

COVER SHEET

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S.E.C Registration Number

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

(Company's Full Name)

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

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

Alan I. Claveria/
Felicidad V. Razon

Contact Person

8892 1816

Company Telephone Number

1 2
Month

3 1
Day

SEC Form 17Q-March 2024

FORM TYPE

0 6
Month

1 6
Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

411 as of April 2024

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 2024
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) 8892-18-16
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:
- | | As of April 30, 2024 |
|---------------------|--|
| Title of each Class | Number of shares of common stock outstanding |
| Common 'A' | 35,756,070 |
| Common 'B' | 21,476,949 |
| Total | 57,233,019 (Net of Treasury Shares of 15,940,481) |
11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes [/] No []
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange Common Shares
12. Indicate by check mark whether the registrant:
- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes [/] No []
- (b) has been subject to such filing requirements for the past ninety (90) days.
Yes [/] No []

DOCUMENTS INCORPORATED BY REFERENCE

**PART I
FINANCIAL INFORMATION**

- 1) **Financial Statements (see EXHIBIT 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 2024 QUARTERLY REPORT

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2024 & DECEMBER 31, 2023**

(IN PHILIPPINE PESOS)

A S S E T S	Unaudited March 31 2024	Audited December 31 2023
Current assets		
Cash and cash equivalents (Notes 6 and 21)	2,182,905,495	575,523,245
Receivables – net (Notes 7, 15 and 21)	6,583,971	3,832,366
Other current assets - net (Note 8)	812,135	773,812
Total current assets	2,190,301,601	580,129,423
Non-current assets		
Lease receivables – net of current portion (Notes 7,15 and 21)	-	25,988,981
Financial assets at fair value through other comprehensive income (FVOCI) (Note 9)	80,000,000	70,000,000
Investment in an associate (Note 10)	418,472,437	417,612,030
Investment properties – net (Note 11)	2,979,782	205,288,439
Property and equipment - net (Note 12)	535,603	501,338
Intangible assets, net (Note 13)	1,687,426	1,850,725
Total non-current assets	503,675,248	721,241,513
Total assets	2,693,976,849	1,301,370,936
<u>LIABILITIES AND EQUITY</u>		
Current liabilities		
Accrued expenses and other current liabilities (Note 14)	206,755,554	3,101,837
Income tax payable	240,669,638	41,131
Advance rentals and deposits (Note 11)	267,589	405,589
Total current liabilities	447,692,781	3,548,557
Noncurrent liabilities		
Retirement liability (Note 16)	942,483	837,483
Advance rental and deposits – net of current portion (Note 11)	628,796	628,796
Deferred tax liability	-	1,353,544
Total noncurrent liabilities	1,571,279	2,819,823
Total liabilities	449,264,060	6,368,380
Equity		
Share capital (Note 17)	73,173,500	73,173,500
Share premium	73,203,734	73,203,734
Treasury shares (Note 18)	(26,004,530)	(26,004,530)
Investment revaluation reserve (Note 9)	79,422,057	69,422,057
Remeasurements on retirement benefits (Note 16)	1,349,030	1,349,030
Retained earnings (Note 18)	1,258,743,704	773,457,128
Attributable to equity holders of the Parent	1,459,887,495	964,600,919
Non-controlling interests	784,825,294	330,401,637
Total equity	2,244,712,789	1,295,002,556
Total liabilities and equity	2,693,976,849	1,301,370,936

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023
(IN PHILIPPINE PESOS)
(UNAUDITED)**

	March 31 2024	March 31 2023
Revenues and income		
Gain on sale of investment property	1,272,083,759	-
Interest income (Notes 6 and 7)	14,555,832	7,239,875
Rental income (Notes 11,15 and 20)	2,750,505	3,194,604
Equity in net earnings of associates (Note 10)	860,407	994,667
Management & accounting service fees (Note 15)	354,000	354,000
Others	200,914	55,913
Total revenues and income	1,290,805,417	11,839,059
Operating expenses (Note 19)	(4,654,193)	(5,615,466)
Income before income tax	1,286,151,224	6,223,593
Income tax expense	(320,233,663)	(1,575,249)
Net income for the period	965,917,561	4,648,344
Attributable to:		
Equity holders of the parent	498,402,413	3,068,278
Non-controlling interests	467,515,148	1,580,066
	965,917,561	4,648,344
Earnings per share attributable to equity holders of the parent		
	P8.708	P0.054
<i>Equity holders of the parent divided by</i>		
<i>Number of shares outstanding as of end of the period</i>	<i>P498,402,413/57,233,419</i>	<i>P3,068,278/57,233,419</i>

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023
(IN PHILIPPINE PESOS)
(UNAUDITED)**

	March 31 2024	March 31 2023
Net income for the period	965,917,561	4,648,344
Other comprehensive income		
Item that will not be reclassified to profit and loss:		
Unrealized fair value gain on financial assets at fair value through other comprehensive income (Note 9)	10,000,000	-
Total comprehensive income for the period	975,917,561	4,648,344
Attributable to:		
Equity holders of the parent	508,402,413	3,068,278
Non-controlling interest	467,515,148	1,580,066
	975,917,561	4,648,344

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023
(UNAUDITED)
IN PHILIPPINE PESOS**

	Attributable to equity holders of the Parent						Total	Non- controlling interests (Note 2)	Total equity
	Share capital (Note 17)	Share premium	Treasury shares (Note 18)	Investment revaluation reserve (Note 9)	Remeasurements on retirement benefit asset (Note 16)	Retained earnings (Note 18)			
Balance as of January 1, 2024	73,173,500	73,203,734	(26,004,530)	69,422,057	1,349,030	773,457,128	964,600,919	330,401,637	1,295,002,556
Comprehensive income									
Net income for the period	-	-	-	-	-	498,402,413	498,402,413	467,515,148	965,917,561
Effect of change in accounting for leases	-	-	-	-	-	(13,115,837)	(13,115,837)	(12,601,491)	(25,717,328)
Other comprehensive income				10,000,000	-	-	10,000,000	-	10,000,000
Total comprehensive income	-	-	-	10,000,000	-	485,286,576	495,286,576	454,913,657	950,200,233
Transaction with the owners									
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Cash dividend declared	-	-	-	-	-	-	-	(490,000)	(490,000)
Balance as of March 31, 2024	73,173,500	73,203,734	(26,004,530)	79,422,057	1,349,030	1,258,743,704	1,459,887,495	784,825,294	2,244,712,789
Balance as of January 1, 2023	73,173,500	73,203,734	(26,004,530)	57,422,057	2,809,365	761,412,125	942,016,251	355,214,728	1,297,230,979
Comprehensive income									
Net income for the period	-	-	-	-	-	3,068,278	3,068,278	1,580,066	4,648,344
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	3,068,278	3,068,278	1,580,066	4,648,344
Transaction with the owners									
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Cash dividend declared	-	-	-	-	-	-	-	-	-
Balance as of March 31, 2023	73,173,500	73,203,734	(26,004,530)	57,422,057	2,809,365	764,480,403	945,084,529	356,794,794	1,301,879,323

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023
(IN PHILIPPINE PESOS)
(UNAUDITED)

	March 31 2024	March 31 2023
Cash flows from operating activities		
Income before income tax expense	1,286,151,224	6,223,593
Adjustments for:		
Retirement benefit expense	105,000	350,000
Depreciation and amortization (Notes 11, 12, 13 and 19)	191,088	200,419
Equity in net earnings of associates (Note 10)	(860,407)	(994,667)
Provision for (reversal of) impairment losses – net (Note 8)	(1,220,344)	(267,366)
Interest income (Notes 6, 7 and 15)	(14,555,832)	(7,239,875)
Gain on sale of investment property (Note 11)	(1,272,083,759)	-
Operating loss before changes in assets and liabilities	(2,273,030)	(1,727,896)
Changes in operating assets and liabilities		
Decrease (increase) in:		
Receivables (Notes 7, 15, and 21)	(462,868)	(1,577,455)
Other current assets (Note 8)	1,182,021	(2,955,415)
Increase (decrease) in		
Accrued expenses and other current liabilities	203,653,716	(741,876)
Advance rentals and deposits	(138,000)	37,407
Net cash provided (absorbed) by operations	201,961,839	(6,965,235)
Interest received from cash and cash equivalent	11,185,206	7,081,212
Income tax paid	(79,605,158)	(1,460,157)
Net cash from (used in) operating activities	133,541,887	(1,344,180)
Cash flows from investing activities		
Proceeds from sale of investment property	1,474,392,416	-
Purchased of property and equipment	(62,053)	-
Net cash provided by investing activities	1,474,330,363	-
Cash flows from financing activities		
Cash dividend declared and paid	(490,000)	-
Net cash used in financing activities	(490,000)	-
Net increase (decrease) in cash and cash equivalents	1,607,382,250	(1,344,180)
Cash and cash equivalents at the beginning of the period	575,523,245	583,003,831
Cash and cash equivalents at the end of the period (Note 6)	2,182,905,495	581,659,651

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in Philippine Pesos)

1. General 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 Group”), are 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 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 while the subsidiaries are in the real estate industry, particularly in the lease of its properties to affiliates which are incorporated and domiciled in the Philippines.

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 of March 31, 2024 and December 31, 2023, the shareholders are the following:

	Percentage of Ownership
Kepwealth, Inc.	53.4%
Keppel Limited (KL)	29.5%
Public	17.1%

As at March 31, 2024 and December 31, 2023, the following are the Parent Company’s subsidiaries are as follows:

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

GRDC is 44% owned by Keppel Philippines Marine, Inc. Retirement Plan (KPMIRP) and 5% by Seatrium Philippines Marine, Inc. (SPMI) formerly known as Keppel Philippines Marine, Inc. (KPMI). GRDC owns 93.8% of GMRI, thus, including the 3.2% separate interest in GMRI, the Parent Company has 51% effective ownership on GMRI.

GMRI has 25% shareholdings with Consort Land, Inc. (CLI), providing KPHI a 13% indirect ownership in CLI.

The ultimate parent company of the Group is KCL, a company incorporated in Singapore and listed in Singapore Exchange. Effective January 1, 2024, KCL changed its company name to Keppel Limited (KL).

The Parent Company has five (5) and four (4) regular employees as at March 31, 2024 and December 31, 2023. The administrative functions of the subsidiaries are handled by the Parent Company’s management.

In both periods as of March 31, 2024 and December 31, 2023, the Parent Company has 237 shareholders each owning at least 100 shares.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The unaudited 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 interpretation of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The unaudited consolidated financial statements have been prepared on a historical cost basis, except for financial assets at FVOCI and fair value of plan assets within retirement benefits.

The preparation of the unaudited 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 judgement and complexity, or areas where estimates and assumptions are significant to the consolidated financial statements are disclosed in Note 5.

Basis of Consolidation

The unaudited consolidated financial statements comprise the separate financial statements of the Parent Company and its subsidiaries. The Group uses uniform accounting policies; any difference between 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 assessing from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Parent Company re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Non-controlling interests (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 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 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 acquisition. 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 and loss
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, an appropriate as would be required if the Group had directly disposed of the related assets and liabilities

As of March 31, 2024 and December 31, 2023, NCI pertains to 44% and 5% ownership in GRDC of KPMIRP and SPMI, respectively.

The financial information (before the intercompany eliminations) of GRDC and its wholly owned subsidiary, GMRI, and NCI (after intercompany eliminations) as at March 31, 2024 and for the year ended December 31, 2023 are as follows:

	March 31, 2024 (Unaudited)			December 31, 2023 (Audited)		
	GRDC	GMRI	Total	GRDC	GMRI	Total
Current assets	181,509	1,628,764,233	1,628,945,742	1,137,832	22,396,926	25,534,758
Noncurrent assets	3,240,961	338,284,684	341,525,645	3,242,043	566,648,891	569,890,934
Total assets	3,422,470	1,967,048,917	1,970,471,387	4,379,875	589,045,817	593,425,692
Current liabilities	134,699	452,620,041	452,754,740	122,674	767,638	890,312
Noncurrent liabilities	-	-	-	-	1,353,544	1,353,544
Total liabilities	134,699	452,620,041	452,754,740	122,674	2,121,182	2,243,856
Revenue and income	78,167	1,273,107,825	1,273,185,992	1,201,423	18,195,341	19,396,764
Income before income tax	37,862	1,270,535,952	1,270,573,814	1,056,397	13,819,489	14,675,886
Net income and total comprehensive income	30,570	953,221,570	953,252,140	1,022,633	12,669,658	13,692,291
Cash flows from:						
Operating activities	17,959	135,832,926	135,850,885	175,953	8,931,877	9,107,830
Investing activities	-	1,466,892,416	1,466,892,416	888,975	5,239,859	6,128,834
Financing activities	(1,000,000)	-	(1,000,000)	(700,000)	(60,000,000)	(60,700,000)
Net increase (decrease) in cash and cash equivalents	(982,041)	1,602,725,342	1,601,743,301	364,928	(45,828,264)	34,554,437
Accumulated balance of material NCI	1,030,211	783,795,084	784,825,295	1,505,231	328,896,406	330,401,637
Net income and total comprehensive income attributable to material NCI	14,979	467,500,169	467,515,148	65,492	4,428,842	4,494,334

Accumulated balance of material NCI, and net income and total comprehensive income attributable to material NCI as at March 31, 2023 are P356.8 million and P1.6 million, respectively. There are no significant restrictions on the Group's ability to use assets or settle liabilities within the Group. There is no difference on the voting rights of non-controlling interests as compared to majority stockholders.

3. Summary of Changes in Significant Accounting Policies and Disclosures

There are no new standards, amendments to existing standards, and interpretations that are effective for the annual periods as at January 1, 2024, which would have a significant impact or are considered relevant to the Group's consolidated financial statements

4. Significant Accounting Policies

The Group's disclosures on significant accounting principles and policies and practices are substantially the same as the disclosures made on December 31, 2023 audited financial statements and for the period ended March 31, 2024. 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 Group's unaudited consolidated financial statements prepared under PFRS require management to make judgments and estimates that affect 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, 2024, there were no judgment, seasonal or cyclical aspects that materially affect the operation of the Group, 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, 2023 audited financial statements, and no unusual items that materially affect the Group's assets, liabilities, equity, net income or cash flows.

6. Cash and Cash Equivalents

This account consists of:

	Unaudited March 31 2024	Audited December 31 2023
Cash in banks	8,757,040	5,833,594
Cash equivalents	2,174,148,455	569,689,651
	2,182,905,495	575,523,245

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 six (6) months depending on the immediate cash requirements of the Group and earned interest at annual interest that ranged from 5.75% to 6.0% during the first quarter of 2024 and 5% to 5.75% in 2023.

Interest income earned from cash and cash equivalents amounted to P14.6 million for the period ended March 31, 2024 compared to P7.2 million during the same period last year. Accrued interest receivable from cash and cash equivalents amounted to P6.1 million on March 31, 2024 compared to P2.8 million as of December 31, 2023.

7. Receivables - Net

This account consists of:

	Unaudited March 31 2024	Audited December 31 2023
Interest receivable (Note 6)	6,121,103	2,750,475
Non-trade receivables	266,560	-
Lease receivables (Note 15)	126,637	27,070,872
Others - sundry	69,671	-
	6,583,971	29,821,347
Less non-current portion of lease receivables (Note 15)	-	(25,988,981)
	6,583,971	3,832,366

There is no allowance for impairment related to lease receivables from third parties, non-trade and other receivables as of March 31, 2024 and December 31, 2023.

The current portion of lease receivables and due from related parties are non-interest bearing and are generally 30 to 60-day terms. The noncurrent portion of lease receivables pertains to the difference between straight line method and contractual annual rents. These amounts are expected to reverse more than one (1) year from the financial reporting date. As of March 31, 2024, the non-current lease receivables were terminated due to the sale of the land area which is subject to the long-term lease last March 7, 2024. (Note 11)

Interest receivable represents the Group's accrued interest on cash and cash equivalents.

Other receivables are due from advances to sundry debtors and are generally 30 to 60-day terms.

8. Other Current Assets – Net

This account consists of:

	Unaudited March 31 2024	Audited December 31 2023
Creditable withholding taxes (CWT)	2,087,968	3,618,534
Prepaid expenses	406,548	22,131
Deposits	192,340	192,340
Advances to employees	69,919	81,551
Others	30,107	54,348
	2,786,882	3,968,904
Less allowance for impairment loss	(1,974,747)	(3,195,082)
	812,135	773,812

Movements in the provision for impairment related to Input VAT and CWT as follows:

Unaudited March 31, 2024	Input VAT	CWT	Total
Balance at the beginning of the period	-	3,195,092	3,195,092
Provision for the period	-	-	-
Recovery of provision	-	(1,220,345)	(1,220,345)
Net provision (recovery)	-	(1,220,345)	(1,220,345)
Balance at the end of the period	-	1,974,747	1,974,747

Audited December 31, 2023	Input VAT	CWT	Total
Balance at the beginning of the period	592,356	3,021,953	3,614,309
Provision for the year	-	173,139	173,139
Recovery of provision	(592,356)	-	(592,356)
Net provision (recovery)	(592,356)	173,139	(419,217)
Balance at the end of the period	-	3,195,092	3,195,092

9. Financial Assets through Other Comprehensive Income

Details and movement of financial asset at FVOCI as at and for the end of the period:

	Unaudited March 31 2024	Audited December 31 2023
Original cost	316,004	316,004
Accumulated revaluation		
Beginning	69,683,996	57,683,996
Unrealized fair value gain	10,000,000	12,000,000
End	79,683,996	69,683,996
Balance at the end of the period	80,000,000	70,000,000

The movement of investment revaluation reserve for the period is as follows:

	Unaudited March 31 2024	Audited December 31 2023
Balance at the beginning of the period	69,422,057	57,422,057
Unrealized fair value gain	10,000,000	12,000,000
Other adjustments	261,939	261,939
Balance at the end of the period	79,683,996	69,683,996

This account pertains to proprietary golf club share that provides the Group with opportunities for return of capital 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.

10. Investment in Associates – at Equity

This account consists of:

	Unaudited March 31 2024	Audited December 31 2023
Investment in associate - CLI	337,596,800	337,596,800
Accumulated share in net income:		
Balance at beginning of the period	80,015,230	83,646,432
Equity in net earnings of associate	860,407	1,608,657
Cash dividend received	-	(5,239,859)
Balance at end of the period	80,875,637	80,015,230
	418,472,437	417,612,030

This account consists of GMRI's 25% investment or 17,466,196 shares out of 70,000,000 shares in CLI, a company incorporated in the Philippines. CLI is involved in property leasing and power distribution located at Cabangaan Point, Cawag, Subic, Zambales.

CLI's financial information for the periods ended March 31, 2024 and December 31, 2023 follows:

	Unaudited March 31 2024	Audited December 31 2023
Current assets	69,834,677	57,630,016
Noncurrent assets	258,361,981	261,295,261
Current liabilities	26,525,314	20,695,558
Non-current liabilities	2,062,518	2,062,518
Net assets	299,608,826	296,167,201
Revenue	43,670,368	184,747,215
Income before income tax	4,745,406	8,141,073
Net income and total comprehensive income	3,441,628	6,434,629

The Group share in the net assets of CLI amounted to P74.9 million as at March 31, 2024 (December 31, 2023 –P74.0 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 P2.7 billion as at December 31, 2023 (2022 – P2.6 billion) based on the latest valuation report of an independent appraiser.

In March 2024, CLI sold to a non-related third party its 600 sqm land situated at Alta Vista at Matain, Subic, Zambales for P6.6 million with book value of P2.3 million.

The difference between the Group's share in net asset of CLI and carrying amount of its investment 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 associate to transfer funds to the Group in the form of cash dividends or to repay any loans and advances made by the Group. There are no contingent liabilities relating to the Group's investment in associate.

Based on the results of management's assessment, the Group believes that there was no objective evidence of impairment of the investment in associate as at March 31, 2024 and December 31, 2023.

11. Investment Properties - Net

This account consists of:

Unaudited March 31, 2024			
	Land	Condominium Units	Total
Cost	205,288,439	3,689,178	208,977,617
Disposal	(202,308,657)	-	(202,308,657)
Accumulated depreciation	-	(3,689,178)	(3,689,178)
Net book values	2,979,782	-	2,979,782
Audited December 31, 2023			
	Land	Condominium Units	Total
Cost	205,288,439	3,689,178	208,977,617
Accumulated depreciation	-	(3,689,178)	(3,689,178)
Net book values	205,288,439	-	205,288,439

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

The Board of Directors of the Corporation in its meeting held on March 7, 2024, approved the sale by its 51% - owned subsidiary, Goodsoil Marine Realty, Inc., of its land with a total area of approximately 24.9 hectares located in Barangays. San Miguel and San Roque, Bauan, Batangas to a non-related third party for P1.5 billion. The sale comes after a strategic review of investments and the opportunity to sell the land at valuation. The sale transaction was negotiated between a willing buyer and a willing seller and on an "as-is, where-is" basis. Net gain realized after cost of land, commission, and real property tax amounted to P1.3 billion.

Based on an appraisal made by an independent appraiser, the investment properties have an aggregate fair value of P1.4 billion as at December 31, 2023. After the sale of the land the aggregate fair value of the

investment properties is now at P31.5 million. 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 management believes that the fair value as at March 31, 2024 has not significantly changed from the last valuation date.

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 at Level 3 which uses 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 SPMI. The agreement is for a period of 50 years beginning in 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. With the sale of the land in March 2024, the lease rental ceased immediately, and no more lease rental recognized.

In addition, 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.

Rental income attributable to the investment properties for the period ended March 31, 2024 and 2023 consists of the following:

	Unaudited March 31 2024	Unaudited March 31 2023
Third parties	2,645,505	1,229,486
Related parties	105,000	1,965,118
	2,750,505	3,194,604

Rental income from SPMI is no longer considered as a related party transaction of the Group effective March 1, 2023 and reported under third parties.

The operating expenses directly attributable to the investment properties pertaining to real estate taxes amounted to P0.7 million as of March 31, 2024 (2023 – P1.0 million).

The outstanding balances of lease receivables from related parties as at March 31, 2024 and December 31, 2023 represent lease differential in the computation of rent income using straight-line method.

Advance rentals as at March 31, 2024 and December 31, 2023 are as follows:

	Unaudited March 31 2024	Audited December 31 2023
Third parties	449,788	449,788
Related parties	35,000	35,000
	484,788	484,788
Less: Current portion	170,390	170,390
Non-current portion	314,398	314,398

Refundable deposits as at March 31, 2024 and December 31, 2023 are as follows:

	Unaudited March 31 2024	Audited December 31 2023
Third parties	549,597	549,597
Less: Current portion	235,199	235,199
Non-current portion	314,398	314,398

12. Property and Equipment - Net

This account consists of:

Unaudited March 31, 2024				
	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
January 1	5,397,020	1,396,826	776,186	7,570,032
Addition	-	62,053	-	62,053
March 31	5,397,020	1,458,879	776,186	7,632,085
Accumulated depreciation:				
January 1	5,397,020	895,488	776,186	7,068,694
Depreciation	-	27,788	-	27,788
March 31	5,397,020	923,276	776,186	7,096,482
Net Book Value	-	535,603	-	535,603

Audited December 31, 2023

	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
January 1	5,397,020	1,399,986	776,186	7,573,192
Disposal	-	(3,160)	-	(3,160)
December 31	5,397,020	1,396,826	776,186	7,570,032
Accumulated depreciation:				
January 1	5,397,020	764,726	776,186	6,937,932
Depreciation	-	133,922	-	133,922
Disposal	-	(3,160)	-	(3,160)
December 31	5,397,020	895,488	776,186	7,068,694
Net Book Value	-	501,338	-	501,338

The Group purchased computer equipment worth P62,054 in March 2024.

Based on the results of management assessment, the Group believes that there was no objective evidence that indicators of impairment exist as at March 31, 2024 and December 31, 2023.

13. Intangible Assets – Net

This account pertains to computer software programs.

	Unaudited March 31 2024	Audited December 31 2023
Cost:		
January 1 and March 31	4,572,382	4,572,382
Accumulated depreciation:		
January 1, 2023 and December 31, 2023	2,721,656	2,068,459
Depreciation	163,300	653,197
	2,884,956	2,721,656
Net Book Value	1,687,426	1,850,725

Based on the results of management assessment, the Group believes that there was no objective evidence that indicators of impairment exist as at March 31, 2024 and December 31, 2023.

14. Accrued Expenses and Other Current Liabilities

This account consists of:

	Unaudited March 31 2024	Audited December 31 2023
Payable to government agencies	180,365,151	595,837
Accrued expenses	25,624,874	1,740,286
Others	765,529	765,714
	206,755,554	3,101,837

Payable to government agencies pertains to output VAT and withholding taxes mostly related to sale of land. (Note 11)

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

Others pertain to unclaimed monies or dividends by shareholders (Note 15).

15. Related Party Transactions

In the normal course of business, the Group transacts with companies which are considered related parties. Significant related transactions and balances as of March 31, 2024 and December 31, 2023 follow:

Related Party	Notes	As of March 31, 2024		As of December 31, 2023		Terms and conditions
		Transactions (1 st quarter)	Outstanding receivable (payable)	Transactions (annual)	Outstanding receivable (payable)	
Entities under common control						
Leases (a)						
Rental Income						
SPMI*		-	-	1,860,118	-	The outstanding balance is collectible in cash, within first five (5) days of each month, non-interest bearing and unsecured.
Keppel IVI Investments, Inc. (KIVI)		75,000	-	300,000	-	
Keppel Energy and Consultancy Inc. (KECI)		30,000	22,400	120,000	-	
	7,11	105,000	22,400	2,280,118	-	
Advance rentals						
KIVI		-	(25,000)	-	(25,000)	The outstanding balance is collectible in cash, within first five (5) days of each month, non-interest bearing and unsecured.
KECI		-	(10,000)	-	(10,000)	
	11	-	(35,000)	-	(35,000)	
Various expenses and charges (b)						
Keppel Enterprise Services Ltd.		-	-	106,907	-	The outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
Management & accounting services fees (c)						
Bay Phils. Holdings Inc.		165,000	-	660,000	-	The outstanding balance is collectible in cash on demand, Non-interest bearing and Unsecured.
KECI		60,000	44,800	240,000	-	
KIVI		45,000	-	180,000	-	
Kepventure, Inc.		15,000	-	60,000	-	
		285,000	44,800	1,140,000	-	
Associates						
Commission income received	11	198,000				
Cash dividend received-CLI	10	-	-	5,239,859	-	
Shareholders of the Parent Company						
Cash dividend declared and paid						
Kepwealth Inc.		-	-	3,053,293		Outstanding balance is collectible in cash on pay-out date as approved by the Parent Company's BOD, non-interest bearing, unguaranteed, and unsecured.
KL		-	-	1,689,409		
Others		(185)	(765,529)	990,600	(765,714)	
		(185)	(765,529)	5,723,302	(765,714)	
Management fees – Kepwealth Inc. (c)		69,000		276,000	-	Outstanding balance is collectible in cash at gross amount on demand, non-interest bearing, unguaranteed and
Various expenses and charges (b)						
KL		237,978	-	85,276	-	

unsecured.

Key management personnel (d)				
Salaries and other short-term benefits	608,250		2,142,000	-
Retirement benefits	105,000	(942,483)	426,588	(837,483)

The outstanding balance is payable every designated period per employee contracts, non-interest bearing and unsecured

**Effective March 1, 2023, SPMI is no longer considered a related party due to KL's sale of SPMI shares to an external party*

The Group always 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, Risk and Compliance 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 Group. The 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 the majority of the independent directors voting to approve. In case 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. As of March 1, 2023, due to KL's sale of SPMI and SSSI to an external party, SPMI and SSSI are no longer considered related parties by KPHI.

Outstanding balances of transactions with related parties are unsecured and settlements are made in cash. As of this period, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties because of the strong financial condition of the concerned entities. 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 and the market in which the related party operates.

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

a) Leases

The Group leases certain investments properties to related parties (Note 11).

b) Advances for various expenses and charges

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

c) Management and accounting services fees

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

In April 2021, the Parent Company signed an accounting services agreement with Bay Philippines Holdings Corp., an entity under common control, with monthly fee of P55,000 excluding out-of-pocket expenses. The services cover handling of financial reporting and government documentary requirements. The agreement is subject to automatic annual renewal until terminated by either party at any time by giving not less than ninety (90) days written notice to the other party.

(d) Key management personnel

There was no share-based compensation, other long-term and termination benefits provided to key management personnel.

(e) Elimination

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

	Unaudited March 31 2024	Audited December 31 2023
Investment in subsidiaries	110,165,069	110,165,069
Dividend income of Parent Company from subsidiaries	510,000	31,003,600
Dividend income of GRDC from GMRI	-	888,975
Commission income of Parent Company from GMRI	7,500,000	-
Management fees of Parent Company from subsidiary	195,000	780,000

16. Retirement benefit plan

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 and optional retirement date is at age 50 and completion of at least fifteen (15) 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.

The fair value of plan assets of the Group as at December 31, 2023 amounts to P3.2 million (2022 – P8.8 million). There was no contribution to the plan in 2023.

The Group recognized provision for retirement benefit amounting to P0.1 million for the period ending March 31, 2024 (2023 – P0.4 million).

Details of retirement benefit liability, net in the consolidated statements of financial position as at December 31, 2023 and 2022 are as follows:

	2023	2022
Fair value of plan assets	3,189,989	8,830,923
Present value of defined benefit obligation	(4,026,472)	(7,781,483)
	(837,483)	1,049,440

Annual movements in remeasurements on retirement benefits as at and for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
January 1	2,809,365	1,099,460
Remeasurement gain (loss)	(1,460,335)	1,709,905
Tax effect	-	-
Remeasurement gain on retirement benefits, net of tax	(1,460,335)	1,709,905
December 31	1,349,030	2,809,365

17. Share capital

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, 2024. Each share has right of one (1) vote. Authorized and issued shares as of March 31, 2024 and December 31, 2023 are as follows:

Authorized – P1 par value		
Class “A”		90,000,000
Class “B”		200,000,000
		290,000,000
Issued		
Class “A”		39,840,970
Class “B”		33,332,530
Share capital		73,173,500
Share premium		73,203,734

Details of the Parent Company’s weighted average number of shares as follows:

	Unaudited March 31 2024	Audited December 31 2023	Unaudited March 31 2023
Class “A”	35,756,070	35,756,070	35,756,070
Class “B”	21,476,949	21,476,949	21,476,949
	57,233,019	57,233,019	57,233,019

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 March 31, 2024 and 2023:

Common Shares	Number of Shares Registered	Issue/Offer Price	Date of Approval	Number of Holders of Securities
March 2024				
Class "A"	35,756,070	1.00	June 30, 2000	370
Class "B"	21,476,949	1.00	June 30, 2000	54
	57,233,019			
Common Shares	Number of Shares Registered	Issue/Offer Price	Date of Approval	Number of Holders of Securities
March 2023				
Class "A"	35,756,070	1.00	June 30, 2000	375
Class "B"	21,476,949	1.00	June 30, 2000	55
	57,233,019			

There are 411 and 417 total shareholders per record holding both Class "A" and "B" shares for the periods ending March 31, 2024 and 2023, respectively.

18. Retained Earnings; Treasury shares

Retained earnings amounted to P1.3 billion as at March 31, 2024 (December 31, 2023 – P773.5 million). The portion of retained earnings, corresponding to the undistributed equity in net earnings of the associates amounted to P80.9 million as of March 31, 2024 (December 31, 2023 – P80.0 million) Note 10, 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 of March 31, 2024 and 2023.

	March 2024		March 2023	
	Shares	Cost	Shares	Cost
Class "A"	4,084,900	15,840,946	4,063,700	15,692,317
Class "B"	11,855,581	10,163,584	11,817,281	9,900,770
	15,940,481	26,004,530	15,880,981	25,593,087

There are no treasury shares purchased since 2023 up to March 31, 2024. There are no cash dividends declared and paid during the first quarter of 2024 and 2023.

19. Operating Expenses

This account consists of:

	Unaudited March 31, 2024	Unaudited March 31, 2023
Professional fees	2,785,235	1,088,858
Salaries and benefits	1,379,016	2,681,899
Taxes and licenses	877,257	1,121,554
Depreciation and amortization	191,088	200,419
Utilities	169,966	174,998
Membership dues and subscriptions	130,468	122,278
Repairs and maintenance	105,125	99,289
Transportation and travel	23,006	70,306
Office supplies	20,751	25,560
Commission	-	199,618
Provision (recovery) for impairment losses-net	(1,220,345)	(267,366)
Others	192,626	98,053
	4,654,193	5,615,466

Other expenses consist of fringe tax expense, insurance, postage, out-of-pocket charges, bank charges, business development expenses and various items that are individually immaterial.

20. Operating segments

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

Unaudited March 31, 2024					
	Investment Holdings	Real Estate	Combined	Eliminations	Consolidated
Revenues and income					
External customers	-	2,645,505	2,645,505	-	2,645,505
Equity in net earnings of an associate	-	-	-	860,407	860,407
Other related parties	1,059,000	105,000	1,164,000	(705,000)	459,000
Gain on sale of investment property	-	1,264,583,759	1,264,583,759	7,500,000	1,272,083,759
Interest income from banks & others	15,627,608	6,629,138	22,256,746	(7,500,000)	14,756,746
Total revenues and income	16,686,608	1,273,963,402	1,290,650,010	155,407	1,290,805,417
Income before income tax	14,732,816	1,271,068,001	1,285,800,817	350,407	1,286,151,224
Income tax expense	(2,854,283)	(317,379,380)	(320,233,663)	-	(320,233,663)
Net Income	11,878,533	953,688,621	965,567,154	350,407	965,917,561
Other comprehensive income	10,000,000	-	10,000,000	-	10,000,000
Total comprehensive income	21,878,533	953,688,621	975,567,154	350,407	975,917,561
Segment assets	743,000,011	2,069,541,907	2,812,541,918	(118,565,069)	2,693,976,849
Segment liabilities	4,754,994	453,805,408	458,560,402	(9,296,342)	449,264,060
Depreciation & amortization	102,888	88,200	191,088	-	191,088

Audited December 31, 2023					
	Investment Holdings	Real Estate	Combined	Eliminations	Consolidated
Revenues and income					
External customers	-	12,399,406	12,399,406	-	12,399,406
Equity in net earnings of an associate	-	-	-	1,608,657	1,608,657
Other related parties	33,199,600	420,000	33,619,600	(31,783,600)	1,836,000
Interest income from banks & others	29,198,742	3,434,380	32,633,122	-	32,633,122
Total revenues and income	62,398,342	16,253,786	78,652,128	(30,174,943)	48,477,185
Income before income tax	48,620,114	10,172,101	58,792,215	(29,394,943)	29,397,272
Income tax benefit (expense)	(5,844,056)	(1,290,577)	(7,134,633)	-	(7,134,633)
Net Income	42,776,058	8,881,524	51,657,582	(29,394,943)	22,262,639
Other comprehensive income	10,539,665	-	10,539,665	-	10,539,665
Total comprehensive income	53,315,723	8,881,524	62,197,247	(29,394,943)	32,802,304
Segment assets	720,328,384	691,207,621	1,411,536,005	(110,165,068)	1,301,370,936
Segment liabilities	3,961,903	3,302,822	7,264,725	(896,345)	6,368,380
Depreciation & amortization	429,141	357,978	787,119	-	787,119

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 the segment. Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated in consolidation.

All the Group's revenues are derived from operation within the Luzon, an island in the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

Revenue from third party as of March 31, 2024 amounted to P2.6 million (March 2023 – P1.2 million) including revenue from SPMI for the month of March 2024 of P2.3 million (March 2023 - P0.9 million). Rental from SPMI comprises about 85% and 88% of the Group's rental revenue for the periods ended March 31, 2024 and 2023. SPMI is no longer a related company effective March 1, 2023.

21. Other Matters

The Group has land rights over a 10.4-hectare property located in Bauan, Batangas which is subject to a legal case against PNOC. On June 2, 2021, the Group sold such land rights to a third party 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 part of the condition of the sale, the necessary motion for substitution was made in court to replace the Parent Company with the buyer as the new plaintiff. On March 10, 2022, the court granted the Parent Company's motion for substitution resulting in the extinguishment of any probable liabilities. Thereafter, PNOC filed a Petition for Certiorari with the Court of Appeals (CA) with the latter rendering judgement in favor of PNOC on October 25, 2023. The case is still on-going at the CA with the parties filing their respective motions during the period.

22. Financial Risk Management Objectives and Capital Management

Financial Risk Management

The Group's activities expose it to a variety of financial risks: credit risk, interest rate risk, 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. There are no significant concentration of credit risk pertaining to receivables.

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

	Unaudited March 31 2024	Audited December 31 2023
<i>Cash and receivables</i>		
Cash and cash equivalents	2,182,905,495	575,523,245
Receivables, at gross	6,583,971	29,821,347
Advances to employees	69,919	81,551
	2,189,559,385	605,426,143

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; advances to employees*

There is low credit exposure and immaterial ECL on lease receivable since this account is considered high performing with no history of defaults. 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.

(b) Market risk

(i) 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 Group has no significant exposure to interest rate risk on cash and cash equivalents, as these are subject to fixed interest rates and short-term. The Group has no long-term receivable with related parties. 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 values of the equities will decrease resulting from changes in the levels of equity indices and the value of the individual stocks. The Group's price risk exposure relates to its quoted equity investments where values will fluctuate due to 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 instrument or its issuer or factors specific to the instruments traded in the market.

(c) 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 Group's objective is to maintain a balance between continuity of funding and flexibility using cash and cash equivalents. The Group also monitors its risk of 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.

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 to support its business and maximize shareholder value. The Group manages its capital structure and adjusts it, considering the changes in economic conditions.

The Group 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 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 of March 31, 2024 and December 31, 2023 are as follows:

	Unaudited March 31 2024	Audited December 31 2023
Total liabilities	449,264,060	6,386,380
Total equity	2,244,712,789	1,295,002,556
Debt to equity ratio	0.20:1	0.005:1

The Group is not exposed to externally imposed capital requirements and there were no changes in the Group's approach to capital management during the period.

Fair Value hierarchy

Due to the short-term nature of cash and cash equivalents, receivables, advances to employees, accrued expenses and other current liabilities their carrying values approximate fair values as at March 31, 2024 and December 31, 2023. The carrying value of long-term advance rental and deposits approximate their fair values as the impact of discounting is immaterial.

The fair value of quoted equity instruments is determined by reference to the 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 March 31, 2024 and December 31, 2023, the Group classifies its financial asset as FVOCI under Level 2 of the fair value hierarchy and 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.

The fair value of the plan assets, which are mainly composed of government securities and UITFs are classified under Level 1 fair value hierarchy. The fair value of investment properties is classified under Level 3 of the fair value hierarchy and is determined using the market approach. The Group does not have assets and liabilities measured at fair value on a non-recurring basis during the periods.

23. Financial Soundness - Key Performance Indicators

	Unaudited March 31 2024	Audited December 31 2023
A. Current and liquidity ratios		
1. Current ratio - (Current assets/Current liabilities)	4.89	163.48
2. Acid-test ratio or Quick ratio - (Monetary current assets/Current liabilities)	4.89	163.27
B. Solvency ratio		
1. Net income + depreciation/Total liabilities (annualized)	8.60	3.62
2. Total assets/Total liabilities	6.00	204.35
C. Debt to equity ratio – (Total liabilities/Total equity)	0.20	0.005
D. Asset to equity ratio (Total assets/Total equity)	1.20	1.01
E. Debt ratio (Total liabilities/Total assets)	0.17	0.005
F. Interest rate coverage ratio (EBIT/Interest expense)	Nil	Nil
G. Profitability % (annualized)		
1. Return on assets (Net income/Total assets)	143.42	1.71
2. Return on equity (Net income/Total equity)	172.12	1.72
3. Net profit margin (Net income/revenue)	74.83	45.92
H. Earnings per share attributable to equity holders of the Parent (Annualized) - (₱)	34.83	0.31
I. Book value per share attributable to equity holders of the Parent (₱)	25.51	16.85
J. Price/Earnings ratio (Price per share/EPS (Annualized) (₱)	0.24	18.79

24. Shares Market Price

Stock Symbol	31 March 2024		31 December 2023	
	Last Trading Date	Last Closing Price	Last Trading Date	Last Closing Price
KPH	25 March 2024	8.75	29 Dec 2023	5.00
KPHB	22 March 2024	8.00	25 Oct 2023	7.20

25. Aging of Current Receivable as at March 31, 2024 in Philippine Pesos

	Total	Current	2-3 Mos	4 - 6 Mos	7 -12 Mos	More than 1 year
Interest receivable	6,121,103	6,121,103	-	-	-	-
Lease receivables - current	126,637	126,637	-	-	-	-
Nontrade - receivables	336,231	336,231	-	-	-	-
Total	6,583,971	6,583,971	-	-	-	-
Less Allowance for doubtful account	-	-	-	-	-	-
Net Receivables	6,583,971	6,583,971	-	-	-	-

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 Group recorded a net income of P965.9 million for the first quarter ended March 31, 2024, P961.3 million or 210 times higher than P4.6 million during the same period last year. The reasons for the changes in net income are discussed as follows:

The Group earned P1.3 billion net gain from the sale of investment property of its 51% owned subsidiary, GMRI, of its land with a total area of 24.9 hectares located in Bauan, Batangas to a non-related third party for P1.5 billion on March 7, 2024. The sale comes after a strategic review of investments and the opportunity to sell the land at valuation. The cost of the land, commission, and real property tax totaling P227.9 million were charged against the proceed.

The Group earned interest income from short-term time deposits of P14.6 million as of March 31, 2024, P7.4 million or 103% higher than the interest of P7.2 million earned during the same period last year. The increase in interest earned from deposits was due to higher interest rates of 5.75% to 6% per annum during this period as against 0.5 % to 5.4% per annum in March 2023. In addition, higher amounts of fixed deposits of P2.2 billion this period as compared to P575.5 million as of December 31, 2023, due to the proceed from the sale of land in March 2024.

Rental revenue for the quarter ending March 31, 2024 amounted to P2.8 million lower than P3.2 million in March 2023. The P0.4 million decrease was due to termination of lease rental from SPMI as a result to the Batangas land sale effective March 7, 2023.

During the first quarter of the year, the Group recognized net earnings slightly lower than the same period last year of P1.0 million. The decrease in equity share was due to lower net income of P3.4 million as against the same period last year of P4.0 million recognized by the associate brought about by the decrease in power sales distribution net profit by 41% or P2.9 million due to increase in the distribution cost.

This quarter's operating expenses of P4.7 million are lower by P0.9 million as compared to last year of P5.6 million. The decrease was due to a) recovery of provision for CWT by P1.0 million; b) lower salaries and benefits by P1.3 million; c) lower taxes and licenses by P0.2 million; d) other expenses by P0.1 million. This was partially offset by an increase in professional fees of P1.7 million.

Financial Condition

The cash position of the Group as of March 31, 2024 amounted to P2.2 billion, P1.6 billion higher than the P0.6 billion recorded as of December 31, 2023. The increase of P1.6 billion is due to the proceeds from the sale of investment property of P1.47 billion and cash provided by the operating activities of P0.13 billion.

Total current receivables as of March 31, 2024 amounted to P6.6 million as against last December 31, 2023 of P3.8 million. The increase was due mainly to the increase in accrued interest receivable of P2.8 million. The non-current lease receivable of P26.0 million as of December 31, 2023, relating to the long-term lease contract of the land, with 19 years remaining life, was terminated at the same time when the land was sold last March 7, 2024. This was charged under the effect of change in accounting for leases in the Retained Earnings.

Other current assets as of March 31, 2024 and as of December 31, 2023 stood both at P0.8 million. This account consists of prepaid expenses, creditable withholding tax, deposits and advances.

Financial assets at fair value through other comprehensive income (FVOCI) was revalued at P80.0 million and P70.0 million for the periods ending March 31, 2024 and December 31, 2023, respectively.

Investments in associates as of March 31, 2024 and December 31, 2023 amounted to P418.5 million and P417.6 million, respectively. The P0.9 million increase was due mainly to the recognition of equity in net earnings of associate.

Total fixed and intangible assets as of March 31, 2024 decreased from P207.6 million as of December 31, 2023 to P5.2 million this year mainly due to the sale of land at Bauan, Batangas carried at P202.3 million. There was acquisition of office equipment (laptop) amounting to P62,053 during the first quarter of 2024.

Total liabilities as of March 31, 2024 and December 31, 2023 amounted to P449.3 million and P6.4 million, respectively. The increase in the liabilities are due to the following: a) higher income tax payable of P240.6 million; b) higher VAT output of P180.0 million, and c) accrued commission of P22.5 million.

The equity attributable to equity holders of the Parent Company as of March 31, 2024 amounted to P1.5 billion as against last December 31, 2023 of P1.0 billion. The increase of P0.5 billion was due to net income of P0.5 billion. The unrealized gain on fair value gain on financial assets at FVOCI of P10.0 million was offset by the effect of a change in accounting for leases amounting to P13.1 million. No dividend declared during the quarter.

Non-controlling interests as of March 31, 2024 amounted to P784.8 million as against last December 31, 2023 of P330.4 million. The increase was due to net income attributable to the noncontrolling interests of P467.5 million net of effect of a change in accounting for leases amounting to P12.6 million.

The book value per share attributable to equity holders of the parent (equity attributable to equity holders of the parent divided by common shares outstanding) at ₱25.51 as of March 31, 2024 as against December 31, 2023 of ₱16.85 per share.

Earnings per share attributable to the equity holders of the Parent (net earnings for the quarter divided by common shares outstanding) as shown in the consolidated statement of income is P8.71 and P0.05 as of the quarters ended March 31, 2024 and 2023.


Material Events and Uncertainties

There are no known trends, commitments, events or uncertainties that will have a material impact, whether favorable or 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.


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 : 

ALAN I. CLAVERIA
President



FELICIDAD V. RAZON
VP/Treasurer

Date : 10 May 2024