COVER SHEET

6	2	5	9	6

S.E.C Registration Number

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Stefan Tong Wai Mun/
Felicidad V. Razon

Contact Person

892 1816

Company Telephone Number

1	2		3	1

Month *Day*

SEC Form 17Q-March 2015

FORM TYPE

0	6		1	9

Month *Day*

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

436 as of April 2015

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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

1. For the quarterly period ended **31 March 2015**

2. Commission identification number **62596**

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

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

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

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

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

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

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

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

Title of each Class	Number of shares of common stock outstanding
Common 'A'	**38,730,970**
Common 'B'	**21,636,449**
Total	**60,367,419 (Net of Treasury Shares of 12,806,081)**

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

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

DOCUMENTS INCORPORATED BY REFERENCE

PART 1
FINANCIAL INFORMATION

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

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

PART II
OTHER INFORMATION

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

NONE

EXHIBIT I

MARCH 2015
QUARTERLY REPORT

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

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

	Unaudited March 2015	Audited December 2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 19)	**130,399**	127,885
Receivables – net (Notes 7, 14 and 19)	**14,290**	13,217
Other current assets - net (Note 8)	**670**	186
Total Current Assets	**145,359**	141,288
Noncurrent Assets		
Available-for-sale financial assets (Notes 9 and 19)	**15,200**	15,000
Investments in associates (Note 10)	**414,967**	419,572
Loan receivable – net of current portion (Notes 7, 14, and 19)	**187,500**	187,500
Lease receivables – net of current portion (Notes 7 and 14)	**35,202**	35,394
Investment properties – net (Note 11)	**210,228**	210,334
Property and equipment - net (Note 12)	**36**	42
Other noncurrent assets (Note 21)	**4,141**	4,141
Total Noncurrent Assets	**867,274**	871,983
TOTAL ASSETS	**1,012,633**	1,013,271
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 13)	**4,124**	4,126
Refundable deposits	**1,796**	1,795
Income tax payable	**322**	248
Total Current Liabilities	**6,242**	6,169
Noncurrent Liability		
Deferred tax liability	**1,765**	1,774
Total Liabilities	**8,007**	7,943

(Forward)

	Unaudited March 2015	Audited December 2014
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 15)	**73,174**	73,174
Additional paid-in capital	**73,204**	73,204
Retained earnings (Note 16)	**427,121**	423,538
Unrealized gains on available-for-sale financial assets (Note 9)	**14,622**	14,422
Treasury shares (Note 16)	**(9,899)**	(9,899)
Total Equity Attributable to Equity Holders of the Parent	**578,222**	574,439
Noncontrolling Interests	**426,404**	430,889
Total Equity	**1,004,626**	1,005,328
TOTAL LIABILITIES AND EQUITY	**1,012,633**	1,013,271

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

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

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

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

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

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

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC.

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

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

See Accompanying Notes to Consolidated Financial Statements

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

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

See accompanying Notes to Consolidated Financial Statements

(₱'000)

1. Corporate Information

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

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

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

Kepwealth Inc. and KCL are affiliates of the Company.

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

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

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

Information relating to the Company's associates follows:

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

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

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

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The unaudited consolidated financial statements of the Company have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso

(₱), which is the Company's functional currency. Amounts are rounded off to the nearest Philippine Peso except when otherwise indicated.

Statement of Compliance

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

Basis of Consolidation

The unaudited consolidated financial statements include the accounts of the Parent Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies.

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

Assessment of Control

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

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

Noncontrolling interests (NCI) represent the portion of profit or loss and the net assets not held by the Company and are presented separately in the consolidated statements of income and consolidated statement of comprehensive income and within equity in the consolidated statement of financial position and consolidated statement of changes in equity.

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

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

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

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

	Unaudited Mar 2015	Audited Dec 2014
Current assets	**₱30,786**	₱35,458
Noncurrent assets	**843,260**	848,076
Total assets	**874,046**	883,534
Current liabilities	**5,394**	5,718
Noncurrent liabilities	**1,760**	1,770
Total liabilities	**7,154**	7,488
Revenue	**8,840**	35,636
Total comprehensive income	**7,594**	28,402

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

3. Summary of Changes in Significant Accounting Policies and Disclosures

Changes in Accounting Policies and Disclosures

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

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

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

Annual Improvements to PFRSs (2010-2012 Cycle)

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

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

Annual Improvements to PFRSs (2011-2013 Cycle)

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

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

Future Changes in Accounting Policies

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

Effective in 2015

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

Annual Improvements to PFRSs (2010 -2012 cycle)

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

Annual Improvements to PFRSs (2011 -2013 cycle)

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

4. Significant Accounting Policies

The Company's disclosures on significant accounting principles and policies and practices are substantially the same with the disclosures made in December 31, 2014 audited financial statements and for the period ended March 31, 2015. Any additional disclosures on the significant changes of accounts and subsequent events are disclosed in the succeeding notes and presented in the Management Discussion and Analysis.

5. Significant Accounting Judgment, Estimates and Assumptions

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

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

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

6. Cash and Cash Equivalents

This account consists of:

	Unaudited Mar 2015	Audited Dec 2014
Cash on hand and in banks	**₱2,667**	₱3,091
Cash equivalents	**127,732**	124,794
	₱130,399	₱127,885

Cash includes cash on hand and in banks. Cash equivalents are short-term investments which are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at annual interest ranged from 1.0% to 1.5% during the first quarter of 2015 as against same quarter last year from 0.88% to 1.0%.

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

7. Receivables

This account consists of:

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

The loan receivable from a related party pertains to unsecured, long-term interest-bearing loan obtained by KPMI, an entity under common control, from GMRI last September 2014 amounting to ₱200.0 million. The loan has a term of five (5) years on principal payment with grace period of 15 months and payable in equal quarterly installment. The loan is subject to interest re-pricing on a semi-annual basis. The interest applied in September 2014 ranges from 3.4% to 3.5% as against this March 2015 of 4.0%. Interest income recognized this quarter March 2015 amounted to ₱2.0 million with accrued interest receivable of ₱0.6 million as of March 31, 2015.

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

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

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

8. Other Current Assets

This account consists of:

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

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

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

Audited Dec 2014	Input VAT	CWT	Total
Balance at the beginning of the period	₱1,820	₱3,262	₱5,082
Provision for the year	-	515	515
Recovery of provision	(3)	(763)	(766)
Balance at the end of the period	₱1,817	₱3,014	₱4,831

9. Available-for-Sale Financial Assets

This account consists of investments in golf club shares:

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

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

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

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

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

10. Investments in Associates – at equity

This account consists of:

	Unaudited Mar 2015	Audited Dec 2014
Investments in associates	**₱895,187**	₱895,187
Accumulated shares in net losses:		
Balance at beginning of the period	**(475,615)**	(481,606)
Share in net earnings of associates	**4,128**	19,964
Cash dividend received	**(8,733)**	(13,973)
Balance at end of the period	**(480,220)**	(475,615)
	₱414,967	₱419,572

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

	KPCI		**GVI**		**CLI**		TOTAL	
	Mar 2015	Dec 2014	**Mar 2015**	Dec 2014	**Mar 2015**	Dec 2014	**Mar 2015**	Dec 2014
Investments	**₱273,518**	₱273,518	**₱231,834**	₱231,834	**₱389,835**	₱389,835	**₱895,187**	₱895,187
Accumulated share in net earnings (losses):								
Balance at beginning of the period	**(273,518)**	(273,518)	**(230,849)**	(230,833)	**28,752**	22,745	**(475,615)**	(481,606)
Share in net earnings (losses)	**-**	-	**(8)**	(16)	**4,136**	19,980	**4,128**	19,964
Cash dividend received	**-**	-	**-**	-	**(8,733)**	(13,973)	**(8,733)**	(13,973)
Total	**(273,518)**	(273,518)	**(230,857)**	(230,849)	**24,155**	28,752	**(480,220)**	(475,615)
Balance at the end of the period	**₱-**	₱-	**₱977**	₱985	**₱413,990**	₱418,587	**₱414,967**	₱419,572

KPCI and GVI

KPCI and GVI are both involved in investment holding. KPCI has incurred continued losses and is in liquidating position since 2005. As of March 31, 2015 and December 31, 2014, KPCI has zero equity. The Company's investment in KPCI has been reduced to nil in prior years. There is no unrecognized share of losses of KPCI as of March 31, 2015 and December 31, 2014. In 2011, GVI recognized gain on sale of its CLI shares to GMRI. The Company's share in GVI's net losses amounted to ₱0.01 million both in quarters ended March 31, 2015 and 2014.

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

In 2013, the management re-assessed whether or not the Company has control over GVI due to the Parent Company's higher beneficial interest on dividends of GVI as compared to other shareholders. In spite of the higher beneficial interest of the Parent Company as indicated in the Articles of Incorporation of GVI, the Parent Company has no dominant influence over GVI's significant decisions and operations. All of the officers of GVI are representatives of the other shareholders and not of the Parent Company. The management assessed that the Company has no control over GVI and thus will continue to account for GVI as an associate.

CLI

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

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

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

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

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

11. Investment Properties

This account consists of:

	Unaudited March 2015			
	Land	**Building**	**Condominium Units**	**Total**
Cost:				
Balance at beginning and end of the period	**₱205,902**	**₱2,609**	**₱25,343**	**₱233,854**
Accumulated depreciation:				
Balance at beginning	–	**1,916**	**21,604**	**23,520**
Depreciation	–	**28**	**78**	**106**
Balance at end of the period	–	**1,944**	**21,682**	**23,626**
Net book value	**₱205,902**	**₱665**	**₱3,661**	**₱210,228**

	Audited December 2014			
	Land	Building	Condominium Units	Total
Cost:				
Balance at beginning and end of the year	₱205,902	₱2,609	₱25,343	₱233,854
Accumulated depreciation:				
Balance at beginning of year	-	1,793	20,384	22,177
Depreciation	-	123	1,220	1,343
Balance at end of year	-	1,916	21,604	23,520
Net book value	₱205,902	₱693	₱3,739	₱210,334

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

The investment properties have an aggregate fair value of ₱758.8 million based on an appraisal by an independent appraiser in November 2014. Management believes that the fair market value of its investment properties have not changed significantly since then. The fair value attributable to the equity holders of the Parent Company amounted to ₱411.5 million. The sales comparison approach was used in determining the fair value which is allowed by the Philippine Valuation Standards. Rent income attributable to the investment properties amounted to ₱4.9 million and ₱4.8 million for the periods ended March 31, 2015 and 2014, respectively.

12. Property and Equipment

This account consists of:

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

Audited December 2014	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
Balance at beginning of the period	₱5,397	₱582	₱776	₱6,755
Addition	–	11	–	11
Retirement	–	(260)	–	(260)
Balance at end of the period	5,397	333	776	6,506
Accumulated depreciation:				
Balance at beginning of the period	5,080	582	653	6,315
Depreciation	310	3	96	409
Retirement	–	(260)	-	(260)
Balance at end of the period	5,390	325	749	6,464
Net Book Value	₱7	₱8	₱27	₱42

13. Accounts Payable and Other Current Liabilities

This account consists of:

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

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

14. Related Party Transactions

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

Terms and Conditions of Transactions with Related Parties

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

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

a. GMRI has lease agreement with KPMI, an affiliate, covering the property which is the site of KPMI's shipyard. Rent income based on straight-line method amounted to ₱2.7 million as of March 31, 2015 and same period last year. Total outstanding balance of lease receivables amounted to ₱36.2 million and ₱35.4 million as of March 31, 2015 and December 31, 2014, respectively.

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

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

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

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

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

g. In 2014, the Parent Company entered into a Memorandum of Undertaking (MOU) with KPMI to form a joint venture agreement in bidding for upcoming projects. As of this period, the Parent Company has not received any income in relation to this MOU.

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

15. Capital Stock

The Class "A" and Class "B" shares of stock are identical in all respects and have ₱1 par value, except that Class "A" shares are restricted in ownership to Philippine nationals. Class "B" shares are 18% and 82% owned by Philippine nationals and foreign nationals, respectively, as of March 31, 2015. Authorized and issued shares as of March 31, 2015 and 2014 as follows:

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

The weighted average number of shares outstanding as of March 31, 2015 and 2014 as follows:

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

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

Common shares	Number of shares registered	Issue/offer Price	Date of approval	Number of holders of securities as of March 31, 2015
Class "A"	38,730,970	₱ 1.00	June 30, 2000	390
Class "B"	21,636,449	₱ 1.00	June 30, 2000	62
	60,367,419			

There are 436 shareholders owning both Class "A" and "B" shares as of March 31, 2015.

16. Retained Earnings and Treasury Shares

The portion of retained earnings corresponding to the Parent Company's undistributed equity in net earnings of the associates amounted to ₱4.1 million and ₱20.0 million as of March 31, 2015 and December 31, 2014, respectively. These amounts are not available for distribution as dividends until declared by associates. Retained earnings are further restricted to the extent of ₱9.9 million representing the cost of shares held in treasury shares of as March 31, 2015 and December 31, 2014.

The total number of shares as of this period is 12,806,081 composed of 1,110,000 Class "A" shares and 11,696,081 Class "B" shares. There was no acquisition made from December 2014 up to this period.

The BOD declared cash dividends of ₱0.10 per share or ₱6.0 million on May 28, 2014 to stockholders of record as of June 13, 2014 and were paid on July 9, 2014. The Company declared same amount of dividend in 2013 and 2012.

In March 2015 and September 2014, GMRI declared cash dividend of ₱17.0 million and ₱5.0 million, respectively. Each common and preferred shareholder received ₱0.09 and ₱0.03 per share based on their total amount of outstanding shares held by them as of December 31, 2014 and August 31, 2014, respectively. The Parent Company received ₱8.5 million and ₱2.5 million in March 2015 and September 2014, respectively. GRDC received ₱0.3 million and ₱0.1 million in March 2015 and September 2014, respectively. Noncontrolling interest received ₱8.2 million and ₱2.4 million in March 2015 and September 2014, respectively.

17. Operating Expenses

This account consists of:

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

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

18. Segment Information

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

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

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

All the Company's revenues are derived from operation within the Philippines, hence, the Company did not present geographical information required by PFRS 8, *Operating Segments.* Rental income from KPMI amounted to ₱3.2 million both for the periods ended March 31, 2015 and 2014. Rental from KPMI comprises more than 10% of the Company's rental revenue for the period.

19. Financial Risk Management Objectives and Policies

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

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

Credit Risk
The Company pertains to the risk that a party to financial instrument will fail to discharge its obligation can cause the other party to incur a financial loss. The Company transacts mostly with related parties, thus, there is no requirement for collateral. Receivables are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Significant concentration of credit risk as of March 31, 2015 pertains to loan receivable from a related company amounting to ₱200.0 million, which comprise 60% of the Company's loan and receivables.

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

	Unaudited Mar 2015	Audited Dec 2014
Loans and Receivables		
Cash and cash equivalents *	**₱130,394**	₱127,880
Receivables		
Loan receivable from related party	**200,000**	200,000
Current portion of lease receivables	**1,162**	170
Nontrade receivables	**2,153**	2,153
Interest receivable	**610**	547
Due from related party	**18**	-
	₱334,337	₱330,750

**Excluding cash on hand*

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

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

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

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

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

Capital Management
The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions.

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

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

The debt to equity ratios as of March 31, 2015 and December 31, 2014 are as follows:

	Unaudited Mar 2015	Audited Dec 2014
Total liabilities	**₱8,007**	₱7,943
Total equity	**1,004,626**	1,005,328
Debt to equity ratio	**0.008**	0.008

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

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

AFS Financial Assets
The fair value of quoted AFS financial instrument is determined by reference to quoted market bid price at the close of business at the end of the reporting dates since this is actively traded in organized financial markets. Unquoted AFS financial instruments are carried at cost, less any allowance for impairment loss.

Fair Value Hierarchy
As of March 31, 2015 and December 31, 2014, the Company classifies its quoted AFS financial asset under Level 1 of the fair value hierarchy amounting to ₱15.2 million and ₱15.0 million, respectively. During the reporting periods ending March 31, 2015 and December 31, 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

20. Financial Soundness (Key Performance) Indicators

	Unaudited Mar 2015	Audited Dec 2014
A. Current and Liquidity Ratios		
1. Current Ratio (Current Assets/Current Liabilities)	**23.29**	22.90
2. Acid-test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	**23.18**	22.87
B. Solvency Ratio (annualized) (Net Income + Depreciation)/Total Liabilities	**3.71**	3.52
C. Debt to Equity Ratio (Total Liabilities/Stockholders' Equity)	**0.01**	0.01
D. Asset to Equity Ratio	**1.01**	1.01
E. Debt Ratio (Total Liabilities/Total Assets)	**0.01**	0.01
F. Interest Rate Coverage Ratio EBIT/Interest Expense	**Nil**	Nil
G. Profitability % (annualized)		
1. Return on Assets (Net Income/Total Assets)	**2.89**	2.59
2. Return on Equity	**2.91**	2.61
H. Earnings per Share Attributable to Equity Holders of Parent (₱) (Annualized)	**0.24**	0.20
I. Book Value per Share Attributable to Equity Holders of the Parent (₱)	**9.58**	9.52

21. Other Matters

In September 2003, the Parent Company filed a complaint against the PNOC for specific performance with the Regional Trial Court of Batangas City for the enforcement of the contract relating to the option to purchase a parcel of land in Batangas. A judgment was rendered in January 2006 in favor of the Parent Company ordering PNOC to accept the payment of ₱4.1 million as full and complete payment of the purchase price, and to execute a Deed of Absolute Sale in favor of the Parent Company. PNOC, however, filed an appeal with the Court of Appeals (CA). The CA dismissed PNOC's appeal in December 2011. In July 2012, PNOC filed with the Supreme Court (SC) a petition for review on certiorari of the decision of the CA. On November 7, 2013, the Parent Company filed a Motion to Resolve with the SC to ask for an early resolution and issue an order dismissing the petition. The case is still outstanding as of this period.

The Parent Company deposited ₱4.1 million with the Court which is presented under "Other noncurrent assets" account in the consolidated statements of financial position.

In July 2007, the Company and PNOC signed a compromise agreement where in both parties agreed to increase the price to ₱6.1 million. The compromise agreement is pending approval by the Office of the Solicitor General as of this period. Given the length of time that had lapsed, it is unlikely that the Compromise Agreement will be approved.

Aging of Receivable as at March 31, 2015 (₱'000):

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

EXHIBIT II

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

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

Results of Operations

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

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

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

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

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

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

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

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

Financial Condition

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

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

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

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

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

Noncontrolling interests as of March 31, 2015 amounted to ₱426.4 million as against last December 31, 2014 of ₱430.9 million. The decrease was due to the net effect of net income attributable to the noncontrolling shareholders of ₱3.7 million for the quarter ending March 31, 2015 offset by the ₱8.2 million dividend payments to noncontrolling shareholder of GMRI.

The book value per share attributable to equity holders of the parent (equity attributable to equity holders of the parent divided by common shares outstanding) at ₱9.58 as of March 31, 2015 higher than in December 31, 2014 at ₱9.52 per share.

Earnings per share attributable to the equity holders of the Parent (net earnings for the period divided by common shares outstanding) as shown in the consolidated statement of income for the period ending March 31, 2015 was ₱0.06 slightly higher than as of March 31, 2014 of ₱0.05 per share.

Material Events and Uncertainties

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

SIGNATURES

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

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

Signature and Title :

STEFAN TONG WAI MUN
President

FELICIDAD V. RAZON
VP/Treasurer

Date : May 14, 2015