

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-September 2022

FORM TYPE

Secondary License Type, if Applicable

0 6

Month

1 7

Day

Annual Meeting

Dept. Requiring this Doc.

Amended Articles Number/Section

418 as of October 2022

Total No. of Stockholders

Domestic

Foreign

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Cashier

Document I.D.

STAMPS

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

1. For the quarterly period ended 30 September 2022

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 September 30, 2022	
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

SEPTEMBER 2022 QUARTERLY REPORT

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022 & DECEMBER 31, 2021
(IN PHILIPPINE PESOS)**

A S S E T S	Unaudited September 30 2022	Audited December 31 2021
Current assets		
Cash and cash equivalents (Notes 6 and 21)	245,940,680	341,097,007
Receivables – net (Notes 7, 15 and 21)	343,116,840	244,237,233
Other current assets - net (Note 8)	2,341,419	1,724,906
Total current assets	591,398,939	587,059,146
Non-current assets		
Financial assets at fair value through other comprehensive income, net (Note 9)	53,000,000	44,000,000
Investment in associates (Note 10)	419,043,469	418,223,947
Lease receivables – net of current portion (Notes 7 and 15)	27,498,969	28,310,387
Investment properties – net (Note 11)	205,288,439	205,288,439
Property and equipment - net (Note 12)	1,692,550	1,780,426
Intangible assets - net (Note 13)	4,966,617	5,843,232
Total non-current assets	711,490,044	703,446,431
Total assets	1,302,888,983	1,290,505,577
<u>LIABILITIES AND EQUITY</u>		
Current liabilities		
Accrued expenses and other current liabilities (Note 14)	4,888,501	3,247,181
Refundable deposits	93,982	93,982
Income tax payable	168,884	57,953
Total current liabilities	5,151,367	3,399,116
Noncurrent liability		
Deferred tax liability	1,455,377	1,495,948
Refundable deposits	299,427	-
Total non-current liabilities	1,754,804	1,495,948
Total liabilities	6,906,171	4,895,064
Equity		
Share capital (Note 17)	73,173,500	73,173,500
Share premium	73,203,734	73,203,734
Retained earnings (Note 18)	759,135,154	762,610,375
Investment revaluation reserve (Note 9)	52,422,057	43,422,057
Remeasurements on retirement benefit asset (Note 16)	1,099,460	1,099,460
Treasury shares (Note 18)	(26,004,530)	(25,280,999)
Total equity attributable to equity holders of the Parent	933,029,375	928,228,127
Non-controlling interests	362,953,437	357,382,386
Total equity	1,295,982,812	1,285,610,513
Total liabilities and equity	1,302,888,983	1,290,505,577

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(IN PHILIPPINE PESOS)
(UNAUDITED)

	Third Quarter		To – Date	
	July to September		January to September	
	2022	2021	2022	2021
Revenue and other income				
Interest income (Notes 6 and 7)	4,595,324	2,567,594	10,542,568	7,135,241
Rental income (Notes 11 and 15)	2,782,954	2,098,649	8,348,861	6,483,573
Equity in net earnings of associates (Note 10)	2,658,028	1,472,087	7,806,001	4,849,026
Payroll service fees (Note 15)	777,703	615,386	2,386,057	2,146,547
Management fees (Note 15)	354,000	189,000	1,227,000	567,000
Gain on sale of land rights (Note 23)	-	-	-	352,731,187
Recovery of impairment losses (Note 7 and 8)	-	-	-	6,203,888
Others (Note 15)	2,785	159,969	189,560	1,069,359
	11,170,794	7,102,685	30,500,047	381,185,821
Operating expenses (Note 17)	(7,119,570)	(5,761,656)	(21,260,653)	(25,959,139)
Income before income tax expense	4,051,224	1,341,029	9,239,394	355,226,682
Income tax benefit (expense)	(502,417)	475,172	(1,174,724)	(85,326,249)
Net income for the period	3,548,807	1,816,201	8,064,670	269,900,433
Attributable to:				
Equity holders of the parent	1,474,036	686,582	2,248,619	266,357,182
Noncontrolling interests	2,074,771	1,129,619	5,816,051	3,543,251
	3,548,807	1,816,201	8,064,670	269,900,433
Earnings Per Share Attributable to Equity Holders of the Parent*	₱0.026	₱0.012	₱0.039	₱4.633

**Equity holders of the parent divided by
Number of shares outstanding as of end of the period*

<i>P1,474,036/ 57,233,019</i>	<i>P686,582/ 57,487,019</i>	<i>P2,248,619/ 57,238,419</i>	<i>P266,357,182/ 57,487,019</i>
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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(IN PHILIPPINE PESOS)
(UNAUDITED)

	Third July 2022	Quarter to September 2021	To - Date January 2022	to September 2021
NET INCOME	3,548,807	1,816,201	8,064,670	269,900,433
OTHER COMPREHENSIVE INCOME				
Item that may be reclassified to profit and loss:				
Unrealized fair value gain (loss) on available-for-sale financial assets (Note 9)	3,000,000	5,000,000	9,000,000	10,000,000
TOTAL COMPREHENSIVE INCOME	6,548,807	6,816,201	17,064,670	279,900,433
ATTRIBUTABLE TO:				
Equity holders of the parent	4,474,036	5,686,582	11,248,619	276,357,182
Noncontrolling interest	2,074,771	1,129,619	5,816,051	3,543,251
	6,548,807	6,816,201	17,064,670	279,900,433

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(UNAUDITED)
IN PHILIPPINE PESOS

	Attributable to equity holders of the Parent							Total	Non-controlling interests	Total equity
	Share capital (Note 17)	Share premium (Note 17)	Retained earnings (Note 18)	Investment revaluation reserve (Note 9)	Remeasurements on retirement benefit asset (Note 16)	Treasury shares (Note 18)				
Balance as of January 1, 2022	73,173,500	73,203,734	762,610,375	43,422,057	1,099,460	(25,280,999)	928,228,127	357,382,386	1,285,610,513	
Comprehensive income										
Net income (loss)	-	-	2,248,619	-	-	-	2,248,619	5,816,051	8,064,670	
Other comprehensive income	-	-	-	9,000,000	-	-	9,000,000	-	9,000,000	
Total comprehensive income	-	-	2,248,619	9,000,000	-	-	11,248,619	5,816,051	17,064,670	
Transaction with the owners										
Purchase of treasury shares	-	-	-	-	-	(723,531)	(723,531)	-	(723,531)	
Cash dividend declared	-	-	(5,723,840)	-	-	-	(5,723,840)	(245,000)	(5,968,840)	
Total transaction with the owners	-	-	(5,723,840)	-	-	(723,531)	(6,447,371)	(245,000)	(6,692,371)	
Balance as of September 30, 2022	73,173,500	73,203,734	759,135,154	52,422,057	1,099,460	(26,004,530)	933,029,375	362,953,437	1,295,982,812	
Balance as of January 1, 2021	73,173,500	73,203,734	503,738,857	34,422,057	(98,862)	(23,614,089)	659,975,197	362,725,139	1,022,700,336	
Comprehensive income										
Net income for the period	-	-	266,357,182	-	-	-	266,357,182	3,543,251	269,900,433	
Other comprehensive income	-	-	-	10,000,000	-	-	10,000,000	-	10,000,000	
Total comprehensive income	-	-	266,357,182	10,000,000	-	-	276,357,182	3,543,251	279,900,433	
Transaction with the owners										
Purchase of treasury shares	-	-	-	-	-	(783,634)	(783,634)	-	(783,634)	
Cash dividend declared	-	-	(5,761,832)	-	-	-	(5,761,832)	(245,000)	(6,006,832)	
Total transaction with the owners	-	-	(5,761,832)	-	-	(783,634)	(6,545,466)	(245,000)	(6,790,456)	
Balance as of September 30, 2021	73,173,500	73,203,734	764,334,207	44,422,057	(948,862)	(24,397,723)	929,786,913	366,023,390	1,295,810,303	

See Accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(IN PHILIPPINE PESOS)
(UNAUDITED)

	September 30 2022	September 30 2021
Cash flows from operating activities		
Income before income tax expense	9,239,394	355,226,682
Adjustments for:		
Depreciation and amortization (Notes 11, 12, 13 and 19)	1,170,741	1,034,877
Provision for impairment losses – net (Note 7 and 8)	1,054,908	(6,203,888)
Retirement plan benefit	333,000	1,080,000
Equity in net earnings of associates (Note 10)	(7,806,001)	(4,849,026)
Interest income (Notes 6, 7 and 15)	(10,542,568)	(7,135,241)
Gain on sale of land rights (Note 23)	-	(352,731,187)
Operating loss before working capital changes	(6,550,526)	(13,577,783)
Decrease (increase) in:		
Receivables (Notes 7, 15, and 21)	(409,551)	(215,545)
Other assets (Note 8)	(2,134,605)	3,376,507
Increase (decrease) in:		
Accounts payable and other current liabilities	1,308,320	(1,534,918)
Refundable deposits	299,427	(2,591,811)
Net cash used in operations	(7,486,935)	(14,543,550)
Interest from cash and cash equivalent	1,856,903	548,368
Income tax paid	(177,995)	1,163,214
Net cash used in operating activities	(5,808,027)	(12,831,968)
Cash flows from investing activities		
Interest received from loans receivable	7,563,843	6,484,251
Cash dividend received	6,986,479	7,510,465
Partial payment of loan	3,000,000	-
Acquisition of property and equipment	(206,250)	(526,928)
Loan granted to related party	(100,000,000)	-
Proceeds from sale of land rights	-	356,821,187
Tax relating to the sale of land rights	-	(86,596,798)
Net cash (used in) provided by investing activities	(82,655,928)	283,692,177
Cash flows from financing activities		
Cash dividend declared and paid	(5,968,842)	(6,006,832)
Repurchase of shares	(723,531)	(783,634)
Net cash used in financing activities	(6,692,373)	(6,790,466)
Net decrease in cash and cash equivalents	(95,156,328)	264,069,743
Cash and cash equivalents at the beginning of the period	341,097,008	80,366,937
Cash and cash equivalents at the end of the period (Note 6)	245,940,680	344,436,680

See accompanying Notes to Consolidated Financial Statements

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

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 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.

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.

KPHI’s shares are publicly traded in the Philippine Stock Exchange (PSE). As of September 30, 2022 and December 31, 2021, the top three (3) shareholders are the following:

	Percentage of Ownership
Keppelwealth, Inc.	53.4%
Keppel Corporation Limited (KCL)	29.5%
Public	17.1%

As at September 30, 2022 and December 31, 2021, 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 93.7% of GMRI, thus, KPHI has 51% effective ownership on GMRI, including its 3.2% separate interest in GMRI.

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

The Parent Company has 6 regular employees as at September 30, 2022 and December 31, 2021. The administrative functions of the subsidiaries are handled by the Parent Company’s management.

Impact of Coronavirus Disease 2019(COVID-19)

Subsequent to the outbreak of 2019 (“COVID-19”) since the first quarter of 2020, a series of measures to curb the pandemic have been and continues to be implemented in the Philippines. As a result of the implementation of the community quarantine, the Group has extended lease concessions to its related party lessees (Note 15). One of the Group’s third-party lessees experienced difficulties in meeting obligations to the Group which resulted in the termination of its lease contract in 2021. Management continues to implement measures to mitigate and reduce any negative impact to its profitability or any other economic effects on its business. Measures have likewise been undertaken to preserve the health and safety of its employees and other stakeholders. Management is closely monitoring the status of the pandemic and its related impact on its business operations. As of September 30, 2022, management is continuously assessing the impact of the pandemic and deems that the entities in the Group will continue to operate as going concern within the year.

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 asset at FVOCI and the retirement benefit asset recognized as the total of the fair value of plan assets less the present value of the defined benefit obligation.

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.

Basis of Consolidation

The unaudited consolidated financial statements comprise the separate financial statements 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. 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 of loss or retained earnings, an appropriate as would be required if the Group had directly disposed of the related assets and liabilities

The financial information of GRDC and its wholly owned subsidiary, GMRI is provided below. This information is based on amounts before inter-company elimination.

	September 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	GRDC	GMRI	Total	GRDC	GMRI	Total
Current assets	462,130	86,238,129	86,700,259	863,653	74,213,223	75,076,876
Noncurrent assets	3,247,452	568,491,726	571,739,178	3,250,697	569,502,853	572,753,550
Total assets	3,709,582	654,729,855	658,439,437	4,114,350	643,716,076	647,830,426
Current liabilities	86,564	714,918	801,482	71,415	630,458	701,873
Noncurrent liabilities	-	1,455,377	1,455,377	-	1,495,948	1,495,948
Total liabilities	86,564	2,170,295	2,256,859	71,415	2,126,406	2,197,821
Revenue and income	188,169	15,877,318	16,065,506	547,619	16,594,573	17,142,192
Income before income tax	100,104	11,590,677	11,690,781	414,820	10,592,078	11,006,898
Net income and total comprehensive income	80,083	10,969,888	11,049,971	396,908	10,036,951	10,433,859
Cash flows from:						
Operating activities	90,710	2,918,052	3,008,762	58,525	1,348,421	1,406,946
Investing activities	-	7,968,763	7,468,763	288,846	18,720,788	19,009,634
Financing activities	(500,000)	-	(500,000)	(500,000)	(20,000,000)	(20,500,000)
Net increase (decrease) in cash and cash equivalents	(409,290)	10,886,815	10,477,525	(152,629)	69,209	(83,420)
Accumulated balance of material NCI	1,775,278	361,178,159	362,953,437	1,981,038	355,401,348	357,382,386
Net income and total comprehensive income attributable to material NCI	39,240	5,776,811	5,816,051	49,286	4,507,769	4,557,055

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, 2022, 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 with the disclosures made in December 31, 2021 audited financial statements and for the period ended September 30, 2022. 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 September 30, 2022, 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, 2021 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 September 30 2022	Audited December 31 2021
Cash in banks	8,381,212	7,624,647
Cash equivalents	237,559,468	333,472,360
	245,940,680	341,097,007

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 0.5% to 3.25% as of September 30, 2022 and 0.4% to 0.6% in 2021.

Interest income earned from cash and cash equivalents amounted to P2.3 million for the period ended September 30, 2022 (2021 –P0.6 million). Accrued interest receivable from cash and cash equivalents amounted to P0.09 million on September 30, 2022 (December 31, 2021 – P0.1 million).

7. Receivables - Net

This account consists of:

	Unaudited September 30 2022	Audited December 31 2021
Loan receivable from a related party (Note 15)	337,000,000	240,000,000
Lease receivables:		
Related parties	29,432,811	29,980,594
Interest receivable (Note 15)	1,882,080	1,320,565
Due from related parties (Note 15)	956,951	1,246,461
Others	1,343,967	-
	370,615,809	272,547,620
Less non-current portion:		
Lease receivables (Note 14)	(27,498,969)	(28,310,387)
	343,116,840	244,237,233

Movements in allowance for impairment related to lease receivables from third parties, non-trade and other receivables as of December 31, 2021 and nil as of September 30, 2022.

	Audited December 31 2021
January 1	516,912
Provision (recovery)	(132,000)
Write-off	(384,912)
	-

The loan receivables from a related party pertains to unsecured, short-term interest-bearing loans obtained by KPMI and KSSI entities under common control, from the Parent Company, GMRI and KPSI. (see Note 15)

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 be reversed more than one (1) year from financial reporting date.

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

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

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

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

8. Other Current Assets – Net

This account consists of:

	Unaudited September 30 2022	Audited December 31 2021
Creditable withholding taxes (CWT)	2,620,087	1,509,162
Prepaid expenses	1,621,794	291,310
Input value-added tax (VAT)	629,117	672,647
Deposits	283,340	760,963
Advances to employees	132,563	107,821
Others	-	273,577
	5,286,901	3,615,480
Less allowance for impairment loss	(2,945,482)	(1,890,574)
	2,341,419	1,724,906

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

Unaudited September 30, 2022	Input VAT	CWT	Total
Balance at the beginning of the period	489,600	1,400,974	1,890,574
Provision for the period	-	1,054,908	1,054,908
Recovery of provision	-	-	-
Net provision (recovery)	-	1,054,908	1,054,908
Balance at the end of the period	489,600	2,455,882	2,945,482

Audited December 31, 2021	Input VAT	CWT	Total
Balance at the beginning of the period	396,000	6,071,888	6,467,888
Provision for the year	93,600	1,400,974	1,494,574
Recovery of provision	-	(6,071,888)	(6,071,888)
Net provision (recovery)	93,600	(4,670,914)	(4,577,314)
Balance at the end of the period	489,600	1,400,974	1,890,574

In December 31, 2021, the Group recovered CWT amounting to P6.1 million and such was applied against income tax due, respectively. There is no recovery of provision as of September 30, 2022.

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 September 30 2022	Audited December 31 2021
Original cost	316,004	316,004
Accumulated revaluation		
Beginning	43,683,996	34,683,996
Unrealized fair value gain (loss)	9,000,000	9,000,000
End	52,683,996	43,683,996
Balance at the end of the period	53,000,000	44,000,000

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

	Unaudited September 30 2022	Audited December 31 2021
Balance at the beginning of the period	43,422,057	34,422,057
Fair value gain (loss)	9,000,000	9,000,000
Balance at the end of the period	52,422,057	43,422,057

This account pertains to proprietary golf club share that provides the Group with opportunities for 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. There were no dividends earned during the period.

10. Investment in Associates – at Equity

This account consists of:

	Unaudited September 30 2022	Audited December 31 2021
Investment in associate - CLI	337,596,800	337,596,800
Accumulated share in net income:		
Balance at beginning of the period	80,627,147	81,464,568
Equity in net earnings of associate	7,806,001	6,673,044
Cash dividend received	(6,986,479)	(7,510,465)
Balance at end of the period	81,446,669	80,627,147
	419,043,469	418,223,947

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 September 30, 2022 and December 31, 2021 follows:

	Unaudited September 30 2022	Audited December 31 2021
Current assets	74,308,080	57,498,158
Noncurrent assets	264,165,237	266,066,155
Current liabilities	34,432,390	22,708,231
Non-current liabilities	2,107,406	2,146,565
Net assets	301,933,521	298,709,517
Revenue	133,518,022	141,519,621
Income before income tax	33,607,133	28,869,655
Net income and total comprehensive income	31,224,004	26,692,176

The Group share in the net assets of CLI amounted to P75.5 million as at September 30, 2022 (December 31, 2021 –P74.7 million).

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

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.

11. Investment Properties - Net

This account consists of:

Unaudited September 30, 2022 and Audited December 31, 2021			
	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.

Based on an appraisal made by an independent appraiser, the investment properties have an aggregate fair value of P1.3 billion as at December 31, 2021. The market approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The appraiser determined that the highest and best use of the subject properties are those of industrial uses, commercial and residential properties, which are aligned with the current use. The fair value of the investment properties used adjusted inputs for valuation that are unobservable as at the date of valuation. The inputs used were asking prices of similar listings and offerings, discounts, and physical adjustments (such as location, neighborhood, size and development). Significant increases or decreases in the inputs would result in higher or lower fair value of the asset. None of the properties are impaired.

Group as lessor

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

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

The Group also leases out a piece of land until September 1, 2021, which is the subject of complaint against the Philippine National Oil Company (PNOC) (Note 23).

Rental income attributable to the investment properties amounted to P8.3 million and P6.5 million for the periods ended September 30, 2022 and 2021.

Details of the advance rentals and refundable deposits received related customers as at September 30, 2022 and December 31, 2021 are as follows:

	Unaudited September 30, 2022			Audited December 31, 2021		
	Third parties	Related parties	Total	Third parties	Related Parties	Total
Advance rentals - Current	-	128,982	128,982	-	128,982	128,982
Refundable deposits-Current	-	93,982	93,982	-	93,982	93,982

The operating expenses directly attributable to the investment properties pertaining to rental, repairs and maintenance and real estate taxes amounted to P1.9 million as of September 30, 2022 and 2021.

12. Property and Equipment - Net

This account consists of:

	Unaudited September 30, 2022			
	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
January 1	5,397,020	2,693,736	776,186	8,866,942
Additions		206,250		206,250
	5,397,020	2,899,986	776,186	9,053,192
Accumulated depreciation:				
January 1	5,397,020	913,310	776,186	7,086,516
Depreciation	-	290,624	-	290,624
Adjustment/reclass		3,502		3,502
September 30	5,397,020	1,207,436	776,186	7,380,642
Net Book Value	-	1,692,550	-	1,692,550

Audited December 31, 2021				
	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
January 1	5,397,020	2,254,159	776,186	8,427,365
Additions	-	591,536	-	591,536
Disposal	-	(151,959)	-	(151,959)
December 31	5,397,020	2,693,736	776,186	8,866,942
Accumulated depreciation:				
January 1	5,397,020	695,997	776,186	6,869,203
Depreciation	-	369,272	-	369,272
Disposal	-	(151,959)	-	(151,959)
December 31	5,397,020	913,310	776,186	7,086,516
Net Book Value	-	1,780,426	-	1,780,426

Based on the results of management assessment, the Group believes that there was no objective evidence that indicators of impairment exist as at September 30, 2022 and December 31, 2021.

13. Intangible Assets – Net

This account pertains to computer software programs.

	Unaudited September 30 2022	Audited December 31 2021
Cost:		
January 1	8,214,427	7,085,405
Additions	-	1,129,022
September 30	8,214,427	8,214,427
Accumulated depreciation:		
January 1, 2022 and December 31, 2021	2,371,195	1,006,033
Depreciation	880,117	1,365,162
Adjustment (reclass)	(3,502)	-
	3,247,810	2,371,195
Net Book Value	4,966,617	5,843,232

Based on the results of management assessment, the Group believes that there was no objective evidence that indicators of impairment exist as at September 30, 2022 and December 31, 2021.

14. Accrued Expenses and Other Current Liabilities

This account consists of:

	Unaudited September 30 2022	Audited December 31 2021
Accrued expenses	2,719,015	2,095,268
Unearned interest income	945,223	-
Payable to government agencies	372,645	348,649
Advance rentals	128,982	128,982
Others	722,636	674,282
	4,888,501	3,247,181

Accrued expenses pertain to accrued professional fees, audit fee, directors' fees, fringe, membership dues, taxes and licenses, and other expenses.

Payable to government agencies pertains to output VAT and withholding taxes.

Advance rentals from related parties and third-party customers are applied against rent due at the end of the lease term.

Other accounts payable pertains to unclaimed monies or dividends by stockholders.

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 September 30, 2022 and December 31, 2021 follow:

Related Party	Notes	As of September 30, 2022		As of December 31, 2021		Terms and conditions
		Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	
Entities under common control						
Leases –						
Rental Income (a)						
KPMI		8,033,861	29,410,412	8,636,598	29,980,594	The outstanding balance is collectible in cash, within the first five (5) days of each month, non-interest bearing and unsecured.
Keppel IVI Investments, Inc. (KIVI)		225,000	-	300,000	-	
Keppel Energy and Consultancy Inc. (KECI)		90,000	22,400	120,000	-	
	7	8,348,861	29,432,812	9,056,598	29,980,594	
Advance rentals						
KPMI		-	(93,982)	175,363	(93,982)	The outstanding balance is to be applied on the last monthly rental at the end of the lease term, is non-interest bearing and unsecured.
KIVI		-	(25,000)	-	(25,000)	
KECI		-	(10,000)	-	(10,000)	
	14	-	(128,892)	175,363	(128,892)	
Refundable deposits – KPMI		-	(93,982)	175,364	(93,982)	Outstanding balance is payable in cash within 60 days from end of lease term, non-interest bearing and unsecured.
Various expenses and charges (b)						
KPMI		195,839	-	7,304,409	-	Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
Keppel Enterprise Services Ltd.		344,535	-	1,487,751	-	
		540,374		8,792,160		
Loans €						
KPMI						
Principal		(3,000,000)	237,000,000	(10,000,000)	240,000,000	Outstanding balance is collectible in cash, with terms of 88 to 92 days subject for renewal, interest-bearing at 2.9% to 5.0% per annum in 2022 (2021 – 3.1% to 3.8%), and unsecured.
Interest		6,194,685	1,580,789	8,641,563	1,223,442	
KSSI						
Principal		100,000,000	100,000,000	-	-	
Interest		2,031,961	208,333	-	-	
	7					
Management & accounting services fees (d)						
Bay Phils. Holdings Inc.		660,000	-	-	-	Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
KECI		180,000	44,800	240,000	-	
KIVI		135,000	-	180,000	-	
Kepventure, Inc.		45,000	-	60,000	-	
		1,020,000	44,800	480,000	-	
Payroll service fee (e)						
KSSI		1,278,678	-	1,847,962	125,602	Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
KPMI		1,107,378	912,151	1,757,056	804,959	
		2,386,056	912,151	3,605,018	930,561	
Other Income (f)						
Director's Fees - KPPI		180,000	-	190,000	-	
Commission - KPMI		-	-	828,000	-	
		180,000		1,018,000		
Due from related parties						
KPMI		-	-	-	315,900	Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
CLI		-	-	-	-	
		-	-	-	315,900	

Associates					
Cash dividend received	10	6,986,479	-	7,510,465	- Outstanding balance is collectible in cash on pay-out date as approved by the related party's BOD, non-interest bearing and unsecured.
Shareholders of the Parent Company					
Cash dividend declared and paid					
Kepwealth Inc.		3,053,293	-	3,053,293	Outstanding balance is payable in cash on pay-out date as approved by the Parent Company's BOD, non-interest bearing and unsecured.
KCL		1,689,409	-	1,689,409	
Others		981,138	(722,636)	1,019,130	
		5,723,840	(722,636)	5,761,832	(674,282)
Management fees – Kepwealth Inc.		207,000		276,000	-
Various expenses and charges					
Kepwealth, Inc.		-	-	40,789	-
KCL		165,016		78,811	
Non-Controlling Interest					
Cash dividend declared and paid		-	-	9,899,808	- Outstanding balance is payable in cash on pay-out date as approved by the subsidiary's BOD, non-interest bearing and unsecured
Key management personnel (g)					
Salaries and other short-term benefits	13,17	1,522,500	-	1,763,200	-
Retirement benefit		333,000	(333,000)	658,408	- The outstanding balance is payable every designated period per employee contracts, non-interest bearing and unsecured
Retirement Plan contribution to the fund		-	-	273,803	-

The Group at all times observes and adheres with the related party transactions policy and all other relevant laws, rules and regulations, as may be applicable, in the review, approval and disclosure of related party transactions. The members of the Audit, 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. Materiality threshold of the Group is ten percent (10%) of the Group's total consolidated assets based on the latest audited financial statements. The material related party transactions are approved by two-thirds vote of the BOD with at least majority of the independent directors voting to approve. In 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.

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.

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

(a) *Leases*

The Group leases certain investments properties to related parties (Note 11). The Group granted lease concessions to KPMI which amounted to P2.7 million in 2021. No concessions during the nine-month period of 2022.

(b) *Advances for various expenses and charges*

The Group paid for various reimbursable expenses which were utilized in the normal operations of the related parties. In 2021, the Group paid commission to KPMI related to the sale of interest in land rights amounting to P7.2 million.

(c) *Loans*

The Group granted short-term, interest-bearing loans to KPMI and KSSI. Movements in loans receivable for the periods ended are as follows:

	Unaudited September 30 2022	Audited December 31 2021
Beginning	240,000,000	250,000,000
New loan granted	100,000,000	-
Collection	(3,000,000)	(10,000,000)
End	337,000,000	240,000,000

In March 2022, the Group granted short-term, interest-bearing loan to KSSI amounting to P100 million with terms of 92 days at 3.443% per annum, subject to renewal. The loan was renewed for another 75 to 90 days at interest rate ranging from of 3.775% to 5.0% per annum.

Total outstanding loans to related parties amounted to P337 million as of September 30, 2022. Total interest income earned from these loan agreements amounted to P8.2 million as of September 30, 2022 (2021 – P6.5 million). Accrued interest receivable amounted to P1.8 million and P1.3 million for the periods ending September 30, 2022 and December 31, 2021, respectively. (Note 7)

(d) *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 a related company within Keppel Group Singapore, Bay Philippines Holdings Corp., a local company newly registered with SEC in January 2021, 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 90 days written notice to the other party.

(e) *Payroll service fees*

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

(f) *Other income*

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

(g) *Key management personnel*

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

(h) *Elimination*

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

	Unaudited September 30 2022	Audited December 31 2021
Investment in subsidiaries	110,165,069	110,165,069
Dividend income of Parent Company from subsidiaries	255,000	10,703,867
Dividend income of GRDC from GMRI	-	296,325
Management fees of Parent Company from subsidiary	585,000	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 with at least five (5) years of service and optional retirement date is at age 50 or completion of at least ten (10) years of service. The retirement obligation is determined using the “Projected Unit Credit” (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined using the amount necessary to provide for the portion of the retirement benefit accruing during the year.

The fair value of plan assets of the Group as at December 31, 2021 amounts to P9.1 million. Payment of benefit as of 2021 amounted to P2.8 million from its original contribution of P10.6 million. Contribution to the plan in 2021 amounted to P0.3 million and nil in 2020.

The Group recognized provision for retirement benefit amounting P0.3 million for the period ending September 30, 2022 (2021 – P1.1 million).

Annual movements in remeasurements on retirement benefits as at and for the years ended December 31, 2021 and 2020 are as follows:

	2022	2021
January 1	1,099,460	(948,862)
Remeasurement gain (loss)	-	2,048,322
Tax effect	-	-
Remeasurement gain (loss) on retirement benefits, net of tax	-	2,048,322
December 31	1,099,460	1,099,460

17. Share capital and share premium

The Class “A” and Class “B” shares of stock are identical in all respects and have ₱1 par value, except that Class “A” shares are restricted in ownership to Philippine nationals. Class “B” shares are 18% and 82% owned by Philippine nationals and foreign nationals, respectively, as of September 30, 2022. Each share has right of one (1) vote. Authorized and issued shares as of September 30, 2022 and December 31, 2021 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

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

	Unaudited September 30 2022	Audited December 31 2021	Unaudited September 30 2021
Class “A”			
Beginning	35,826,670	36,065,970	36,065,970
Purchase of treasury shares	(70,600)	(239,300)	(98,300)
End	35,756,070	35,826,670	35,967,670
Class “B”			
Beginning	21,515,749	21,552,349	21,552,349
Purchase of treasury shares	(38,800)	(36,600)	(33,000)
End	21,476,949	21,515,749	21,519,349
Total outstanding shares	57,233,019	57,342,419	57,487,019

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

	Unaudited September 30 2022	Audited December 31 2021	Unaudited September 30 2021
Class "A"	35,756,070	35,826,670	36,967,670
Class "B"	21,476,949	21,515,749	21,519,349
	57,233,019	57,342,419	57,487,019

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 September 30, 2022 and 2021:

Common Shares	Number of Shares Registered	Issue/Offer Price	Date of Approval	Number of Holders of Securities
September 2022				
Class "A"	35,756,070	1.00	June 30, 2000	377
Class "B"	21,476,949	1.00	June 30, 2000	55
	57,233,019			

Common Shares	Number of Shares Registered	Issue/Offer Price	Date of Approval	Number of Holders of Securities
September 2021				
Class "A"	35,967,670	1.00	June 30, 2000	378
Class "B"	21,519,349	1.00	June 30, 2000	55
	57,487,019			

There are 419 and 420 total shareholders per record holding both Class "A" and "B" shares for the periods ending September 30, 2022 and 2021. As of this period, there are 13 shareholders who own both Class "A" and Class "B" shares.

18. Retained Earnings; Treasury shares

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

Retained earnings are further restricted to the extent of treasury shares with the following details as of September 30, 2022 and 2021.

	September 2022		September 2021	
	Shares	Cost	Shares	Cost
Class "A"	4,084,900	15,840,946	3,873,300	14,522,771
Class "B"	11,855,581	10,163,584	11,813,181	9,874,952
	15,940,481	26,004,530	15,686,481	24,397,723

The Group purchased additional 70,600 Class "A" and 38,800 Class "B" shares as of September 30, 2022 amounting to P0.7 million.

The Parent Company paid cash dividend of P5.7 million and P5.8 million in July 2022 and 2021.

19. Operating Expenses

This account consists of:

	Unaudited September 30 2022	Unaudited September 30 2021
Salaries and benefits	8,158,678	8,389,727
Taxes and licenses	3,833,092	3,295,490
Professional fees	3,118,505	3,320,319
Depreciation and amortization	1,170,741	1,036,877
Provision for impairment losses	1,054,908	-
Contractual services	819,000	667,625
Repairs and maintenance	739,246	114,014
Utilities	706,209	638,603

Membership dues and subscriptions	438,241	491,300
Transportation and travel	435,776	363,015
Office supplies	125,340	102,038
Advertising	66,226	50,286
Commission	-	7,172,000
Others	594,691	317,845
	21,260,653	25,959,139

The Group also recognized commission expense of P7.2 million in 2021 related to payment made to KPMI for the sale of land rights to external party in June 2021.

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

20. Operating segments

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

Unaudited September 30, 2022					
	Investment Holdings	Real Estate	Combined	Eliminations	Consolidated
Revenues and income					
KPMI	5,965,803	8,138,861	14,104,664	-	14,104,664
Equity in net earnings of an associate	-	-	-	7,806,001	7,806,001
Other related parties	5,377,640	1,546,261	6,923,901	(840,000)	6,083,901
Interest income & others	2,168,859	336,623	2,505,482	-	2,505,482
Total revenues and income	13,512,302	10,021,745	23,534,047	6,966,001	30,500,048
Income before income tax	(2,960,692)	12,455,086	9,494,394	(255,000)	9,239,394
Income tax benefit (expense)	(518,092)	(656,632)	(1,174,724)	-	(1,174,724)
Net Income	(3,478,784)	11,798,454	8,319,670	(255,000)	8,064,670
Other comprehensive income	9,000,000	-	9,000,000	-	9,000,000
Total comprehensive income	5,521,216	11,798,454	17,319,670	(255,000)	17,064,670
<i>Other Information</i>					
Segment assets	656,833,929	756,220,123	1,413,054,052	(110,165,069)	1,302,888,983
Segment liabilities	5,022,826	2,779,691	7,802,517	(896,346)	6,906,171
Depreciation & amortization	884,486	286,255	1,170,741	-	1,170,741
Audited December 31, 2021					
	Investment Holdings	Real Estate	Combined	Eliminations	Consolidated
Revenues and income					
KPMI	10,398,619	9,464,598	19,863,217	-	19,863,217
External customers	-	345,559,187	345,559,187	-	345,559,187
Equity in net earnings of an associate	-	-	-	6,673,044	6,733,044
Other related parties	14,087,829	420,000	14,807,829	(11,483,867)	3,023,962
Interest income from banks & others	1,210,183	-	1,210,183	-	1,210,183
Total revenues and income	25,696,631	355,443,785	381,140,416	(4,810,823)	376,329,593
Income before income tax	8,891,853	356,148,071	365,039,924	(10,703,867)	354,336,057
Income tax benefit (expense)	2,019,159	(87,164,811)	(85,145,652)	-	(85,145,652)
Net Income	10,911,012	268,983,260	279,894,272	(10,703,867)	269,190,405
Other comprehensive income	11,048,322	-	11,048,322	-	11,048,322
Total comprehensive income	21,959,334	268,983,260	290,942,594	(10,703,867)	280,238,727
<i>Other Information</i>					
Segment assets	656,087,826	744,582,820	1,400,670,646	(110,165,069)	1,290,505,577
Segment liabilities	3,350,568	2,440,842	5,791,410	(896,346)	4,895,064
Depreciation & amortization	1,250,692	483,742	1,734,434	-	1,734,434

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 Luzon, an island in the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

Significant revenue from third party due to sale of interest in land rights accounted for 90.7% of the Group's consolidated revenues and income in 2021. Nil as of September 30, 2022. Rental income from KPMI amounted to P8.0 million and P6.6 million for the periods ended September 30, 2022 and 2021, respectively. Rental from KPMI comprises about 26% and 1.7% of the Group's revenue for the periods ended September 30, 2022 and 2021.

21. 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 significant concentrations of credit risk within the Group.

Receivables are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Significant concentration of credit risk as of September 30, 2022 and December 31, 2021 pertains to loan receivables from a related company amounting to P337.0 million and P240.0 million, respectively, which comprise 55% and 39% of the Group's cash and receivables at gross in both periods, respectively.

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

	Unaudited September 30 2022	Audited December 31 2021
<i>Cash and receivables</i>		
Cash and cash equivalents	245,940,680	341,097,007
Receivables, at gross	370,615,809	272,547,620
	616,556,489	613,644,627

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

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

The credit quality of financial assets is discussed below:

(i) *Cash and cash equivalents*

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

(ii) *Receivables*

Related parties

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

Third parties- Credit impaired

The credit quality of receivables that are neither past due nor impaired can be assessed as reference to historical information about counterparty default rates. The Group does not hold any collateral in relation to the receivables. None of the financial assets that are fully performing have been renegotiated in the last year or period.

(b) 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's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term loan receivable with interest rate repriced on periodic basis. Since the Group's long-term loan was granted to a related party, there is no requirement for collateral or guaranty. The Group has no long-term loan receivable in 2022.

(c) 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 instruments or its issuer or factors specific to the instruments traded in the market.

(d) 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, and loans. The Group also monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information.

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 adjust 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 September 30, 2022 and December 31, 2021 are as follows:

	Unaudited September 30 2022	Audited December 31 2021
Total liabilities	6,906,171	4,895,064
Total equity	1,302,888,983	1,285,610,513
Debt to equity ratio	0.005:1	0.004:1

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 Estimation of Financial Assets

(a) Financial assets and liabilities at amortized cost

Due to the short-term nature of the Group's financial assets and liabilities at amortized costs, the fair values approximate their carrying amounts as at September 30, 2022 and December 31, 2021. Lease receivables are not subject to discounting; thus, the fair values approximate their carrying amounts as at September 30, 2022 and December 31, 2021.

(b) Financial assets at fair value through other comprehensive income

The fair value of quoted equity instruments is determined by reference to quoted market bid price at the close of business at the end of the reporting dates since this is actively traded in organized financial markets. As at September 30, 2022 and December 31, 2021, 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.

22. Financial Soundness - Key Performance Indicators

	Unaudited September 30 2022	Audited December 31 2021
A. Current and liquidity ratios		
1. Current ratio - (Current assets/Current liabilities)	114.80	172.71
2. Acid-test ratio or Quick ratio - (Monetary current assets/Current liabilities)	114.35	172.20
B. Solvency ratio		
1. Net income + depreciation/Total liabilities (annualized)	1.78	55.35
2. Total assets/Total liabilities	188.66	263.63
C. Debt to equity ratio – (Total liabilities/Total equity)	0.01	0.004
D. Asset to equity ratio (Total assets/Total equity)	1.01	1.00
E. Debt ratio (Total liabilities/Total assets)	0.01	0.004
F. Interest rate coverage ratio (EBIT/Interest expense)	Nil	Nil
G. Profitability % (annualized)		
1. Return on assets (Net income/Total assets)	0.83	20.86
2. Return on equity (Net income/Total equity)	0.83	20.94
3. Net profit margin (Net income/revenue)	26.44	71.53
H. Earnings per share attributable to equity holders of the Parent (Annualized) - (₱)	0.05	4.61
I. Book value per share attributable to equity holders of the Parent (₱)	16.30	16.19
J. Price/Earnings ratio (Price per share/Earnings per common share (Annualized) (₱)	122.84	1.32

23. Other Matters

On September 2, 2021, the Parent Company sold its land rights in a 10.4 has. property located in Bauan, Batangas to a non-related company. The property is the subject of an ongoing case in the Regional Trial Court in Batangas. As part of the conditions of the sale, the necessary motions for substitution were made in court to replace the Company with the buyer as the new plaintiff. On March 10, 2022, the court granted the Parent's Company's motion for substitution.

Aging of Current Receivable as at September 30, 2022 In Philippine Pesos

	Total	Current	2-3 Mos	4 - 6 Mos	7 -12 Mos	More than 1 year
Loan receivable - current	337,000,000	337,000,000	-	-	-	-
Lease receivables - current	1,933,842	1,933,842	-	-	-	-
Interest receivable	1,882,080	1,882,080	-	-	-	-
Due from related parties	956,951	956,951	-	-	-	-
Nontrade - receivables	1,343,967	1,343,967	-	-	-	-
Total	343,116,840	343,116,840	-	-	-	-
Less Allowance for doubtful accounts	-	-	-	-	-	-
Net Receivables	343,116,840	343,116,840	-	-	-	-

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 P8.1 million for the period ended September 30, 2022, which is 97% lower than P269.9 million during the same period last year. The reason for the changes in net income are discussed as follows:

In September 2021, the Group earned P352.7 million from the sale of land rights in a property in Bauan, Batangas to a non-related third party. There is no similar transaction in 2022.

The Group earned interest income of P10.5 million as of September 30, 2022, 48% higher than the same period last year of P7.1 million. The increase was due to additional loan granted to related party from P250 million as of September 2021 to P337 million as of September 2022. The Group also invested in treasury bills since March 2022 with interest rate ranging from 1.2% to 3.2% for 68 to 165 days maturity. Interest rate for loans granted to related parties also increased ranging from 2.9% to 5.0% as of September 2022 as compared with 3.1% to 3.8% in 2021. Time deposit rates also increased from 0.3% to 0.5% in 2021 to 0.5% to 3.25% as of September 2022.

Rental revenue for the period ending September 30, 2022 amounted to P8.3 million which is higher by 28% than the same period last year of P6.5 million, as the 25% rebate given in 2021 was no longer extended in 2022.

For the period under review, the Group recognized equity in net earnings of an associate P7.8 million as compared with P4.8 million in 2021 due to the higher net income recognized by the associate of P31.2 million as compared with P19.4 million in 2021. This was brought by higher power sales due to tenants' increased activities and increase in rental income due to the non-renewal of 25% rebate in 2022.

In February 2020, the Parent Company entered into a payroll service agreement with related companies with regards to the payroll system upgrade of the Parent Company, KPMI and KSSI. Payroll service fee earned by the Parent Company as of September 30, 2022 amounted to P2.4 million as against P2.1 million in 2021. The increase was due to additional cost in the implementation of the system.

Management and accounting services fees charged to related parties amounted to P1.2 million for the period ended September 30, 2022 as against same period last year of P0.6 million. The increase of P0.6 million was due to service fees earned by the Parent Company with its new accounting services agreement entered with the related company, Bay Philippines Holdings Corp., a Philippines-incorporated company and member of the Keppel Group.

Operating expenses for the period of P21.3 million as compared to last year's P26.0 million was mainly due to non-recurrence of the P7.2 million commission paid by KPHI to KPMI for the sale of land rights to external party in 2021. This was partially offset by the increase in taxes and licenses by P0.5 million, a provision for impairment of creditable withholding tax of P1.1 million, and the increase in repairs and maintenance relating to systems application by P0.6 million.

Financial Condition

The cash position of the Group as of September 30, 2022 amounted to P245.9 million, 28% lower than the P341.1 million recorded as of December 31, 2021. The decrease was due mainly to the granting of short-term loan to KSSI of P100 million and the net effect of the following: cash used in operating activities of P5.8 million, dividend paid to shareholders of KPHI and GRDC shareholder of P6.0 million, purchase of treasury shares of P0.7 million, purchase of office equipment of P0.2 million, receipt of interest from loan of related parties of P7.6 million, dividend from CLI of P7.0 million and partial repayment of loan of P3.0 million.

Total receivables, both current and non-current, amounted to P370.6 million and P272.5 million as of September 30, 2022 and December 31, 2021, respectively. The 36% increase was due to granting of new loan amounting P100 million to KSSI offset by partial repayment of P3.0 million by KPMI.

Other current assets as of this period increased to P2.3 million as against P1.7 million as of December 31, 2021. The P0.6 million increase was due to increase in prepayments of real property tax and business tax.

Financial assets at fair value through other comprehensive income was revalued at P53.0 million this period as against December 31, 2021 of P44.0 million.

Investments in associates increased from P418.2 million as of December 31, 2021 to P419.0 million as of September 30, 2022. The increase of P0.8 million was due mainly to the recognition of equity in net earnings of associate of P7.8 million net of cash dividend received of P7.0 million.

Total investment properties, equipment and intangible assets as of September 30, 2022 amounted to P211.9 million as against P212.9 million as of December 31, 2021 due to the depreciation and amortization during the period of P1.2 million and was partially offset by the purchase of office equipment of P0.2 million.

Total liabilities as of September 30, 2022 and December 31, 2021 amounted to P6.9 million and P4.9 million, respectively. The net increase of P2.0 million was due to various accruals of benefits and other expenses of P1.0 million, unearned income from treasury bills deposits maturing from October 2022 to February 2023 amounting to P0.9 million and increase in income tax payable of P0.1 million.

The equity attributable to equity holders of the Parent Company as of September 30, 2022 amounted to P933.0 million as against last December 31, 2021 of P928.2 million. The increase of P4.8 million was due to P9.0 million fair value gain on available for sale financial assets, net income of P2.2 million and offset by payment of cash dividend of P5.7 million and purchase of treasury shares of P0.7 million.

Non-controlling interests as of September 30, 2022 amounted to P363.0 million as against last December 31, 2021 of P357.4 million. The increase of P5.6 million was due to net income attributable to the noncontrolling interests of P5.8 million partially offset by the dividend paid by GRDC to its shareholder of P0.2 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 P16.30 as of September 30, 2022 as against December 31, 2021 of P16.19 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 is P0.04 and P4.63 as of the period ending September 30, 2022 and 2021.

Material Events and Uncertainties

As of October 22, 2022, the Philippines has recorded 3,993,148 COVID-19 cases with 23,713 active cases, 3,905,693 recoveries and 63,742 reported deaths. The Department of Health (DOH) has confirmed the local transmission of the highly transmissible Omicron XBB subvariant and XBC variant. DOH reported that local transmission of XBB was recorded in Region 6 while XBC was monitored in Regions 11 and 12. No reported cases of the variant yet in the National Capital Region.


With the employees of the Parent working onsite since March 2, 2022, the Management continues to encourage the practice of minimum health protocol. All personnel have either received their first or second booster shots.

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


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 : 4 November 2022