

COVER SHEET

PW - 305

SEC Registration Number

KEPPEL PHILIPPINES PROPERTIES,
 INC. AND SUBSIDIARIES

(Company's Full Name)

22nd flr. Units 2203 - 2204 Raffles
 Corporate Center F. Ortigas Jr.
 Avenue (formerly Emerald Avenue)
 Ortigas Center Pasig City

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

Mr. Oh Lock Soon
 (Contact Person)

584-6170
 (Company Telephone Number)

09 30
 Month Day
 (Fiscal Year)

17 - Q
 (Form Type)

06 08
 Month Day
 (Annual Meeting)

N/A
 (Secondary License Type, if Applicable)

CFD
 Dept. Requiring this Doc.

N/A
 Amended Articles Number/Section

1,244 as of 30 September 2017
 Total No. of Stockholders

Total Amount of Borrowings
 Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

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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 2017
2. Commission identification number PW305
3. BIR Tax Identification No. 000-067-618 VAT

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

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

6. Industry Classification Code: (SEC Use Only)

7. 12 ADB Ave, Ortigas Center, Mandaluyong City 1550 (business office temporarily moved to Units 2203-2204 Raffles Corporate Center F. Ortigas Jr. Avenue (formerly Emerald Ave.) Ortigas Center, Pasig City)
Address of registrant's principal office Postal Code
(02) 584-6170

8. Registrant's telephone number, including area code

9. Not applicable
Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	293,828,900
Debt Outstanding	Nil

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

12. Indicate by check mark whether the registrant:
- a) Has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and SRC Rule 17.1 thereunder or Sections 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes [/] No []
- b) Has been subject to such filing requirements for the past 90 days.
Yes [/] No []

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Keppel Philippines Properties, Inc. and Subsidiaries

Interim Consolidated Statements of Financial Position
As at September 30, 2017
(With comparative figures as at December 31, 2016)
(All amounts in Philippine Peso)

	Notes	Unaudited 30 September 2017	Audited 31 December 2016
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents		186,034,947	203,870,854
Receivables		3,595,884	4,163,502
Due from related parties	4	75,813,283	73,675,374
Prepayments and other current assets		23,558,520	22,311,669
Total current assets		289,002,634	304,021,399
Non-current assets			
Available-for-sale financial assets	2	79,512,230	79,512,230
Investments in associates and a joint venture	2	1,374,182,337	1,352,170,092
Property and equipment, net	3	1,147,336	1,011,342
Retirement benefits asset	8	420,164	420,164
Refundable deposits		120,108	120,108
Deferred income tax assets, net		120,300	-
Total non-current assets		1,455,502,475	1,433,233,936
Total assets		1,744,505,109	1,737,255,335
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Accounts payable and other current liabilities		8,205,113	6,854,079
Due to related parties	4	136,221,618	124,003,885
Income tax payable		22,586	81,064
Total current liabilities		144,449,317	130,939,028
Non-current liability			
Deferred income tax liabilities, net		-	69,409
Total liabilities		144,449,317	131,008,437
Equity			
Share capital		356,104,000	356,104,000
Share premium		602,885,517	602,885,517
Treasury shares		(2,667,645)	(2,667,645)
Other reserves	7	679,410	679,410
Retained earnings		643,054,510	649,245,616
Total equity		1,600,055,792	1,606,246,898
Total liabilities and equity		1,744,505,109	1,737,255,335

The notes from pages 5 to 18 are an integral part of these interim consolidated financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Interim Consolidated Statements of Comprehensive Income
 For the nine months ended September 30, 2017
 (With comparative figures for the nine months ended September 30, 2016)
 (All amounts in Philippine Peso)

	Notes	Quarter Ended		Nine Months Ended	
		30 September	30 September	30 September	30 September
		2017	2016	2017	2016
Revenue and other income					
Equity in net earnings of associates and a joint venture	2	20,981,960	2,093,460	22,012,245	7,183,281
Management consultancy and franchise fees	4	1,363,732	1,361,394	4,079,351	4,257,928
Interest income		816,382	526,988	2,388,964	1,154,284
Total revenue and other income		23,162,074	3,981,842	28,480,560	12,595,493
General and administrative expenses	5	(12,493,016)	(12,395,935)	(34,371,160)	(31,062,136)
Other income, net		193,604	91,653	256,580	28,649
Income (loss) before income tax		10,862,662	(8,322,440)	(5,634,020)	(18,437,994)
Income tax expense		(127,323)	(62,950)	(557,086)	(671,316)
Net income (loss)/Total comprehensive income (loss)		10,735,339	(8,385,390)	(6,191,106)	(19,109,310)
Basic earnings (loss) per share	6	0.037	(0.029)	(0.021)	(0.065)

The notes from pages 5 to 18 are integral part of these interim consolidated financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Interim Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2017
(With comparative figures for the nine months ended September 30, 2016)
(All amounts in Philippine Peso)

	Share capital		Share premium	Treasury shares	Actuarial gain on defined benefit plan (Notes 7 and 8)	Other reserves		Retained earnings	Total equity
	Common	Preferred				Share in actuarial gain of an associate and a joint venture (Notes 2 and 7)			
Balances at January 1, 2017	296,629,900	59,474,100	602,885,517	(2,667,645)	354,988	324,422	649,245,616	1,606,246,898	
Net loss/Total comprehensive loss	-	-	-	-	-	-	(6,191,106)	(6,191,106)	
Balances at September 30, 2017	296,629,900	59,474,100	602,885,517	(2,667,645)	354,988	324,422	643,054,510	1,600,055,792	
Balances at January 1, 2016	296,629,900	59,474,100	602,885,517	(2,667,645)	459,980	475,078	679,420,225	1,636,677,155	
Net loss/Total comprehensive loss	-	-	-	-	-	-	(19,109,310)	(19,109,310)	
Balances at September 30, 2016	296,629,900	59,474,100	602,885,517	(2,667,645)	459,980	475,078	660,310,915	1,617,567,845	

The notes on pages 5 to 18 are integral part of these interim consolidated financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Interim Consolidated Statements of Cash Flows
 For the nine months ended September 30, 2017
 (With comparative figures for the nine months ended September 30, 2016)
 (All amounts in Philippine Peso)

	Notes	Unaudited 2017	Unaudited 2016
Cash flows from operating activities			
Loss before income tax		(5,634,020)	(18,437,994)
Adjustments for:			
Depreciation expense	3,5	230,391	76,747
Retirement benefits expense	5	135,527	135,527
Foreign exchange (gain) loss, net		(8,295)	80,438
Gain on reversal of liabilities		(105,332)	-
Gain on disposal of vehicle		(140,000)	(100,000)
Interest income		(2,388,964)	(1,154,284)
Equity in net earnings of associates and a joint venture	2	(22,012,245)	(7,183,281)
Operating loss before working capital changes		(29,922,938)	(26,582,847)
Decrease (increase) in:			
Receivables		573,870	2,796,228
Due from related parties		(2,137,909)	(2,846,721)
Prepayments and other current assets		(1,246,851)	(1,999,114)
Increase in:			
Accounts payable and other current liabilities		1,320,839	496,890
Due to related parties		12,217,733	822,163
Net cash used in operations		(19,195,256)	(27,313,401)
Interest income received		2,382,712	946,934
Income taxes paid		(805,273)	(475,204)
Net cash used in operating activities		(17,617,817)	(26,841,671)
Cash flows from investing activities			
Proceeds from disposal of vehicle		140,000	100,000
Acquisitions of property and equipment	3	(366,385)	(95,882)
Decrease in amounts due from related parties	4	-	16,827,073
Net cash from (used in) investing activities		(226,385)	16,831,191
Net decrease in cash and cash equivalents		(17,844,202)	(10,010,480)
Effect of exchange rate changes on cash and cash equivalents		8,295	(80,438)
Cash and cash equivalents at January 1		203,870,854	206,916,313
Cash and cash equivalents at September 30		186,034,947	196,825,395

The notes on pages 5 to 18 are integral part of these interim consolidated financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Notes to Interim Consolidated Financial Statements

As at and for the nine months ended September 30, 2017

(With comparative figures as at and for the nine months ended September 30, 2016)

(In the Notes, all amounts are shown in Philippine Peso, unless otherwise indicated)

Note 1 - Corporate information

Keppel Philippines Properties, Inc. ("Parent Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 7, 1918. On June 11, 2015, the shareholders approved the amendment of the Parent Company's Articles of Incorporation to extend its corporate life for another 50 years starting February 6, 2018. The extension of the term of the Parent Company's existence was approved by the Philippine SEC on May 5, 2017.

The Parent Company is listed in the Philippine Stock Exchange (PSE). Its immediate parent company is Keppel Land Limited (KLL) and the ultimate parent company is Keppel Corporation Limited (KCL), both incorporated in Singapore. KCL is listed in the Singapore Exchange. As at September 30, 2017 and December 31, 2016, the top five shareholders of the Parent Company are the following:

Shareholders	Effective ownership interest	
	2017	2016
KLL	50%	50%
Kepwealth, Inc.	17%	17%
KCL	12%	12%
Molten Pte Ltd.	7%	-
Public, inclusive of PCD Nominee Corporation	14%	21%

The Parent Company's subsidiaries, associates and joint venture, which were all incorporated in the Philippines are as follows:

	Percentage of ownership	Effective ownership interest	Nature of business
Subsidiaries			
CSRI Investment Corporation (CSRI)	100%	100%	Investment holding
Buena Homes, Inc. (BHI)	100	100	Investment holding
Associates			
Opon Realty and Development Corporation (ORDC)	40	40	Investment holding
Opon Ventures, Inc. (OVI)	40	64	Investment holding
Opon-KE Properties, Inc. (OKEP)	40	78	Investment holding
Buena Homes (Sandoval), Inc. (BHSI)	-	61	Residential property development
Joint venture			
SM Keppel Land, Inc. (SMKL)	40	48	Lease of mall and office spaces, cinema ticket sales and carpark operation

The Parent Company, together with its subsidiaries, associates and a joint venture are collectively referred to as "The Group".

The Group's principal office address is 12 ADB Avenue, Ortigas Center, Mandaluyong City. On December 6, 2010, the Group submitted a notification to SEC to temporarily change its business address to Units 2203 and 2204, Raffles Corporate Center, F. Ortigas Jr. Road (formerly Emerald Avenue), Ortigas Center, Pasig City due to the ongoing construction by the lessor of the Group's principal office.

The Group holds investments in associates and joint venture involved in property holding and development (Note 2) and renders management consultancy services to associates (Note 4).

Note 2 - Investments in associates and a joint venture

Details of investments in associates and a joint venture as at September 30, 2017 and 2016, and December 31, 2016 are as follows:

	For the nine months ended 30 September		For the year ended
	2017	2016	31 December 2016
Cost	806,321,443	806,321,443	806,321,443
Accumulated equity in net earnings			
Presented in profit or loss			
At January 1	545,524,227	538,769,989	538,769,989
Equity in net earnings recognized in profit or loss	22,012,245	7,183,281	6,754,238
	567,536,472	545,953,270	545,524,227
Presented in other comprehensive income			
At January 1	324,422	475,078	475,078
Share in other comprehensive loss	-	-	(150,656)
	324,422	475,078	324,422
	1,374,182,337	1,352,749,791	1,352,170,092

The carrying values of the Group's investments in associates and a joint venture and the related percentages of ownership as at September 30, 2017 and December 31, 2016 are shown below:

	Percentage of ownership		Carrying amount	
	2017	2016	2017	2016
Associates				
BHSI	40%	40%	156,584,540	158,619,227
OKEP	40%	40%	91,975,590	90,317,211
OVI	40%	40%	23,659,789	22,696,599
ORDC	40%	40%	15,826,471	14,994,888
Joint venture				
SMKL	40%	40%	1,086,135,947	1,065,542,167
			1,374,182,337	1,352,170,092

The Group's associates and joint venture were all incorporated and have their principal place of business in the Philippines. There were no dividends received from the associates and joint venture in 2017 and 2016. The associates and joint venture were accounted for using the equity method. As at September 30, 2017 and December 31, 2016, there were no quoted prices for these investments.

BHSI is involved in the construction of residential condominium project which had been completed in 2003. BHSI's primary activity in 2017 and 2016 involved the sale of these condominium units. As at September 30, 2017, only three (3) units remain to be realized. The primary purpose of the Group's other associates is to acquire by purchase, lease, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds.

SMKL's primary business activity is operating SMKL Phase 1 which has one hundred forty specialty stores and a state-of-the-art cinema. SMKL Phase 2 is under construction for a development of a six-level basement carpark with an approximate gross leasable area of 75,300 sqm, a five-level retail mall with an approximate gross leasable area of 46,000 sqm, and a forty-two storey office tower with an approximate gross leasable area of 110,100 sqm. This project is being constructed on a parcel of land with an area of 12,932 sqm registered in the name of SMKL, located in Ortigas Center, Pasig City. Construction of the retail mall expansion commenced in 2014 and is expected to be completed in 2017.

The Parent Company has preferred equity securities pertaining to investments in redeemable preferred shares of OVI and OKEP totaling to P79.3 million which were acquired in 2012 at ten pesos (P10) per share. These investments are classified as AFS financial assets as the characteristics of the investment will not affect the significant influence of the Group over OVI and OKEP. In addition, these investments are carried at cost as they do not have a quoted market price in an active market and their fair values cannot be reliably measured.

The features and conditions of the redeemable preferred shares are as follows:

- Non-voting, except for the cases provided for under Section 6, Paragraph 6 of the Corporation Code of the Philippines.
- Entitled to preference in the distribution of dividends at a fixed yield of three percent (3%) per annum. After payment of such preferred dividends, the holders of such preferred shares shall be entitled to participate pro rata with holders of common shares in the remaining profits.
- Redeemable at the option of the issuer, in full or in part, within a period of ten (10) years from date of issuance, at a price to be determined by the Board of Directors (BOD).
- If not redeemed within the period of ten (10) years, the holder shall have the option to:
 - (a) Convert the preferred shares to participating preferred shares; or
 - (b) Hold the redeemable preferred shares for another five (5) years, after which the holder can choose to convert to either common shares or participating preferred share.

Note 3 - Property and equipment

Details of property and equipment are as follows:

	Notes	Transportation equipment	Office equipment	Furniture and fixtures	Total
Cost					
At January 1, 2016		1,404,506	1,822,808	2,405,645	5,632,959
Additions		-	887,063	74,240	961,303
Disposal	4	(718,183)	-	-	(718,183)
At December 31, 2016		686,323	2,709,871	2,479,885	5,876,079
Additions		-	366,385	-	366,385
Disposal		(686,323)	-	-	(686,323)
At September 30, 2017		-	3,076,256	2,479,885	5,556,141
Accumulated depreciation					
At January 1, 2016		1,404,506	1,638,574	2,405,627	5,448,707
Depreciation		-	127,755	6,458	134,213
Disposal	4	(718,183)	-	-	(718,183)
At December 31, 2016		686,323	1,766,329	2,412,085	4,864,737
Depreciation	5	-	214,949	15,442	230,391
Disposal		(686,323)	-	-	(686,323)
At September 30, 2017		-	1,981,278	2,427,527	4,408,805
Net carrying amount					
At December 31, 2016		-	943,542	67,800	1,011,342
At September 30, 2017		-	1,094,978	52,358	1,147,336

Cost of fully depreciated property and equipment still in use in operations amounted to P3.9 million as at September 30, 2017 (2016 - P4.6 million).

Note 4 - Related party disclosures

In the normal course of business, the Group transacts with companies which are considered related parties under PAS 24, *Related Party Disclosures*. The significant related party transactions for the nine months ending September 30, 2017 and 2016 and outstanding balances as at September 30, 2017 and December 31, 2016 are as follows:

Related party	2017		2016		Terms and conditions
	Transaction amount (9 months)	Outstanding balance	Transaction amount (9 months)	Outstanding balance	
Due from related parties					
Associates					
OKEP (a)	125,489	70,205,015	145,532	70,079,526	Non-interest-bearing, unsecured, collectible in cash upon demand
OVI (a)	118,993	2,067,998	158,552	1,949,005	Non-interest-bearing, unsecured, collectible in cash upon demand
ORDC (a)	163,015	567,771	170,878	404,756	Non-interest-bearing, unsecured, collectible in cash upon demand
BHSI					
Operating advances (a)	1,333,878	289,235	963,201	53,536	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
Joint venture					
SMKL					
Operating advances (a)	11,247,257	1,298,887	11,451,708	1,188,551	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
Management fee (b)	2,913,822	238,278	3,041,377	-	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
Franchise fee (b)	1,165,529	107,470	1,216,551	-	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
Entities under common control					
KLL (f)					
	590,904	590,904	-	-	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
MPL (g)					
	447,725	447,725	-	-	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
		75,813,283		73,675,374	
Due to related parties					
Associates					
BHSI (c)	-	95,923,111	-	83,701,493	Non-interest-bearing, unsecured, payable on demand
OKEP (c)	-	40,298,507	-	40,298,507	Non-interest-bearing, unsecured, payable on demand
Entities under common control					
KLIL (d)					
Operating advances	126,886	-	319,157	3,885	Non-interest-bearing, unsecured, 30-to-60 days, payable in cash
SMPM (e)					
Management fee	6,236,953	-	15,013,303	-	Non-interest-bearing, unsecured, 30-to-60 days, payable in cash
		136,221,618		124,003,885	

- (a) The Group made operating advances for expenses incurred by associates and joint venture in the third quarter of 2017 and 2016. These operating advances represents expenses incurred in the normal operations paid on behalf of the Group's associates and joint venture.

Moreover, during the second quarter of 2016, BHSI partially paid its loans to the Group amounting to P16.8 million.

- (b) The Group provides management, advisory and consultancy services to SMK. The amount of management fee charged by the Group to SMK amounted to P1.0 million in the third quarter of 2017 (2016 - P1.0 million). The amount of franchise fee charged amounted to P0.4 million in the third quarter of 2017 (2016 - P0.4 million). Management fee is charged at 2.5% of annual net revenues of SMK and franchise fee is charged at 1.0% of net revenues of SMK. Outstanding receivables from SMK for management and franchise fees as at September 30, 2017 amounted to P0.4 million (2016 - P0.4 million).
- (c) On December 22, 2011, the BOD of BHSI approved BHSI's plan to decrease its authorized share capital. In 2012, the Group received from BHSI an amount of P100 million, which represented advances to BHI and OKEP amounting to P59.7 million and P40.3 million, respectively. The P40.3 million was received by the Group on behalf of OKEP. In 2014, the Group received additional advances amounting to P24.0 million from BHSI. Moreover, during the third quarter of 2017, the Group received additional advances amounting to P12.2 million from BHSI, thereby increasing the Group's advances from BHSI to P95.9 million.

On September 15, 2017, the Philippine SEC approved BHSI's decrease in capital stock and the corresponding amendments to its articles of incorporation to reflect such decrease.

- (d) Keppel Land International Limited (KLIL), an entity under common control, provides support services to the Group and SMK. In the third quarter of 2017, KLIL has made operating advances for expenses incurred by Group amounting to P0.1 million (2016 - P0.1 million).
- (e) Straits Mansfield Property Marketing Pte Ltd (SMPM), an entity under common control, provides consultancy, advisory and support services to the Group and SMK. Consultancy fees charged by SMPM to the Group amounted to P1.8 million in the third quarter of 2017, (2016 - P1.4 million). The basis of management fee is the time spent by SMPM personnel in rendering services. There were no outstanding payables to SMPM related to the consultancy fees as at September 30, 2017 and December 31, 2016.
- (f) In 2016, the Group charged KLL for the amount paid on behalf of KLL for legal fees amounting to P0.4 million pertaining to Court of Tax Appeals filing for redemption of preferred shares. During the third quarter of 2017, the Group charged KLL additional P0.2 million, thereby increasing the Group's receivable from KLL to P0.6 million. This remains as part of receivables as at September 30, 2017.
- (g) In 2017, the Group charged Molten Pte Ltd (MPL), an entity under common control, for the amount paid on behalf of MPL for taxes amounting to P0.4 million related to the transfer of shares from a retired management personnel to MPL.
- (h) In 2016, the Group sold one of its vehicles to its management personnel for a consideration amounting to P0.1 million.

Details of the compensation of key management personnel of the Group for the nine months ended September 30, 2017 and 2016 are as follows:

	2017	2016
Salaries and other short-term employee benefits	12,960,537	8,616,253
Bonuses and allowances	3,041,832	1,012,310
Retirement benefits	120,346	135,526
	16,122,715	9,764,089

There were neither stock options nor other long-term benefits given to key management personnel as at September 30, 2017 and December 31, 2016. There were no outstanding balances with key management personnel as at September 30, 2017 and December 31, 2016.

Note 5 - General and administrative expenses

General and administrative expenses for the nine months ended September 30, 2017 and 2016 are as follows:

	Notes	2017	2016
Salaries, wages and employee benefits		19,552,944	12,660,875
Management consultancy fees	4	4,954,109	10,253,303
Rental		2,157,330	1,357,478
Professional fees		2,143,529	1,913,453
Transportation and travel		1,366,817	1,851,377
Taxes and licenses		1,303,739	225,841
Membership and dues		550,982	499,055
Utilities		357,222	324,154
Insurance		329,080	409,786
Postage, printing and advertising		314,312	273,662
Depreciation	3	230,391	76,747
Office equipment expense and supplies		193,874	79,923
Staff recreation and others		155,922	364,887
Repairs and maintenance		141,727	294,377
Retirement benefits	8	135,527	135,527
Bank and other charges		40,083	55,165
Others		443,572	286,526
		34,371,160	31,062,136

Other expenses consist mainly of storage costs, photocopy charges and out-of-pocket expenses for professional services.

Note 6 - Basic loss per share

Loss per share for the nine months ended September 30, 2017 and 2016 are as follows:

	2017	2016
Net loss	6,191,106	19,109,310
Divided by: Weighted average number of shares outstanding	293,828,900	293,828,900
Basic loss per share	0.021	0.065

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

The weighted average number of shares outstanding as at September 30, 2017 and 2016 is computed as follows:

Issued shares	296,629,900
Less: Treasury shares	2,801,000
Weighted average number of shares outstanding	293,828,900

Note 7 - Other reserves

Other reserves pertain to items of other comprehensive income that will not be reclassified to profit or loss. These include actuarial gain on defined benefit plan, net of tax, amounting to P0.4 million as at September 30, 2017 (2016 - P0.5 million), and share in actuarial gain of an associate and a joint venture amounting to P0.3 million as at September 30, 2017 (2016 - P0.5 million) (Notes 2 and 8).

Note 8 - Retirement benefits

Republic Act 7641, The New Retirement Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity. The law does not require minimum funding of the plan.

The Group has a funded, non-contributory defined benefit retirement plan, administered by BDO Unibank, Inc.-Trust and Investment Group (Trustee), covering its regular employees. The Group is under the KPPI Multi-employer Retirement Plan. The Parent Company, together with the companies under the plan, contributes to the trust fund amounts as may be required as estimated by an independent actuary, on the basic accepted actuarial principles, to maintain the plan in a sound condition. The companies also reserve the right, whenever economic conditions may warrant, to discontinue or suspend its contributions to the trust fund. Further, the Parent Company is not liable to the plan for other companies' obligations under the terms and conditions of the multi-employer plan. In case of termination of the plan, the liability of the companies to make contributions shall cease and the trust fund shall be allocated pro-rata to the employees.

The latest actuarial valuation date of the Group's retirement plan is as at December 31, 2016.

The net retirement benefits asset recognized in the interim consolidated statements of financial position as at September 30, 2017 and December 31, 2016 is determined as follows:

Fair value of plan assets	1,841,785
Present value of defined benefit obligation	(1,421,621)
	420,164

The Group's net retirement benefits asset reflected in the interim consolidated financial statements represents the Parent Company's retirement plan as the impact of BHSI and SMKL's retirement plans are reflected as part of "Share on actuarial gain (loss) of an associate and a joint venture".

Changes in the net retirement benefits asset recognized in the interim statements of financial position for the year ended December 31, 2016 are as follows:

At January 1	576,781
Retirement expense recognized in profit or loss	(145,914)
Remeasurements recognized in other comprehensive income	
Changes in demographic assumptions	53,916
Changes in financial assumptions	24,853
Deviations of experience from assumptions	(190,817)
Loss on plan assets	(37,941)
Contributions to the retirement fund	139,286
At December 31	420,164

The components of retirement benefits expense and net interest income recognized in profit or loss for the nine months ended September 30, 2017 and for the year ended December 31, 2016 are as follows:

	2017	2016
Current service cost presented as retirement expense	135,527	175,733
Net interest income	-	(29,819)
	135,527	145,914

The remeasurements recognized in other comprehensive income for the year ended December 31, 2016 are determined as follows:

Remeasurements on defined benefit obligation	(112,048)
Remeasurements on plan assets	(37,941)
Remeasurements loss	(149,989)
Deferred income tax benefit	44,997
Remeasurements loss, net of tax	(104,992)

(a) *Defined benefits obligation*

Changes in the present value of the defined benefits obligation for the year ended December 31, 2016 are as follows:

At January 1	1,078,102
Current service cost included in retirement expense	175,733
Interest cost included in retirement expense	55,738
Remeasurements in other comprehensive income:	
Actuarial loss (gain) on obligation resulting from:	
Changes in demographic assumptions	(53,916)
Changes in financial assumptions	(24,853)
Deviations of experience from assumptions	190,817
At December 31	1,421,621

As at December 31, 2016, the average duration of the defined benefit obligation is 17 years.

Below is the maturity analysis of the undiscounted benefit payments as at December 31, 2016:

Less than 10 years	498,778
More than 10 years to 15 years	2,011,630
More than 15 years to 20 years	4,428,311
More than 20 years	3,730,954
	10,669,673

(b) Plan assets

The major categories of plan assets as at December 31, 2016 are as follows:

Cash	139,700
Government securities	963,882
Investment in unit investments in trust funds (UITF)	59,658
Receivables	680,668
Trust fee payable	(2,123)
	1,841,785

The funds are administered by a trustee bank under the supervision of the Board of Trustees (BOT) of the plan which delegates the implementation of the investment policy to the trustee. These funds are subject to the investment objectives and guidelines established by the trustee and rules and regulations issued by Bangko Sentral ng Pilipinas covering assets under trust and fiduciary agreements. The trustee is responsible for the investment strategy of the plan.

Investments in government securities and UITF held have quoted prices in active markets. The plan assets have diverse investments and do not have any concentration risk.

The asset allocation of the plan is set and reviewed from time to time by the BOT taking into account the membership profile and liquidity requirements of the plan. This also considers the expected benefit cash flows to be matched with assets durations.

Changes in the fair value of plan assets for the year ended December 31, 2016 are as follows:

At January 1	1,654,883
Interest income presented as net of retirement expense	85,557
Remeasurement in other comprehensive income:	
Loss on plan assets	(37,941)
Contributions to the retirement fund	139,286
At December 31	1,841,785

The fair value of the plan assets approximates their carrying amount as at December 31, 2016.

There are no plan assets invested in any entity within the Group as at and for the year ended December 31, 2016. The Group's transactions with the retirement fund in 2016 is limited to contributions, which consists principally of payments that covers the current service cost for the year and the required funding relative to the guaranteed minimum benefits as applicable. The Group expects to contribute P0.3 million to the retirement fund in 2017.

There was no plan amendment, curtailment, or settlement for the years ended December 31, 2016.

Actuarial assumptions

The principal assumptions used in determining the Group's retirement obligation as at December 31, 2016 are as follows:

Discount rate	5.28%
Future salary increase rate	5.00%

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases are based on expected future inflation rates for the specific country. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements.

The sensitivity analyses below have been determined based on reasonably possible changes of each significant assumption on the retirement obligation as at December 31, 2016:

	Rates	Increase (Decrease)
Discount rate	+1.0%	(177,772)
	-1.0%	210,380
Salary increase rate	+1.0%	208,574
	-1.0%	(180,218)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit asset recognized in the interim consolidated statement of financial position.

Note 9 - Segment information

The Group has only one segment as it derives its revenues primarily from management consultancy services rendered to its associates.

Significant information on the reportable segment as at September 30, 2017 and December 31, 2016 are as follows:

	2017	2016
Operating assets	1,744,384,809	1,737,255,335
Operating liabilities	144,449,317	130,939,028
Revenue and income	28,480,560	14,173,488
Other income, net	256,580	1,310,578
General and administrative expenses	34,371,160	44,996,312
Segment net loss	6,191,106	30,174,609

All revenues are from domestic entities incorporated in the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

There are no revenues derived from a single external customer above 10% of total revenue.

There is no need to present reconciliation since the Group's operating assets, operating liabilities, revenue, cost and expenses and segment profit pertains to a single operating segment.

Note 10 - Financial risk and capital management

10.1 Financial risk management

The Group's principal financial assets and financial liabilities comprise cash and cash equivalents, AFS financial assets, and amounts due to and from related parties. The Group has various other financial assets and financial liabilities such as receivables, refundable deposits, and payables and other current liabilities, which arise from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, and liquidity risk. The Group's BOD and management review and agree on the policies for managing each of these risks as summarized below:

(a) Foreign currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's exposure to foreign currency arises from US-dollar denominated bank account and SG-dollar denominated cash on hand and operating advances due to KLIL.

The Group's foreign currency-denominated monetary assets and liabilities as at September 30, 2017 and December 31, 2016 are as follows:

	2017		2016	
	SGD	USD	SGD	USD
Cash and cash equivalents	500	1,233	500	1,233
Due to related party	-	-	(112)	-
Net assets	500	1,233	388	1,233
Exchange rates	37.43	50.82	34.66	49.74
PHP equivalent	18,715	62,661	13,448	61,330

The Group manages its foreign currency exposure risk by matching, as much as possible, receipts and payments in its corresponding currency. Foreign currency is converted into relevant domestic currency as and when the management deems necessary.

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine Peso exchange rate, with all other variables held constant, of the Group's income before tax. There is no impact on the Group's equity other than those already affecting the net income.

	Currency	Change in variable	Effect on income before tax increase (decrease)
September 30, 2017	SGD	+2.17%	1,332
		-2.17%	(1,332)
	USD	+7.99%	1,398
		-7.99%	(1,398)
December 31, 2016	SGD	+0.00%	-
		-0.00%	-
	USD	+2.36%	1,447
		-2.36%	(1,447)

In 2017 and 2016, the Group used the average change in the quarterly closing rates for the year in determining the reasonable possible change in foreign exchange rates.

(b) Credit risk

Credit risk arises when the counterparty to a financial asset of the Group is unable to fulfill its obligation at the time the obligation becomes due. Credit risk arises from the Group's financial assets, which comprise cash and cash equivalents, receivables, amounts due from related parties, refundable deposits and AFS financial assets.

As at September 30, 2017 and December 31, 2016, the carrying values of the Group's financial instruments represent the maximum exposure to credit risk at reporting date.

There are no amounts that were offset in accordance with PAS 32, Financial Instruments: Presentation and that were subject to an enforceable master netting arrangement or similar agreement as at September 30, 2017 and December 31, 2016.

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. The Group's due from related parties are approximately ninety-five percent (95%) of total receivables as at September 30, 2017 and December 31, 2016.

The credit quality per class of financial assets are as follows:

	Neither past due nor impaired			Past due but not Impaired	Total
	High grade	Low grade	Total		
September 30, 2017					
Cash and cash equivalents*	185,972,452	-	185,972,452	-	185,972,452
Receivables**	871,419	-	871,419	2,666,664	3,538,083
Due from related parties	75,813,283	-	75,813,283	-	75,813,283
Refundable deposits	120,108	-	120,108	-	120,108
	262,777,262	-	262,777,262	2,666,664	265,443,926
December 31, 2016					
Cash and cash equivalents*	203,818,359	-	203,818,359	-	203,818,359
Receivables**	1,291,140	-	1,291,140	2,666,664	3,957,804
Due from related parties	73,675,374	-	73,675,374	-	73,675,374
Refundable deposits	120,108	-	120,108	-	120,108
	278,904,981	-	278,904,981	2,666,664	281,571,645

*Cash and cash equivalents exclude cash on hand.

**Receivables exclude amounts due from employees.

As at September 30, 2017 and December 31, 2016, the Group has no impaired financial assets.

The Group has policies that limit the amount of credit exposure with financial institutions. The Group also maintains its deposits with reputable banks and financial institutions. For banks and financial institutions, only independently rated parties with good, if not the highest credit ratings, are accepted such as universal and commercial banks as defined by the Philippine Banking System. All cash in banks of the Group are with universal banks as at September 30, 2017 and December 31, 2016.

The Group's receivable amounting to P2.7 million is more than 90 days past due as at September 30, 2017. This pertains to a receivable arising from an agreement of the Group with a third party entered on October 24, 2013 to sell its fully depreciated investment properties. The Group expects to collect this receivable in full in 2017.

(i) Cash in bank

The Group has maintained business relationships with an accredited universal bank that has high credit standing in the financial services industry.

The remaining cash in the interim consolidated statements of financial position pertains to cash on hand which is not subject to credit risk.

(ii) *Receivables*

Receivables from related parties

Credit exposure of the Group on loan and other receivables from related parties is considered to be low as these parties have no history of default and have a strong credit history. Additionally, credit risk is minimized since the related parties are paying on normal credit terms based on contracts.

Receivables from third parties

The credit quality of receivables that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

(c) *Liquidity risk*

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and short-term deposits. The Group also monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information.

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	Total
September 30, 2017			
Accounts payable and other current liabilities*	553,981	6,917,325	7,471,306
Due to related parties	136,221,618	-	136,221,618
	136,775,599	6,917,325	143,692,924
December 31, 2016			
Accounts payable and other current liabilities*	553,981	5,547,468	6,101,449
Due to related parties	124,003,885	-	124,003,885
	124,557,866	5,547,468	130,105,334

* *Accounts payable and other current liabilities exclude taxes payable.*

10.2 Capital management

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

The Group monitors capital using percentage of debt to equity, which is total debt divided by total equity net of treasury shares. The Group's policy is to maintain the percentage of debt to equity ratio below 100%. The Group includes, within total debt, accounts payable and other current liabilities and amounts due to related parties.

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. There are no changes in the Group's objectives, policies and processes for managing capital from the previous period.

The percentages of debt to equity as at September 30, 2017 and December 31, 2016 are as follows:

	2017	2016
Liabilities	144,449,317	130,939,028
Equity	1,600,055,792	1,606,246,898
Percentage of debt to equity	9.03%	8.15%

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

10.3 Fair value of assets and liabilities

Due to the short-term nature of the Group's financial instruments, their fair values approximate their carrying amounts as at September 30, 2017 and December 31, 2016, except for AFS financial assets.

The AFS financial assets pertaining to investment in preferred equity shares and unquoted club shares are valued at cost less any impairment in value as these do not have a quoted market price in an active market and the fair value cannot be measured reliably.

There are no non-financial assets and liabilities that are measured at fair value.

Fair value hierarchy

As at September 30, 2017 and December 31, 2016, the Group has no financial instrument measured at fair value. During the reporting period ended September 30, 2017 and December 31, 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

Note 11 - Basis of Preparation and Statement of Compliance

11.1 Basis of preparation

The interim consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards ("PFRS"). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards ("PAS"), and interpretations of the Philippine Interpretations Committee ("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 interim consolidated financial statements have been prepared under the historical cost convention, except for the retirement benefit asset, recognized as the net of the fair value of plan assets and the present value of defined benefit obligation.

Changes in accounting policy and disclosures

(a) New standards, amendments to existing standards and interpretations adopted

There are no new standards, amendments to existing standards and interpretations which are effective for the financial year beginning January 1, 2017 which are relevant to the Group's financial statements.

(b) New standards, amendments to existing standards and interpretations not yet adopted

A number of new standards, amendments to existing standards and interpretations are effective for annual periods beginning after January 1, 2017, and have not been applied in preparing these interim consolidated financial statements. None of these is expected to have an effect on the Group's interim consolidated financial statements, except the following as set out below:

- PFRS 9, *Financial Instruments* (effective January 1, 2018)
- PFRS 15, *Revenue from Contracts with Customers* (effective January 1, 2018)
- PFRS 16, *Leases* (effective January 1, 2019)

11.2 Consolidation

The interim consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at September 30, 2017 and December 31, 2016 and for each of the three months September 30, 2017 and 2016. Subsidiaries are entities which the Group has control over. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent Company since the subsidiaries are wholly-owned by the Parent Company.

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

Assessment of control

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee;
- Exposure, or rights, to variable returns from involvement with the investee; and
- The ability to use power over the investee to affect the amount of the investor's returns

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

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL CONDITION

As at **30 SEPTEMBER 2017**, **TOTAL ASSETS** amounted to ₱1,744.4 million higher by ₱7.1 million as against ₱1,737.3 million as at 31 December 2016. The significant changes in account balances during the period are:

- **CASH AND CASH EQUIVALENTS** decreased by ₱17.8 million due to the net cash used in operating and investing activities.
- **RECEIVABLES** decreased by ₱0.6 million due to the realization of accrued revenue from prior year and collection of advances to employees.
- **DUE FROM RELATED PARTIES** increased by ₱2.1 million due to operating advances to associates and a joint venture, partially offset by collections.
- **OTHER CURRENT ASSETS** increased by ₱1.2 million due to additional input taxes from purchase of goods and services.
- **INVESTMENTS IN ASSOCIATES AND JOINT VENTURE** increased by ₱22.0 million due to the equity in net earnings of associates and joint venture during the nine months ended 2017.

RESULTS OF OPERATIONS

The Company holds investments in associates involved in property holding and development. It derives its revenue from rendering management consultancy services to associates.

THIRD QUARTER 2017 COMPARED TO SAME PERIOD IN 2016

REVENUE. The Company generated total gross revenue of ₱23.2 million, an increase of ₱19.2 million or 482% from ₱4.0 million in 2016. The increase was mainly due to higher equity in net earnings of associates and joint venture.

- **EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURE** increased by ₱18.9 million (902%) from ₱2.1 million in 2016 to ₱21.0 million in 2017. This account represents Group's share in the net income/loss of its associated companies. Changes in share in net earnings from period to period are dependent upon the results of the operations of the associated companies. The increase was mainly attributed to the increase in share in net income from SMKL by ₱15.7 million resulting from the reversal of the provision for estimated losses on claims by a third party amounting to ₱39.11 million.
- **INTEREST INCOME** increased by ₱0.3 million (55%) to ₱0.8 million in 2017 compared with ₱0.5 million in 2016. The increase is due to higher interest rate on money market placements as compared to 2016.

As a result, **Third Quarter 2017** operations posted a net income of ₱10.7 million, an increase of ₱19.1 million from ₱8.4 million net loss in the third quarter of 2016.

KEY PERFORMANCE INDICATORS

For The Quarter Ended	30 September 2017 (Unaudited)	30 September 2016 (Unaudited)	% Change
Return On Assets	0.62%	(0.47%)	232%
Earnings (Loss) Per Share	₱0.037	(₱0.029)	228%
Operating Expense Ratio	53.94%	311.31%	(83%)
As At	30 September 2017 (Unaudited)	31 December 2016 (Audited)	% Change
Net Tangible Asset Value Per Share	₱3.42	₱3.44	(0.58%)
Working Capital Ratio	2.0:1	2.3:1	(13.04%)

A. Return On Assets - It indicates how effectively the assets of the Group are utilized in generating profit. Net income after tax for the third quarter of 2017 amounted to ₱10.7 million which increased by ₱19.1 million from ₱8.4 million net loss for the same period of 2016. This favorable return was due to a significant increase in equity in net earnings of associates and a joint venture.

	<u>Third Quarter 2017</u>	<u>Third Quarter 2016</u>
Net Income (Loss) After Tax (a)	₱10,735,339	(₱8,385,390)
Total Assets At Beginning (b)	₱1,737,255,335	₱1,767,973,179
Return On Assets (a/b)	0.62%	(0.47%)

B. Earnings (Loss) Per Share - It represents the equivalent apportionment of net earnings (loss) to each share of common stock outstanding. For the third quarter of 2017 and 2016, earnings (loss) per share amounted to ₱0.037 and (₱0.029), respectively. This favorable performance was due to higher revenue for the third quarter of 2017 as compared to the same period in 2016.

	<u>Third Quarter 2017</u>	<u>Third Quarter 2016</u>
Net Income (Loss) After Tax (a)	₱10,735,339	(₱8,385,390)
Number of Common Stock (b)	293,828,900	293,828,900
Earnings (Loss) Per Share (a/b)	₱0.037	(₱0.029)

- C. Operating Expense Ratio** - It measures operating expenses as a percentage of revenue. The Operating Expense Ratio decreased by 83% due to the increase in revenue by 482% coupled with an increase in operating expenses by 1%.

	<u>Third Quarter 2017</u>	<u>Third Quarter 2016</u>
Operating Expenses (a)	₱12,493,016	₱12,395,935
Revenues (b)	₱23,162,074	₱3,981,842
Operating Expense Ratio (a/b)	53.94%	311.31%

- D. Net Tangible Asset Value Per Share** - It measures the equivalent entitlement of each share of common stock outstanding in the tangible assets. The tangible value per share decreased by 0.58% compared to the previous year due to the decrease in retained earnings resulting from loss incurred as at third quarter of 2017.

Note: Net Tangible Assets include ₱594.7 million subscription proceeds for Preferred Stock. As this Preferred Stock is redeemable, the subscription proceeds have been excluded from Net Tangible Assets in the computation of Net Tangible Asset per Share.

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Net Tangible Assets	₱1,600,055,792	₱1,606,246,898
Less: Preferred Stock	(59,474,100)	(59,474,100)
Share Premium on Preferred Stock	(535,266,900)	(535,266,900)
Net Tangible Assets Attributable To Common Stock	₱1,005,314,792	₱1,011,505,898
Number of Common Stock, net of Treasury shares (2,801,000)	293,828,900	293,828,900
Net Tangible Asset Value Per Share	₱3.42	₱3.44

- E. Working Capital Ratio** - The Group's ability to meet current obligations is measured by computing the ratio of current assets over current liabilities. The Working Capital Ratio decreased by 13.04% as of end of third quarter of 2017 as compared to 2016.

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Current Assets (a)	₱289,002,634	₱304,021,399
Current Liabilities (b)	₱144,449,317	₱130,939,028
Working Capital Ratio (a/b)	2.0 : 1	2.3 : 1

FINANCIAL SOUNDNESS INDICATORS

Financial Ratios

	As At	September 2017 Unaudited	December 2016 Audited
Liquidity Ratio	Current assets over current liabilities	2.0:1	2.3:1
Debt to equity ratio	Total liabilities over total equity	0.09:1	0.08:1
Asset to equity ratio	Total assets over total equity	1.09:1	1.08:1

Profitability Ratios

	For Quarters Ended	September 2017 Unaudited	September 2016 Unaudited
Return on Assets	Net income (loss) after tax over total assets at beginning	0.62%	(0.47%)
Return on Equity	Net income (loss) after tax over total equity	0.67%	(0.52%)
Earnings (Loss) per share	Net income (loss) over number of common stock outstanding	₱0.037	(₱0.029)

TRENDS, EVENTS OR UNCERTAINTIES THAT HAVE HAD OR THAT ARE REASONABLY EXPECTED TO AFFECT REVENUES OR INCOMES

- a) As at 30 September 2017:
- There are no known material commitments for capital expenditures.
 - There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net revenues or income from continuing operations.
 - There are no significant elements of income or loss that did not arise from the Company's continuing operations.
 - There are no seasonal aspects that had a material impact on the results of operations of the Company.
- b) There are no events nor any default or acceleration of an obligation that will trigger direct or contingent financial obligation that is material to the Group.
- c) There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- d) The Group is a party to certain lawsuits or claims arising from the ordinary course of business. The Group management and legal counsels believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the financial statements.
- e) The Philippine real estate industry is cyclical and is sensitive to changes in general economic conditions in the Philippines. Property values in the Philippines are affected by the general supply and demand of real estate.

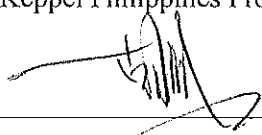
PART II. OTHER INFORMATION

There are no additional material information to be disclosed which were not previously reported under SEC form 17-C.

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 Properties, Inc.

Signature and Title : 

Oh Lock Soon
President

Date : 10 November 2017

Principal Financial/Accounting Officer/Controller

Signature and Title : 

Pang Chan Fan
Financial Controller

Date : 10 November 2017

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES

(Amounts in Philippine Peso)

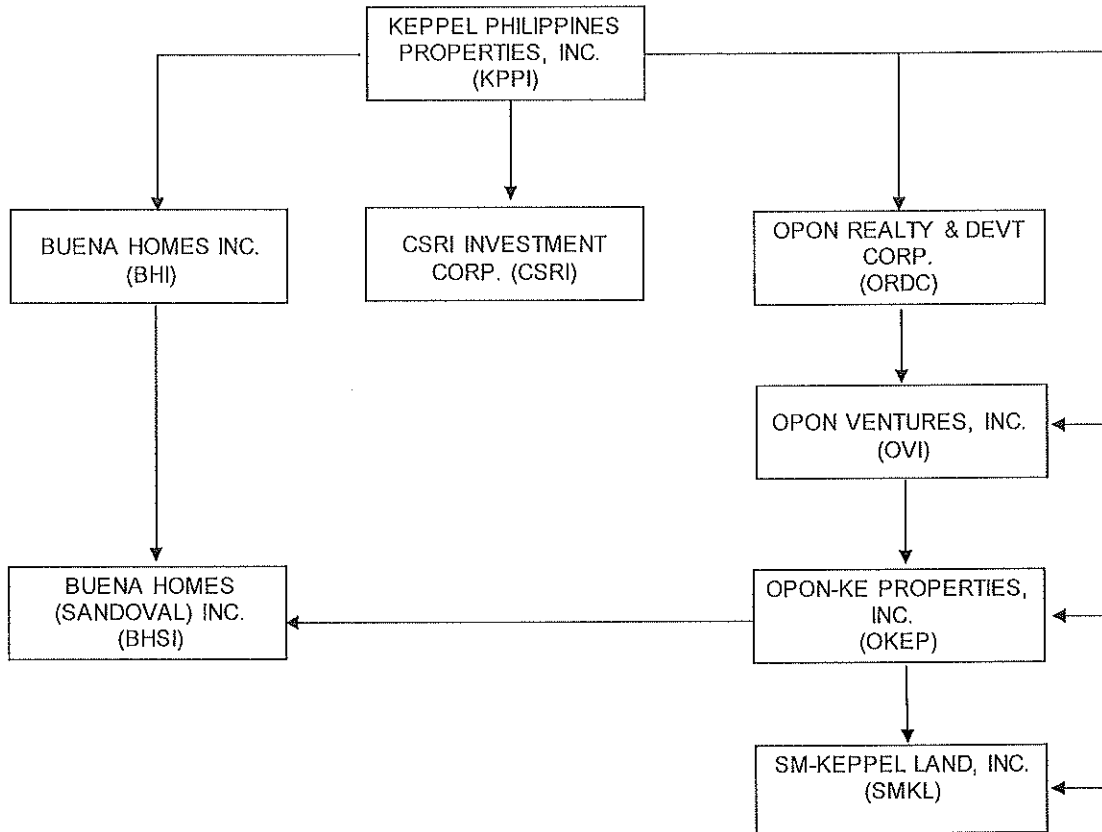
AGING OF RECEIVABLES									
As of		30-Sep-17							
Type of Accounts Receivable	TOTAL	1 Month	2 - 3 Mos.	4 - 6 Mos	7 mos to 1 Year	1 - 2 Years	3 - 5 Years	5 Years - above	Pnst due accounts & Items in Litigation
	P	P	P	P	P				
A. Trade Receivables	-	-	-	-	-	-	-	-	-
Less: Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-	-
Net Trade Receivable	-	-	-	-	-	-	-	-	-
B. Non-Trade Receivables									
1 Non-trade	2,666,664	-	-	-	-	2,666,664	-	-	-
2 Accrued revenue	450,388	450,388	-	-	-	-	-	-	-
3 Receivables from employees	57,801	57,801	-	-	-	-	-	-	-
2 Accrued interest receivable	178,574	178,574	-	-	-	-	-	-	-
3 Others	242,457	242,457	-	-	-	-	-	-	-
Subtotal	3,595,884	929,220	-	-	-	2,666,664	-	-	-
Less: Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-	-
Net Non-Trade Receivables	3,595,884	929,220	-	-	-	2,666,664	-	-	-
Net Receivables	3,595,884								

Receivables Description

Type of Receivable	Nature / Description	Collection Status
A. Trade Receivables		
	-	
	-	
B. Non-Trade Receivables		
1 Non-trade	Instalment collection on the sale of investment property.	Collectible within the year
2 Accrued revenue	Management and franchise fee revenue	Collectible the following month
3 Receivables from employees	Staff loans	Regularly settled through deduction from payroll
4 Accrued interest receivable	Interest on short term placement	Collectible the following month
5 Other	Receivables from third party	Collectible within the year

**KEPPEL PHILIPPINES PROPERTIES, INC.
SUBSIDIARIES AND ASSOCIATES**

As at September 30, 2017



<u>Subsidiaries</u>	<u>Percentage of Ownership</u>	<u>Nature of Business</u>
Buena Homes, Inc. (BHI)	100%	Investment holding
CSRI Investment Corporation (CSRI)	100%	Investment holding

<u>Associates</u>	<u>Percentage of Ownership</u>	<u>Nature of Business</u>
Buena Homes (Sandoval), Inc. (BHSI)	40%	Property holding and development
Opon Realty and Development Corp. (ORDC)	40%	Property holding and development
Opon-KE Properties, Inc. (OKEP)	40%	Property holding and development
SM-Keppel Land, Inc. (SMKL)	40%	Property holding and development
Opon Ventures, Inc.(OVI)	40%	Property holding and development