel Philippines Holdings, Inc.

Statements of Financial Position
As at December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	2	302,637,047	40,656,981
Receivables	3	192,018,201	191,533,470
Other current assets	15	1,549,134	371,222
Total current assets		496,204,382	232,561,673
Non-current assets			
Financial asset at fair value through other comprehensive income	4	44,000,000	35,000,000
Investments in subsidiaries	5	110,165,069	110,165,069
Property and equipment, net	6	1,322,983	1,466,574
Intangible assets, net	7	4,395,392	4,763,449
Other non-current assets	18	-	4,140,710
Total non-current assets		159,883,444	155,535,802
Total assets		656,087,826	388,097,475
LIABILITIES AND EQUITY			
Current liability			
Accrued expenses and other current liabilities	8	3,350,567	8,017,481
Non-current liability			
Retirement benefit liability, net	10	-	1,663,717
Total liabilities		3,350,567	9,681,198
Equity			
Share capital	11	73,173,500	73,173,500
Share premium		65,581,036	65,581,036
Treasury shares	11	(25,280,999)	(23,614,089)
Investment revaluation reserve	4	43,683,996	34,683,996
Remeasurements on retirement benefits	10	1,099,460	(948,862)
Retained earnings	11	494,480,266	229,540,696
Total equity		652,737,259	378,416,277
Total liabilities and equity		656,087,826	388,097,475

The notes on pages 1 to 35 are integral part of these separate financial statements.

Keppel Philippines Holdings, Inc.

Statements of Total Comprehensive Income
For the years ended December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2021	2020
Revenues and income			
Gain on sale of interest in land rights	18	345,559,187	-
Dividend income	9	10,703,867	10,548,867
Interest income	13	7,435,641	8,566,404
Payroll service fees	9	3,605,018	1,111,898
Management fees	9	1,536,000	1,536,000
Rental income	14	661,998	23,014,625
Other income		1,081,533	1,318,093
		370,583,244	46,095,887
Operating expenses	15	(15,304,205)	(18,666,357)
Income before income tax		355,279,039	27,429,530
Income tax expense	16	(84,577,637)	(3,706,201)
Net income for the year		270,701,402	23,723,329
Other comprehensive income (loss)			
Items that will not be subsequently reclassified to profit or loss:			
Unrealized fair value gain (loss) on financial asset at fair value through other comprehensive income	4	9,000,000	(2,000,001)
Remeasurement gain (loss) on retirement benefits, net of tax	10	2,048,322	(1,133,794)
		11,048,322	(3,133,795)
Total comprehensive income for the year		281,749,724	20,589,534
Basic and diluted earnings per share	12	4.72	0.41

The notes on pages 1 to 35 are integral part of these separate financial statements.

Keppel Philippines Holdings, Inc.

Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Share capital (Note 11)	Share premium	Treasury shares (Note 11)	Investment revaluation reserve (Note 4)	Remeasurements on retirement benefits (Note 10)	Retained earnings (Note 11)	Total
Balances at January 1, 2020	73,173,500	65,581,036	(22,628,577)	36,683,997	184,932	211,579,199	364,574,087
Comprehensive income							
Net income for the year	-	-		-	-	23,723,329	23,723,329
Other comprehensive loss	-	-	-	(2,000,001)	(1,133,794)	-	(3,133,795)
Total comprehensive income for the year	-	-	-	(2,000,001)	(1,133,794)	23,723,329	20,589,534
Transactions with owners							
Cash dividends declared (Note 11)	-	-	-	-	-	(5,761,832)	(5,761,832)
Purchase of treasury shares	-	-	(985,512)	-		-	(985,512)
Total transactions with owners	-	-	(985,512)	-	-	(5,761,832)	(6,747,344)
Balances at December 31, 2020	73,173,500	65,581,036	(23,614,089)	34,683,996	(948,862)	229,540,696	378,416,277
Comprehensive income							
Net income for the year	-	-	-	-	-	270,701,402	270,701,402
Other comprehensive income	-	-	-	9,000,000	2,048,322	-	11,048,322
Total comprehensive income for the year	-	-	-	9,000,000	2,048,322	270,701,402	281,749,724
Transactions with owners							
Cash dividends declared (Note 11)	-	-	-	-	-	(5,761,832)	(5,761,832)
Purchase of treasury shares	-	-	(1,666,910)	-	-	-	(1,666,910)
Total transactions with owners	-	-	(1,666,910)	-	-	(5,761,832)	(7,428,742)
Balances at December 31, 2021	73,173,500	65,581,036	(25,280,999)	43,683,996	1,099,460	494,480,266	652,737,259

The notes on pages 1 to 35 are integral part of these separate financial statements.

Keppel Philippines Holdings, Inc.

Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2021	2020
Cash flows from operating activities			
Income before income tax		355,279,039	27,429,530
Adjustments for:			
Depreciation and amortization	15	1,250,692	889,392
Retirement benefit expense	10	658,408	1,026,662
Reversal of accrued expenses	8,15	-	(800,000)
Reversal of impairment losses, net	15	(4,670,914)	(801,087)
Interest income	13	(7,435,641)	(8,566,404)
Dividend income	9	(10,703,867)	(10,548,867)
Gain on sale of interest in land rights	18	(345,559,187)	-
Operating income (loss) before working capital changes		(11,181,470)	8,629,226
Changes in working capital:			
Receivables		(310,902)	(2,575,218)
Other current assets		(24,069,021)	734,900
Other non-current assets		50,710	-
Accrued expenses and other current liabilities		(4,666,914)	2,370,537
Net cash generated from (absorbed by) operations		(40,177,597)	9,159,445
Interest received from cash and cash equivalents		732,791	287,263
Contributions to the retirement fund	10	(273,803)	-
Income taxes paid		(160,183)	(58,438)
Net cash provided by (used in) operating activities		(39,878,792)	9,388,270
Cash flows from investing activities			
Net proceeds from sale of interest in land rights	18	349,649,187	-
Cash dividends received		10,703,867	10,548,867
Interest received from loans to a related party		6,529,021	8,446,143
Principal collection of loans to a related party	9	-	10,000,000
Purchase of property and equipment	6	(127,786)	(1,562,034)
Purchase of intangible assets	7	(611,258)	(5,506,297)
Income taxes paid from sale of interest in land rights		(56,855,431)	-
Net cash provided by investing activities		309,287,600	21,926,679
Cash flows from financing activities			
Purchase of treasury shares		(1,666,910)	(985,512)
Cash dividends paid	11	(5,761,832)	(5,496,911)
Net cash used in financing activities		(7,428,742)	(6,482,423)
Net increase in cash and cash equivalents		261,980,066	24,832,526
Cash and cash equivalents at January 1		40,656,981	15,824,455
Cash and cash equivalents at December 31	2	302,637,047	40,656,981

The notes on pages 1 to 35 are integral part of these separate financial statements.

Keppel Philippines Holdings, Inc.

Notes to the Separate Financial Statements
As at and for the years ended December 31, 2021 and 2020
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Keppel Philippines Holdings, Inc. (the "Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 1975 to engage primarily in investment holding.

In 1987, the Company became a publicly listed entity through initial public offering (IPO) of its shares. There was no follow on offering after the IPO. The Company's shares are publicly traded in the Philippine Stock Exchange (PSE).

The Company's registered office address is Unit 3-B, Country Space I Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City. As at December 31, 2021 and 2020, the Company has six (6) regular employees.

The Company is 53.2%-owned by Kepwealth, Inc., 29.5%-owned by Keppel Corporation Limited (KCL), and 17.3%-owned by the public. Kepwealth, Inc. is incorporated in the Philippines. The ultimate parent company of the Company is KCL, a company incorporated in Singapore and listed in the Singapore Exchange.

At December 31, 2021 and 2020, the following are the Company's subsidiaries, which all belong to the real estate industry:

	Percentage of ownership
KPSI Property, Inc. (KPSI)	100.0%
Goodwealth Realty Development Corp. (GRDC)	51.0%
Goodsoil Marine Realty, Inc. (GMRI)	51.0%

GRDC is 44%-owned by Keppel Philippines Marine, Inc. Retirement Plan (KPMI Retirement Plan) and 5%-owned by Keppel Philippines Marine, Inc. (KPMI) in 2021 and 2020. GRDC owns 93.8% of GMRI, thus, including the Company's 3.2% separate interest in GMRI, the Company has 51% effective ownership on GMRI.

All of the Company's subsidiaries were incorporated in the Philippines and with principal place of business at Unit 3-B, Country Space 1 Building, 133 Sen. Gil J. Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City.

As at December 31, 2021 and 2020, the Company has 238 shareholders, each owning at least 100 shares.

The accompanying separate financial statements of the Company have been approved and authorized for issuance by the Company's Board of Directors (BOD) on January 28, 2022.

Impact of Coronavirus Disease 2019 (COVID-19)

Subsequent to the outbreak of COVID-19 in the first quarter of 2020, a series of measures to curb the pandemic have been and continues to be implemented in the Philippines. As a result of the implementation of the community quarantine, the Company has extended lease concessions to its related party lessee (Note 9). Management continues to implement measures to mitigate and reduce any negative impact to its profitability or any other economic effects on its business. Measures have likewise been undertaken to preserve the health and safety of its employees and other stakeholders. Management is closely monitoring the status of the pandemic and its related impact on its business operations. As at the date of approval of these financial statements, management is continuously assessing the impact of the pandemic on the next financial year and deems that the Company will continue to operate as going concern within the next 12 months.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2021	2020
Cash in banks	4,212,465	8,542,943
Cash equivalents	298,424,582	32,114,038
	302,637,047	40,656,981

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term investments which are placed in financial institutions for varying periods of up to three (3) months, depending on the immediate cash requirements of the Company, and earned interest at annual rates that ranged from 0.375% to 0.5% in 2021 (2020 - 0.5% to 3.5%).

Interest income earned amounted to P800,910 in 2021 (2020 - P292,188). Interest receivable amounted to P83,903 as at December 31, 2021 (2020 - P15,784).

Note 3 - Receivables

Receivables as at December 31 consist of:

	Notes	2021	2020
Loans receivable from a related party	9	190,000,000	190,000,000
Interest receivable	2, 9	1,087,640	913,811
Due from related parties	9	930,561	619,659
		192,018,201	191,533,470

Based on the results of management assessment, the Company believes no loss allowance is required as at December 31, 2021 and 2020 (Notes 9 and 19.1 (a)).

Note 4 - Financial asset at fair value through other comprehensive income (FVOCI)

Details and movements of financial asset at FVOCI as at and for the years ended December 31 are as follows:

	2021	2020
Original cost	316,004	316,004
Investment revaluation reserve		
January 1	34,683,996	36,683,997
Unrealized fair value gain (loss)	9,000,000	(2,000,001)
December 31	43,683,996	34,683,996
	44,000,000	35,000,000

This account pertains to proprietary golf club share that provides the Company with opportunities for return through dividend income and trading gains. This share does not have fixed maturity or coupon rate and the movement is based on quoted market prices or executable dealer quotes for identical or similar instruments in inactive markets. There were no dividends earned in 2021 and 2020.

Note 5 - Investments in subsidiaries

Investments in subsidiaries as at December 31, 2021 and 2020 consist of:

	Cost
GMRI	93,257,000
KPSI	16,000,000
GRDC	908,069
	110,165,069

(a) KPSI

The Company has 100% ownership interest in KPSI, a company incorporated in the Philippines (Note 1). KPSI is primarily engaged in the real estate business, particularly in the lease of its investment properties to entities under common control and third parties.

The Company earned and received cash dividends from KPSI amounting to P400,000 in 2021 (2020 - P500,000) (Note 9).

(b) GRDC

The Company has 51% ownership in GRDC, a company incorporated in the Philippines (Note 1). GRDC is engaged primarily in the real estate business, particularly in the lease of its investment properties to entities under common control. There is no difference on the voting rights of non-controlling interests in GRDC as compared to majority shareholders.

The Company earned and received cash dividends from GRDC amounting to P255,000 in 2021 (2020 - nil) (Note 9).

(c) GMRI

Including its separate interest of 3.2% in GMRI, the Company has 51% effective indirect ownership in GMRI, a company incorporated in the Philippines. GMRI is a subsidiary of GRDC (Note 1). GMRI is primarily engaged in the real estate business particularly in the lease of its properties to entities under common control. There is no difference on the voting rights of non-controlling interests in GMRI as compared to majority shareholders.

The Company earned and received cash dividends from GMRI amounting to P10,048,867 each in 2021 and 2020 (Note 9).

As at December 31, 2021 and 2020, management assessed that there is no indicator that the investments in the mentioned subsidiaries are impaired. No financial guarantee contracts exist between the Company and its subsidiaries as at December 31, 2021 and 2020.

Summarized financial information of the subsidiaries as at and for the years ended December 31 are as follows:

	Subsidiaries		
	KPSI	GRDC	GMRI
2021			
Current assets	15,777,888	863,653	74,213,223
Non-current assets	597,359	3,250,697	569,502,853
Current liabilities	243,021	71,415	630,458
Non-current liabilities	-	-	1,495,948
Net assets	16,132,226	4,042,935	641,589,670
Revenues and income	1,221,769	547,619	16,594,573
Income (Loss) before income tax	(112,268)	414,820	10,592,078
Net income (loss) and total comprehensive income (loss)	(107,243)	396,908	10,036,951
2020			
Current assets	17,473,762	995,403	83,144,844
Non-current assets	260,695	3,248,792	570,309,858
Current liabilities	1,094,988	98,168	394,036
Non-current liabilities	-	-	1,507,947
Net assets	16,639,469	4,146,027	651,552,719
Revenues and income	2,737,112	548,284	19,614,975
Income before income tax	1,211,126	418,462	14,220,448
Net income and total comprehensive income	857,108	383,463	13,147,544

There are no significant restrictions on the Company and its subsidiaries' ability to use assets or settle liabilities within the Company.

Note 6 - Property and equipment, net

Details and movements of property and equipment, net as at and for the years ended December 31 are as follows:

	Note	Condominium units	Office machine, furniture and fixtures	Transportation equipment	Total
2021					
Cost					
January 1		867,309	1,790,453	715,025	3,372,787
Additions		-	127,786	-	127,786
December 31		867,309	1,918,239	715,025	3,500,573
Accumulated depreciation					
January 1		867,309	323,879	715,025	1,906,213
Depreciation	15	-	271,377	-	271,377
December 31		867,309	595,256	715,025	2,177,590
Net book values		-	1,322,983	-	1,322,983
2020					
Cost					
January 1		867,309	228,419	715,025	1,810,753
Additions		-	1,562,034	-	1,562,034
December 31		867,309	1,790,453	715,025	3,372,787
Accumulated depreciation					
January 1		867,309	177,335	715,025	1,759,669
Depreciation	15	-	146,544	-	146,544
December 31		867,309	323,879	715,025	1,906,213
Net book values		-	1,466,574	-	1,466,574

Based on the results of management assessment, the Company believes that there were no objective evidence and indicators of impairment exist as at December 31, 2021 and 2020.

Note 7 - Intangible assets, net

Details and movement of intangible assets which pertain to computer software programs as at and for the years ended December 31 are as follows:

	Note	2021	2020
Cost			
January 1		5,506,297	-
Additions		611,258	5,506,297
December 31		6,117,555	5,506,297
Accumulated amortization			
January 1		742,848	-
Amortization expense	15	979,315	742,848
December 31		1,722,163	742,848
Net book value at December 31		4,395,392	4,763,449

Based on the results of management assessment, the Company believes that there were no objective evidence and indicators of impairment exist as at December 31, 2021 and 2020.

Note 8 - Accrued expenses and other current liabilities

Accrued expenses and other current liabilities as at December 31 consist of:

	Notes	2021	2020
Accrued expenses		2,352,029	3,807,770
Payables to government agencies		324,256	643,547
Refundable deposits	14	-	2,245,364
Unearned rental income from third party	14	-	517,500
Advance rentals	14	-	175,364
Others	9	674,282	627,936
		3,350,567	8,017,481

Accrued expenses pertain to accrual of benefits, sundry creditors, membership dues, professional fees other expenses.

Other payable pertains to unclaimed dividends by shareholders (Note 9).

The Company returned refundable deposits and advance rentals on leases to external and related parties following the sale of its land rights (Note 18).

Note 9 - Related party transactions and balances

In the normal course of business, the Company transacts with companies which are considered related parties. The significant related party transactions and balances as at and for the years ended December 31 are as follows:

Related party	Notes	2021 Transactions	2021 Outstanding receivable (payable)	2020 Transactions	2020 Outstanding receivable (payable)	Terms and conditions
Entities under common control						
Loans (a)						Outstanding balance is collectible in cash, with terms of 90 days subject for renewal, interest-bearing at 3.1% to 4.9% (2020 - 3.4% to 4.9%) per annum, and unsecured.
Principal	3	-	190,000,000	(10,000,000)	190,000,000	
Interest income	3, 13	6,634,731	1,003,737	8,274,216	898,027	
Leases (b)						
Rental income	14	661,998	-	1,687,875	-	Outstanding balance is collectible in cash within the first five (5) days of each month, non-interest bearing and unsecured.
Advance rentals		-	-	-	(175,363)	Outstanding balance is to be applied on the last monthly rental at end of lease term, non-interest bearing and unsecured.
Refundable deposits		-	-	-	(175,364)	Outstanding balance is payable in cash within 60 days from end of lease term, non-interest bearing and unsecured.
Various expenses (c)						Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
KPMI		7,304,509	-	2,500,703	-	
Keppel Enterprise Service Pte. Ltd..		1,487,751	-	-	-	
Keppel Subic Shipyard, Inc. (KSSI)		-	-	14,345	-	
			-		-	
Payroll service fees (d)						
KSSI		1,847,962	125,602	570,098	268,505	
KPMI		1,757,056	804,959	541,800	351,154	
		3,605,018	930,561	1,111,898	619,659	
Management fees (e)						
Keppel Energy Consultancy Inc.(KECI)		240,000	-	240,000	-	
KIVI		180,000	-	180,000	-	
Kepventure, Inc.		60,000	-	60,000	-	
		480,000	-	480,000	-	
Other income						
Commission (f)						
KPMI		828,000	-	1,123,485	-	
Director's fees						
KPPI		190,000	-	170,000	-	
			-		-	
Due from related parties	3	-	930,561		619,659	
Shareholders						
Cash dividends declared and paid						Outstanding balance is payable in cash on pay-out date as approved by the Company's BOD, non-interest bearing and unsecured.
Kepwealth, Inc.		3,053,293	-	3,053,293	-	
KCL		1,689,409	-	1,689,409	-	
Others		1,019,130	(674,282)	1,019,130	(627,936)	
	8, 11	5,761,832	(674,282)	5,761,832	(627,936)	
Various expenses and charges (b)						Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
Kepwealth, Inc.		40,789		501,405	-	
KCL		78,811		-	-	
Management fees (d)						
Kepwealth, Inc.		276,000	-	276,000	-	
Subsidiaries						
Management fees (d)						Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
GMRI		780,000	-	780,000	-	
Various expenses (b)						
GMRI		577,177	-	1,437,362	-	
KPSI		61,164	-	156,261	-	
GRDC		9,379	-	23,359	-	

Related party	Notes	2021 Transactions	2021 Outstanding receivable (payable)	2020 Transactions	2020 Outstanding receivable (payable)	Terms and conditions
Subsidiaries						Outstanding balance is collectible in cash on pay-out date as approved by the related party's BOD, non-interest bearing and unsecured.
Dividend income						
GMRI	5	10,048,867	-	10,048,867	-	
KPSI	5	400,000	-	500,000	-	
GRDC	5	255,000	-	-	-	
		10,703,867	-	10,548,867	-	
Key management personnel						
Salaries and other short-term employee benefits (g)		1,763,200	-	3,645,212	-	Outstanding balance is payable every designated period per employee contracts, non-interest bearing and unsecured.
Retirement benefits		658,408	-	491,278	(1,087,622)	
Retirement plan						
Contributions to the fund	10	273,803	-	-	-	Refer to note.

The Company shall at all times observe and adhere with the related party transactions policy and all other relevant laws, rules and regulations, as may be applicable, in the review, approval and disclosure of related party transactions. The members of the Audit Committee and management disclose to the BOD all material facts related to the material related party transactions, whether potential or actual conflict of interest, including their direct and indirect interest in any transaction or matter that may affect or is affecting the Company. Materiality threshold is ten percent (10%) of the Company's total consolidated assets based on the latest audited financial statements. The material related party transactions are approved by two-thirds vote of the BOD with at least majority of the independent directors voting to approve. In the case that the majority of the independent directors' vote is not secured, the material related party transactions may be ratified by the vote of the shareholders representing at least two-thirds of the outstanding share capital of the Company.

For the years ended December 31, 2021 and 2020, the Company has not made any provision for doubtful accounts relating to amounts owed by related parties because of strong financial condition of the concerned entities. 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.

(a) Loans

The Company granted short-term, interest-bearing loans to KPMI. Movements in loans receivable for the years ended December 31 are as follows:

	2021	2020
January 1	190,000,000	200,000,000
Collections	-	(10,000,000)
December 31	`190,000,000	190,000,000

(b) Leases

The Company leases out to KPMI a piece of land which is the subject of complaint against the Philippine National Oil Company (PNOC) (Note 18). The lease is for a period of one (1) year, subject to yearly renewal. The lease contract ended following the sale of interest in land rights in 2021. Advance rentals and refundable deposits are both equivalent to one (1) month rental of the corresponding lease contract (Note 14). These advance rentals and deposits were returned when the lease contract ended in 2021.

The Company granted lease concessions equivalent to 25% on its rental income which amounted to P220,665 in 2021 (2020 - P466,467) which were netted to rental income.

(c) Various expenses

The Company paid for various reimbursable expenses which are utilized in the normal operations of the related parties.

The Company incurred contractual services due to KPMI relating to clearing and levelling operations on leased out properties amounting to P2,484,000 in 2020. There was no such expense in 2021 (Note 15).

In 2021, the Company paid commission to KPMI related to the sale of interest in land rights amounting P7,172,000 (2020 - nil) (Note 18).

(d) Payroll services

In 2020, the Company entered into payroll service agreements with KSSI and KPMI for the use of the payroll system of the Company. The Company charges these parties at agreed service fees for the one-time and recurring charges incurred by the Company. These agreements are considered renewed every year thereafter and subject to mutual amendments or termination by the parties.

(e) Management fees

Since 2013, the Company had management agreements with related parties with monthly management fees which are subject to change depending upon the extent and volume of services provided by the Company. The services cover regular consultancy, handling of financial reporting, personnel and administration services including payroll and other government documentary requirements. The agreement are considered renewed every year thereafter, unless one (1) party gives the other a written notice of termination at least three (3) months prior to the expiration date.

(f) Commission

The Company entered into an agreement with KPMI to assist the latter in its bidding activities for select projects with the Company earning a 1% share in KPMI's revenues. The income earned amounted to P1,123,485 in 2020. There was no income earned in 2021.

The Company also entered into an agreement with KPMI to assist the latter in the sale of its improvement in a piece of land at Bauan, Batangas with the Company earning a 2% share in the sale. The income earned amounted to P828,000 in 2021 (2020 - nil).

(g) Compensation of key management personnel

There were no share-based compensation, other long-term and termination benefits provided to key management personnel in 2021 and 2020.

Note 10 - Retirement benefits

The Company has a funded, non-contributory defined benefit plan covering the retirement and disability benefits to its qualified employees and is being administered by a trustee bank. The normal retirement age is 60 years with at least five (5) years of service and optional retirement date is at age 50 or completion of at least ten (10) years of service. The retirement obligation is determined using the Projected Unit Credit (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined using the amount necessary to provide for the portion of the retirement benefit accruing during the year.

Details of retirement benefit liability, net in the statements of financial position as at December 31 are as follows:

	2021	2020
Fair value of plan assets	9,052,516	8,853,942
Present value of defined benefit obligation	(9,052,516)	(10,517,659)
	-	(1,663,717)

Movements in the present value of defined benefit obligation for the years ended December 31 are as follows:

	2021	2020
At January 1	10,517,659	10,043,033
Current service cost	576,054	751,500
Interest cost	520,624	290,076
Benefits paid	(990,745)	(1,780,000)
Remeasurement loss (gain) from:		
Experience adjustments	(1,565,482)	-
Change in financial assumptions	(5,594)	1,213,050
At December 31	9,052,516	10,517,659

Movements in the fair value of plan assets for the years ended December 31 are as follows:

	2021	2020
At January 1	8,853,942	10,619,028
Interest income	438,270	14,914
Contributions	273,803	-
Benefits paid	(990,745)	(1,780,000)
Remeasurement gain on plan assets	477,246	-
At December 31	9,052,516	8,853,942

These plan assets are composed mainly of government securities and unit investment trust funds under Level 1 fair value category.

There is no expected contribution to the plan assets for the year ending December 31, 2022.

Details of retirement benefit expense recognized as part of salaries, wages, and employee benefits under operating expenses in profit or loss for the years ended December 31 are as follows:

	2021	2020
Current service cost	576,054	751,500
Net interest cost	82,354	275,162
	658,408	1,026,662

Movements in remeasurements on retirement benefits as at and for the years ended December 31 are as follows:

	2021	2020
January 1	(948,862)	184,932
Remeasurement gain (loss)	2,048,322	(1,213,050)
Tax effect	-	79,256
Remeasurement gain (loss) on retirement benefits, net of tax	2,048,322	(1,133,794)
December 31	1,099,460	(948,862)

The principal actuarial assumptions used are as follows:

	2021	2020
Discount rate	4.96%	2.89%
Salary increase rate	5.00%	3.92%
Average remaining working life	9.60	12.50
Weighted average duration of the defined benefit obligation	12	12

The discount rate assumption is based on the theoretical spot yield curve calculated from the Bankers Association of the Philippines PHP BVAL Reference Rates benchmark reference curve for the government securities market (previously the PDEx (PDST-R2) market yields on benchmark government bonds) by stripping the coupons from government bonds to create virtual zero coupon bonds as of the valuation date, and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

Assumptions regarding future mortality are set based on actuarial report as at December 31, 2021 in accordance with published statistical data and historical mortality experience in the Philippines.

The sensitivities of the defined benefit obligation to changes in the principal assumptions as at December 31 are as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2021			
Discount rate	1%	(872,283)	976,509
Salary increase rate	1%	965,158	(880,830)
2020			
Discount rate	1%	(1,194,697)	970,892
Salary increase rate	1%	2,649,196	547,850

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the PUC method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized in the statements of financial position. The methods and types of assumptions used in the preparing the sensitivity analysis did not change compared to previous period.

The maturity analysis of undiscounted future retirement payments as at December 31 are as follows:

	2021	2020
Less than a year	125,133	2,202,563
Between one (1) to five (5) years	554,958	8,810,250
Over five (5) years but not more than ten (10) years	20,358,400	11,012,813
Over ten (10) years	19,533,413	22,025,626
	40,571,904	44,051,252

Note 11 - Equity

(a) Share capital

Details of share capital as at December 31, 2021 and 2020 are as follows:

	Amount
Authorized at P1 par value per share	
Class "A"	90,000,000
Class "B"	200,000,000
	290,000,000
Issued at P1 par value per share	
Class "A"	39,840,970
Class "B"	33,332,530
Share capital	73,173,500

The Class "A" and Class "B" shares of stock are identical in all respects and have P1 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 at December 31, 2021 and 2020. Each share has a right to one (1) vote.

Movements in the number of outstanding shares (or issued less treasury shares) as at December 31 are as follows:

	2021	2020
Class "A"		
January 1	36,065,970	36,165,970
Purchase of treasury shares	(239,300)	(100,000)
December 31	35,826,670	36,065,970
Class "B"		
January 1	21,552,349	21,636,449
Purchase of treasury shares	(36,600)	(84,100)
December 31	21,515,749	21,552,349
Total outstanding shares	57,342,419	57,618,319

Details of the Company's weighted average number of shares as at December 31 are as follows:

	2021	2020
Class "A"	35,826,670	36,065,970
Class "B"	21,515,749	21,552,349
	57,342,419	57,618,319

In accordance with Securities Regulation Code Rule 68, as Amended (2019), Annex 68-K, below is a summary of the Company's track record of registration of securities as at December 31:

Common shares	Number of shares registered	Issue/offer price	Date of approval	Number of holders of securities
2021				
Class "A"	35,826,670	1.00	June 30, 2000	378
Class "B"	21,515,749	1.00	June 30, 2000	55
	57,342,419	1.00	June 30, 2000	420
2020				
Class "A"	36,065,970	1.00	June 30, 2000	378
Class "B"	21,552,349	1.00	June 30, 2000	55
	57,618,319			420

(b) Retained earnings and treasury shares

Retained earnings are restricted to the extent of treasury shares with the following details as at December 31:

	2021		2020	
	Shares	Cost	Shares	Cost
Class "A"	4,014,300	15,383,529	3,775,000	13,936,130
Class "B"	11,816,781	9,897,470	11,780,181	9,677,959
	15,831,081	25,280,999	15,555,181	23,614,089

The Company's BOD declared cash dividends of P0.10 per share or P5,761,832 in June 2021 and 2020. These were due for pay-out in July 2021 and 2020. The unclaimed dividends amounted to P674,282 as at December 31, 2021 (2020 - P627,936) (Notes 8 and 9).

As at December 31, 2021, the Company has unappropriated retained earnings of P494,480,266 (2020 - P229,540,696). The amount of unrestricted retained earnings is in excess of 100% of its paid-up capital (or total of share capital and share premium) as at December 31, 2021 and 2020. The Company declared and paid cash dividends on a regular basis. The Company plans to declare dividends in 2022 based upon the favorable result of operations and the availability of unappropriated retained earnings.

Note 12 - Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares, if any.

Earnings per share for the years ended December 31 is calculated as follows:

	Note	2021	2020
Net income for the year		270,701,402	23,723,329
Divided by: Weighted average common shares	11.a	57,342,419	57,618,319
Basic and diluted earnings per share		4.72	0.41

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

Note 13 - Interest income

Interest income for the years ended December 31 consists of:

	Notes	2021	2020
Interest from loans	9	6,634,731	8,274,216
Interest from bank deposits	2	800,910	292,188
		7,435,641	8,566,404

Note 14 - Leases - Company as lessor

In June 2008, the Company entered into a lease agreement with KPMI for a piece of land which is the subject of a complaint filed against the Philippine National Oil Company (PNOC) (Notes 9 and 18). This is for a period of one (1) year, subject to yearly renewal.

In July 2018, the Company entered into another lease agreement with a third party for a period of one (1) month, subject to monthly renewal.

Rental income for the years ended December 31 are as follows:

	Note	2021	2020
Related parties	9	661,998	1,687,875
Third parties		-	21,326,750
		661,998	23,014,625

Unearned rental income from third party amounted to P517,500 as at December 31, 2020 (Note 8).

Advance rentals which came from related parties as at December 31, 2020 amounted to P175,363.

Refundable deposits as at December 31, 2020 are as follows:

	Notes	Amount
Related parties	9	175,364
Third parties		2,070,000
	8	2,245,364

There were no future minimum rental receivables under non-cancellable operating lease agreements as at December 31, 2021 and 2020.

Note 15 - Operating expenses

The components of operating expenses for the years ended December 31 are as follows:

	Notes	2021	2020
Salaries, wages and employee benefits		10,906,102	12,407,802
Professional fees		3,266,626	2,198,539
Repairs and maintenance		2,135,763	492,200
Depreciation and amortization	6, 7	1,250,692	889,392
Transportation and travel		495,122	426,242
Utilities		434,883	309,382
Taxes and licenses		414,648	373,707
Membership and dues		281,531	264,788
Fringe benefit tax		128,123	118,945
Office supplies		109,892	80,653
Advertising		55,786	48,140
Postages		21,776	28,112
Insurance		9,807	7,947
Contractual services	9	-	2,484,000
Reversal of accrued expenses	8	-	(800,000)
Reversal of impairment losses, net		(4,670,914)	(801,087)
Others		464,368	137,595
		15,304,205	18,666,357

Others include bank charges, business development expenses, and various items that are individually immaterial.

As at December 31, 2021, creditable withholding taxes (CWT) under other current assets were fully provided with allowance for impairment. Movements in provision for impairment related to CWT for the years ended December 31 are as follows:

	2021	2020
January 1	6,071,888	6,872,975
Provision	23,195,091	2,846,676
Recovery of provision	27,866,005	(3,647,763)
Net provision (reversal)	(4,670,914)	(801,087)
December 31	1,400,974	6,071,888

Other items within other current assets account include prepaid expenses and advances which are individually immaterial.

Note 16 - Income taxes

Details of deferred income tax assets, net as at December 31 that were not recognized because management believes that future taxable profit will not be available against which the deductible temporary differences, including carry-forward benefits of net operating loss carry-over (NOLCO) and excess minimum corporate income tax (MCIT), can be applied are as follows:

	2021		2020	
	Tax base	Tax effect	Tax base	Tax effect
Accrued expenses	784,855	196,214	1,904,571	571,371
Retirement benefit liability, net	-	-	1,663,717	499,115
Unearned rental income	-	-	517,500	155,250
Advance rentals	-	-	175,364	52,609
	784,855	196,214	4,261,152	1,278,345
MCIT		1,278,457		1,608,903
		1,474,671		2,887,248

Under the National Internal Revenue Code of 1997, NOLCO and MCIT can be applied as deduction from taxable income and tax due, respectively, over the next three (3) years immediately following the year of such loss.

On September 11, 2020, Republic Act (R.A.) No. 11494, otherwise known as "Bayanihan to Recover as One Act", was passed into law to strengthen the government's efforts in mitigating the effects of COVID-19 pandemic. Under R.A. No. 11494, NOLCO for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

R.A. No. 11534, known as the CREATE Act, was signed into law on March 26, 2021. The signing into law of the CREATE Act is a non-adjusting subsequent event as at December 31, 2020. The salient provisions of CREATE that are relevant to the Company are the lowering of the regular corporate income tax rate (RCIT) from 30% to 20% or 25%, depending on the level of the Company's total assets and net taxable income, and minimum corporate income tax (MCIT) from 2% to 1%, starting July 1, 2020. For financial reporting purposes, the Company is subject to 25% RCIT and 1% MCIT as at December 31, 2021 (2020 - 30% RCIT and 2% MCIT).

Details of MCIT as at December 31 are as follows:

Year incurred	Expiry year	2021	2020
2020	2025	757,077	757,077
2019	2022	521,380	521,380
2018	2021	330,446	330,446
2017	2020	-	147,536
		1,608,903	1,756,439
Expiration		(330,446)	(147,536)
		1,278,457	1,608,903

Movements in NOLCO for the year ended December 31, 2020 are as follows:

	Amount
January 1	3,797,876
Application	(3,797,876)
December 31	-

Details of income tax expense for the years ended December 31 are as follows:

	2021	2020
Current	84,417,455	3,647,763
Final tax on interest income	160,182	58,438
	84,577,637	3,706,201

Reconciliations of income tax computed at the statutory tax rates to the income tax expense as shown in the statements of total comprehensive income for the years ended December 31 are as follows:

	2021	2020
Income tax computed at statutory income tax rates	88,819,760	8,228,859
Adjustments resulting from tax effects of:		
Final tax on interest income	160,182	58,438
Changes in unrecognized deferred income tax assets	(54,403)	(848,454)
Interest income subjected to final tax	(200,227)	(87,656)
Impact of CREATE Act on current income tax	(303,980)	-
Non-taxable income and reversals	(3,843,695)	(3,644,986)
Effective income tax expense	84,577,637	3,706,201

Note 17 - Operating segments

For management reporting purposes, the Company's businesses are classified into the following business segments: (1) investment holdings, and (2) real estate, with KPMI and a third party as key customers. Details of the Company's business segments are as follows:

	2021			2020		
	Investment holdings	Real estate	Total	Investment holdings	Real estate	Total
Revenues and income						
External customer	-	345,559,187	345,559,187	-	21,326,750	21,326,750
KPMI	8,391,807	1,489,998	9,881,805	8,855,901	1,687,875	10,543,776
Other related parties	14,341,342	-	14,341,342	13,908,565	-	13,908,565
Interest income from banks and others	800,910	-	800,910	316,796	-	316,796
Total revenues and income	23,534,059	347,049,185	370,583,244	23,081,262	23,014,625	46,095,887
Income before income tax	8,643,857	346,635,182	355,279,039	6,898,905	20,530,625	27,429,530
Income tax benefit (expense)	2,019,160	(86,596,797)	(84,577,637)	(3,706,201)	-	(3,706,201)
Net income	10,663,017	260,038,385	270,701,402	3,192,704	20,530,625	23,723,329
Other comprehensive income (loss)	11,048,322	-	11,048,322	(3,133,795)	-	(3,133,795)
Total comprehensive income	21,711,339	260,038,385	281,749,724	58,909	20,530,625	20,589,534
Other information						
Segment assets	656,087,826	-	656,087,826	384,007,475	4,090,000	388,097,475
Segment liabilities	3,350,567	-	3,350,567	6,742,970	2,938,228	9,681,198
Depreciation and amortization	1,250,692	-	1,250,692	889,392	-	889,392

Segment assets and segment liabilities are measured in the same way as in the separate financial statements. These assets and liabilities are allocated based on operations of each segment. Segment revenues, segment expenses and segment results include transfers between business segments, if any.

The Company's revenues are derived mainly from operation within Luzon, an island of the Philippines.

Significant revenue from external customer due to sale of interest in land rights accounted for 93.3% of the Company's revenues and income in 2021 (2020 - nil) (Note 18).

Note 18 - Other matters

In September 2003, the Company filed a complaint against PNOC for specific performance with the Regional Trial Court (RTC) 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 Company ordering PNOC to accept the payment of P4,090,000 as full and complete payment of the purchase price, and to execute a Deed of Absolute Sale in favor of the Company. PNOC, however, filed an appeal with the Court of Appeals (CA) in the same year. The CA dismissed PNOC's appeal in December 2011.

On July 25, 2016, the Supreme Court (SC) affirmed the decision of the CA in December 2011 in the resolution dated May 14, 2012 and upheld the Company's option to buy the land and remanded the case to the RTC of Batangas City to update the Company's Filipino equity ownership. On December 14, 2016, SC's decision became final and executory and was recorded in the Books of Entries of Judgments.

Considering that the case remained unresolved for an unreasonably long period of time, the Company decided to monetize its interest by signing agreements which effectively transferred the Company's land rights over the subject property to the third-party buyer in June 2021 for a gross price of P358,600,000. The Company's cash deposit of P4,090,000 within other non-current assets in the statement of financial position as at December 31, 2020, and related legal expense of P1,778,813 and commission expense of P7,172,000 incurred and paid in 2021, were applied against the gross price resulting in a net gain of P345,559,187 on the sale of interest in land rights. As a condition of the sale, a motion for substitution was made in court to replace the Company with the buyer as the new plaintiff.

The remaining balance in other non-current assets as at December 31, 2020 pertain to other long-term deposits.

Note 19 - Financial risk and capital management

19.1 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, market risks (equity price risk and interest rate risk) and liquidity risk that could affect its financial position and results of operations. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The BOD reviews and approves the policies for managing each of these risks.

(a) 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 Company transacts mostly with related parties, thus, there is no requirement for collateral. There are no significant concentrations of credit risk within the Company.

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 pertains to its loan receivables from a related party (Notes 3 and 9), which constitute 38.4% of the Company's maximum exposure in credit risk in 2021 (2020 - 81.8%).

The Company's maximum exposure to credit risk as at December 31 are as follows:

	Notes	2021	2020
Cash and cash equivalents	2	302,637,047	40,656,981
Receivables	3	192,018,201	191,533,470
		494,655,248	232,190,451

The Company's financial assets are categorized based on the Company's collection experience with the counterparties as follows:

a. High performing - settlements are obtained from counterparty following the terms of the contracts without history of default.
b. Underperforming - some reminder follow-ups are performed to collect accounts from counterparty.
c. Credit impaired - evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the counterparty, a breach of contract such as a default or being more than 120 days past due; or it is probable that the borrower will enter bankruptcy or other financial reorganization.

The credit quality of financial assets is discussed below:

(i) Cash and cash equivalents and related interest receivable

There is low credit risk exposure and immaterial expected credit losses (ECL) as these are deposited/placed in accredited universal banks as defined by the Philippine Banking System that have high credit standing in the financial services industry.

(ii) Receivables from related parties

There is low credit risk exposure and immaterial ECL on loans receivable and related interest receivable, due from and refundable deposits from related parties since these accounts are considered high-performing with no history of defaults. These accounts are classified as high performing. Additionally, credit risk is minimized since the related parties are paying on normal credit terms based on contracts. The Company does not hold any collateral as security for these receivables.

None of the financial assets that are fully performing has been renegotiated in the last year.

(b) Market risks

(i) 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 Company is significantly exposed to fair value interest rate risk since a portion of its income and operating cash flows are affected by changes in market interest rates, particularly its loans receivables to related party.

The effect on income before tax as a result of a change in interest rates (based on prior year percentage change in interest rates), with all other variables held constant, is as follows:

	Change in interest rates (%)	Effect on income before income tax
December 31, 2021	+/- 20	+/- 1,127,904
December 31, 2020	+/- 44	+/- 3,640,655

The Company's exposure to movements in market interest rates to its cash and cash equivalents placed with local banks is immaterial. The Company has no hedging policy in relation to managing its interest rate.

(ii) 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 Company's price risk exposure relates to its quoted financial asset at FVOCI where values will fluctuate as a result of changes in market prices. Such quoted equity investment 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 equity price due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	Change in equity price (%)	Effect on other comprehensive income
December 31, 2021	+/- 10	+/- 4,600,000
December 31, 2020	+/- 10	+/- 1,499,999

The Company determined the reasonably possible change based on equity pricing percentage changes in the fair value for the past three (3) years.

(c) 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 Company aims to maintain flexibility in funding by monitoring and ensuring that there are available funds to operate its day-to-day activities of the Company through the use of cash and cash equivalents.

The maturity profile and contractual undiscounted cash flows from the Company's financial liabilities which are subject to liquidity risk as at December 31 are as follows:

	Note	On demand	Within 3 months	Total
2021				
Accrued expenses and other current liabilities*	8	674,282	2,352,029	3,026,311
2020				
Accrued expenses and other current liabilities*	8	627,936	6,053,134	6,681,070

**Excluding payables to government agencies, unearned rental income and advance rentals*

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

The Company monitors capital using a debt-to-equity ratio, which is total liabilities divided by total equity. Total liabilities include accrued expenses and other current 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 that will require increased capitalization. There were no changes made in the capital management policies for the years ended December 31, 2021 and 2020.

The debt-to-equity ratios as at December 31 are as follows:

	2021	2020
Total liabilities	3,350,567	9,681,198
Total equity	652,737,259	378,416,277
Debt-to-equity ratio	0.005:1	0.026:1

As part of the reforms of the PSE to expand the capital market and improve transparency among listed firms, the PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Company has fully complied with this requirement.

19.3 Fair value of financial instruments

(a) Financial assets and liabilities at amortized cost

Due to the short-term nature of the Company's financial instruments, the fair values approximate their carrying amounts as at December 31, 2021 and 2020.

(b) Financial asset at FVOCI

The fair value of quoted equity investment 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. As at December 31, 2021 and 2020, the Company classifies its financial asset at FVOCI under Level 2 of the fair value hierarchy. For the years ended December 31, 2021 and 2020, 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.

Note 20 - Critical accounting estimates, assumptions, and judgments

The preparation of the separate financial statements requires management to make judgments, estimates, and assumptions that affect the amounts reported in the separate financial statements and the related notes. The estimates, assumptions, and judgments used in the separate financial statements are based upon management's evaluation of the relevant facts and circumstances as at the date of the separate financial statements. These 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. Actual results could differ from such estimates.

The estimates, assumptions, and judgments that may 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.

20.1 Critical accounting estimates and assumptions

(a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are discussed in Note 19.1(a).

(b) Fair value of equity instruments

The Company determines the fair value of its equity investments based on quoted market prices or executable dealer quotes for identical or similar instruments in inactive markets at each reporting date (Note 4). The related balances and details of fair value hierarchy are disclosed in Notes 4 and 19.3, respectively.

(c) Impairment of other current assets

Management believes that the Company's CWT may not be recoverable because of the expected future minimal transactions where the Company's CWT will be utilized. The amount and timing of recorded expenses for any period would therefore differ based on the judgment or estimates made. Details of allowance for impairment related CWT are disclosed in Note 15.

(d) Estimated useful lives of property and equipment, and intangible assets

The Company's management determines the estimated useful lives and related depreciation and amortization charges for its property and equipment, and intangible assets. This estimate is based on the expected future economic benefit to the Company. Management adjusts the depreciation and amortization charge where useful lives are less than previously estimated lives, or write-offs or write-downs technically obsolete assets that have been abandoned or sold. Management believes that the current estimated useful lives of said assets approximate their actual economic benefits to the Company. Further, management does not foresee any changes in terms of business operations that would warrant reassessment of estimated useful lives. The carrying values of the property and equipment, and intangible assets are disclosed in Note 6 and 7, respectively.

(e) Retirement benefits

The Company maintains a qualified defined benefit retirement plan. The calculations of retirement benefit costs of the Company are dependent upon the use of assumptions, including discount rates, expected return on plan assets, interest cost, future salary increases, benefits earned, mortality rates, the number of employee retirements, the number of employees electing to take lump-sum payments and other factors.

The Company determines the appropriate discount rate at year-end dates. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Company considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligation. Other key assumptions for retirement benefit obligation are based in part on current market conditions. Additional information is disclosed in Note 10.

20.2 Critical judgments in applying the Company's accounting policies

(a) Impairment of other non-financial assets

The Company assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Determining the recoverable amount of investments in subsidiaries (Note 5), property and equipment (Note 6), and intangible assets (Note 7) requires the determination of future cash flows expected to be generated from such assets. This requires the Company to make estimates and assumptions that can materially affect the Company financial statements. Future events could cause the Company to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Company's financial condition and results of operations. The Company considers each asset separately in making its judgment. As at December 31, 2021 and 2020, management assessed that there were no identified impairment indicators for its non-financial assets.

(b) Classification of leases

The Company has entered into property lease with related party and third-party customers. The Company has determined that it retains all the significant risks and rewards of ownership of these properties considering, among others, the length of the lease term as compared with the estimated life of the assets. In determining whether a lease contract is cancellable or not, the Company considers, among others, the significance of the penalty, including economic consequence to the lessee. Detail of leases are disclosed in Notes 9 and 14.

(c) Contingencies

The Company is currently involved in a legal proceeding and claims by third parties. The estimate of the probable cost for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Company currently does not believe that these proceedings and claims by third parties will have a material effect on the Company's separate financial statements (Note 18).

(d) Income taxes

Significant judgment is required in determining the income tax expense. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Company recognizes liabilities for tax audit issues when it is probable. The liabilities are based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Company's assessment on the recognition of deferred income tax assets on non-deductible temporary differences, including carryforward benefits of NOLCO and MCIT, is based on the forecasted taxable income of the following reporting periods. This forecast is based on the Company's past results and future expectations on revenues and expenses. Deferred income tax assets were not recognized because management believes that future taxable profit will not be available against which the deferred income tax assets can be applied (Note 16).

Note 21 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

21.1 Basis of preparation

The separate financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee, and International Financial Reporting Interpretations Committee which have been approved by the Financial Reporting Standards Council and adopted by the SEC.

The Company also prepares consolidated financial statements, which include the Company and its subsidiaries, namely KPSI, GRDC, and GMRI (herein collectively referred to as the "Group") (Note 1). Users of these separate financial statements should read them together with the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three (3) years in the period ended December 31, 2021 in order to obtain full information on the financial position, results of operations and changes in equity of the Parent Company and its subsidiaries as a whole. The consolidated financial statements of the Group can be obtained from the SEC or from the Company's website at www.keppelph.com.

The financial statements of the Company have been prepared on historical cost basis, except for:

- financial assets at FVOCI; and
- fair value of plan assets within retirement benefit liability, net.

The preparation of these separate financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 20.

Changes in accounting policies and disclosures

There are no new standards, amendments to existing standards, and interpretations that are effective for the annual periods beginning on January 1, 2021, and issued but not yet effective as at December 31, 2021, which would have a significant impact or are considered relevant to the Company's separate financial statements.

21.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and are subject to insignificant risks of changes in value. These are carried in the statements of financial position at amortized cost. Other relevant policies are disclosed in Note 21.4.

21.3 Receivables

Receivables are amounts due from debtors in the ordinary course of business. Receivables are recognized initially at the original invoice amount which approximates fair value (as the effect of discounting is immaterial), and subsequently measured at amortized cost less provision for impairment, if any. Other relevant policies are disclosed in Note 21.4.

21.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity. The Company recognizes a financial instrument in the statements of financial position, when and only when, the Company becomes a party to the contractual provisions of the instrument.

(a) Financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

The Company has financial assets at FVOCI and at amortized cost as at December 31, 2021 and 2020. Financial assets at amortized cost include cash and cash equivalents (Note 21.2), receivables (Note 21.3). Financial assets at FVOCI include equity instruments.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value.

Subsequent to initial recognition, measurement depends on the Company's business model for managing the asset and cash flow characteristic of the asset. For financial assets at amortized cost, interest income, if any, from these financial assets is included within other income in the statements of total comprehensive income using the effective interest rate method. Impairment losses are presented as separate line item in profit or loss when material.

Where the Company's management has elected to present fair value gains and losses on investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the Company's right to receive payments is established.

(iv) Impairment

The Company assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The general approach is applied. Under this approach, credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognized.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held).

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized as a separate line item, when material, in the statements of total comprehensive income. When an asset remains uncollectible after the Company has exerted all legal remedies, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against impairment losses in the statements of total comprehensive income.

(b) Financial liabilities

(i) Classification

The Company classifies its financial liabilities at initial recognition in the following categories: at fair value through profit or loss (including financial liabilities held for trading and those designated at fair value) and financial liabilities at amortized cost. The Company only has financial liabilities at amortized cost which include accrued expenses and other current liabilities, excluding payables to government agencies, unearned rental income and advance rentals (Note 21.10) as at December 31, 2021 and 2020.

Issued financial instruments or their components, which are not designated at fair value through profit or loss, are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder. Financial liabilities at amortized cost include accrued expenses. These are included in current liabilities except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

(ii) Initial recognition and derecognition

Financial liabilities are initially recognized at fair value of the consideration received plus directly attributable transaction costs. A financial liability is derecognized when the obligation under the liability is discharged or 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.

(iii) Subsequent measurement

Financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. There are no financial assets and financial liabilities that were offset as at December 31, 2021 and 2020.

21.5 Prepayments and other assets

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Input VAT is carried at face amount or at nominal amount less allowance for impairment loss. 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 statements of financial position.

CWT is recognized as asset in the period such excess income tax payments become available as tax credits to the Company and carried over to the extent that it is probable that the benefit will flow to the Company. These are derecognized when there is a legally enforceable right, as prescribed by the applicable laws, to apply the recognized amounts against the related income tax due.

Advances to suppliers and advances to officers and employees represent initial payments for purchases or expenditures. These are reclassified to another asset account or expense upon delivery of the goods or the service by the supplier or upon liquidation of the cash advance.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

21.6 Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company's investments in subsidiaries are carried at cost less impairment in value, if any. Under this method, the Company recognizes dividend income from investments in profit or loss when its right to receive dividends has been established. The investments in subsidiaries are accounted for at cost due to the following:

- The Company's debt or equity instruments are not traded in a public market;
- The Company did not file, nor is it in the process of filing, its separate financial statements with a securities commission or other regulatory organization, for the purpose of issuing any class of instruments in a public market; and
- The Company produces consolidated financial statements available for public use that comply with the PFRS.

Investment in a subsidiary is derecognized upon disposal or loss of control. When an investment is sold or otherwise disposed of, the cost and the related accumulated loss, if any, are removed from the accounts and any resulting gain or loss is generally reflected in profit or loss.

The Company determines at each reporting date whether there is any objective evidence that investments in subsidiaries are impaired (Note 21.9).

21.7 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.

Depreciation and amortization on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

Asset class	Useful life
Transportation equipment	5
Office machine, furniture and fixtures	1 to 7
Condominium units	15 to 25

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.

Fully depreciated property and equipment are still carried in the books until they are no longer in use or are retired.

The Company determines at each reporting date whether there is any objective evidence that property and equipment are impaired (Note 21.9).

21.8 Intangible assets

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Amortization of computer software is calculated using the straight-line method over their estimated useful lives of seven (7) years.

Intangible assets are derecognized when sold, disposed or when contractual agreements expire and are no longer renewed.

The Company determines at each reporting date whether there is any objective evidence that intangible assets are impaired (Note 21.9).

21.9 Impairment of non-financial assets

The Company assesses at the reporting date whether there is an indication that its non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company 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.

Where 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 assessments of the time value of money and the risks specific to the asset. Impairment losses, if any, are recognized in the statements of total comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at the 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of total comprehensive income 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 charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining estimated useful life.

21.10 Accrued expenses and other current liabilities

Accrued expenses and other current liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are recognized initially at invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method which is normally equal to its nominal amount. Other relevant policies are disclosed in Note 21.4, except for payables to government agencies, unearned rental income and advance rentals.

Payable to government agencies are recognized at face amount, not subject to discounting but are derecognized similarly with financial liabilities.

Other relevant policies for unearned rental income and advance rentals are disclosed in Note 21.15.

21.11 Income taxes

Income tax expense comprises current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates based on existing laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (NOLCO) and unused tax credits (excess MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized. The Company reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when related bases are realized/settled or when it is no longer realizable/due.

21.12 Equity

(a) Share capital and share premium

Share capital is measured at par value for all shares issued. When the Company issues shares in excess of par, the excess is recognized as share premium. Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from share premium.

(b) Treasury shares

Treasury shares are recorded at cost and presented as a deduction from equity. When the shares are retired, the share capital account is reduced by the par value and the excess of cost over par value upon retirement is debited to share premium to the extent of the specific or average share premium when the shares were issued and to retained earnings for the remaining balance.

(c) Retained earnings

Retained earnings include current and prior year's results of operations, net of transactions with shareholders and dividends declared, if any.

Cash dividend distribution to the Company's shareholders is recognized as a liability in the Company's separate financial statements in the period in which the dividends are approved by the Company's BOD.

21.13 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing profit attributable to equity holders of the Company by the weighted average number of common shares in issue during the year, excluding common shares purchased by the Company and held as treasury shares.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. As at report date, the Company has no dilutive potential common shares.

21.14 Operating segments

The Company'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.

21.15 Revenues and income

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The following specific criteria must also be met before recognition:

(a) Rental income

Rental income from investment properties is accounted for on a straight-line basis over the lease term (Note 21.18).

Advance rentals are received at the start of the lease term and recognized as liabilities until earned or applied at the end of lease term. Unearned rental income are received in advance within the lease term and recognized as liabilities until earned or applied at the related lease term period.

(b) Management fees, commission income and directors' fees

These are recognized over time as the services are rendered based on the fixed terms and fixed price of the contracts.

(c) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method (Note 21.4).

(d) Dividend income

Dividend income is recognized at point in time when the shareholders' right to receive the payment is established.

(e) Other income

Other income is recognized when there is an incidental economic benefit that has been earned, other than the usual business operation, that will flow to the Company through an increase in asset or reduction in liability and that can be measured reliably.

21.16 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.

21.17 Employee benefits

(a) Short-term employee benefits

Short-term employee benefits include items such as salaries and wages, social security contributions and non-monetary benefits, if expected to be settled wholly within 12 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 Company during the reporting period, the Company 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. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value, if material.

Liabilities for employee benefits are derecognized when the obligation is settled or cancelled or has expired.

(b) Retirement benefits

The Company maintains a non-contributory defined benefit retirement plan which is a retirement plan that defines an amount of pension benefit that an employee will receive upon retirement, dependent on certain factors such as age, years of credited service, and compensation.

The liability recognized in the statements of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. In cases when the fair value of plan assets exceeds the present value of the defined benefit obligation at the end of the reporting period, the asset recognized is adjusted to the effect of asset ceiling which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The defined benefit obligation is calculated annually by an independent actuary using the PUC method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income during the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

Liabilities for employee benefits are derecognized when the obligation is settled or cancelled or has expired.

21.18 Leases - Company as lessor

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).

<u>Operating leases</u>

Leases where the Company 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.

21.19 Provisions and contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense in the statements of total comprehensive income.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed and derecognized from the statements of financial position.

Contingent liabilities are not recognized in the separate financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but disclosed when an inflow of economic benefit is probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the separate financial statements.

21.20 Fair value measurement

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 of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

The Company has no assets and liabilities that are measured at fair value as at December 31, 2021 and 2020, other than the fair value of plan assets and fair value of financial assets at FVOCI under Level 1 and Level 2 fair value category, respectively.

21.21 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its shareholder. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged.

21.22 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency.

21.23 Events after the reporting date

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

Note 22 - Supplementary information required by the Bureau of Internal Revenue (BIR)

The following supplementary information required by Revenue Regulation No. 15-2010 is presented for purposes of filing with the BIR and is not required part of the basic separate financial statements.

(a) VAT

Net sales/receipts and output VAT declared for the year ended December 31, 2021 are as follows:

	Gross amount of revenue	Output VAT
Sales of services		
Subject to 12% VAT	368,486,575	44,218,389
Zero-rated	1,755,355	-
	370,241,930	44,218,389

Sales subject to VAT are based on gross receipts, less actual discounts, if any, while revenues in the statement of total comprehensive income are measured in accordance with the policy in Note 21.15.

Movements in input VAT for the year ended December 31, 2021 are as follows:

	Amount
Current year's domestic purchases/payments for:	
Services lodged under other accounts	1,662,515
Goods other than for resale or manufacture	125,333
Input VAT applied to output VAT and other adjustments	(1,736,939)
Balance at December 31	50,909

Input VAT is recorded within other current assets in the statement of financial position as at December 31, 2021.

(b) Importations

The Company had no importations for the year ended December 31, 2021.

(c) Excise tax and documentary stamp tax

The Company had no transactions subject to excise tax and documentary stamp tax for the year ended December 31, 2021.

(d) All other local and national taxes

All other local and national taxes paid for the year ended December 31, 2021 consist of:

	Amount
PSE annual listing fees	250,000
Business tax	110,143
Real property tax	29,985
Community tax	19,058
BIR annual registration	500
Others	4,962
	414,648

The above local and national taxes are recognized as part of taxes and licenses account under operating expenses in the statement of total comprehensive income.

(e) Withholding taxes

Withholding taxes paid and accrued and/or withheld for the year ended December 31, 2021 consist of:

	Paid	Accrued	Total
Withholding taxes on compensation and benefits	1,940,641	138,825	2,079,466
Expanded withholding taxes	1,307,592	26,397	1,333,989
Final withholding taxes	355,873	-	355,873
Fringe benefit tax	-	128,123	128,123
	3,604,106	293,345	3,897,451

(f) Tax assessments and cases

The Company had no outstanding tax assessments with the BIR and no tax cases under preliminary investigation, litigation, and/or prosecution in courts or bodies outside of the BIR as at December 31, 2021.

Keppel Philippines Holdings, Inc.

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2021
(All amounts in Philippine Peso)

Unappropriated retained earnings, based on audited financial statements, beginning		229,540,696
Add: Net income actually earned/realized during the period		
Net income during the period closed to retained earnings	270,701,402	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-	
Subtotal	-	
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)	-	
Subtotal	-	
Net income actually earned during the period		270,701,402
Add (Less):		
Dividend declarations during the period	(5,761,832)	
Appropriations of retained earnings during the period	-	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury shares	(25,280,999)	
		(31,042,831)
Total retained earnings, available for dividend, end		469,199,267

Keppel Philippines Holdings, Inc.
Sustainability Report 2021

Contextual Information

Disclosure	Amount
Name of Organization	Keppel Philippines Holdings, Inc.
Location of Headquarters	Unit 3-B Country Space 1 Buildings, 133 Sen. Gil Puyat Avenue, Salcedo Village, Makati City, Philippines
Location of Operations	Makati City and Province of Batangas
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	This report covers Keppel Philippines Holdings, Inc. (KPHI), the holding company, and its subsidiaries, namely, KPSI Property, Inc., Goodwealth Realty Development, Inc. and Goodsoil Marine Realty, Inc.
Business Model, including Primary Activities, Brands, and Services	Investment holdings and real estate
Reporting Period	1 January 2021 to 31 December 2021
Highest Ranking Person responsible for this report	Alan I. Claveria, President

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
The assessment of material topics was guided by the Global Reporting Initiative (GRI) principles for defining report content in terms of significant economic, environmental, and social impacts and information that would substantively influence the assessments and decisions of our stakeholders. The AccountAbility AA100 Standard 5-part materiality test was also used to identify material issues relevant to (1) direct short-term financial performance, (2) the company's ability to deliver on its strategies and policies, (3) best practice norms exhibited by peers in the industry, (4) stakeholder behavior and concerns, and (5) regulatory or non-regulatory societal norms.

Sustainability Framework

The organization has adopted the Sustainability Framework of the Keppel Group with its three strategic thrusts of (1) Responsible Business; (2) People and Community; and (3) Environmental Stewardship.

RESPONSIBLE BUSINESS	PEOPLE AND COMMUNITY	ENVIRONMENTAL STEWARDSHIP
The sustainability of our business hinges on the adherence to the high standards of good corporate governance and the practice of prudent risk management. Our Board provides the strategic direction and oversight function while growth strategies are driven by the Management and supported by the employees under the risk-centric culture of the organization.	People are the most important asset in the organization. We are committed to growing and nurturing our talent pool to ensure that our employees reach their full potential in a safe, secure and healthy work environment. We also take cognizance of the symbiotic relationship of our business and the community where we operate. We shall initiate, nourish and strengthen partnerships with our stakeholders as we both work towards sustainable and inclusive growth.	As part of Keppel's Vision 2030, we are progressively aligning our portfolio towards sustainable urbanization solutions by evaluating its fit with Keppel's Vision, Mission and ESG goals.

ECONOMIC

Economic Performance
Direct Economic Value Generated and Distributed

Disclosure	Amount (In PhP Mn)	Units
Direct economic value generated (revenue)	₱383.03	PhP
Direct economic value distributed:		
a. Operating costs	16.36	PhP
b. Employee wages and benefits	10.54	PhP
c. Payments to suppliers, other operating costs	2.21	PhP
d. Dividends given to stockholders and interest payments to loan providers	15.66	PhP
e. Taxes given to government	4.28	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
In 2021, one eigth of the economic value generated by the organization was distributed to its stakeholders with a 1:0.12 economic value generation to distribution ratio. 4% of the economic value generated was used to cover operating cost, 3% was paid as employees wages and benefits, 4% was redistributed to stockholders as cash dividends and 1% went back to the government as taxes and fees. This redistribution of economic value by the organization enables its stakeholders to further regenerate and redistribute the economic value in the economic system.	The employees, government and suppliers are impacted by the economic performance of the organization.	The organization ensures that all transactions are properly recorded, audited and reported based on accounting policies and disclosures. Aside from the internal audit and oversight by the Audit and Risk Management Committee, an independent external auditor periodically examines the financial statements.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The organization's revenue is derived mostly from rental income from the lease of its real estate properties and interest income from short-term loans extended to other parties. The COVID-19 pandemic affected the occupancy rate and rentals of KPHI and its subsidiary as tenants' businesses were also impacted by low demand and supply chain challenges during the quarantine period. Most of these transactions are made with related parties to maximize the synergy within the group. The risk of corruption	The employees, stockholders and the government stakeholders are affected by the manner by which the company addresses the COVID-19 pandemic and by which related party transactions are being conducted by the organizations and how the same are managed and comply with regulatory requirements.	Lease concessions through rebates were extended to a related party during the year in cognizance of the difficult business environment and its impact to the tenant's operations. Also, during the pandemic, KPHI continued to be in close communication with its stakeholders during the different quarantine period and alert levels that includes, among others, it's employees, lessees,

exists during the generation and distribution of these economic values.		borrowers, industry regulators, suppliers and service providers. It is the policy of the organization to ensure that every related party transaction is made at arm's length, the terms are fair, and they will inure to the best interest of the company, its shareholders, subsidiaries and affiliates and that they are compliant with legal and regulatory requirements. The rental rebate has been properly studied and justified to be within market practices. The Keppel Group of Companies has set out anti-bribery compliance framework, management systems and standards that the organization must adhere to in order to assure the ethical conduct of its business. Whistle-blower and Insider Trading policies are also in place. Employees also undergo periodic anti-bribery and corruption training to underscore the organization's commitment to a zero-tolerance approach towards bribery. In compliance to government proclamations, memorandum, and guidelines and in order to mitigate the risk of spreading COVID-19 in the workplace, KPHI has provided on-premise and off-premise work arrangement to ensure continued business operations.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Due to the pandemic, business have scaled down their operations and their office space requirements. There is opportunity to rent out the medium size office space of its subsidiary in this market environment. Third party tenants that are not related to the Keppel Group still holds an important role in the revenue mix of the organization.	The employees, stockholders and the government stakeholders are impacted as the revenue sources determine the organization's ability to generate and distribute economic value.	Non-exclusive marketing agreement were made with a real estate brokerage firm to reach a wider market for the vacant office space. The Management shall continue to maximize the lease of its properties and to maintain a healthy mix of revenue source between related and non-related parties.

Climate-related risks and opportunities

The organization shall develop its governance platform, strategies, risk management framework and method of measuring climate-related targets in the succeeding reporting cycle. It shall assess the risks, mitigation strategies and also business opportunities associated with climate change from the Board to the employee ranks. Considering the nature of its business as a holding company with a relatively small environmental footprint and a relatively small number of employees, the organization shall identify climate-related initiatives in the community where it operates with whom it can have a meaningful partnership in climate-related initiatives.

Governance	Strategy	Risk Management	Metrics and Targets
Please refer to the above stated inputs.			
Recommended Disclosures			
Please refer to the above stated inputs.			

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Amount	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
As a rule, the organization taps the local supply chain, whenever applicable, for its operating requirements.	The selection and awarding process entails interaction between the suppliers and the employees.	Materials and equipment are procured from responsible and reputable vendors. The organization enforces and applies shall diligence, vetting and accreditation process for its suppliers.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Although KPHI's procurement expenditure is relatively small, there remains the risk of awarding contracts to suppliers who may not meet industry standards or may be non-compliant to government regulations, which may negatively impact on the reputation of the organization. Aside from not getting the best value for money, the risk of corruption exists in each procurement transaction.	The choice of supplier and the conduct of the transaction between the supplier's representative and our employees will potentially have an impact to the sustainability of our transactions with the parties. Moreover, the company's brand and reputation will be at stake should there be impropriety in the procurement process and violations of government regulations by the vendor.	The Company implements the Keppel Group's "Supplier Code of Conduct" which sets out the standard of conduct that the supplier must adhere to. Part of the requirement for supplier accreditation is for the vendor to endorse Keppel's supplier code of conduct.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The supplies needed by the organization can be sourced from Micro, Small and Medium Enterprises (MSME).	MSMEs and their employees as well as the government are stakeholders in the supply chain.	With MSMEs accounting for about 99% of business establishments in the Philippines, KPHI continues to prioritize local suppliers for its requirement so that there will be inclusive economic growth and also for economic value to be distributed back to this growing but vulnerable economic sector. In 2021, all purchases of COVID-19-related Personal Protective Equipment (PPE) and materials (i.e. face mask, face shield, alcohol, etc.) were sourced locally.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company considers integrity and accountability as part of its core values. Everyone is to act ethically and honestly, as everyone in the organization is responsible to all of its stakeholders. The Keppel Group's anti-bribery and corruption policies and procedures are communicated at the Board level, where the tone from the top is set, and at the employee level, where the front liners have operational interactions and transactions with outside parties. It is imperative that all stakeholders understand the importance of conducting corruption-free transactions and in compliance with Keppel's Code of Conduct.	Any violation of anti-bribery policy will impact on the entire Company and its stakeholders.	The Company will continue with its strategy to prevent corruption, fraud, and other unethical or illegal conduct by providing regular training on the subject to its employees and implementing related policies to safeguard the organization and its stockholders' interest against corporate improprieties.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The organization shall ensure that these anti-corruption policies and procedures are communicated to its suppliers to avoid exposing the Company's business, resources and reputation at risk.	Aside from the suppliers, their acts and omissions will also impact and imperil the Company's ability to operate its business.	There are no reported incidents of corruption during the reporting period. All suppliers are informed of, required to abide by and declare acceptance of and adherence to Keppel's Supplier Code of Conduct.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The anti-bribery and corruption program of the Company will enable it to secure best value for its procurement requirements.	The suppliers and employees in the procurement process are key players in the anti-bribery and corruption program.	Management will continue to with the training of its employees on policies with regards to anti-bribery and corruption and for vendors' adherence to these policies.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#
Number of incidents in which directors were removed or disciplined for corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
There are no reported incidents of corruption from the Board to the operations level. The organization has zero tolerance for fraud, bribery, corruption and violation of laws and regulations.	All stakeholders (employees, customers, governments, shareholders and investors, suppliers and local communities) will be affected by the incidence (and even just the perception) of corruption in the organization.	The Company has an annual anti-corruption awareness and training. A Whistle Blower policy is also in place.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The risk of corruption is present whenever the members of the organization interacts with its stakeholders.	Same as above.	Same as above.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Professionalism, integrity and good governance guide the organization's business philosophy.	Same as above.	The same level of professionalism and ethical tenets shall be present in all instances of the organization's interaction with its stakeholders.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	0	GJ
Energy consumption (electricity)	21,924	kWh

The following sections are not applicable due the nature of the business and size of operation.

Reduction of energy consumption

Water consumption within the organization

Materials used by the organization

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Environmental impact management

Air Emissions

GHG

Air pollutants

Solid and Hazardous Wastes

Solid Waste

Hazardous Waste

Effluents

Environmental compliance

Non-compliance with Environmental Laws and Regulations

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees	8	#
a. Number of female employees	5	#
b. Number of male employees	3	#
Attrition rate	14%	rate
Ratio of lowest paid employee against minimum wage	1.15:1.00	ratio

Employee benefits

List of Benefits Availed	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	0%	0%
PhilHealth	Y	0%	33%
Pag-IBIG	Y	20%	33%
Parental leave			
• Maternity leave	Y	0%	N/A
• Paternity leave	Y	N/A	0%
• Solo parent leave	Y	0%	
Vacation leave	Y	100%	100%
Sick leave	Y	100%	100%
Medical benefits (aside from PhilHealth)	Y	100%	100%
Housing assistance (aside from Pag-IBIG)	N	N/A	N/A
Retirement fund (aside from SSS)	Y	20%	0%
Further education support (i.e. Educ. loan)	Y	20%	33%
Company stock options	N	N/A	N/A
Telecommuting	N	N/A	N/A
Flexible-working Hours	N	100%	100%
(Others) Medical Reimbursement	N	N/A	N/A

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The organization provides fair employment benefits with 3% of the economic value generated during the reporting period redistributed as employees' wages and benefit. A corporate wellness program continues to be implemented that includes an annual physical exam for all	The Company shall ensure compliance with labor and employment laws. It shall continue to monitor the impact and measure the effectiveness of the corporate wellness program by reviewing metrics such

employees, a vaccination campaign to employees and family members and sharing of COVID-19 and health alerts from a related party.	as sick leave and medical reimbursements levels. It shall continue to have dialogues with its employees with regards to wages, performance review and the strategic direction of the organization. Talent, performance and training review and monitoring are included under the Workday system for the employees.
What are the Risk/s Identified?	**Management Approach**
The Company's talent pool includes contingent workers whose age are the past retirement age. Majority of its employees now qualifies for early retirement and a number of the workforce are nearing the age of compulsory retirement. At the other end of the spectrum are Millennials. With this talent mix comes the risk employee flight and a "shallow bench" problem that may lead to disruption in the business operations.	The Management reviews succession planning and employee retention strategy while being mindful of the mindset employees belonging to different generations. It shall also consider tapping the talent pool of other companies under the Keppel Group. The Company shall also work towards a leaner and asset light organization as part of Keppel's strategy for its Vision 2030.
What are the Opportunity/ies Identified?	**Management Approach**
Other Keppel companies in the Philippines have a large talent pool that the company can tap to fill in gaps in its workforce.	Management reaches out to other Keppel business units for excess personnel in their manpower resources that can be transferred or stationed to the company on a short-term or permanent basis should the need arise.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	398.75	hours
a. Female employees	234.75	hours
b. Male employees	164.00	hours
Average training hours provided to employees	49.84	hours/employee
a. Female employees	29.34	hours/employee
b. Male employees	20.50	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
"People-Centredness" is one Keppel's 8 core values. This underscores the basic tenet that people are one of the key drivers to the sustainability of the business. The organization continues to invest in training and development programs for its employees and remains committed to nurturing an efficient, well-trained and well-	The Company is committed to growing and nurturing its talent pool to ensure that employees reach their full potential by improving their competency through continuous training and development in their respective field.

informed team. Employees undergo annual e-training on anti-Bribery and other Keppel Group policies. They are also required to provide an annual declaration of conflict of interest.	During the pandemic, the Keppel Group offered a variety of web-based seminars that include discussions on working and personal wellness under the new normal. The Management continues to identify the training needs of its employees vis-a-vis the strategic direction of the Company and to provide the necessary programs to fill in those training gaps so as to ensure that our employees also grow together with the business. The Company was able to achieve an average of 49.84 training hours per employee during the period.
What are the Risk/s Identified?	**Management Approach**
A lack of awareness and inadequate training may potentially expose the organization to financial reporting risk and occupational health and safety risk.	The Management provides courses and information on the latest regulatory developments, industry standards and practices with regular updates from its external auditors and legal counsels to ensure proper recognition, treatment, recording and disclosure of financial transactions in compliance with the regulatory environment. The Company shares occupational health and safety procedures from a related company that is relevant to the office environment with regular safety alerts and bulletins posted on the office bulletin board and shared through e-mail or WhatsApp. A large part of the alerts pertains to COVID-19 and how to minimize the risk of contracting and spreading this virus during this pandemic. It shall continue to identify workplace hazards and risks with constant dialogues with and reminders for the employees. The employees have designated key roles in case of an emergency in the office building. Prior to the pandemic, the office takes part in the scheduled earthquake, fire and evacuation drills conducted by the building administration in partnership with the local police and fire departments.
What are the Opportunity/ies Identified?	**Management Approach**
Online training presents benefits to companies as it provides easy access to a wide-array of subject matter experts at reduced cost. There is also better employee	With the travel restriction brought about by COVID-19 community quarantine protocols imposed by the government and the

productivity as they need not leave the office and use up time traveling to the training venue.	adopted home-based and office-based work arrangement combination, the Company has turned to online learning as the preferred and safest mode of training for the organization during the pandemic.

Labor-Management Relations

This section is not applicable due the nature of the business and size of operation.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	62.50%	%
% of male workers in the workforce	37.50%	%
Number of employees from indigenous communities and/or vulnerable sector *	1	#

** Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Our employment statistic shows gender diversity with higher representation of women in the workforce. No incidence of discrimination has been reported during the reporting period. A female Internal Auditor has been hired during the reporting period. During the hiring and selection process, the organization gave equal opportunity to qualified applicants regardless of age, gender, race, religion, social or marital status, political belief or physical disability. Employees are provided with an equal opportunity for training and development for them to grow to their full potential. Promotion, recognition and compensation and other conditions of employment are based on merits.	The organization's hiring policies ensure equal employment opportunities for all with due consideration to diversity and inclusion. The company also abides by the Keppel Group's Corporate Statement on Human Rights. The statement can be accessed at this link: <https://www.kepcorp.com/en/file/sustainability/our-focus-areas/keppel-group-corporate-statement-on-human-rights.pdf>
What are the Risk/s Identified?	**Management Approach**
Non-compliance with laws and regulations will not only have a significant financial impact but can also potentially damage the reputation of the organization.	The organization closely monitors developments in the local law and regulations to ensure that its business and operations are fully compliant.
What are the Opportunity/ies Identified?	**Management Approach**
Diversity in the workplace creates a creative and productive environment.	The organization continues to encourage diversity in its ranks and provide equal opportunity in its hiring process.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	17,800	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The organization recorded 17,800 safe man-hours without lost time incident during the reporting period. There were no recorded incidents or injuries at the workplace.	The company will continue to nurture an incident-free workplace where safety is everyone's responsibility.
What are the Risk/s Identified?	**Management Approach**
A work environment that is unsafe and unhealthy will unduly expose employees to injuries or illnesses that can result to medical cost, absenteeism, lower productivity and quality of service and low morale.	The organization abides by Keppel's 5 key safety principles: (1) Every incident is preventable. (2) Health, Safety & Environment (HSE) is an integral part of our business. (3) HSE is a line responsibility. (4) Everyone is empowered to stop any unsafe work. (5) A strong safety culture is achieved through teamwork.
What are the Opportunity/ies Identified?	**Management Approach**
Although most of the work is done while sitting on a chair, there are still hazards that pose danger to one's life and limb in the office with many of these injuries preventable.	The organization shall continue with its safety information campaign that identifies hazards present in the office environment.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employees' grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace? Yes.

Topic	Y/N	If Yes, cite reference in the company policy
Forced Labor	Y	Keppel Group's Corporate Statement on Human Rights. The statement can be accessed at this link: <https://www.kepcorp.com/en/file/sustainability/our-focus-areas/keppel-group-corporate-statement-on-human-rights.pdf>
Child Labor	Y	As above
Human Rights	Y	As above

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
There is no forced or child labor or any human rights violations in the organization.	The Company shall continue to provide a harmonious and ethical work environment that is conducive to personal and professional growth.
What are the Risk/s Identified?	**Management Approach**
Human rights violations and infraction of labor laws have grave legal consequences and may cause irreparable damage to the company's brand and reputation.	All directors and employees as well as the organization's third party associates shall abide with Keppel's Code of Conduct and uphold Keppel's Statements on Human Rights.
What are the Opportunity/ies Identified?	**Management Approach**
The organization shall continue to guard against labor and human rights violation in the workplace.	Defined labor and human rights standards to which all employees are entitled will underscore the company's commitment towards a fair and just workplace.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

The organization is using vendors that have already been accredited by related party(ies). In this regard, the Company has formally adapted these policies and procedures and requires new suppliers and contractors to go through the formal process of assessment and accreditation of suppliers as well as an evaluation of supplier performance.

Do you consider the following sustainability topics when accrediting suppliers?

The following topics shall be taken into consideration, where applicable, when accrediting supplier.

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	Please refer to response in the previous question.
Forced Labor	N	
Child Labor	N	
Human Rights	N	
Bribery and corruption	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
A formal supplier accreditation policy and procedure has been implemented in the organization during the reporting period.	This shall guide the Company in the selection of suppliers of goods and services moving forward.
What are the Risk/s Identified?	**Management Approach**
Unqualified or dubious suppliers and contractors may be awarded supply contracts and deliver goods and services with poor quality resulting to costly rework, damage or delay to the business operations.	The company has a formal supplier accreditation policy and supplier performance evaluation in place.

What are the Opportunity/ies Identified?	Management Approach
The company evaluates and accredits suppliers based on the policy.	Same as above.

Relationship with Community

Significant Impacts on Local Communities

This section is not applicable due the nature of the business and size of operation.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	The organization has not yet conducted a customer satisfaction survey.	No

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The organization leases office space and real estate to other Keppel companies and to external parties. It is responsible for managing the properties and making sure that the tenants are able to enjoy the use of the leased premises.	Interactions with tenant will continue on a regular basis and shall be conducted in a professional manner. The Management shall continue to scope trends and issues in the real estate market to remain competitive and updated. In 2021, the Company continued to extend lease concessions in the form of rental rebates to tenants whose business have been impacted by the COVID-19 pandemic.
What are the Risk/s Identified?	**Management Approach**
A customer who is not happy with the organization's services may bring its business elsewhere leading to loss of revenue due to tenant attrition.	As property owner and lessor, the organization continues to engage with its tenant to find out any concerns relating to the leased premises so as to keep these tenants satisfied and encourage them to renew their lease and go for long-term leases. The planned customer satisfaction survey has been deferred to the next reporting period due to the COVID-19 pandemic. It will help determine areas for improvement and for the company to be more responsive to the tenant's concern and complaint, if

	any. The Company continues to engage with its tenants to determine their concerns during the pandemic period which resulted to the extension of the lease rebates during the year.
What are the Opportunity/ies Identified?	**Management Approach**
The organization will be in a better position to understand the expectations and perceptions of its clientele with the planned customer survey.	The Management will draw up the tenant retention plan based on the results and takeaways from the survey.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
There has been no complaints about the company's services or on matters relating to health and safety in the workplace. The organization is committed to provide an incident-free workplace and to prevent injury and ill health to our stakeholders.	Safety is among the core values at Keppel. The organization shall conduct its business in a manner that values and protects the safety of its employees, other people who are involved in its operations, customers and the public. It shall strive to prevent all accidents, injuries and occupational illnesses through safety information campaigns. It shall also institute a program for a good customer experience to ensure that the individual's experience during all points of contact shall also match the customer's expectation.
What are the Risk/s Identified?	**Management Approach**
The lack of a safety and health policies and measures may lead to incidence of injury and ill health to the employees and other stakeholders.	The organization shall adopt and formalize the safety and health policies of the Keppel Group in its workplace to underscore its commitment of ensuring an incident-free workplace and to prevent injury and ill health to its stakeholders.

What are the Opportunity/ies Identified?	Management Approach
The proposed formal adoption of health, safety and customer relations policies and program for a good customer experience will benefit of the stakeholders and ensure repeat transactions from happy customers and support from employees working in a safe and healthy environment.	Same as above.

Marketing and labeling

This section is not applicable due the nature of the business and size of operation.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

** Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The organization transacts with corporate legal entities and individuals for its investment and real estate transactions that requires individuals to provide personal data.	The organization shall abide by the Data Privacy Act of 2012 (R.A. 10173) and require its employees to undergo training to familiarize themselves with the regulations and the need to protect personal data provided by customers and other stakeholders.
What are the Risk/s Identified?	**Management Approach**
Failure to protect the rights of individuals and exercise the obligations of organizations with respect to the collection, storage, use, disclosure, retention, and disposal of personal data may potentially lead to complaints from data subjects, investigations by the National Privacy Commission (NPC) and imposition of penalty thereby also putting the reputation of the organization at risk.	In compliance with the NPC directive under R.A. 10173, the organization shall draw up a Privacy Management Program and Privacy Manual during the next reporting period.
What are the Opportunity/ies Identified?	**Management Approach**
The proposed Privacy Management Program will lead to better identification of privacy and data protection risks and controls throughout the data lifecycle.	The organization shall conduct a privacy risk assessment and provide recommendations on its existing organizational, physical, technical as well as legal measures for data privacy vis-a-vis the requirements of the Data Privacy Act, its Implementing Rules and Regulations and related memorandums.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Information technology is a tool used in every aspect of business operations. Aside from bringing value to the organization, it also brings with it potential risks and security threats that need to be adequately mitigated and properly addressed. Business data captured and stored in the system are vulnerable to data breach, hacks, theft and losses in the absence of appropriate levels of security controls.	The organization is guided by the Keppel Group's "End User Computing Policy" that promotes responsible use of computing resources and specifies the appropriate and consistent levels of security controls across its computing environment.
What are the Risk/s Identified?	**Management Approach**
Data-breach risk, data management and data privacy risk are present whenever information technology is used in the organization.	The company shall continue to provide annual training and periodic reminders on data security, data management and data privacy. During the period, the FireEye anti-malware program was installed into the KPHI computers.
What are the Opportunity/ies Identified?	**Management Approach**
The organization will continue to identify weak links in the system and to be vigilant in safeguarding its data.	Due to its small organization, the company will tap and leverage on the expertise of IT experts within the Keppel Group.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contributions to UN SDGs

Key products and services and its contribution to sustainable development.

As a holding company, it generates economic value from the lease of its real estate properties and interest income from loans extended to other parties. How these activities contribute to selected UN Sustainable Goals are shown in the table below.

Strategic Thrust	**Material Issues**	**SDGs**	**Approach**	**Societal Value / Contribution to UN SDGs**	**Potential Negative Impact of Contribution**	**Management Approach to Negative Impact**
Sustaining Growth	Corporate Governance Risk Management	8 DECENT WORK AND ECONOMIC GROWTH	Professionalism, integrity and good governance guide KPHI's business philosophy. The organization ensures that all transactions are fair, generates value for its stakeholders and complies with legal and regulatory requirements.	The value generated by the operations are distributed back as employment opportunities, business for suppliers and taxes for the government.	The risk of corruption is present whenever the members of the organization interacts with its stakeholders.	The organization has zero tolerance for fraud, bribery, corruption and violation of laws and regulations. Safeguard measures and reporting mechanisms are in place.
Empowering Lives	Occupational Safety & Health Labor Practices, Talent Management & Human Rights	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY	The company nurtures a safe and healthy workplace imbibed with a safety culture and mindset. Our hiring policies ensures equal employment opportunities for all such that there will be diversity and inclusion in the workplace.	KPHI has achieved zero lost time incidents with no work-related injury or illnesses. Safety is one of Keppel's core values. Our policies and procedures are focused on ensuring safety in the entire organization.	An unsafe and unhealthy office environment may expose employees to work and health hazards.	It shall strictly abide by the Keppel Group's 5 key safety principles and corporate statement on human rights.
Nurturing Communities	Community Development	17 PARTNERSHIPS FOR THE GOALS 1 NO POVERTY	The organization and the communities where it operates should grow together through collaborative partnership towards sustainable development.	The company remains steadfast in its commitment to have inclusive partnership with its stakeholders driven by the common vision of a better life for individuals and a healthy environment.	Members of vulnerable sectors run the risk of being excluded from growth.	The company shall seek out organizations and forge partnership with them for community development initiatives.