COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

PW-305

Company Name

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

18th Floor, Units 1802B-1803, The Podium West Tower, 12 ADB Avenue, Ortigas Center, Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
keppel.prop@kepland.com.ph	(632) 570-9382	0917-8500380

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1,242	05/17	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Pang Chan Fan	James.Pang@kepland.com.ph	(632) 570-9382	0917-8500380

Contact Person's Address

18th Floor, Units 1802B-1803, The Podium West Tower, 12 ADB Avenue, Ortigas Center, Mandaluyong City, 1550

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2018**

2. SEC Identification Number **PW305**

3. BIR Tax Identification No. **000-067-618-000**

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

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

6. Industry Classification Code: ☐ (SEC Use Only)

7. **12 ADB Ave, Ortigas Center, Mandaluyong City 1550**
   Address of registrant's principal office Postal Code

8. **(632) 570-9382**
   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 8 and 12 of the SRC

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Stock	**293,828,900 (Exclusive of Treasury Shares)**
Debt Outstanding	**Nil**

11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes [/] No [ ]

Name of stock exchange:	**Philippine Stock Exchange**
Class of securities listed:	**Common stock**

12. Check whether the issuer:

(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 Section 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 ninety (90) days.

Yes [/] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant:

₱147,428,739

<u>DOCUMENTS INCORPORATED BY REFERENCE</u>

14. 2018 Audited Consolidated Financial Statements (incorporated as reference to item 9 of SEC Form 17-A)

KEPPEL PHILIPPINES PROPERTIES, INC.
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SEC FORM 17-A

PART I- BUSINESS AND GENERAL INFORMATION

1. BUSINESS

The Company

Keppel Philippines Properties, Inc. ("Parent Company" or "KPPI"), is a stock corporation organized under the laws of the Philippines. The Parent Company was first incorporated on 7 February 1918 under the name Hoa Hin Co., Inc. It was renamed to Cebu Shipyard and Engineering Works, Inc. in 1957 and then renamed to Keppel Philippines Properties Inc. in 1998.

KPPI was registered with the Philippine Securities and Exchange Commission (SEC) on 7 February 1918. Its corporate life was extended for another fifty (50) years starting 7 February 1968. On 5 May 2017, the Philippine SEC approved the Parent Company's Articles of Incorporation to further extend its corporate life for another 50 years starting 6 February 2018.

KPPI 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.

Subsidiaries

CSRI Investment Corporation ("CSRI") was incorporated in the Philippines on 25 October 1990. CSRI, a wholly owned subsidiary of KPPI, is a holding company with investments in marketable equity securities and other investments. CSRI's source of income is solely from investment in securities.

Buena Homes, Inc. ("BHI") was incorporated in the Philippines on 25 May 2000. BHI, a wholly owned subsidiary of KPPI, is engaged in property holding and development.

Associates

Opon Realty and Development Corporation ("ORDC"), which is 40% owned by KPPI, was incorporated in the Philippines on 31 March 1989 primarily to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or other otherwise, real estate of all kinds.

Opon Ventures, Inc., which is 40% owned by KPPI, was incorporated in the Philippines on 14 September 1993 with the same objectives as ORDC.

Opon-KE Properties, Inc., which is 40% owned by KPPI, was incorporated in the Philippines on 19 January 1994 primarily to hold investments in associates.

Buena Homes (Sandoval), Inc. ("BHSI"), which is 40% owned by BHI, was incorporated in the Philippines on 24 May 2000. BHSI was involved in the development of a residential project known as "Palmdale Heights" which was completed in 2003.

Joint Venture

SM Keppel Land, Inc. ("SMKL"), which is 40% owned by KPPI, was incorporated in the Philippines on 11 January 1994 to operate and maintain office and shopping center spaces for rent, carpark and cinema. KPPI entered into a joint venture agreement with Banco de Oro Unibank, Inc. ("BDO") for the development of "The Podium Complex", a mixed-use development comprising of retail and office, in Ortigas.

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

Business

KPPI through its subsidiary, BHI, hold investment in an associate involved in property holding and development of residential properties.

At the same time, KPPI, through its associated companies, is engaged in real estate development of office and commercial buildings, and renders property management consultancy services to these associates.

i) Residential

Palmdale Heights

The project is a suburban middle-income residential development located on a 23,924 square meters ("sqm") site in Sandoval Avenue, Brgy. Pinagbuhatan, Pasig City, Metro Manila. The project comprises six residential blocks (with a total of 828 units at 138 units per block), two-storey clubhouse, swimming pools, parks, playgrounds and parking areas for sale with a total of 232 parking slots. Each residential unit has a floor area of approximately 40 to 50 sqm.

As at 31 December 2018, 99% (824 units) of the 828 launched units and 69% (160 units) of the 232 parking lots have been sold.

ii) Retail/Office

The Podium Mall

The Podium is the retail component in the mixed-use development. It is located in the central business district of Ortigas, Mandaluyong City, Manila. The Podium offers a first-class shopping experience with a mix of specialty stores featuring well known international and local labels. It also has a wide selection of gourmet dining, branded fashion, prestige wellness, services outlets and cinemas.

The Podium West Tower

The Podium West Tower is the office component in the mixed-use development. It is a 42-storey Grade A office tower. Its construction is expected to be completed by the 2nd quarter of 2019.

The office tower and retail mall have been pre-certified Green Mark Gold by the Building and Construction Authority of Singapore and have also obtained pre-certification (Gold) by the United States Green Building Council's Leadership in Energy and Environmental Design (LEED) for its green and energy-efficient features.

Competition

As a property developer through its associated companies, KPPI considers the following property developers as the industry's key players in terms of end products:

	Comprehensive Income YTD 3Q2018 *In Php Billions*
Ayala Land Inc.	24.0
SM Prime Holdings, Inc.	24.0
Robinson's Land Corporation	6.6

Source: Published corporate disclosures.

Competitive pressures are expected to remain as new players have embarked on aggressive developments.

In the residential sector, BHSI faces stiff competition from other developers who have set their targets on the middle class income, a market segment that has also been the focus of BHSI. With its track record as a developer of quality housing projects, BHSI will remain competitive in this sector.

In the retail sector, the market is expected to be resilient with continued consumer spending. Retail developers continue to expand their retail portfolios to meet the growing consumer demand. The Podium Mall has strengthened its presence in the market since its expansion in 2017 and renovation of its old wing in 2018. Featuring an intricate architectural design and spacious ambiance, The Podium has remained to be the preferred meeting place for professionals.

Related Party Transactions

In the normal course of business, significant transactions with related parties and associated companies consist of the following:

a. KPPI has a Consultancy Services Agreement with Straits Mansfield Property Marketing Pte., Ltd. based on agreed rates.

b. KPPI provides management advisory and consultancy services to SMKL. Management consultancy fees are computed based on agreed rates.

c. KPPI grants operating advances to certain associated companies.

Government Approvals/Regulations

The Philippine real estate industry is regulated by numerous Government policies and guidelines, commencing from land acquisition and title issuance, development planning, design and construction up to mortgage financing/refinancing to pre-selling.

The Parent Company, through its associated companies, has complied with the application and approval process required by the Government, which are described below:

Once the developer has identified and finalized the project development plan, an application is made for a development permit. The developer is required to submit as part of each application for a development permit an Environmental Impact Statement (EIS) prepared by a qualified environmental consultant. Where a project or property is classified as "environmentally critical" the developer is required to obtain an Environmental Compliance Certificate (ECC) issued by the Department of Environment and Natural Resources (DENR). As a requirement for the issuance of ECC, an Environmental Geological and Geo Hazard Assessment Report (EGGAR) should be submitted.

After a development permit is obtained, an application is made for a license to sell the individual subdivision units from Housing and Land Use Regulatory Board. Approval may also be required from the Land Management Bureau (for industrial use land) or the Land Registration Authority (for residential use land) for the relevant subdivision plan.

Employees

KPPI has a total of 16 employees as at December 31, 2018 with breakdown as follows:

	No. of Employees
Senior Management	3
Human Resources	2
Finance and Accounting	5
Administration	3
Sales and Marketing	1
Legal and Compliance	1
Information Technology	1
Total	16

No significant hiring or recruitment is expected for 2019.

Risks

KPPI's business activities are conducted in the Philippines and its revenues and operating profits are derived from its investments and the activities of its associates, SMKL and BHSI, which exposes KPPI to changes in the Philippine economy.

The Group is also exposed to financial, operating and administrative risks which are normal in the course of business.

To manage these risks, Management is highly committed to ensuring that the Group's business processes are clearly defined, in compliance with the KPPI's policies and procedures, and performed effectively and efficiently in satisfying stakeholders' needs.

Moreover, SMKL and BHSI obtains updates on markets/prices and current economic and political developments. Assessments are then made of the financial viability of the proposed projects in the light of current economic, political and industry indicators.

2. PROPERTIES

As at 31 December 2018, the associated companies' investments in real estate properties are as follows:

	Type Of Property	Location	Description	Remarks
a.	Land & Buildings	ADB Avenue, Ortigas Center, Mandaluyong City	20,000 sq. m site on which stands SMKL mixed-use development	40% owned by KPPI through its associate, SMKL. SMKL Phase 2 land area of 12,932 sq. m is mortgaged to BDO Unibank, Inc.
b.	Land	Sandoval Avenue, Pasig City.	Land consisting of five (5) contiguous lots containing an aggregate of 17,830 sq. m, the undeveloped site of Palmdale Heights	40% owned by KPPI through its associate, BHSI. Not mortgaged.

3. LEGAL PROCEEDINGS

As at 31 December 2018, the Parent Company, its subsidiaries, and associated companies are not involved in any litigation.

4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for the matters taken up during the Annual Stockholders' Meeting, there were no other matters submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS

The common equity of KPPI is traded in the Philippine Stock Exchange. There is no restriction for any cash dividends declaration. However, no cash dividends were declared from 2003 to 2018.

STOCK PRICES	2019		2018		2017	
	High	Low	High	Low	High	Low
First Quarter	₱4.83	₱4.82	₱4.30	₱4.28	₱4.21	₱4.02
Second Quarter	-	-	4.17	4.11	4.20	4.14
Third Quarter	-	-	4.17	4.11	4.50	4.12
Fourth Quarter	-	-	3.86	3.81	4.16	4.15

KPPI has no acquisition, business combination, or other reorganization planned in the near future which involves issuance of securities.

There were no recent sales of unregistered or exempt securities.

Its common shares were last traded on 26 December 2018 at ₱3.81 per share.

As at 31 December 2018, there were 1,242 shareholders on record and there were 293,828,900 common shares outstanding. Following is the table of KPPI's top 20 stockholders as at 31 December 2018:

	Name	No. of Shares Held	% to Total
1.	Keppel Land, Limited	148,365,050	50.49
2.	Kepwealth, Inc.	51,033,178	17.37
3.	Keppel Corporation, Limited	35,783,742	12.18
4.	Molten Pte Ltd.	19,951,723	6.79
5.	PCD Nominee Corporation - Filipino	12,539,898	4.27
6.	PCD Nominee Corporation - Foreign	4,460,347	1.52
7.	International Container Terminal Services Inc.	4,265,171	1.45
8.	George S. Dee, Jr.	3,442,891	1.17
9.	PNOC Shipping and Transport Corporation	2,227,511	0.76
10.	Visayan Surety & Insurance Corporation	1,671,664	0.57
11.	Sulpicio Lines, Inc.	694,719	0.24
12.	Augusto Go	410,423	0.14
13.	Negros Navigation Company, Inc.	357,777	0.12
14.	Eduardo Go Hayco	269,277	0.09
15.	Ho Tong Hardware, Inc.	248,018	0.08
16.	Adrienne Gotian Chu	236,795	0.08
17.	Mary Margaret G. Dee	236,788	0.08
18.	Tessa L. Navera	225,005	0.08
19.	Janette Nellie Go Chiu	200,055	0.07
20.	Rafanan/Antonio Diosdado	181,453	0.06

6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

A. Results of Operations

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

Year Ended 31 December 2018 Compared To 2017

TOTAL REVENUE AND INCOME (LOSS) registered a ₱65.6 million reversal from an income of ₱22.4 million in 2017 to a loss of ₱43.2 million in 2018. The net decrease is mainly attributable to the following:

- Changes in **SHARE IN RESULTS OF ASSOCIATED COMPANIES** from period to period are dependent upon the results of the operations of the associated companies. 2018 showed a share in net loss of ₱57.1 million as compared to a share in net income of ₱13.7 million in 2017. The said share in loss relates mainly to the net loss reported by SMKL in 2018, and which net loss resulted mainly from significant depreciation charge and interest expense incurred by the said associated company during the year. The closure of The Podium old wing in October 2017 for renovation, which was completed in December 2018, also contributed to the loss for the year.

- Increase in **MANAGEMENT CONSULTANCY AND FRANCHISE FEES** by ₱4.3 million or 80% from ₱5.4 million in 2017 to ₱9.7 million in 2018 due to increase in The Podium's rental income on which these fees from SMKL are based.

- Increase in **INTEREST INCOME** by ₱1.0 million or 31% from ₱3.2 million in 2017 to ₱4.2 million in 2018 due to higher interest rates on deposit placements.

GENERAL AND ADMINISTRATIVE EXPENSES increased by ₱15.4 million or 26% from ₱58.8 million in 2017 to ₱74.2 million in 2018 mainly due to the timing of consultancy fee charges related to the SMKL mixed-use development project.

OTHER INCOME (EXPENSE), NET resulted to a ₱0.2 million income in 2018 in contrast to a ₱1.9 million expense in 2017 due to a significant provision for doubtful account set up in 2017.

As a result, the Group's operations posted a net loss for the year amounting to ₱118.2 million, an increase of ₱80.4 million or 213% from the ₱37.8 million net loss in 2017.

Year Ended 31 December 2017 Compared To 2016

TOTAL REVENUE AND INCOME (LOSS) increased by ₱8.2 million or 58% from ₱14.2 million in 2016 to ₱22.4 million in 2017 due to higher share in results of associated companies and interest income, offset by a slight decrease in management consultancy and franchise fees.

- **SHARE IN RESULTS OF ASSOCIATED COMPANIES** increased by ₱6.9 million or 101% from ₱6.8 million in 2016 to ₱13.7 million in 2017. This account represents the Group's share in the net income/loss of its associated companies. Changes in share of results from period to period are dependent upon the results of the operations of the associated companies. The increase was mainly attributed to SMKL operations due to the reversal of a provision no longer required, deferred income from straight-lining of rental revenue and deferred income tax benefit from net operating loss carryover, offset by the significant depreciation charge, interest expense, repairs and maintenance and advertising and promotions incurred related to the commencement of the operations of the expansion of The Podium Mall in October 2017.

- **INTEREST INCOME** increased by ₱1.3 million or 68% from ₱1.9 million in 2016 to ₱3.2 million in 2017 due to higher interest rates on deposit placements.

GENERAL AND ADMINISTRATIVE EXPENSES increased by ₱13.8 million or 31% from ₱45.0 million in 2016 to ₱58.8 million in 2017 mainly due to the increase in supervision and oversight costs relating to the ongoing construction of SMKL mixed-use development, that are deemed non-capitalizable by the Parent Company.

OTHER INCOME (EXPENSE), NET resulted to a ₱1.9 million expense in 2017 in contrast with a ₱1.3 million income in 2016 due to a significant provision for doubtful account set up in 2017.

As a result, the Group's operations posted a net loss for the year amounting to ₱37.8 million, an increase of ₱7.6 million or 25% from the ₱30.2 million net loss in 2016.

Year Ended 31 December 2016 Compared To 2015

TOTAL REVENUE AND INCOME (LOSS) decreased by ₱4.4 million or 24% from ₱18.6 million in 2015 to ₱14.2 million in 2016 due to lower share in results of associated companies, partially offset by a slight increase in management consultancy and franchise fees and interest income.

- **SHARE IN RESULTS OF ASSOCIATED COMPANIES** decreased by ₱5.8 million or 46% from ₱12.6 million in 2015 to ₱6.8 million in 2016. 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 decrease is due to net loss incurred by BHSI in 2016 as compared to net income earned in 2015. This was brought about by lower sales resulting in overheads exceeding gross profit. On the other hand, SMKL showed a gradual increase in net income resulting from higher occupancy rate in 2016 as compared to 2015.

- **MANAGEMENT CONSULTANCY AND FRANCHISE FEES** increased by ₱0.4 million or 8% from ₱5.1 million in 2015 to ₱5.5 million in 2016 due to the higher revenue of SMKL in 2016, on which these fees are based.

- **INTEREST INCOME** increased by ₱0.9 million or 90% from ₱1.0 million in 2015 to ₱1.9 million in 2016 due to higher interest rates on deposit placements.

GENERAL AND ADMINISTRATIVE EXPENSES increased by ₱8.7 million or 24% from ₱36.3 million in 2015 to ₱45.0 million in 2016 mainly due to the increase in supervision and oversight costs relating to the ongoing construction of SMKL mixed-use development, that are deemed non-capitalizable by the Parent Company.

As a result, the Group's operations posted a net loss for the year amounting to ₱30.2 million, an increase of ₱16.1 million or 114% from the ₱14.1 million net loss in 2015.

KEY PERFORMANCE INDICATORS

For The Years Ended	December 2018	December 2017	% Change
Return On Assets	(7.26%)	(2.18%)	233%
Loss Per Share	₱0.40	₱0.13	208%
Net Tangible Asset Value Per Share	₱2.91	₱3.31	-12%
Working Capital Ratio	3.2:1	5.1:1	-37%

a. **Return On Assets** – It indicates how effectively the assets of the Group are utilized in generating profit. Net loss after tax amounted to ₱118.2 million in 2018 which increased by ₱80.4 million from ₱37.8 million in 2017. The higher net loss is due to a significant decrease in share in results of associated companies and increase in general and administrative expenses.

	2018	2017
Net Loss After Tax (a)	₱118,196,865	₱37,848,940
Total Assets At Beginning (b)	1,627,357,787	1,737,255,335
Return On Assets (a/b)	(7.26%)	(2.18%)

b. **Loss Per Share** – It represents the equivalent apportionment of net loss to each share of common stock outstanding. This unfavorable performance is due to higher net loss incurred in 2018 as compared to 2017.

	2018	2017
Net Loss After Tax (a)	₱118,196,865	₱37,848,940
Number of Common Stock (b)	293,828,900	293,828,900
Loss Per Share (a/b)	₱0.40	₱0.13

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 12% compared to 2017 due to the decrease in retained earnings resulting from the significant loss incurred during the year.

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

	2018	2017
Net Tangible Assets	₱1,450,530,264	₱1,568,072,215
Less : Preferred Stock	594,741,000	594,741,000
Net Tangible Assets Attributable To Common Stock	855,789,264	973,331,215
Number of Common Stock	293,828,900	293,828,900
Net Tangible Asset Value Per Share	₱2.91	₱3.31

e. **Working Capital Ratio** – The Group's ability to meet current obligations is measured by determining current assets over current obligations. The Working Capital ratio decreased by 37% as compared to 2017.

	2018	2017
Current Assets (a)	₱263,249,770	₱302,391,530
Current Liabilities (b)	81,106,708	59,285,572
Working Capital Ratio (a/b)	3.2:1	5.1:1

B. <u>Financial Condition</u>

Year Ended 31 December 2018 Compared To 2017

TOTAL ASSETS declined by ₱95.8 million from ₱1,627.4 million in 2017 to ₱1,531.6 million in 2018. The significant change in account balances from period to period are as follows:

- **CASH AND CASH EQUIVALENTS** decreased by ₱40.6 million due to the net cash used for operating activities, mainly from general and administrative expenses, offset by interest income received and collections from intercompany receivables and return of investments from an associate.

- **PREPAYMENTS AND OTHER CURRENT ASSETS** increased by ₱1.6 due to the renewal of leases in 2018 that required prepayments and advance rentals.

- **INVESTMENTS IN ASSOCIATES AND JOINT VENTURE** decreased by ₱56.8 million due the negative share in results of associated companies for the year then ended.

Year Ended 31 December 2017 Compared To 2016

TOTAL ASSETS declined by ₱109.9 million from ₱1,737.3 million in 2016 to ₱1,627.4 million in 2017. The significant change in account balances from period to period are as follows:

- **CASH AND CASH EQUIVALENTS** decreased by ₱25.2 million due to the net cash used for operating activities, mainly from general and administrative expenses, offset by interest income received and collections from intercompany receivables and return of investments from an associate.

- **RECEIVABLES** decreased by ₱3.1 million due to the provision for doubtful accounts set up in 2017 and realization of accrued revenue from prior year.

- **DUE FROM RELATED PARTIES** increased by ₱26.7 million related to the outstanding balance from the return of investments from an associate resulting from the approved reduction of share capital of an associate.

- **INVESTMENTS IN ASSOCIATES AND JOINT VENTURE** decreased by ₱109.5 million related to the approved reduction of share capital of an associate, partially offset by the increase in share of results of associated companies.

- **DEFERRED INCOME TAX ASSETS, NET** increased by ₱1.5 million related to the increase in tax base on accruals in 2017.

7. TRENDS, EVENTS OR UNCERTAINTIES THAT HAVE AFFECTED OR THAT ARE REASONABLY EXPECTED TO AFFECT REVENUES OR INCOME

a) As at December 31, 2018:

- o There are no known material commitments for capital expenditures.
- o 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.
- o There are no significant elements of income or loss that did not arise from the Group's continuing operations.
- o There are no seasonal aspects that had a material impact on the results of operations of Group.

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 Group.

c) There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of Group with unconsolidated entries or other persons created during the reporting period.

d) The Group is not a party to any lawsuit or claim arising from the ordinary course of business.

e) The Philippine real estate industry is cyclical and is sensitive to changes in general economic conditions. Property values in the Philippines are affected by the general supply and demand of real estate in the country.

8. INFORMATION ON EXTERNAL AUDITORS

Audit fees paid by the Group to the External Auditors amounted to ₱400,000 in 2018 and 2017. There were no other fees paid.

The Audit Committee's approval policies and procedures included assessing the proposed scope of audit work to be conducted by the independent auditor, evaluating if there are material audit issues to be resolved, and then determining whether the fee charged is commensurate with the work carried out.

9. FINANCIAL STATEMENTS

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules (page24) are filed as part of this Form 17-A (pages 26 to 85).

10. CHANGES IN AND DISAGREEMENTS WITH EXTERNAL AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in and/or disagreements with Group's external auditors on accounting and financial disclosures.

PART III- CONTROL AND COMPENSATION INFORMATION

11. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Board of Directors

(1) Sam Moon Thong, 53

Mr. Sam Moon Thong, 53, Singaporean, was elected Director and Chairman of the Board of Directors of Keppel Philippines Properties, Inc. on 27 April 2017. Mr. Sam joined the Keppel Land Group in 2003 and is currently President, Regional Investments, overseeing the Group's business in India, Thailand, Myanmar, Malaysia, Philippines, Sri Lanka and Middle East. His previous appointments include President, Indonesia, overseeing the Group development and investments in Indonesia as well as General Manager, Investment, overseeing business development and asset management activities outside China and Singapore. Mr. Sam has over 20 years of experience in investing and managing real estate projects in the Asia Pacific region.

Prior to joining Keppel Land Group, Mr. Sam was Vice-President, Real Estate Development and Investment at Ascendas Pte. Ltd and Business Development Manager at Fraser Centrepoint Limited, overseeing business development and investment in South-East Asia, South Asia and China. He started his career with the Urban Redevelopment Authority where he held responsibilities in the Land Management and Sale of Sites Departments.

Mr. Sam is a Director of a number of subsidiaries and associates in the Keppel Land Group.

He holds a Bachelor of Science (Estate Management) (Honours) Degree from National University of Singapore, and a Master of Business Administration Degree from the University of Dubuque, Iowa, USA.

(2) Ramon J. Abejuela, 69

Mr. Ramon J. Abejuela, 69, Filipino, was elected as an Independent Director of Keppel Philippines, Inc. from November 1999 to June 2008. He was re-elected in June 2009 and is currently the Chairman of the Audit Committee of KPPI. He is also an Independent Director of Keppel Philippines Holdings, Inc. since September 2017. He also serves as Director and Vice Chairman of the Board of Philippine Nutri-Foods Corporation and NCP Publishing Inc. since 2004.

Mr. Abejuela holds a Bachelor of Science in Chemical Engineering (Cum Laude) Degree from De La Salle University and a Master's Degree in Business Management - General Management Curriculum from the Asian Institute of Management.

Mr. Abejuela has over 40 years of experience in the field of financial planning, control and consultancy.

(3) Celso P. Vivas, 72

Mr. Celso P. Vivas, 72, Filipino, was elected as an Independent Director of Keppel Philippines Properties, Inc. since November 2004 and is a member of KPPI's Audit Committee. He is also an Independent Director since June 2005 and is currently the Lead Independent Director and Chairman of the Audit and Risk Management Committee of Keppel Holdings, Inc., as well as an Independent Director and Chairman of the Audit and Risk Management Committee of Keppel Philippines Marine, Inc. Mr. Vivas is also an Independent Director of Megawide Construction Corporation, Chairman of its Audit and Compliance Committee, and Member of both the Board Risk Oversight and Governance, Nomination and Remuneration Committee. He also serves as an Independent Director of Republic Glass Holdings Corporation, Chairman of its Governance, Nomination and Remuneration Committee, and Member of the Audit and Risk Management Committee. He is a member of Marubeni Foundation's Board of Trustees.

Mr. Vivas was a Risk Consulting Partner and Assurance Business Advisory Partner of SGV & Company until his retirement in 2001.

Mr. Vivas holds a Bachelor of Business Administration (Cum Laude) Degree from the University of the East. He also obtained a Master's Degree in Business Management from the Asian Institute of Management (SGV & Co. Scholar). He is also a graduate of Company Directors' Course from Australian Institute of Company Directors (ICD Scholar).

Mr. Vivas is a Certified Public Accountant and has over 50 years of experience in audit, finance, enterprise risk management and corporate governance.

(4) Mayo Jose B. Ongsingco, 67

Mr. Mayo Jose B. Ongsingco, 67, Filipino, was elected as an Independent Director of Keppel Philippines Properties, Inc. in May 2018. He is also an Independent Director of Keppel Philippines Holdings Inc., Keppel Philippines Marine Inc. and Keppel Subic Shipyard, Inc. since 2018. He is also an Adviser to the Board of Directors of First Metro Investment Corp. since 2015, Non-executive Director of First Metro Asset Management Inc. since 2017, Vice Chairman of First Metro Securities Brokerage Corp. since 2018 and Independent Director of Mapfre Insular Insurance Corp. and Omnipay, Inc. since 2016 and 2017, respectively. He is also a Non-executive Director of Rafael-Alunan Agro Development Inc. since 2006. He is also a Trustee of Foundation for Carmelite Scholastics and De La Salle College of St. Benilde since 2012 and 2013, respectively. He served as President of The Insular Life Assurance Co. Ltd. during 2004 to 2015 and was concurrent Vice-Chairman and/or Director of various Insular Life subsidiaries and affiliates such as Pilipinas Shell Petroleum Corp. Mapfre Insular Insurance Corp., Insular Savings Bank, Insular Healthcare Inc., Insular Investment Corp., Asian Hospital Inc. and Union Bank of the Philippines.

Mr. Ongsingco graduated from the De La Salle University with Bachelor's Degrees (Magna Cum Laude) in Economics and Accounting. He also obtained a Master's Degree in Business Administration from the University of the Philippines and in National Security Administration from the National Defense College of the Philippines (with Honors).

Mr. Ongsingco has over 40 years of experience in banking, finance, and insurance.

(5) Stefan Tong Wai Mun, 46

Mr. Stefan Tong Wai Mun, 46, Malaysian, was elected as a Director of Keppel Philippines Properties, Inc. in June 2007. He is also the Executive Vice President and Director of Keppel Philippines Marine, Inc., as well as a Director of Keppel Philippines Holdings, Inc., and of various Keppel companies in the Philippines.

Mr. Tong holds a Bachelor of Commerce Degree in Accounting and Finance (Honours) from University of Western Australia. He is a Chartered Accountant and a member of the Institute of Chartered Accountants in Australia.

Mr. Tong has over 20 years of experience in banking, finance and real estate.

(6) Oh Lock Soon, 60

Mr. Oh Lock Soon, 60, Singaporean, was elected as a Director and President of KPPI on 31 March 2017. Prior to his election, Mr. Oh Lock Soon served as the President of Keppel Thai Properties Public Company Limited from January 2012 until June 2016. He served as an Executive Director at Keppel Thai Properties Public Company Limited from December 2011 until June 2016. Further, under Keppel Land International Ltd, Mr. Oh served as President (Thailand) under the Regional Investments Division.

Prior to joining Keppel Land International Ltd, Mr. Oh served as Director for Qingjian Realty, Pte. Ltd. He also served as a General Manager for Acacio Concept Singapore, Pte. Ltd. in 2010. In 2009, he sat as General Manager of Qingjian Precast Pte Ltd. Mr Oh was the Chief Operating Officer of TCC Capital Land (Thailand) Limited, a joint venture between Capital Land (Singapore) Limited and TCC Land (Thailand) Limited from November 2006 until December 2008.

Mr. Oh holds a Bachelor of Science Degree in Civil Engineering, Honors from University of Southampton and Master of Science Degree in Concrete Structure from the Imperial College of Science, Technology and Medicine, University of London, U.K.

(7) Tan Siew Ngok, 62

Ms. Tan Siew Ngok, 62, Singaporean, was elected as a Director of KPPI in March 2015. Ms. Tan is the General Manager (Finance and Administration) of Keppel Land International (Management) Pte., Ltd. She is also a Director of subsidiaries and associated companies of the Keppel Land Group. Ms. Tan holds a Bachelor in Commerce (Accountancy) Degree from Nanyang University, Singapore. She is a Fellow of CPA, Australia and a Fellow of Institute of Singapore Chartered Accountants.

(8) Lim Kei Hin, † (deceased)*

Mr. Lim Kei Hin, Singaporean, was elected a Director of KPPI in June 2011. Mr. Lim joined the Keppel Land Group as Chief Financial Officer in July 2007.

Prior to joining the Keppel Land Group, he was with Singapore Airlines Limited and has more than 20 years of diverse experience having served in different financial and general management roles in Singapore, the Philippines, Australia and the United States. His last appointment was Chief Financial Officer of Singapore Airport Terminal Services Limited.

Mr. Lim is a Director of Keppel REIT Management Limited and a number of subsidiaries and associated companies of the Keppel Land Group.

Mr. Lim holds a Bachelor of Science (Economics) Degree in Accounting & Finance (Honours) from London School of Economics & Political Science, UK.

Unfortunately, Mr. Lim passed on last 10 August 2018. The vacancy resulting from his demise will be taken up by the Board in its next meeting.
** On 14 January 2019, Ms. Tan Boon Ping was elected as Director of KPPI as his replacement.*

Key Officers

Oh Lock Soon, 60, Singaporean. *(See foregoing director's profile)*

Pang Chan Fan, 37, Singaporean, was appointed Treasurer of Keppel Philippines Properties, Inc. in October 2017. Mr. Pang joined Keppel Land Group under Keppel Land Hospitality Management Pte., Ltd. and was assigned as the Financial Controller of Wiseland Investment (Myanmar), Ltd. in October 2015. Mr. Pang was then transferred to Keppel Land International Limited and was assigned as Financial Controller of KPPI in April 2017. Prior to joining Keppel Land Group, Mr. Pang has held positions as a Finance Manager and has started his professional career in audit firms in Singapore. Mr. Pang is a member of the Association of Chartered Certified Accountants.

Atty. Ma. Melva E. Valdez, 59, Filipino, has been the Corporate Secretary of Keppel Philippines Properties, Inc. since 1999. Atty. Valdez also served as Director of KPPI from 24 June 2008 to 11 June 2009. She is a Senior Partner of the law firm Bello Valdez Caluya & Fernandez (JGLaw). Atty. Valdez is also the Corporate Secretary of Keppel Philippines Holdings, Inc., and Mabuhay Vinyl Corporation (listed corporations), Keppel Philippines Marine, Inc. (a public company). She is likewise the Corporate Secretary of Asian Institute of Management, Keppel Subic Shipyard, Inc., Keppel Batangas Shipyard, Inc. and various Keppel companies in the Philippines, EMS Components Assembly Inc., EMS Resources Technology Inc., EMS Land Services Inc., EMS Services Philippines, Inc., EMS Services International Inc., Alliance Mansols Inc., Creotec Philippines Inc. and Wartsila Philippines Inc. She is also a member of the Board of Directors of Leighton Contractors (Phils), Inc., Servier Philippines, Inc., Buena Homes (Sandoval), Inc., Cambe Dental Inc., Suretrac Holdings Inc., and Asia Contractors Holdings, Inc. Atty. Valdez likewise holds directorship positions in the following companies: Logwin Air + Ocean Philippines, Inc., KPSI Property, Inc., Opon Realty & Development Corp., Opon-Ke Properties, Inc., Asia Control Systems Philippines, Yinda Communications Philippines Inc., and Saint-Gobain Philippines Co. Ltd. Inc. Atty. Valdez graduated from the University of the Philippines with a Bachelor of Arts Degree in Political Science and a Bachelor's Degree in Law. She has over 30 years of working experience in her field of profession as a lawyer.

Atty. Myla Gloria A. Amboy, 48, Filipino, was elected as Assistant Corporate Secretary of Keppel Philippines Properties, Inc. in March 2007. She is a Senior Associate of the law firm Bello Valdez Caluya & Fernandez (JGLaw). She is also the Assistant Corporate Secretary of SM Keppel Land, Inc., Mabuhay Vinyl Corporation (listed corporation), MVC Properties Inc., CSRI Investment Corporation, Buena Homes (Sandoval) Inc., and Opon Ventures Inc. and the Corporate Secretary of Opon Realty Development Corporation, Buena Homes Inc., Opon-KE Properties, Inc., Suretrac Holdings Inc., Cambe Dental Clinic Inc. and Servier International Philippines, Inc. She graduated from San Sebastian College with a Bachelor's Degree in Political Science (Cum Laude) and from San Beda College of Law with a Bachelor's Degree in Law.

The members of the Board of Directors of KPPI are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

The Officers are appointed annually by the Board of Directors at its first meeting following the Annual Meeting of the Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been appointed or shall have been qualified.

As stated in this report, the business experience of KPPI's directors and officers covers the past five years.

Significant Employees

There are no other employees other than the officers mentioned herein as executive officers who are expected to make a significant contribution to the business.

Directorships in Other Reporting Companies

The following are directorships held by the Directors in other reporting companies:

Ramon J. Abejuela

Keppel Philippines Holdings, Inc. ....Independent Director

Celso P. Vivas

Keppel Philippines Holdings, Inc. ....Independent Director and Chairman and Lead Independent Director of the Audit& Risk Management Committee

Keppel Philippines Marine, Inc...............Independent Director and Chairman of the Audit & Risk Management Committee

Stefan Tong Wai Mun

Keppel Philippines Holdings, Inc..............Director

Keppel Philippines Marine, Inc...............Director and Executive Vice President

Mayo Jose B. Ongsingco

Keppel Philippines Holdings, Inc...............Independent Director

Keppel Philippines Marine, Inc............... Independent Director

Keppel Subic Shipyards Inc....................Independent Director

Family Relationship

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

Legal Proceedings

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

12. EXECUTIVE COMPENSATION

KPPI has eight executive officers as at 31 December 2018:

Name	**Principal Position**
Oh Lock Soon	President
Pang Chan Fan	Finance Controller
Tan Ye-Huang	Investment Manager
Joseph Paul Pelaez	Manager - Legal and Compliance
Michelle Curiano	Manager - Human Resources
Faye Monique Valderrama	Deputy Manager - Finance and Accounting
Sally Ann Vale	Deputy Manager - Finance and Accounting
Jan Michael Velasco	Assistant Manager - Controls and Assurance

a. The aggregate annual compensation (including salary and benefits) paid to the executive officers is summarized in the table below:

Top four executive officers as a group unnamed	Salary	Bonus	Others	Total
	In ₱ Millions			
2019 (Estimate)	26.63	6.13	0.05	32.81
2018	18.79	5.57	0.03	24.39
2017	17.55	4.82	0.03	22.40

Other officers and directors as a group unnamed	Salary	Bonus	Others	Total
	In ₱ Millions			
2019 (Estimate)	3.45	0.11	0.08	3.64
2018	3.14	0.10	0.07	3.31
2017	2.87	0.10	0.06	3.03

Executive Officers do not receive any other form of remuneration aside from the above compensation. There are no arrangements and/or employment contracts between KPPI and executive officers providing for any compensatory plan or arrangement for payment upon resignation, retirement, termination or cessation of employment.

b. KPPI's By-Laws provide that, by resolution of the Board, each Director shall receive a per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten (10%) of the net income before tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders. With respect to directors' remuneration, the directors are being paid directors' fees of ₱80,000 each per annum. Payment of directors' fee of ₱80,000 per director for 2018 will be presented to the stockholders for approval at the annual stockholders' meeting. Each director also receives an amount of ₱10,000 per diem for attendance at every board meeting.

c. There are no other standard or special arrangements and no special consulting contracts awarded to any director or officer of KPPI by which they were compensated, or to be compensated, directly or indirectly, and there are no amounts payable to any of the directors arising from participation in any working committee or special assignments in the current fiscal year or in the coming year.

d. There are no employment contract/s, termination and change in control arrangements including pension/s or retirement plan/s in which any of the directors and officers will participate.

e. There are no outstanding warrants or options held by the registrant's chief executive officers, executive officers and all officers and directors as a group.

13. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) Security Ownership of Certain Record and Beneficial Owners:

As of 31 December 2017, KPPI has no knowledge of any individual or any party who beneficially owns Keppel Philippines Properties, Inc. stock in excess of 5% of KPPI's common stock except as set forth in the table below:

Title of Class	Name and Address of Record Owner and relationship with KPPI	Name of Beneficial Owner and relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common Shares of Stock	Keppel Land Limited [1] 230 Victoria Street, #15-05 Bugis Junction Towers, Singapore 188024 (Stockholder)	Same as Record Owner	Singaporean	148,365,050	50.49%
Common Shares of Stock	Kepwealth, Inc. [2] Unit 3-B Country Space I Bldg., Sen. Gil Puyat Avenue, Makati City (Stockholder)	Same as Record Owner	Filipino	51,033,178	17.37%
Common Shares of Stock	Keppel Corporation Limited [3] 1 HarbourFront Avenue #18-01 Keppel Bay Tower, Singapore 098632 (Stockholder)	Same as Record Owner	Singaporean	35,783,742	12.18%
Common Shares of Stock	PCD Nominee Corp. – Filipino [4] 37/F Enterprise Bldg. Ayala Avenue, Makati City 1226	Various [5]	Filipino	31,035,914	10.56%

1. Mr. Sam Moon Thong; is authorized as proxy to vote for the shareholdings of Keppel Land Limited.
2. Mr. Stefan Tong Wai Mun, or in his absence, the Chairman of the meeting is duly authorized as proxy to vote in the shares of Kepwealth in KPPI.
3. Mr. Stefan Tong Wai Mun, or in his absence, the Chairman of the meeting is duly authorized as proxy to vote for the shareholdings of KCL in KPPI.
4. PCD Nominee Corporation (PCNC) is a wholly owned subsidiary of the Philippine Central Depository, a corporation established to improve operations in securities transactions and to provide a fast, safe and highly efficient system for securities settlement in the Philippines. PCNC acts as trustee-nominee for all shares lodged in the PCD system, where trades effected on the Philippine Stock Exchange are finally settled with the PCD. However, while PCNC is the actual shareholder in the said company, shares held by PCNC do not grant voting powers to it as beneficial ownership of the shares still remain with the lodging stockholder. By policy, PCNC does not vote the shares it was entrusted with in its name.

5. Molten Pte. Ltd is the beneficial owner of the following shares of KPPI as of 31 December 2018:

	No. of shares held	% of class
Molten Pte. Ltd	18,496,016	6.29%

(b) Security Ownership of Directors and Management:

As at 31 December 2018, the shareholdings of all Directors of Keppel Philippines Properties, Inc. are set forth in the table below:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Shares of Stock	Lim Kei Hin	1*	Singaporean	0.00%
Common Shares of Stock	Ramon J. Abejuela	1	Filipino	0.00%
Common Shares of Stock	Celso P. Vivas	1	Filipino	0.00%
Common Shares of Stock	Sam Moon Thong	1	Singaporean	0.00%
Common Shares of Stock	Stefan Tong Wai Mun	10,000	Malaysian	0.00%
Common Shares of Stock	Oh Lock Soon	1	Singaporean	0.00%
Common Shares of Stock	Tan Siew Ngok	1	Singaporean	0.00%

**To be transferred to Ms. Tan Boon Ping, who was elected as Director of KPPI on 14 January 2019 as his replacement.*

As disclosed above, apart from the President, who is also a Director of KPPI, none of the compensated executive officers have Security Ownership in KPPI as shown in the list of shareholders' purchases as provided by KPPI's transfer agent.

(c) Voting Trust Holders of 5% or more

As at December 31, 2018, there are no individuals or parties who hold 5% or more of KPPI's common stock under a voting trust or similar agreement.

(d) Changes in control

There were no events or arrangements which may result in a change in control of KPPI.

14. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

a) During the last two (2) years, no director of KPPI has received or become entitled to receive any benefit by reason of any contract with KPPI, a related corporation, a firm of which the director is a member or a company of which a director has a substantial financial interest.

   There are no transactions in the last two (2) years or proposed transactions to which the registrant was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest:

   i. Any director or executive officer of the Corporation
   ii. Any nominee for election as a director;
   iii. Any security holders;
   iv. Any member of the immediate family of the preceding persons.

b) The parent company of the registrant is KLL, who owns 50.49% of KPPI's capital stock.

   Details of KPPI's related party transactions are explained in Note 10 of the Notes to the Audited Financial Statements of KPPI (Pages 46-48).

PART IV – CORPORATE GOVERNANCE

15. CORPORATE GOVERNANCE

KPPI complies with the principles and practices of good corporate governance by adherence to its Amended Manual on Corporate Governance ("the Amended Manual").

It has a Compliance Officer who diligently performs the duties and responsibilities under the Amended Manual, by reporting to Directors and Officers the pertinent requirements on corporate governance from time to time, and monitoring the compliance of such requirements. The Amended Manual is updated by incorporating new and improved governance and management practices, obtained through attendance at corporate governance seminars conducted by institutions accredited by SEC. The appointment/designation of the Compliance Officer has been immediately disclosed to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).

The Board of Directors ("The Board") has continued to observe KPPI's corporate missions and visions to ensure the long-term success of the Corporation and its continued competitiveness in the industry.

The Compliance Officer ensures that the Board of Directors, its officers and employees comply with all the leading practices and principles on good corporate governance as embodied in the Parent Company's Amended Manual. KPPI also complies with the appropriate self-rating assessment and performance evaluation system to determine and measure compliance in accordance with the Amended Manual.

KPPI has created committees required under the Amended Manual, namely, Audit Committee, Nominations/Screening Committee, and Compensation/Remuneration Committee. The creation of said committees and the corresponding members thereof have been immediately disclosed to the SEC and the PSE. Each committee aforementioned performed their functions and responsibilities set forth in the Amended Manual.

The Audit Committee meets regularly to review all financial reports to comply with relevant accounting and regulatory standards, and performs oversight of financial management functions. As required by the Rules, two (2) independent directors are members of the Audit Committee, with one (1) independent director serving as head of said Committee.

The Nomination/Screening Committee complied with the provisions of the Corporation's Amended Manual of Corporate Governance on the pre-screening of all candidates nominated to become a member of the Board of Directors. The qualifications of director mentioned in the Amended Manual have also been strictly followed.

All of the directors of KPPI have attended and actively participated in Corporate Governance Seminars.

KPPI has submitted its Annual Corporate Governance Report to SEC and PSE on 30 May 2018 and 31 May 2018, respectively.

PART V- EXHIBITS AND SCHEDULES

16. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits- See accompanying Index to Exhibits (page 103)

The following exhibit is filed as a separate section of this report:
No. (18) on Index to Exhibits - Subsidiaries of the Registrant (page 104)

The other exhibits, as indicated in the Index to Exhibits are either not applicable to KPPI or require no answer.

(b) Reports on SEC Form 17-C
Reports on SEC Form 17-C filed during the last twelve (12) month period covered by this report are as follows:

Date	Events Reported
21 March 2018	Approval and release of Audited Financial Statements and SEC Form 17-A as at 31 December 2017
27 March 2018	Schedule, venue and agenda of the Y2018 Annual Stockholders' Meeting of the Corporation
5 April 2018	Approval of Director's remuneration and Appointment of External Auditor
5 April 2018	Amendment of Articles Sixth and Seventh of the Articles of Incorporation as approved by Board of Directors
17 May 2018	Results of the Annual Stockholders' Meeting for Y2018
18 May 2018	Amendment of Articles Sixth and Seventh of the Articles of Incorporation as approved by Stockholders
10 August 2018	Demise of Director

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of PASIG CITY APR 12 2019 ril 2019.

By:

Oh Lock Soon
President

Pang Chan Fan
Treasurer

Atty. Ma. Melva E. Valdez
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 12 2019 day __________ of 2019 affiant (s) exhibiting to me his/their Tax Identification Numbers, as follows:

Names	TIN
Oh Lock Soon	486-612-639
Pang Chan Fan	500-034-655
Ma. Melva E. Valdez	123-493-209

JOHN PHILIPPS M. REPOSO
Notary Public – Pasig City
Appointment No. 221 (2018-2019)
17th Floor, Robinsons Equitable Tower, #4 ADB Ave., cor. P. Poveda Drive, Ortigas Center, Pasig City
IBP No. 059320 / 07 January 2019 / RSM
PTR No. 5372039/ 30 January 2019 / Pasig City
MCLE Compliance No.: VI-0000981
Attorney's Roll No. 66410

Doc. No. 150
Page No. 51
Book No. II
Series of 2019.

KEPPEL PHILIPPINES PROPERTIES, INC.
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

<u>Financial Statements</u> Page No.

<u>Supplementary Schedules</u>

* These schedules, which are required by Part IV (e) of RSA Rule 48, have been omitted because they are either not applicable, or the information required to be presented is included in KPPI's Consolidated Financial Statements or the Notes to Consolidated Financial Statements.

FOREIGN SERVICE OF THE
REPUBLIC OF THE PHILIPPINES

EMBASSY OF THE PHILIPPINES)
Consular Section) S.S.
Singapore)

CERTIFICATE OF AUTHENTICATION

I, **LAARNI ZORAYDA S. GANDAROSA, Vice Consul** of the Embassy of the Republic of the Philippines to Singapore, duly commissioned and qualified, do hereby certify that **LIM CHEE KIANG** before whom the annexed instrument has been executed, to wit:

NOTARIAL CERTIFICATE WITH ANNEXED STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

was at the time he/she signed the same **NOTARY PUBLIC** and that his/her signature affixed thereto is genuine.

The Embassy assumes no responsibility for the contents of the annexed instrument.

IN WITNESS HEREOF, I have hereunto set my hand and affixed the seal of the Embassy of the Philippines in Singapore this day of **01 April 2019**

Service No. : 3261
O.R. No. : *2332356*
Fee Paid : *$42.50*

LAARNI ZORAYDA S. GANDAROSA
Vice Consul

The validity of this certification shall follow the validity of the attached/underlying document.

CERTIFICATE OF NOTARY PUBLIC

BE IT KNOWN

I, **LIM CHEE KIANG**, NOTARY PUBLIC, duly appointed in the Republic of Singapore

CERTIFY

That the document hereunto annexed as produced to me, is an original letter dated 26 March 2019 captioned: "STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS" issued by Keppel Philippines Properties, Inc. and signed on its behalf by its authorized signatory, Sam Moon Thong.

IN FAITH AND TESTIMONY whereof I the said notary have hereunto subscribed my name and set and affixed my seal of office at Singapore, this 28th day of March 2019.

REPUBLIC OF SINGAPORE
NOTARY PUBLIC

NOTARY PUBLIC
REPUBLIC OF SINGAPORE

NOTARY PUBLIC
Lim Chee Kiang
N2018/0515
1 Oct 2018 – 30 Sep 2019
SINGAPORE

1 Coleman Street, #B1-21, The Adelphi, Singapore 179803 Tel: 65-6224 4768

Keppel Philippines Properties

Keppel Philippines Properties, Inc.
Units 1802B-1803 The Podium West Tower
12 ADB Avenue, Ortigas Center
Mandaluyong City 1550, Philippines

Tel: (632) 5846170

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Keppel Philippines Properties, Inc. and Subsidiaries ("the Group") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at and for the years ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud of error.

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

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

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

Isla Lipana & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

SAM MOON THONG
Chairman of the Board

NOTARY PUBLIC
Lim Chee Kiang
N2018/0515
1 Oct 2018 – 30 Sep 2019
SINGAPORE

OH LOCK SOON
President

PANG CHAN FAN
Treasurer

Signed this 26th day of March 2019

A member of the Keppel Group of Singapore

UBSCRIBED AND SWORN to before me this APR 12 2019 day April of 2019 affiants exhibiting to me their Tax Identification Numbers, as follows:

Names	Tax Identification Numbers (TIN)
Oh Lock Soon	486-612-639
Pang Chan Fan	500-034-655

Doc. No. 263
Page No. 52
Book No. II
Series of 2019

JOHN PHILIPPS M. REPOSO
Notary Public – Pasig City
Appointment No. 221 (2018-2019)
17th Floor, Robinsons Equitable Tower, #4 ADB Ave.,
cor. P. Poveda Drive, Ortigas Center, Pasig City
IBP No. 059320 / 07 January 2019 / RSM
PTR No. 5372039/ 30 January 2019 / Pasig City
MCLE Compliance No.: VI-0000981
Attorney's Roll No. 66410

pwc

Isla Lipana & Co.

Independent Auditor's Report

To the Board of Directors and Shareholders of
Keppel Philippines Properties, Inc. and Subsidiaries
18th Floor, The Podium West Tower
12 ADB Avenue, Ortigas Center
Mandaluyong City

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Keppel Philippine Properties, Inc. and its subsidiaries (together, the "Group") as at December 31, 2018 and 2017, and the consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2018 in accordance with Philippine Financial Reporting Standards (PFRSs).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2018;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2018;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2018; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

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

Our Audit Approach

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

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

Key audit matters

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

Key Audit Matter	**How our audit addressed the Key Audit Matter**
Impairment of investments in associates and joint venture	
Refer to Notes 6 and 19 to the consolidated financial statements for the details of investments in associates and joint venture.	We have performed procedures to independently assess if the losses incurred in 2018 indicate impairment. We have performed the following:
During the year, the Group incurred a negative share in results of associated companies amounting to P57.08 million. This maybe an indicator of possible impairment of investments in associates and joint venture at December 31, 2018.	a) Detailed understanding of the reasons for the losses incurred. b) Detailed understanding and independent verification of the long term profit and cash flow generating capacity of the individual assets of the investees.

Key Audit Matter	How our audit addressed the Key Audit Matter
	Based on the procedures performed, we have concluded that there are no impairment indicators and reported losses incurred is temporary based on the objective evidences as follows: a) The losses are substantially attributable to the full year depreciation impact of a prime investment property by an investee which was just completed in late 2017. The depreciation and certain fixed costs were not yet fully covered by rental income in 2018 as tenants have only started to lease the properties during varying periods within 2018. b) The leasable areas of the subject prime property have been substantially leased out as of December 31, 2018 and are expected to be fully leased out by 2019. c) Based on the short and long term forecast, the said prime property will generate sustained profit from rental income, carpark revenues and cinema sales. Based on the foregoing, no impairment is deemed necessary.

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

pwc

Isla Lipana & Co.

The engagement partner on the audit resulting in this independent auditor's report is Roderick M. Danao.

Isla Lipana & Co.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 8, 2019 at Makati City
SEC A.N. (individual) as general auditors 1585-A, Category A; effective until September 27, 2019
SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021
TIN 152-015-078
BIR A.N. 08-000745-042-2018, issued on February 2, 2018; effective until February 1, 2021
BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
March 26, 2019

Keppel Philippines Properties, Inc. and Subsidiaries

Consolidated Financial Statements
As at and for the years ended December 31, 2018 and 2017
and for each of the three years in the period ended December 31, 2018

Keppel Philippines Properties, Inc. and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2018 and 2017
(All amounts in Philippine Peso)

	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	2	138,059,462	178,689,036
Receivables	3	1,394,693	1,014,492
Due from related parties	10	99,841,251	100,331,592
Prepayments and other current assets	4	23,954,364	22,356,410
Total current assets		263,249,770	302,391,530
Non-current assets			
Financial assets at fair value through other comprehensive income	5	79,512,230	-
Available-for-sale financial assets	5	-	79,512,230
Investments in associates and a joint venture	6	1,185,757,851	1,242,629,719
Property and equipment, net	7	976,172	1,211,206
Refundable deposits		72,300	72,300
Retirement benefit asset	15	238,091	58,823
Deferred income tax assets, net	13	1,830,558	1,481,979
Total non-current assets		1,268,387,202	1,324,966,257
Total assets		1,531,636,972	1,627,357,787
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other current liabilities	8	23,079,422	11,559,677
Due to related parties	10	57,989,202	47,701,578
Income tax payable		38,084	24,317
Total liabilities		81,106,708	59,285,572
Equity	9		
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		1,008,581	353,667
Retained earnings		493,199,811	611,396,676
Total equity		1,450,530,264	1,568,072,215
Total liabilities and equity		1,531,636,972	1,627,357,787

The notes from pages 1 to 49 are an integral part of these financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2018
(All amounts in Philippine Peso)

	Notes	2018	2017	2016
Revenue and income (loss)				
Management consultancy and franchise fees	10	9,651,998	5,422,544	5,506,688
Interest income	2	4,202,521	3,197,901	1,912,562
Share in results of associated companies	6	(57,083,088)	13,743,107	6,754,238
		(43,228,569)	22,363,552	14,173,488
General and administrative expenses	11	(74,235,415)	(58,815,764)	(44,996,312)
Other income (expense), net	12	238,708	(1,891,135)	1,310,578
Loss before income tax		(117,225,276)	(38,343,347)	(29,512,246)
Income tax benefit (expense)	13	(971,589)	494,407	(662,363)
Net loss for the year		(118,196,865)	(37,848,940)	(30,174,609)
Other comprehensive income (loss)				
Items that will not be subsequently reclassified to profit or loss				
Actuarial gain (loss) on defined benefit plan	15	633,848	(172,189)	(149,989)
Deferred income tax relating to actuarial loss (gain)	15	(190,154)	51,657	44,997
Share in actuarial gains (losses) of an associate and a joint venture	6	211,220	(205,211)	(150,656)
		654,914	(325,743)	(255,648)
Total comprehensive loss for the year		(117,541,951)	(38,174,683)	(30,430,257)
Basic and diluted loss per share	14	(0.40)	(0.13)	(0.10)

The notes from pages 1 to 49 are integral part of these financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2018
(All amounts in Philippine Peso)

	Share capital				Other reserves			
	Common (Note 9)	Preferred (Note 9)	Share premium (Note 9)	Treasury shares (Note 9)	Actuarial gain on defined benefit plan (Notes 9 & 15)	Share in actuarial gain of an associate and a joint venture (Notes 6 & 9)	Retained earnings (Note 9)	Total equity
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
Comprehensive income								
Net loss for the year	-	-	-	-	-	-	(30,174,609)	(30,174,609)
Other comprehensive loss	-	-	-	-	(104,992)	(150,656)	-	(255,648)
Total comprehensive loss for the year	-	-	-	-	(104,992)	(150,656)	(30,174,609)	(30,430,257)
Balances at December 31, 2016	296,629,900	59,474,100	602,885,517	(2,667,645)	354,988	324,422	649,245,616	1,606,246,898
Comprehensive income								
Net loss for the year	-	-	-	-	-	-	(37,848,940)	(37,848,940)
Other comprehensive loss	-	-	-	-	(120,532)	(205,211)	-	(325,743)
Total comprehensive loss for the year	-	-	-	-	(120,532)	(205,211)	(37,848,940)	(38,174,683)
Balances at December 31, 2017	296,629,900	59,474,100	602,885,517	(2,667,645)	234,456	119,211	611,396,676	1,568,072,215
Comprehensive income								
Net loss for the year	-	-	-	-	-	-	(118,196,865)	(118,196,865)
Other comprehensive income	-	-	-	-	443,694	211,220	-	654,914
Total comprehensive income (loss) for the year	-	-	-	-	443,694	211,220	(118,196,865)	(117,541,951)
Balances at December 31, 2018	296,629,900	59,474,100	602,885,517	(2,667,645)	678,150	330,431	493,199,811	1,450,530,264

The notes on pages 1 to 49 are integral part of these consolidated financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2018
(All amounts in Philippine Peso)

	Notes	2018	2017	2016
Cash flows from operating activities				
Loss before income tax		(117,225,276)	(38,343,347)	(29,512,246)
Adjustments for:				
Share in results of associated companies	6	57,083,088	(13,743,107)	(6,754,238)
Retirement benefit expense	15	521,220	328,438	145,914
Depreciation expense	7,11	351,105	317,416	134,213
Foreign exchange gain, net	18.1a	-	(1,247)	(3,120)
Gain on sale of property and equipment	10,12	-	(140,000)	(100,000)
Provision for doubtful accounts	12	-	2,666,664	-
Gain on reversal of liabilities	8,12	(162,849)	(446,198)	(1,279,245)
Interest income	2	(4,202,521)	(3,197,901)	(1,912,562)
Operating loss before working capital changes		(63,635,233)	(52,559,282)	(39,281,284)
Decrease (increase) in:				
Receivables		(287,432)	740,051	2,567,964
Due from related parties		600,457	(1,821,060)	(684,556)
Prepayments and other current assets		(1,597,954)	(44,741)	(2,589,438)
Increase in:				
Accounts payable and other current liabilities		11,682,594	5,151,796	1,207,159
Due to related parties		10,287,624	7,399,186	3,885
Net cash used in operations		(42,949,944)	(41,134,050)	(38,776,270)
Contribution to the retirement plan	15	(442,310)	(139,286)	(139,286)
Interest received		4,109,752	2,940,196	1,827,897
Income tax paid		(1,496,555)	(1,062,071)	(819,819)
Net cash used in operating activities		(40,779,057)	(39,395,211)	(37,907,478)
Cash flows from investing activities				
Return of investments from an associate	10	265,554	14,541,618	-
Decrease (increase) in refundable deposits		-	47,808	(12,998)
Proceeds from sale of property and equipment		-	140,000	100,000
Decrease in amounts due from related parties	10	-	-	35,733,200
Acquisitions of property and equipment	7	(116,071)	(517,280)	(961,303)
Net cash provided by investing activities		149,483	14,212,146	34,858,899
Net decrease in cash and cash equivalents		(40,629,574)	(25,183,065)	(3,048,579)
Cash and cash equivalents at January 1		178,689,036	203,870,854	206,916,313
Effect of exchange rate changes on cash and cash equivalents		-	1,247	3,120
Cash and cash equivalents at December 31	2	138,059,462	178,689,036	203,870,854

The notes on pages 1 to 49 are integral part of these consolidated financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements
As at and for the years ended December 31, 2018 and 2017
and for each of the three years in the period ended December 31, 2018
(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. The Parent Company's corporate life was extended for another fifty (50) years starting February 7, 1968. On June 11, 2016, the shareholders approved the amendment of the Parent Company's Articles of Incorporation to further 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) through an initial public offering (IPO) in 1989. There was no further follow on offering after the IPO. 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 (SGX).

As at December 31, 2018 and 2017, the top five shareholders of the Parent Company are the following:

	Percentage of ownership	
Shareholders	2018	2017
KLL	50%	50%
Kepwealth, Inc.	17%	17%
KCL	12%	12%
Molten Pte Ltd	7%	7%
Public*	14%	14%

** 8% direct ownership and 6% through PCD Nominee Corporation as at December 31, 2018 and 2017.*

As at December 31, 2018 and 2017, 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	Real estate development
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. On February 28, 2019, the Group moved back to its principal office in 18th Floor, The Podium West Tower, 12 ADB Avenue, Ortigas Center, Mandaluyong City.

The Group holds investments in associates and joint venture involved in property development (Note 6) and renders management consultancy services to associates (Note 10).

The consolidated financial statements of the Group have been approved and authorized for issuance by the Board of Directors (BOD) on March 26, 2019.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2018	2017
Cash in banks	20,592,494	18,215,016
Cash equivalents	117,374,473	160,381,525
Cash on hand	92,495	92,495
	138,059,462	178,689,036

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term deposits made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates that range from 0.55% to 5.25% per annum in 2018 (2017 - 0.525% to 2.00% per annum; 2016 - 0.525% to 1.625% per annum).

Interest income from cash and cash equivalents amounted P4.2 million in 2018 (2017 - P3.2 million; 2016 - P1.9 million). Accrued interest receivable on money market placements is presented as part of Receivables (Note 3) and will form part of the investment carrying amount upon maturity.

Note 3 - Receivables

Receivables as at December 31 consist of:

	Note	2018	2017
Non-trade		2,666,664	2,666,664
Accrued income		850,321	460,984
Accrued interest	2	454,169	379,954
Receivables from employees		58,203	164,293
Others		32,000	9,261
		4,061,357	3,681,156
Allowance for impairment loss		(2,666,664)	(2,666,664)
		1,394,693	1,014,492

Accrued income pertains to accruals for management and franchise fee revenue and are collectible within one year.

Receivables from employees represent non-interest bearing loans granted to employees that are collected through salary deduction and are collectible within one year.

Non-trade receivable pertains to the receivable arising from an agreement of the Group with a third party entered into on October 24, 2013 to sell its fully depreciated investment properties. As at December 31, 2018 and 2017, full allowance was provided for the receivable, subject to reversal until such time the Management can determine the probable amount to be recovered from the third party.

Note 4 - Prepayments and other current assets

Prepayments and other current assets as at December 31 consist of:

	2018	2017
Prepaid income taxes	18,562,902	17,692,826
Prepayments	2,548,725	2,245,700
Input value added tax	2,842,737	2,417,884
	23,954,364	22,356,410

Prepaid income taxes pertain to the amounts withheld by the Group's counterparties in relation to management consultancy fees. As at December 31, 2018 and 2017, Management has determined that these are recoverable and can be applied against future income taxes. Projected taxable income is expected to increase significantly upon the completion of the "Podium" starting 2019.

Prepayments include advance rental and deposits amounting to P2.3 million as at December 31, 2018 (2017 - P1.9 million), related from the transfer of the Parent Company's office to a temporary address, and rental of residential properties for the Group's officers (Note 16).

Note 5 - Financial assets at fair value through other comprehensive income/ Available-for-sale financial assets

Financial assets at fair value through other comprehensive income (FVOCI) as at December 31, 2018 are presented below. These were classified as available-for-sale (AFS) financial assets as at December 31, 2017. Notes 19.1 and 20 explain the change of accounting policy and the reclassification of equity investments from AFS to at fair value through other comprehensive income.

	Note	Amount
Preferred equity securities	6	79,287,230
Club shares		225,000
		79,512,230

Preferred equity securities pertain to investments in redeemable preferred shares of OVI and OKEP 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 do not give the Group significant influence over OVI and OKEP (Note 6). These investments are carried at cost less impairment as they do not have a quoted market price in an active market and their fair values cannot be reliably measured (Note 19).

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. 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 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 shares.

Note 6 - Investments in associates and a joint venture

Details of investments in associates and a joint venture as at December 31 are as follows:

	2018	2017	2016
Cost			
At January 1	683,243,174	806,321,443	806,321,443
Return of investments	-	(123,078,269)	-
At December 31	683,243,174	683,243,174	806,321,443
Accumulated share in results of associated companies presented in profit or loss			
At January 1	559,267,334	545,524,227	538,769,989
Share in results of associated companies recognized in profit or loss	(57,083,088)	13,743,107	6,754,238
At December 31	502,184,246	559,267,334	545,524,227
Presented in other comprehensive income			
At January 1	119,211	324,422	475,078
Share in other comprehensive income (loss)	211,220	(205,211)	(150,656)
At December 31	330,431	119,211	324,422
	1,185,757,851	1,242,629,719	1,352,170,092

The carrying values of the Group's investments in associates and a joint venture and the related percentages of ownership are shown below:

	Percentage of ownership		Carrying amount	
	2018	2017	2018	2017
Associates				
BHSI	40%	40%	33,092,817	33,655,724
OKEP	40%	40%	83,891,065	91,168,886
OVI	40%	40%	18,761,317	23,171,311
ORDC	40%	40%	12,831,450	15,529,067
Joint venture				
SMKL	40%	40%	1,037,181,202	1,079,104,731
			1,185,757,851	1,242,629,719

The associates and joint venture were accounted for using the equity method. For the years ended December 31, 2018 and 2017, there were no dividends received from the associates and joint venture. As at December 31, 2018 and 2017, there were no quoted prices for these investments.

BHSI is involved in the construction of a residential condominium project which has been completed in 2003. BHSI's primary activity in 2018 and 2017 involved the sale of these condominium units. As at December 31, 2018, only four (4) units remain unsold. 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.

On December 22, 2011, the BOD of BHSI approved the 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 in behalf of OKEP. In 2014, the Group received additional advances P24.0 million from BHSI, thereby increasing the Group's advances from BHSI to P83.7 million as at December 31, 2016.

BHSI has filed with SEC the amendments to its articles of incorporation and by-laws to decrease its authorized capital. These amendments were approved by the SEC on September 15, 2017. In relation to this, the Group recorded the approved reduction over BHSI's share capital amounting to P123.1 million, as an equitable amount over its 40% investment. The settlement of return of investment is consisted of offsetting of prior year advances from BHSI amounting to P83.7 million, as discussed above, and cash proceeds amounting to P14.5 million. The unpaid balance amounting to P24.9 million is presented as due from related parties in the statement of financial position as at December 31, 2017. The return did not result to any gain or loss.

The offsetting of prior year advances to return of investment is presented as non-cash transaction in the statement of cash flows for the year ended December 31, 2017.

SMKL's primary business activity is to operate and maintain office and shopping center spaces for rent, carpark and cinema. The Company is involved in a mixed-use development comprising of retail spaces in "The Podium Mall" and office spaces in "The Podium West Tower" that is located in Ortigas Center, Mandaluyong City. The Podium Mall consist of a five-level retail mall with an approximate gross leasable area of 46,000 sqm and a six-level basement carpark with a gross leasable area of 75,300 sqm. The construction of The Podium West Tower, with an approximate gross leasable area of 100,100 sqm, started in 2014 and is expected to be completed in the second quarter of 2019.

Significant financial information of the associates follows:

(In millions)	BHSI	OKEP	OVI	ORDC
December 31, 2018				
Current assets	144.9	84.2	0.3	4.9
Non-current assets	1.1	244.9	119.8	81.9
Total assets	146.0	329.1	120.1	86.8
Current liabilities	62.0	70.4	2.2	72.8
Non-current liabilities	0.3	-	-	-
Total liabilities	62.3	70.4	2.2	72.8
Net assets	83.7	258.7	117.9	14.0
Gross revenue (loss)	4.0	(10.1)	-	-
Net income (loss) for the year	(1.6)	(10.4)	(0.1)	(0.1)
Other comprehensive income (loss)	0.2	0.1	-	-
Total comprehensive income (loss) for the year	(1.4)	(10.3)	(0.1)	(0.1)

(In millions)	BHSI	OKEP	OVI	ORDC
December 31, 2017				
Current assets	151.1	83.5	0.3	4.8
Non-current assets	0.3	255.8	119.8	82.0
Total assets	151.4	339.3	120.1	86.8
Current liabilities	66.3	70.3	2.1	72.7
Non-current liabilities	-	-	-	-
Total liabilities	66.3	70.3	2.1	72.7
Net assets	85.1	269.0	118.0	14.1
Gross revenue	3.2	2.4	-	0.8
Net income (loss) for the year	(4.4)	2.2	(0.1)	0.6
Other comprehensive income (loss)	(0.2)	(0.1)	-	-
Total comprehensive income (loss) for the year	(4.6)	2.1	(0.1)	0.6

Significant financial information of the joint venture follows:

	SMKL	
(In millions)	2018	2017
Current assets	1,860.7	3,231.2
Cash and cash equivalents	590.8	2,261.7
Non-current assets	8,738.8	6,038.6
Investment properties	8,656.7	5,995.9
Current liabilities	2,575.1	1,713.6
Non-current liabilities	5,800.0	5,227.0
Net assets	2,224.4	2,329.2
Gross revenue	328.3	191.3
Interest income	0.8	0.8
Depreciation and amortization	(118.6)	(38.3)
Interest expense	(102.5)	(11.9)
Income tax benefit	45.4	4.0
Net income (loss) for the year	(105.1)	32.0
Other comprehensive income (loss)	0.2	(0.1)
Total comprehensive income (loss) for the year	(104.8)	31.9

The reconciliation of the associates' and joint venture's net assets multiplied by the ownership interest and the carrying amount of each investments is shown in the table below:

	Note	BHSI	OKEP	OVI	ORDC	SMKL
December 31, 2018						
Net assets		83,666,359	257,524,322	117,920,823	14,014,988	2,224,391,605
Ownership interest		40%	40%	40%	40%	40%
		33,466,544	103,009,729	47,168,329	5,605,995	889,756,642
Investments in redeemable preferred shares	5		(31,287,230)	(48,000,000)	-	-
Fair value adjustments		(373,727)	12,168,566	19,592,988	7,225,455	147,424,560
		33,092,817	83,891,065	18,761,317	12,831,450	1,037,181,202
December 31, 2017						
Net assets		85,073,628	269,114,826	118,029,079	14,173,831	2,329,200,428
Ownership interest		40%	40%	40%	40%	40%
		34,029,451	107,645,930	47,211,632	5,669,532	931,680,171
Investments in redeemable preferred shares	5	-	(31,287,230)	(48,000,000)	-	-
Fair value adjustments		(373,727)	14,810,186	23,959,679	9,859,535	147,424,560
		33,655,724	91,168,886	23,171,311	15,529,067	1,079,104,731

Note 7 - Property and equipment, net

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

	Notes	Transportation equipment	Office equipment	Furniture and fixtures	Total
Cost					
At January 1, 2017		686,323	2,709,871	2,479,885	5,876,079
Additions		-	517,280	-	517,280
Disposals		(686,323)	-	-	(686,323)
Write-offs		-	(265,030)	-	(265,030)
At December 31, 2017		-	2,962,121	2,479,885	5,442,006
Additions		-	116,071	-	116,071
At December 31, 2018		-	3,078,192	2,479,885	5,558,077
Accumulated depreciation					
At January 1, 2017		686,323	1,766,329	2,412,085	4,864,737
Depreciation	11	-	296,825	20,591	317,416
Disposals.		(686,323)	-	-	(686,323)
Write-offs		-	(265,030)	-	(265,030)
At December 31, 2017		-	1,798,124	2,432,676	4,230,800
Depreciation	11	-	330,521	20,584	351,105
At December 31, 2018		-	2,128,645	2,453,260	4,581,905
Net carrying amount					
At December 31, 2017		-	1,163,997	47,209	1,211,206
At December 31, 2018		-	949,547	26,625	976,172

The cost of fully depreciated property and equipment still used in operations amounted to P4.0 million as of December 31, 2018 (2017 - P3.8 million).

In 2017, obsolete office equipment amounting to P0.3 million were written-off.

Gains and losses from disposal of property and equipment are disclosed in Note 12.

As at December 31, 2018 and 2017, the Group's management has assessed that no objective evidence and indicators of impairment exist.

Note 8 - Accounts payable and other current liabilities

Accounts payable and other liabilities as at December 31 consist of:

	2018	2017
Accrued expenses	12,609,047	7,916,991
Taxes payable	9,754,695	2,818,001
Dividends payable	553,981	553,981
Accounts payable	161,699	270,704
	23,079,422	11,559,677

Accrued expenses mainly pertain to accruals on salaries and other employee benefits and professional fees which are to be settled within 30 to 60 days. In 2018, portion of the accruals for bonus and professional fees made in 2017 totalling to P0.2 million was reversed (2017 - P0.4 million). The gain arising from this reversal is included in "Other income (expense), net" in the consolidated statements of total comprehensive income (Note 12).

Taxes payable pertains to the amount withheld for transactions subject to withholding tax which are to be remitted the following month after the reporting date.

Accounts payable represents payables to suppliers and are normally settled the following month.

Dividends payable pertains to the dividends declared when the Parent Company's name was still Cebu Shipyard and Engineering Works, Inc. but remains unclaimed by shareholders to date.

Note 9 - Equity

(a) Share capital and treasury shares

Share capital as at December 31, 2018, 2017 and 2016 consist of:

	Number of shares	Amount
Common shares - P1 par value		
Authorized	375,000,000	
Issued	296,629,900	296,629,900
Preferred shares - P1 par value		
Authorized	135,700,000	
Issued	59,474,100	59,474,100
		356,104,000
Treasury shares	2,801,000	(2,667,645)
		353,436,355

The Parent Company has one thousand forty (1,040) shareholders, each owning one hundred (100) or more shares as at December 31, 2018 (2017 - 1,042).

Preferred shares, which were issued on November 11, 2003 at a price of P10 per share, are redeemable in full or in part at the option of the Parent Company, within a call period of seven (7) years from May 31, 2011, the date of approval of the SEC. On April 5, 2018 and May 17, 2018, the extension of the call period of the preferred shares for a period of five (5) years from May 31, 2018 was approved by the Parent Company's BOD and stockholders, respectively. As of reporting date, the Group is in the process of submitting the necessary documents to SEC for the approval of the extension of the redemption period for another five (5) years. The redemption price will be equivalent to the issue price with an annual premium to be approved by the BOD. The fairness of the annual premium must be confirmed by an independent financial advisor.

No preferred shares have been redeemed in 2018 and 2017.

Preferred shareholders have preference over common shareholders with respect to the distribution of assets upon dissolution but not with respect to the payment of dividends.

Preferred shareholders are not entitled to dividends. Moreover, no voting right is vested on the preferred shareholders, except for the cases provided for under Section 6, Paragraph 6 of the Corporation Code of the Philippines.

(b) Share premium

The details of share premium presented in the consolidated statements of financial position and consolidated statements of changes in equity as at December 31, 2018 and 2017 are as follows:

Common shares	67,618,617
Preferred shares	535,266,900
	602,885,517

(c) Retained earnings

The portion of retained earnings corresponding to the undistributed share in results of associated companies amounted to P502.2 million as at December 31, 2018 (2017 - P559.3 million; 2016 - P545.5 million). These amounts are not available for distribution as dividends until declared by the associates and joint venture (Note 6). Retained earnings are further restricted to the extent of P2.7 million representing the cost of shares held in treasury as at December 31, 2018 and 2017.

(d) 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 P0.7 million as at December 31, 2018 (2017 - P0.2 million; 2016 - P0.4 million) and share in actuarial gain of an associate and a joint venture amounting to P0.3 million as at December 31, 2018 (2017 - P0.1 million; 2016 - P0.3 million) (Note 6).

(e) Track record of registration of securities

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

	Number of shares registered	Issue/ offer price	Date of approval	Number of holders of securities as at December 31		
				2018	2017	2016
Common	293,828,900	₱1	September 11, 1989	1,242	1,243	1,250

Note 10 - 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 and outstanding balances as at and for the year ended December 31 are as follows:

	2018		2017		
Related party	Transaction amount	Outstanding receivable (payable)	Transaction amount	Outstanding receivable (payable)	Terms and conditions
Parent company					
KLL (d)	-	-	230,757	230,757	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
Shareholder					
Molten Pte Ltd (e)	148,195	-	447,726	447,726	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
Associates					
OKEP (a)	113,918	70,332,347	138,903	70,218,429	Non-interest-bearing, unsecured, collectible in cash upon demand
OVI (a)	115,239	2,196,650	132,406	2,081,411	Non-interest-bearing, unsecured, collectible in cash upon demand
ORDC (a)	140,466	721,650	176,428	581,184	Non-interest-bearing, unsecured, collectible in cash upon demand
BHSI					
Operating advances (a)	434,540	401,901	1,597,830	201,820	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
Return of investment (c)	265,554	24,569,604	39,376,776	24,835,158	Non-interest-bearing, unsecured, collectible in cash upon demand
Joint venture					
SMKL					
Operating advances (a)	11,951,386	1,376,642	14,253,847	1,492,650	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
Management fee (b)	6,894,284	-	3,873,246	-	
Franchise fee (b)	2,757,714	-	1,549,298	-	
Entity under common control					
Wiseland Investment Myanmar, Ltd. (f)	-	242,457	242,457	242,457	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
		99,841,251		100,331,592	
Associates					
OKEP (c)	-	(40,298,507)	-	(40,298,507)	Non-interest-bearing, unsecured, payable on demand
BHSI (c)	-	-	83,701,493	-	Non-interest-bearing, unsecured, payable on demand
Entities under common control					
SMPM (h)					
Management fee	24,799,889	(17,690,695)	12,155,273	(7,403,071)	Non-interest-bearing, unsecured, 30-to-60 days, payable in cash upon demand
KLIL (g)					
Operating advances	1,802	-	269,183	-	Non-interest-bearing, unsecured, 30-to-60 days, payable in cash upon demand
Keppel Land (Regional Investments) Pte. Ltd. (g)					
Operating advances	615,181	-	-	-	Non-interest-bearing, unsecured, 30-to-60 days, payable in cash upon demand
Keppel Land International (Management) Pte. Ltd. (g)					
Operating advances	248,337	-	-	-	Non-interest-bearing, unsecured, 30-to-60 days, payable in cash upon demand
		(57,989,202)		(47,701,578)	

(a) The Group made operating advances for expenses incurred by associates and joint venture in 2018 and 2017. These operating advances represent expenses incurred in the normal operations paid on behalf of the Group's associates and joint venture. These are recharged at cost.

(b) The Group provides management, advisory and consultancy services to SMKL. The amount of management fee charged by the Group to SMKL amounted to P6.9 million in 2018 (2017 and 2016 - P3.9 million). Franchise fee charged amounted to P2.8 million in 2018 (2017 - P1.5 million; 2016 - P1.6 million). Management fee is charged at 2.5% of annual net revenues of SMKL while franchise fee is charged at 1.0% of net revenues of SMKL. There were no outstanding receivables from SMKL for management and franchise fees as at December 31, 2018 and 2017.

(c) On December 22, 2011, the BOD of BHSI approved BHSI's plan to decrease its authorized share capital. In relation to this and pending the SEC's approval of such plan, BHSI made partial advance returns of the investments to its shareholders which include BHI and OKEP of P59.7 million and P40.3 million, respectively. The P40.3 million was received by the Group in behalf of OKEP. In 2014, the Group received additional advances of P24.0 million from BHSI, thereby increasing the Group's liabilities to BHSI to P83.7 million as at December 31, 2016.

On September 15, 2017, the SEC approved the amendments of BHSI's Articles of Incorporation and By-laws which include the decrease in its authorized, and issued and outstanding share capital. These were approved by SEC on September 15, 2017, thereby decreasing BHSI's share capital. As a result, the Group's investment in BHSI decreased by P123,078,269 (Note 6). The settlement of return of investment is consisted of offsetting of prior year advances from BHSI amounting to P83.7 million, as discussed above, and cash proceeds of P14.5 million resulting to unpaid balance amounting to P24.8 million presented as due from related parties in the statement of financial position as at December 31, 2017.

The offsetting of prior year advances to return of investment is presented as non-cash transaction in the statement of cash flows for the year ended December 31, 2017.

The Group collected P0.3 million from BHSI in 2018, thereby decreasing the outstanding balance to P24.6 million as at December 31, 2018.

(d) In 2017, the Group charged KLL, its immediate parent company, for the amount paid on behalf of KLL for legal fees amounting to P0.2 million. This was fully collected in 2018.

(e) In 2017, the Group charged Molten Pte Ltd (MPL), a shareholder, for the amount paid on behalf of MPL for taxes amounting to P0.4 million related to the transfer of the Parent Company's shares from a retired management personnel to MPL. During the year, the Group charged MPL for professional fees amounting to P0.1 million related to the transfer of the Group's shares from a retired management personnel to MPL. These were fully collected in 2018.

(f) In 2017, the Group charged Wiseland Investment Myanmar Ltd (WIML), an entity under common control, an amount representing the employee benefits for the period in service to WIML prior to the transfer of a management personnel to the Group during the year. This receivable is to be collected within 30 to 60 days from the reporting period.

(g) Keppel Land International Limited (KLIL), Keppel Land (Regional Investments), Pte. Ltd., and Keppel Land International (Management), Pte. Ltd., entities under common control, provide support services to the Group. Operating advances for the expenses incurred by the Group from these entities amounted to P0.9 million for the year ended December 31, 2018 (2017 - P0.3 million). These are recharged at cost.

(h) Straits Mansfield Property Marketing Pte Ltd (SMPM), an entity under common control, provides consultancy, advisory and support services to the Group and SMKL. Consultancy fees charged by SMPM, which is based on the time spent by SMPM personnel in rendering services to the Group, amounted to P24.8 million in 2018, (2017 - P12.2 million; 2016 - P12.3 million). Outstanding payables to SMPM amounted to P17.7 million as at December 31, 2018 (2017 - P7.4 million).

(i) Transactions and balances related to key management personnel of the Group as at and for the years ended December 31 are as follows:

	Notes	2018	2017	2016
Salaries and other short-term employee benefits		18,036,919	19,615,557	13,045,415
Bonuses and allowances	11	6,398,325	8,724,235	3,503,841
Retirement benefits	15	437,805	312,697	153,176
		24,873,049	28,652,489	16,702,432

In 2016, the Group sold one of its fully depreciated vehicles to its management personnel for a consideration amounting to P0.1 million. The resulting gain is presented as "Gain on sale of equipment" in "Other income (expense), net" in the consolidated statement of total comprehensive income (Note 12). This has been fully collected in 2016.

There were neither stock options nor other long-term benefits given to key management personnel as at and for the years ended December 31, 2018 and 2017. There were no outstanding balances with key management personnel as at December 31, 2018 and 2017.

Details of related party transactions and balances eliminated during consolidation are as follows:

	2018		2017		
Subsidiary	Transaction amount	Outstanding balance	Transaction amount	Outstanding balance	Terms and conditions
Due from subsidiaries					
BHI (a)	113,851	284,520	130,069	170,669	Non-interest-bearing, unsecured, collectible in cash upon demand
CSRI (a)	98,939	306,351	178,460	207,412	Non-interest-bearing, unsecured, collectible in cash upon demand
		590,871		378,081	
Due to a subsidiary					
BHI (c)	-	59,701,493	-	59,701,493	Non-interest-bearing, unsecured, payable on demand

Note 11 - General and administrative expenses

General and administrative expenses for the years ended December 31 are as follows:

	Notes	2018	2017	2016
Salaries, wages and employee benefits		30,421,536	32,498,979	20,603,678
Management consultancy fee	10	24,799,889	12,155,273	12,288,851
Professional fees		5,154,626	3,025,992	2,299,507
Transportation and travel		4,648,577	3,115,296	3,510,191
Rental	16	2,928,667	2,753,956	2,123,601
Insurance		967,499	402,491	522,409
Utilities		776,822	538,986	487,577
Membership and dues		687,722	620,927	602,160
Retirement benefits	15	521,220	328,438	145,914
Staff recreation and others		478,532	210,863	438,941
Repairs and maintenance		386,248	181,590	336,273
Postage, printing and advertising		370,543	352,499	464,884
Depreciation	7	351,105	317,416	134,213
Taxes and licenses		233,048	1,303,739	228,619
Supplies		155,216	188,066	101,492
Bank and other charges		75,275	50,179	75,756
Others		1,278,890	771,074	632,246
		74,235,415	58,815,764	44,996,312

Other expenses pertain to various expenses such as storage costs, photocopy charges, notarial fee and out-of-pocket expenses for professional services.

Note 12 - Other income (expense), net

Other income (expense), net for the years ended December 31 consist of:

	Notes	2018	2017	2016
Gain on reversal of liabilities	8	162,849	446,198	1,279,245
Foreign exchange losses, net	18.1a	75,859	33,329	(68,667)
Gain on sale of equipment	10	-	140,000	100,000
Provision for doubtful accounts	3	-	(2,666,664)	-
Others		-	156,002	-
		238,708	(1,891,135)	1,310,578

Note 13 - Income taxes

The details of the income tax expense (benefit) for the years ended December 31 are as follows:

	2018	2017	2016
Current	1,510,322	1,005,324	843,769
Deferred	(538,733)	(1,499,731)	(181,406)
	971,589	(494,407)	662,363

The reconciliation between the statutory income tax and the effective income tax is as follows:

	2018	2017	2016
Statutory income tax benefit	(35,167,583)	(11,503,004)	(8,853,674)
Add (deduct) tax effects of:			
Change in unrecognized deferred taxes on NOLCO and MCIT	16,896,764	15,202,741	11,506,577
Non-deductible expenses	2,874,075	543,669	710,822
Income subjected to final tax	(716,016)	(501,547)	(278,834)
Non-taxable income	(40,577)	(113,334)	(396,257)
Share in results of associated companies	17,124,926	(4,122,932)	(2,026,271)
Effective income tax expense (benefit)	971,589	(494,407)	662,363

(a) Current tax

The details of the current tax expense for the years ended December 31 are as follows:

	2018	2017	2016
Final tax	1,369,932	919,375	762,705
Minimum Corporate Income Tax (MCIT)	140,390	85,949	81,064
	1,510,322	1,005,324	843,769

(b) Deferred income tax

The components of deferred income tax asset (liabilities), net as at December 31 are as follows:

	2018	2017
Deferred income tax assets		
Accrued expenses	1,901,985	1,500,000
Deferred income tax liabilities		
Retirement benefit asset	(71,427)	(17,647)
Unrealized foreign exchange gain, net	-	(374)
	(71,427)	(18,021)
	1,830,558	1,481,979

Deferred income tax assets (liabilities) as at December 31 are expected to be realized (settled) as follows:

	2018	2017
Deferred income tax assets:		
Expected to be realized within 12 months	1,901,985	1,500,000
Deferred income tax liabilities:		
Expected to be settled within 12 months	-	(374)
Expected to be settled after 12 months	(71,427)	(17,647)
	(71,427)	(18,021)
	1,830,558	1,481,979

Movements in net deferred income tax assets for the years ended December 31 are as follows:

	Note	2018	2017
At January 1		1,481,979	(69,409)
Credited to profit or loss		538,733	1,499,731
Credited to other comprehensive income	15	(190,154)	51,657
At December 31		1,830,558	1,481,979

Deferred income tax assets for net operating loss carry-over (NOLCO) and excess MCIT were not recognized since Management believes that future taxable profit will not be available against which these carry-forward benefits can be applied. Details of unrecognized deferred income tax assets as at December 31 are as follows:

	2018	2017
NOLCO	144,328,937	120,309,202
Tax rate	30%	30%
	43,298,681	36,092,761
MCIT	307,403	241,060
	43,606,084	36,333,821

The movements in NOLCO and MCIT as at December 31 are as follows:

	2018	2017
NOLCO		
At January 1	120,309,202	89,753,759
Additions	55,854,581	50,389,307
Expirations	(31,834,846)	(19,833,864)
At December 31	144,328,937	120,309,202
MCIT		
At January 1	241,060	258,948
Additions	140,390	85,949
Expirations	(74,047)	(103,837)
At December 31	307,403	241,060

Details of NOLCO at December 31, which could be carried over as deduction from taxable income for three consecutive years following the year of incurrence, follow:

Year incurred	Year of Expiry	2018	2017
2015	2018	-	31,834,846
2016	2019	38,085,049	38,085,049
2017	2020	50,389,307	50,389,307
2018	2021	55,854,581	-
		144,328,937	120,309,202

The Group is subject to MCIT equivalent to 2% of gross income, as defined in the tax regulations. The details of the Group's excess MCIT over normal income tax are as follows:

Year incurred	Year of Expiry	2018	2017
2015	2018	-	74,047
2016	2019	81,064	81,064
2017	2020	85,949	85,949
2018	2021	140,390	-
		307,403	241,060

Note 14 - Earnings (loss) per share

Earnings (loss) per share for the years ended December 31 was determined as follows:

	2018	2017	2016
Net loss	(118,196,865)	(37,848,940)	(30,174,609)
Divided by: Weighted average number of common shares issued and outstanding	293,828,900	293,828,900	293,828,900
Basic/Diluted loss per share	(0.40)	(0.13)	(0.10)

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 December 31, 2018, 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 15 - Retirement benefits

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.

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 latest actuarial valuation date of the Group's retirement plan is as at December 31, 2018.

The net retirement benefit asset recognized in the statement of financial position as at December 31 is determined as follows:

	2018	2017
Fair value of plan assets	2,240,514	1,821,792
Present value of defined benefit obligation	(2,002,423)	(1,762,969)
	238,091	58,823

The Group's net retirement benefit asset reflected in the consolidated financial statements represents the Parent Company's retirement plan because 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 benefit asset recognized in the consolidated statements of financial position for the years ended December 31 are as follows:

	2018	2017
At January 1	58,823	420,164
Retirement expense recognized in profit or loss	(521,220)	(328,438)
Transfer of employees from an associate	(375,670)	-
Remeasurements recognized in other comprehensive income		
Changes in demographic assumptions	-	-
Changes in financial assumptions	265,067	(17,322)
Deviations of experience from assumptions	490,564	(32,267)
Loss on plan assets	(121,783)	(122,600)
Contributions to the retirement fund	442,310	139,286
At December 31	238,091	58,823

The components of retirement benefit expense and net interest expense (income) recognized in profit or loss for the years ended December 31 are as follows:

	2018	2017	2016
Current service cost presented as retirement expense	504,142	350,622	175,733
Net interest expense (income)	17,078	(22,184)	(29,819)
	521,220	328,438	145,914

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

	Note	2018	2017	2016
Remeasurements on defined benefit obligation		755,631	(49,589)	(112,048)
Remeasurements on plan assets		(121,783)	(122,600)	(37,941)
Remeasurement gain (loss)		633,848	(172,189)	(149,989)
Deferred income tax benefit (expense)	13	(190,154)	51,657	44,997
Remeasurement gain (loss), net of tax		443,694	(120,532)	(104,992)

(a) Defined benefit obligation

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

	2018	2017
At January 1	1,762,969	1,421,621
Current service cost included in retirement expense	504,142	350,622
Interest cost included in retirement expense	115,273	75,062
Transfer of employees from an associate	375,670	-
Remeasurements in other comprehensive income:		
Actuarial loss (gain) on obligation resulting from:		
Changes in demographic assumptions	-	-
Changes in financial assumptions	(265,067)	17,322
Deviations of experience from assumptions	(490,564)	32,267
Benefits paid from the retirement fund	-	(133,925)
At December 31	2,002,423	1,762,969

As at December 31, 2018, the average duration of the defined benefit obligation is 21 years.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31:

	2018	2017
Less than 10 years	1,303,486	-
More than 10 years to 15 years	1,023,143	2,002,619
More than 15 years to 20 years	6,756,334	9,984,370
More than 20 years	36,977,046	4,213,969
	46,060,009	16,200,958

(b) Plan assets

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

	2018	2017
Cash	976,265	5,605
Government securities	1,237,213	1,049,359
Investment in unit investments in trust funds (UITF)	17,804	761,516
Receivables	11,510	7,572
Trust fee payable	(2,278)	(2,260)
	2,240,514	1,821,792

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 asset durations.

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

	2018	2017
At January 1	1,821,792	1,841,785
Interest income presented as net on retirement expense	98,195	97,246
Remeasurements in other comprehensive income:		
Loss on plan assets	(121,783)	(122,600)
Contributions to the retirement fund	442,310	139,286
Benefits paid from the retirement fund	-	(133,925)
At December 31	2,240,514	1,821,792

There are no plan assets invested in any entity within the Group as at and for the years ended December 31, 2018 and 2017. The Group's transactions with the retirement fund for the years are limited to contributions and benefit payments. The fair value of the plan assets approximates their carrying amount as at December 31, 2018 and 2017.

The Group's annual contribution to the fund consists principally of payments which 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 P0.4 million to the retirement fund in 2019.

There was no plan amendment, curtailment, or settlement for the years ended December 31, 2018 and 2017.

Actuarial assumptions

The principal assumptions used in determining the Group's retirement obligation as at December 31 are shown below:

	2018	2017
Discount rate	8.93%	5.39%
Future salary increase rate	5.00%	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:

	Rates		Increase (Decrease)	
	2018	2017	2018	2017
Discount rate	+1.0%	+1.0%	(40,316)	(140,783)
	-1.0%	-1.0%	51,081	180,511
Salary increase rate	+1.0%	+1.0%	51,567	172,634
	-1.0%	-1.0%	(41,310)	(138,790)

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 consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Note 16 - Leases

The Group has the following operating lease contracts for years ended December 31, 2018, 2017 and 2016:

(a) Office space - The Group entered into an operating lease contract for its office space related to the transfer of the Group's office to a temporary address due to the ongoing construction by the lessor of the Group's principal office. The lease agreement has expired on February 28, 2019. Consequently, the Parent Company moved back to its principal office address at The Podium West Tower, 12 ADB Avenue, Ortigas Center, Mandaluyong City with a lease term of three (3) years from March 2019 to March 2022. Total rent expense charged to operations amounted to P2.4 million in 2018 (2017 - P2.1 million; 2016 - P1.9 million) (Note 11).

    As at December 31, 2018, the required advance rentals and deposit amounted to P1.8 million (2017 - P 1.4 million). These are included under "Prepayments and other current assets" in the consolidated statements of financial position (Note 4).

(b) Staff house - The Group entered into operating lease contracts for its officers' housing. These agreements will expire on various dates in 2019. Total rent expense charged to operations amounted to P2.7 million in 2018 (2017 - P3.5 million; 2016 - P1.2 million). Rent expense for staff house is presented as part of "Salaries, wages and employee benefits" in the "General and administrative expenses" (Note 11).

    As at December 31, 2018 and 2017, the required advance rentals and deposit amounted to P0.5 million. These are included under "Prepayments and other current assets" in the consolidated statement of financial position (Note 4).

The future minimum lease payments under the above leases are as follows:

	2018	2017
Not later than one year	5,757,928	1,019,458

Note 17 - 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 is as follows:

	2018	2017
Operating assets	1,531,636,972	1,627,357,787
Operating liabilities	81,106,708	59,285,572
Revenue and income (expense)	(43,228,569)	22,363,552
Other income, net	238,708	(1,891,135)
General and administrative expenses	74,235,415	58,815,764
Segment net loss	(118,196,865)	(37,848,940)

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 net loss pertains to a single operating segment.

Note 18 - Financial risk and capital management

18.1 Financial risk management

The Group's principal financial assets and financial liabilities comprise cash and cash equivalents, financial assets at fair value through other comprehensive income (FVOCI), amounts due to and from related parties and refundable deposits. The Group has various other financial assets and financial liabilities such as receivables and payables and other current liabilities, which arise from its operations.

The main risks arising from the Group's financial instruments are market risk (mainly 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 SG-dollar denominated cash on hand and consultancy fees due to SMPM.

The Group's foreign currency-denominated monetary assets and liabilities as at December 31 are as follow:

	2018		2017	
	SGD	USD	SGD	USD
Cash and cash equivalents	500	-	500	1,233
Due to related parties	(456,704)	-	(188,721)	-
Net assets (liabilities)	(456,204)	-	(188,221)	1,233
Year-end exchange rate	38.47	-	37.32	50.74
PHP equivalent	(17,550,168)	-	(7,024,408)	62,562

Net foreign exchange gains (losses) for the years ended December 31 are as follows:

	Note	2018	2017	2016
Unrealized		-	1,247	3,120
Realized		75,859	32,082	(71,787)
	12	75,859	33,329	(68,667)

The Group manages its foreign currency exposure risk by matching receipts and payments in each individual 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)
December 31, 2018	SGD	+3.08%	(540,545)
		-3.08%	540,545
December 31, 2017	USD	+2.01%	1,258
		-2.01%	(1,258)
	SGD	+7.67%	(538,772)
		-7.67%	538,772

In 2018 and 2017, the Group used the average change in 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 and refundable deposits. As at December 31, 2018 and 2017, the carrying values of the Group's financial instruments represent maximum exposure to credit risk at reporting date.

There were no amounts that are offset in accordance with the entities in PAS 32, *Financial Instruments: Presentation*. There were no amounts subject to an enforceable master netting arrangement or similar agreement as at December 31, 2018 and 2017.

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-nine percent (99%) of total receivables as at December 31, 2018 and 2017.

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

The credit quality per class of financial assets at amortized cost is as follows:

	Neither past due nor impaired			Past due but		
	High grade	Low grade	Total	not Impaired	Impaired	Total
December 31, 2018						
Cash and cash equivalents*	137,966,967	-	137,966,967	-	-	137,966,967
Receivables	1,394,693	-	1,394,693	-	2,666,664	4,061,357
Due from related parties	99,841,251	-	99,841,251	-	-	99,841,251
Refundable deposits	72,300	-	72,300	-	-	72,300
	239,217,008	-	239,217,008	-	2,666,664	241,883,672
December 31, 2017						
Cash and cash equivalents*	178,596,541	-	178,596,541	-	-	178,596,541
Receivables	1,014,492	-	1,014,492	-	2,666,664	3,681,156
Due from related parties	100,331,592	-	100,331,592	-	-	100,331,592
Refundable deposits	72,300	-	72,300	-	-	72,300
	279,850,632	-	279,850,632	-	2,666,664	282,517,296

**Cash and cash equivalents exclude cash on hand.*

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 December 31, 2018 and 2017.

The Group's receivable amounting to P2.7 million as at December 31, 2018 is determined to be impaired and was provided with allowance for doubtful accounts in 2017 (Note 3).

(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 consolidated statement of financial position pertains to cash on hand which is not subject to credit risk.

(ii) Receivables

<u>Receivables from related parties</u>

Credit exposure of the Group on 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.

The maximum credit risk exposure is equal to the carrying amount as at December 31, 2018 and 2017.

Receivables from third parties

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

As at December 31, 2018, the Group's receivable amounting to P2.7 million is determined to be impaired and was provided with allowance for doubtful accounts in 2017 (Note 3).

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

(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	More than 3 months to 1 year	More than one year	Total
December 31, 2018					
Accounts payable and other current liabilities*	553,981	12,770,746	-	-	13,324,727
Due to related parties	52,234,206	5,754,996	-	-	57,989,202
	52,788,187	18,525,742	-	-	71,313,929
December 31, 2017					
Accounts payable and other current liabilities*	553,981	8,187,695	-	-	8,741,676
Due to related parties	43,473,046	4,228,532	-	-	47,701,578
	44,027,027	12,416,227	-	-	56,443,254

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

18.2 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 liabilities 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 December 31, 2018 and 2017 are as follows:

	2018	2017
Liabilities	81,106,708	59,285,572
Equity	1,450,530,264	1,568,072,215
Percentage of debt to equity	5.59%	3.78%

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.

18.3 Fair value estimation

Due to the short-term nature of the Group's financial instruments, their fair values approximate their carrying amounts as at December 31, 2018 and 2017, except for financial assets at fair value through other comprehensive income (FVOCI).

The financial assets pertaining to investment in preferred equity shares and unquoted club shares are valued at FVOCI. The management has assessed that the cost less any impairment, if any, is the best estimate for fair value because these do not have a quoted market price in an active market and fair value cannot be measured reliably.

Fair value hierarchy

During the reporting period ended December 31, 2018 and 2017, 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 19 - Critical accounting estimates, assumptions and judgments

The preparation of the financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The estimates, assumptions, and judgments used in the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from such estimates.

The estimates, assumptions, and judgments that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

19.1 Critical judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Assessment of control, joint control and significant influence

The Group has determined that it has no control over its investments in associates as it has no power over these investees or it is not exposed or does not have rights to variable returns from its involvement with these investees and it does not have the ability to effect the amount of these variable returns. However, the Group determined that it has significant influence over these investments, thus these investments are classified as associates and is continuously accounted for by the Group using the equity method in its consolidated financial statements. Moreover, the Group is a part owner of an investment in a joint venture where the Group has determined that it does not have sole control over the investee and the ownership is shared with the other owner. The Group and the other owner have joint control and rights over the net assets of the investment.

The Group has (after considering the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangement and the Group's rights and obligations arising from the arrangement) classified its interest as joint ventures, thus the Group account for its investment in associates and joint venture using the equity method.

The carrying value of investment in associates and joint venture as at December 31, 2018 amounted to P1,185.8 million (2017 - P1,242.6 million) (Note 6).

(b) Classification and fair value measurement of financial assets not quoted in an active market

The Group has assessed the business models for managing the financial assets and the contractual cash flow characteristics of the financial assets to determine the appropriate classification for each financial asset under PFRS 9, Financial Instruments.

The AFS investments in preferred shares within the Group are not held for trading, thus, the Group elected to classify these investments under "Financial assets at fair value through other comprehensive income" with gains and losses remaining in the other comprehensive income, i.e. without recycling to profit or loss upon derecognition (Note 5). However, dividends from investments should be recognized in profit or loss when the right to receive payment is probable and can be measured reliably.

The Group has assessed that cost is an appropriate estimate of fair value. Cost less impairment, if any, is the best estimate of fair value as these are unquoted preferred shares of related parties and there is insufficient recent information available to determine fair value.

The Group has assessed that indicators below, at investees point of view, are not existent, thus, concluded that cost less impairment, if any, is the best estimate of fair value.

- a significant change in the performance of the investee compared with budgets, plans or milestones
- changes in expectation that the investee's technical product milestones will be achieved
- a significant change in the market for the investee's equity or its products or potential products; and
- a significant change in the global economy or the economic environment in which the investee operates.

The valuation of the financial assets at fair value through other comprehensive income is categorized as Level 3 measurement as it utilized adjusted inputs for valuation that were, for the major part, unobservable as at the date of valuation. The main inputs used by the Group are net asset values of the investees. These investees are dormant companies with cash, receivables and investments in other entities on their statements of financial position.

(c) Assessment of impairment of investment in associates and joint venture

The Group assesses impairment on its investments in associates and joint venture whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. This requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

As at December 31, 2018 and 2017, the Group did not recognize any impairment loss on its investment in associates and joint ventures since there are no impairment indicators identified in 2018 and 2017. The carrying value of investments in associates and joint venture as at December 31, 2018 amounted to P1,185.8 million (2017 - P1,242.6 million) (Note 6).

(d) Impairment of receivables and due from related parties

The allowance for doubtful accounts related to its trade receivables and due from related parties are based on assumptions about risk of default and expected loss rates. The Group uses estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 20.6.

Prior to the adoption of PFRS 9, the Group maintains allowance for doubtful accounts on its receivables at a level adequate to provide for any potential uncollectible receivables. The level of this allowance is regularly evaluated by the Group. The Group assesses whether objective impairment exists for the receivable by considering the financial condition and credit history of the counterparty. Moreover, the Group also considers its historical loss experience in assessing collective impairment of receivables. The Group reviews the status of the receivables and identifies amounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in the Group's allowance for doubtful accounts on receivables would increase the Group's recorded expenses and decrease current assets.

Receivables amounted to P1.4 million as at December 31, 2018 (2017 - P1.0 million). Due from related parties amounted to P99.8 million as at December 31, 2018 (2017 - P100.3 million). Allowance for impairment loss provided for the Group's receivable from a third party amounted to P2.7 million as at December 31, 2018 and 2017 (Notes 3 and 10).

(e) Recognition of deferred income tax assets

Deferred income tax assets are recognized for unused tax losses and credits to the extent that it is probable that taxable profit will be available against which the tax losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

As at December 31, 2018, recognized deferred income tax assets amounted to P1.8 million (2017 - P1.5 million). The amount of unrecognized deferred income tax assets amounted to P43.6 million as of December 31, 2018 (2017 - P36.3 million) (Note 13).

(f) Recoverability of prepaid income taxes and input VAT

The Group assesses impairment on prepaid income taxes and input VAT whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable. The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Based on management's assessment, the prepaid income taxes and input VAT will be fully utilized in the future by applying it to applicable taxes.

Note 20 - Summary of significant accounting policies

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

20.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards ("PFRS"). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards ("PAS"), and interpretations of the Philippine Interpretations Committee ("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.

These consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through OCI and retirement benefit asset, recognized as the net of the fair value of plan assets and the present value of defined benefit obligation.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 19.

Changes in accounting policy and disclosures

(a) Amendments and improvements to existing standards and interpretations adopted by the Group

The Group has applied the following standards for the first time for their annual reporting period commencing January 1, 2018:

- PFRS 9, Financial Instruments. The Group has adopted PFRS 9 with a date of transition of January 1, 2018, which resulted in changes in accounting policies. The adoption of PFRS 9 has not resulted to any adjustments to the amounts previously recognized in the financial statements. The Group did not early adopt PFRS 9 in previous periods. The Group adopted the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2018 and that comparatives will not be restated.

The adoption of PFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

Set out below are disclosures relating to the impact of the adoption of PFRS 9. Further details of the specific PFRS 9 accounting policies applied in the current period (as well as the previous PAS 39 accounting policies applied in the comparative period) are described in more detail in Note 20.3.

(i) Classification and measurement

On January 1, 2018, the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate PFRS 9 categories (Note 19.1).

The closing balances as at December 31, 2017 show loans and receivables under amortized cost. These reclassifications have no impact on the measurement categories. The financial assets at amortized cost include cash and cash equivalents (Note 2), receivables (Note 3), due from related parties (Note 10) and refundable deposits in the statement of financial position.

There were no changes to the classification and measurement of financial liabilities.

(ii) Impairment of financial assets

The Group's trade receivables and due from related parties are subject to PFRS 9's new expected credit loss model. The Group is required to revise its impairment methodology under PFRS 9 for each of these classes of assets.

While cash in banks are also subject to the impairment requirements of PFRS 9, there was no impairment loss to be recognized.

The Group applies the PFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and due from related parties. The calculation of impairment based on simplified approach has resulted in immaterial loss allowance.

- PFRS 15, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and, thus has the ability to direct the use and obtain the benefits from the good or service. Under the new standard, the notion of control replaces the existing notion of risks and rewards.

The standard replaces PAS 18, Revenue, and PAS 11, Construction Contracts, and related interpretations. A five-step process must be applied before revenue can be recognized which include: (i) identification of contracts with customers; (ii) identification of the separate performance obligation; (iii) determination of the transaction price of the contract; (iv) allocation of the transaction price to each of the separate performance obligations; and (v) recognition of revenue as each performance obligation is satisfied. Revenue may also be recognized earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome, etc.) - minimum amounts must be recognized if these are not at significant risk of reversal. Further, the point at which revenue is able to be recognized may shift: some revenue which is currently recognized at a point in time at the end of a contract may have to be recognized over the contract term and vice versa. The Group has adopted the new standard effective January 1. 2018. The adoption resulted in changes in the Group's revenue recognition policy but did not have material impact in the consolidated financial statements. The Group adopted the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2018 and that comparatives will not be restated.

Amendments to PFRS 15 comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation permitted). New and amended illustrative examples have been added for each of these areas of guidance. It also included additional expedients related to transition to the new revenue standard. The amendments are effective for annual reporting periods beginning on or after January 1, 2018, with early application permitted.

The amendments did not change the core principles of PFRS 15 however, they clarified some of the more complex aspects of the standard. Accordingly, PFRS 15 and its amendments resulted in changes in the Group's revenue recognition policy but did not have material impact in the consolidated financial statements.

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

A number of new standards, amendments, and interpretations to existing standards are effective for annual periods after January 1, 2018, and have not been early adopted nor applied by the Group in preparing these consolidated financial statements. None of these standards are expected to have significant effect on the consolidated financial statements of the Group, while the most relevant one is set out below:

- *PFRS 16, Leases* (effective January 1, 2019). The standard now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The International Accounting Standards Board (IASB) has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under PFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Earlier application is permitted, but only in conjunction with PFRS 15, Revenue from Contracts with Customers. In order to facilitate transition, entities can choose a 'simplified approach' that includes certain reliefs related to the measurement of the right-of-use asset and the lease liability, rather than full retrospective application; furthermore, the 'simplified approach' does not require a restatement of comparatives.

In addition, as a practical expedient entities are not required to reassess whether a contract is, or contains, a lease at the date of initial application (that is, such contracts are "grandfathered").

The Group will continue to assess the impact of PFRS 16 closer to the date of mandatory adoption (Group as lessor) but has initially assessed a possible recognition of the right-of-use asset under this standard pertaining to its non-cancellable operating lease commitments of P5.8 million. The adoption of this standard is not expected to have a significant impact in the Group's financial statements as the remaining lease periods of existing lease agreements are less than twelve months (Note 16).

20.2 Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018. Subsidiaries are all entities over which the Group has control. 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 (OCI) 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.

20.3 Financial instruments

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

Financial assets

(a) Classification

From January 1, 2018, the Group classifies its financial assets in the following measurement categories: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI) and amortized cost. The Group did not hold financial assets under the category financial assets at FVPL as at December 31, 2018.

(i) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/losses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of total comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group's financial assets measured at amortized cost comprise cash and cash equivalents (Note 20.5), receivables (Note 20.6), due from related parties (Note 20.6) and refundable deposits in the statement of financial position.

(ii) Fair value through other comprehensive income

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group's financial assets measured at FVOCI represent unquoted preferred shares of related parties and quoted investments in club shares. These are classified in the statement of financial position (Note 5).

(b) Recognition and measurement

(i) Initial recognition and measurement

The measurement at initial recognition did not change on adoption of PFRS 9. See description below.

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(ii) Subsequent measurement

Loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method.

Equity investments

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

(c) *Impairment*

From January 1, 2018, for trade receivables and due from related parties, the Group applies the simplified approach permitted by PFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the trade receivables. Impairment testing of receivables and due from related parties is described in Note 20.6.

Equity investments

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments, a significant or prolonged decline in the fair value of security below its cost is also evidence that the assets are impaired.

If any such evidence exists the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in profit or loss. Impairment losses recognized in the profit or loss on equity instruments are not reversed through profit or loss.

(d) Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities

(a) Classification

The classification and measurement of financial liabilities under PFRS 9 remains the same as in PAS 39 except where an entity has chosen to measure a financial liability at fair value through profit or loss. For such liabilities, changes in fair value related to changes in own credit risk are presented separately in other comprehensive income. The Group did not measure its financial liabilities at fair value through profit or loss as at December 31, 2018.

The Group classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and other financial liabilities. The Group's financial liabilities are limited to other financial liabilities at amortized cost.

Financial liabilities at amortized cost pertains to issued financial instruments that are not classified as at fair value through profit or loss and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash. These are included in current liabilities, except for maturities greater than twelve (12) months after the reporting period which are classified as non-current liabilities.

The Group's trade and other payables (excluding payable to government agencies) (Note 20.12), and due to related parties are classified under other financial liabilities at amortized cost.

(b) Recognition and derecognition

Financial liabilities not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial liabilities are derecognized when extinguished, i.e., when the obligation is discharged or is cancelled, expires, or paid.

(c) Measurement

Other financial liabilities are carried at amortized cost using the effective interest method.

(d) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. As at December 31, 2018 and 2017, there were no offsetting of financial assets and liabilities.

Accounting policies applied until December 31, 2017

(a) Classification and measurement

The Group classifies its financial assets and liabilities according to the categories described below. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction costs.

Financial assets

Financial assets are classified in four categories: financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. As at December 31, 2017, the Group only holds financial assets classified as loans and receivable and available for sale.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

Loans and receivables are carried at cost or amortized cost in the consolidated statement of financial position. Amortization is determined using the effective interest rate method. Loans and receivables are included in current assets if maturity is within twelve months from the reporting date. Otherwise, these are classified as non-current assets.

This accounting policy relates to the Group's "Cash and cash equivalents", "Receivables", "Due from related parties" and "Refundable deposits".

(ii) AFS financial assets

AFS financial assets are non-derivatives that are either designated in this category or not classified in any other categories. Subsequent to initial recognition, AFS financial assets are carried at fair value in the consolidated statement of financial position. Changes in the fair value of such assets are reported in OCI until the investment is derecognized or the investment is determined to be impaired. Assets under this category are classified as current assets if maturity is within twelve months from the end of the reporting date and as non-current assets if maturity date is more than a year from the end of the reporting date.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any allowance for impairment loss. Classified under this category are the Group's investments in club shares and redeemable preferred shares carried at cost.

(a) Day 1 profit

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" profit) in profit or loss. In cases where no observable data is used, the difference between the transaction price and model values is recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" profit amount.

Financial liabilities

Financial liabilities are classified into two categories: financial liabilities at FVPL and other financial liabilities. As at December 31, 2017, the Group's financial liabilities are classified as other financial liabilities.

Other financial liabilities pertains to financial liabilities that are not held-for-trading or not designated at FVPL upon the inception of the liability. These include liabilities arising from operations or loans and borrowings.

The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

This accounting policy applies to the Group's "Accounts payable and other current liabilities", "Due to related parties" and other obligations that meet the above definition (other than liabilities covered by other accounting standards) (Notes 20.12, 20.21).

(b) Recognition

Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

(c) Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(i) Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivable carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of impairment loss is recognized in profit or loss.

(ii) AFS financial assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The Group recognizes impairment losses on AFS equity investments when there has been a significant or prolonged decline in the fair value of such investments below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. In determining whether the decline in value is significant, the Group considers historical volatility of share price (i.e., the higher the historical volatility, the greater the decline in fair value before it is likely to be regarded as significant) and the period of time over which the share price has been depressed (i.e., a sudden decline is less significant than a sustained fall of the same magnitude over a longer period).

(d) Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset or the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

(e) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

20.4 Determination of fair value of financial and non-financial assets

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

(a) Financial assets and liabilities

The fair value for financial instruments traded in active markets at the end of the reporting period is based on their quoted market price or dealer price quotations, without any deduction for transaction costs. When current market prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

(b) Non-financial assets

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

<u>Fair value hierarchy</u>

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as financial assets at fair value through other comprehensive income, and for non-recurring fair value measurement. At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

20.5 Cash and cash equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of change in value. Cash and cash equivalents are recognized and carried at nominal amounts.

20.6 Receivables and due from related parties

Receivables and due from related parties arising from rendering of services with average credit term of 30 to 60 days are measured at the original invoice amount which approximates fair value (as the effect of discounting is immaterial), less any provision for impairment. Thease are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables and due from related parties. To measure the expected credit losses, receivables and due from related parties have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized within general and administrative expenses in the statement of total comprehensive income. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for receivables and due from related parties. Subsequent recoveries of amounts previously written-off are credited against general and administrative expenses in the statement of total comprehensive income.

The expected loss rates are based on the payment profiles of sales over a period of 24 month before January 1, 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and due from related parties. The Group has identified that the Philippine annual inflation and growth domestic product rates to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

Prior to the adoption of PFRS 9, a provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables and due from related parties. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of total comprehensive income within Other income (expense). When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for receivables. Subsequent recoveries of amounts previously written-off are credited against other income (expense) in the statement of total comprehensive income.

20.7 Prepayments and other current assets

(a) Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in the operations or expire with the passage of time.

(b) Prepaid income taxes

Prepaid income taxes represent amounts withheld by the Group's counterparties in relation to revenue earned. These amounts are derecognized when applied against the income tax payable.

20.8 Investments in associates and a joint venture

Associates are entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in associates and joint venture are accounted for using the equity method of accounting from the date from which the entity becomes an associate and a joint venture. The difference between the cost of the investments and the Group's share of the net fair value of the investee's identifiable assets and liabilities is treated as a "Fair value adjustment" and included in the carrying amount of the investment.

Under the equity method, the investments in associates and joint venture are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate, less dividends declared and impairment in value. If the Group's share of losses of an associate and joint venture equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses. The interest in an associate and joint venture is the carrying amount of the investment in the associate and joint venture under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate and joint venture. After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss with respect to the Group's net investments in the associates and joint venture. The consolidated statement of comprehensive income reflects the Group's share in the results of operations of the associates. This is included in the "Share of results of associated companies" account in the consolidated statement of comprehensive income. After the Group's interest is reduced to zero, additional losses are provided to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates, joint venture and the Group are identical and the accounting policies of the associates and joint venture conform to those used by the Group for like transactions and events in similar circumstances.

Unrealized gains arising from intercompany transactions with its associates and joint venture are eliminated to the extent of the Group's interest in the associate and joint venture. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

Upon loss of significant influence over the associates, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associates and joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

20.9 Current versus non-current classification

The Group presents assets and liabilities in consolidated statement of financial position based on current and non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

20.10 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when such cost is incurred if the recognition criteria are met.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Transportation equipment	2-5
Office equipment	1-4
Furniture and fixtures	4

The useful lives, residual value and depreciation method are reviewed periodically to ensure that the period, residual value and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

20.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell or its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase in OCI. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments in associates and a joint venture

After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investments in associates or jointly controlled entities are impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the Group's share in the fair value and the carrying value of the net assets of the investee company and recognizes the difference in profit or loss.

20.12 Accounts payable and other current liabilities

Accounts payable and other current liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are recognized initially at invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method which is normally equal to its nominal amount.

Accounts payable and other current liabilities are derecognized when the obligation is discharged, cancelled or expired.

20.13 Provisions and contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

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

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

20.14 Revenue recognition

The Parent Company has adopted PFRS 15 effective January 1, 2018.

(a) Management consultancy fees and franchise fees

The Parent Company has entered into an agreement with its related party to provide management, advisory and consultancy services. Management consultancy fees and franchise fees related to this agreement are recognized by reference to the monthly completion of the services. Under this method, revenue is recognized in the accounting periods in which the services are rendered. The related party, as the customer, simultaneously receives and consumes the benefits provided by the Parent Company as the latter performs the service. Therefore, the Parent Company transfers control of service and recognizes revenue over time. The Parent Company submits invoice on a monthly basis to its customer. Management fee is charged at 2.5% of annual net revenues of the customer and franchise fee is charged at 1.0% of net revenues of the customer. The Parent Company determined that there's no disaggregation of revenue from this single contract with customer into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Accounting policies applied until December 31, 2017

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

(a) Management consultancy fees and franchise fees

Management consultancy fees and franchise fees are recognized when earned on an accrual basis in accordance with the terms and conditions of the agreement.

(b) Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

(c) Other income

Other income is recognized when earned.

20.15 General and administrative expenses

General and administrative expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. General and administrative expenses are recognized in profit or loss in the period these are incurred.

20.16 Equity

(a) Share capital

Share capital is measured at par value for all shares issued.

(b) Share premium

Share premium represents capital contribution in excess of par value of the share capital.

(c) Other reserves

Reserves pertaining to other comprehensive income comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the consolidated statement of income for the year in accordance with PFRS. Other comprehensive income includes remeasurement gains or losses on the Group's retirement benefits and the share of the Group on actuarial gain of its associates and joint venture.

(d) Retained earnings

Retained earnings represent the cumulative balance of net income or loss of the Group, net of any dividend declaration.

(e) Treasury shares

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

20.17 Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. Reassessment is made after the inception of the lease only if one of the following applies:

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

Where a reassessment is made, lease accounting shall commence or cease from the date of the change in circumstances that gave rise to the reassessment for scenarios (a), (c) and (d) above and at the date of renewal or extension period for scenario (b).

Group as a lessee

Lease of assets under which the lessor effectively retains all the risks and rewards of ownership is classified as operating lease. Lease payments under an operating lease are recognized as an income on a straight-line basis over the lease term.

20.18 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at reporting date. All differences are taken to the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expense in the period they are realized.

20.19 Employee benefits

(a) Short-term employee benefits

Short-term employee benefits include items such as salaries and wages, social security contributions and nonmonetary benefits, if expected to be settled wholly within twelve months after the end of the reporting period in which the employees rendered the related services. Short-term employee benefits are recognized as expense as incurred. When an employee has rendered service to the Group during the reporting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid.

(b) Retirement benefits

The Group has a funded, non-contributory retirement plan, administered by a trustee, covering its regular employees. The net retirement liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Retirement cost is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined retirement benefit costs comprise the following:

(a) Service costs
(b) Net interest on the net defined benefit liability or asset
(c) Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on the risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related net defined benefit liability. Net interest on the net defined benefit liability or asset is recognized as interest expense or interest income in profit or loss.

Remeasurements comprising actuarial gains and losses and return on plan assets (excluding net interest on defined benefit liability) are recognized immediately in OCI under "Actuarial gain on defined benefit plan" in the period in which they arise. Remeasurements are not recycled to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting net retirement benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

20.20 Current and deferred income tax

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at the reporting date.

Current income tax relating to items directly in equity is recognized in equity and not in the consolidated statement of income.

(b) Deferred income tax

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred income tax assets are recognized for all deductible temporary differences, carry forward benefits of excess minimum corporate income tax (MCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred income tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax assets and liabilities are derecognized when the related bases are realized/settled or when they are no longer realizable.

(c) Value-Added Tax (VAT)

Expenses and assets are recognized net of the amount of VAT except:

- where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of other current assets or payables in the consolidated statement of financial position.

20.21 Related party relationships and transactions

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

20.22 Basic/diluted earnings per share (EPS)

EPS is computed by dividing net income for the year attributable to common shareholders by the weighted average number of common shares issued and outstanding during the year, with retroactive adjustments for any stock dividends declared.

20.23 Operating segments

The Group's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets. Financial information on business segments is presented in Note 17.

20.24 Events after the reporting period

Post year-end events that provide additional information about the Group's position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)
As Amended on October 20, 2011

To the Board of Directors and Shareholders of
Keppel Philippines Properties, Inc. and Subsidiaries
18th Floor, The Podium West Tower
12 ADB Avenue, Ortigas Center
Mandaluyong City

We have audited the consolidated financial statements of Keppel Philippines Properties, Inc. and its subsidiaries as at and for the year ended December 31, 2018, on which we have rendered the attached report dated March 26, 2019. The supplementary information shown in the Schedule of Philippine Financial Reporting Standards and Interpretations effective as at December 31, 2018, Reconciliation of Retained Earnings for Dividend Declaration, Map of the Group of Companies within which the Reporting Entity Belongs, and Key Financial Ratios as required by Part I, Section 4 of Rule 68 of the SRC, and Schedules A, B, C, D, E, F, G, and H as required by Part II, Section 6 of Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with Parts I and II of Rule 68 of the SRC.

Isla Lipana & Co.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 8, 2019 at Makati City
SEC A.N. (individual) as general auditors 1585-A, Category A; effective until September 27, 2019
SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021
TIN 152-015-078
BIR A.N. 08-000745-042-2018, issued on February 2, 2018; effective until February 1, 2021
BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
March 26, 2019

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Keppel Philippines Properties, Inc. and Subsidiaries
18th Floor, Units 1802B-1803, The Podium West Tower,
12 ADB Avenue, Ortigas Center
Mandaluyong City

Schedule A
Financial Assets
As at December 31, 2018

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statements of financial position	Income received and accrued
Financial assets at fair value through other comprehensive income			
Opon Ventures, Inc.	4,800,000	48,000,000	-
Opon-KE Properties, Inc.	3,128,722	31,287,230	-
Club Filipino Inc. de Cebu	12	225,000	-
Total financial assets at fair value through other comprehensive income		79,512,230	-
Cash and cash equivalents		138,059,462	4,202,521
Trade and other receivables		4,003,154	-
Due from related parties		99,841,251	-
Refundable deposits		72,300	-
Total financial assets		321,488,397	4,202,521

Keppel Philippines Properties, Inc. and Subsidiaries
18th Floor, Units 1802B-1803, The Podium West Tower,
12 ADB Avenue, Ortigas Center
Mandaluyong City

Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
As at December 31, 2018

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected, liquidated or reclassified	Amounts written off	Current	Not current	Balance at end of year
Keppel Land Limited	230,756	-	(230,756)	-	-	-	-
Molten Pte Ltd	447,725	148,195	(595,920)	-	-	-	-
Opon-KE Properties, Inc.	70,218,429	113,918	-	-	70,332,347	-	70,332,347
Opon Ventures, Inc.	2,081,411	115,239	-	-	2,196,650	-	2,196,650
Opon Realty and Development Corporation	581,184	140,466	-	-	721,650	-	721,650
Buena Homes (Sandoval), Inc.	25,036,979	700,093	(765,566)	-	24,971,506	-	24,971,506
SM Keppel Land, Inc.	1,492,651	21,403,878	(21,519,888)	-	1,376,641	-	1,376,641
Wiseland Investment Myanmar, Ltd.	242,457	-	-	-	242,457	-	242,457
Employees	164,077	1,632,211	(1,738,085)	-	58,203	-	58,203

Keppel Philippines Properties, Inc. and Subsidiaries
18th Floor, Units 1802B-1803, The Podium West Tower,
12 ADB Avenue, Ortigas Center
Mandaluyong City

Schedule C
Amounts Receivable from Related Parties which are Eliminated
During the Consolidation of Financial Statements
As at December 31, 2018

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts provided for/written off	Current	Not current	Balance at end of year
Buena Homes, Inc.	170,669	113,851	-	-	284,520	-	284,520
CSRI Investment Corporation	207,412	98,939	-	-	306,351	-	306,351
Total	378,081	212,790	-	-	590,871	-	590,871

Keppel Philippines Properties, Inc. and Subsidiaries
Units 2203 and 2204, Raffles Corporate Center,
F. Ortigas Jr. Road (formerly Emerald Avenue),
Ortigas Center, Pasig City

Schedule D
Intangible Assets - Other Assets
As at December 31, 2018

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Not Applicable						

Keppel Philippines Properties, Inc. and Subsidiaries
Units 2203 and 2204, Raffles Corporate Center,
F. Ortigas Jr. Road (formerly Emerald Avenue),
Ortigas Center, Pasig City

Schedule E
Long Term Debt
As at December 31, 2018

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

Keppel Philippines Properties, Inc. and Subsidiaries
Units 2203 and 2204, Raffles Corporate Center,
F. Ortigas Jr. Road (formerly Emerald Avenue),
Ortigas Center, Pasig City

Schedule F
Indebtedness to Related Parties
As at December 31, 2018

Name of related party	Balance at beginning of period	Balance at end of period
Opon-KE Properties, Inc.	40,298,507	40,298,507
Straits Mansfield Property Marketing Pte Ltd	7,403,071	17,690,695

Keppel Philippines Properties, Inc. and Subsidiaries
Units 2203 and 2204, Raffles Corporate Center,
F. Ortigas Jr. Road (formerly Emerald Avenue),
Ortigas Center, Pasig City

Schedule G
Guarantees of Securities of Other Issuers
As at December 31, 2018

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
		Not Applicable		

Keppel Philippines Properties, Inc. and Subsidiaries
Units 2203 and 2204, Raffles Corporate Center,
F. Ortigas Jr. Road (formerly Emerald Avenue),
Ortigas Center, Pasig City

Schedule H
Capital Stock
As at December 31, 2018

The details of authorized and paid-up capital stock are as follows:

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates	Directors, officers and employees	Others
Common Shares of Stock	375,000,000	296,629,900	-	-	-	-
Treasury Stock		(2,801,000)	-	-	-	-
Outstanding Common Stock		293,828,900	-	255,133,693	10,006	38,685,201
Preferred Stock	135,700,000	59,474,100	-	59,474,100	-	-
Total		353,303,000	-	314,607,793	10,006	38,685,201

Keppel Philippines Properties, Inc.

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2018
(All amounts in Philippine Peso)

Unappropriated Retained Earnings, based on audited financial statements, beginning		P 106,363,866
Less: Cumulative fair value adjustment		
Deferred income tax assets, net - beginning		(1,481,979)
Unappropriated Retained Earnings, adjusted		104,881,887
Less : Net loss actually earned/realized during the period	(63,642,378)	
Less: Non-actual/unrealized income net of tax	-	
Share of results of associated companies	-	
Unrealized foreign exchange gain (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Deferred income tax expense (benefit)	538,733	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-	
Sub-total	(63,103,645)	41,778,242
Add: Non actual losses		
Depreciation on revaluation in revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period	-	41,778,242
Add (Less):		
Dividend declarations during the year	-	
Appropriations of retained earnings during the year	-	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury shares	-	
Accumulated share in income of an associate	-	
Total retained earnings available	-	41,778,242

Keppel Philippines Properties Inc. and Subsidiaries

Financial Ratios
December 31, 2018

Financial ratio	Calculation	2018	2017	2016
Liquidity ratio	Current assets over current liabilities	3.25:1	5.10:1	2.32:1
Asset to equity ratio	Total assets over total equity	1.06:1	1.04:1	1.08:1
Debt to equity ratio	Total liabilities over total equity	0.06:1	0.04:1	0.08:1
Return on assets	Net loss after tax over total assets at beginning	(7.26%)	(2.18%)	(1.71%)
Return on equity	Net loss after tax over total equity	(8.15%)	(2.41%)	(1.88%)
Loss per share	Net loss over number of common stock outstanding	(P0.40)	(P0.13)	(P0.10)

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule of Philippine Financial Reporting Standards and Interpretations
effective as at December 31, 2018

The following table summarizes the effective standards and interpretations as at December 31, 2018:

		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Measurement of Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendments to PFRS 3: Definition of a business*		✓	
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓

		Adopted	Not Adopted	Not Applicable
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 9, PFRS 7 and PAS 39: Hedge Accounting			✓
	Amendments to PFRS 9 and PFRS 7: Mandatory Effective Date and Transition Disclosures			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9, PFRS 7 and PAS 39: Hedge Accounting			✓
	Amendments to PFRS 9 and PFRS 7: Mandatory Effective Date and Transition Disclosures	✓		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation*		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*		✓	
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Acquisition of an Interest in a Joint Operation	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓

		Adopted	Not Adopted	Not Applicable
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		
PFRS 16	Leases*		✓	
PFRS 17	Insurance contracts*		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative			✓
	Amendments to PAS 1 and PAS 8: Definition of material*		✓	
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
	Amendments to PAS 1 and PAS 8: Definition of material*		✓	
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 16 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Acceptable Methods of Depreciation and Amortization	✓		
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Contributions from Employees or Third Parties			✓

		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 19: Plan Settlement, Curtailment or Settlement*		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment to PAS 21: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendments to PAS 27: Use of Equity Method in Separate Financial Statements	✓		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendments of PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contributions of Assets between an Investor and its Associate or Joint Venture			✓
	Amendment to PAS 28: Measuring an associate or joint venture at fair value			✓
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures*		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures	✓		

		Adopted	Not Adopted	Not Applicable
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 16 and PAS 38: Acceptable Methods of Depreciation and Amortization			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
IFRIC 23	Uncertainty over Income Tax Treatments*		✓	

		Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-32	Intangible Assets - Web Site Costs			✓

The standards, amendments and interpretations marked with an asterisk (*) have been issued but are not yet effective for December 31, 2018 financial statements. Unless otherwise stated, these standards, amendments and interpretations have not been early adopted.

The standards, amendments and interpretations that are labeled as "Not Applicable" are already effective as at December 31, 2018 but will never be relevant/applicable to the Group or are currently not relevant to the Group because it has currently no related transactions.

KEPPEL PHILIPPINES PROPERTIES, INC.
INDEX TO EXHIBITS
SEC FORM 17-A

No.		Page No.
(1)	Publication of Notice re: Filing	NA
(2)	Underwriting Agreement	NA
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession	NA
(4)	Articles of Incorporation and By-Laws	NA
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	NA
(6)	Opinion Re: Legality	NA
(7)	Opinion Re: Agreement	NA
(8)	Voting Trust Agreement	NA
(9)	Material Contracts	NA
(10)	Annual Report to Security Holders, Form 11- Q or Quarterly Report to Security Holders	NA
(11)	Material Foreign Patents	NA
(12)	Letter Re: Unaudited Interim Financial Information	NA
(13)	Letter Re: Change in Certifying Accountant	NA
(14)	Letter Re: Director Resignation	NA
(15)	Letter Re: Change in Accounting Principles	NA
(16)	Report Furnished to Security Holders	NA
(17)	Other Documents Or Statements to Security Holders	NA
(18)	Subsidiaries of the Registrant	104
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	NA
(20)	Consents of Experts and Independent Counsel	NA
(21)	Power of Attorney	NA
(22)	Statements of Eligibility of Trustee	NA
(23)	Exhibits to be Filed with Bonds Issues	NA
(24)	Exhibits to be Filed with Stocks Options Issues	NA
(25)	Exhibits to be Filed by Investment Companies	NA
(26)	Curriculum Vitae and Photographs of Officers and Members of the Board of Directors	NA
(27)	Copy of Board of Investment Certificate in the case of Board of Investment Registered Companies	NA
(28)	Authorization to Commission to Access Registrant's Bank Accounts	NA
(29)	Additional Exhibits	NA

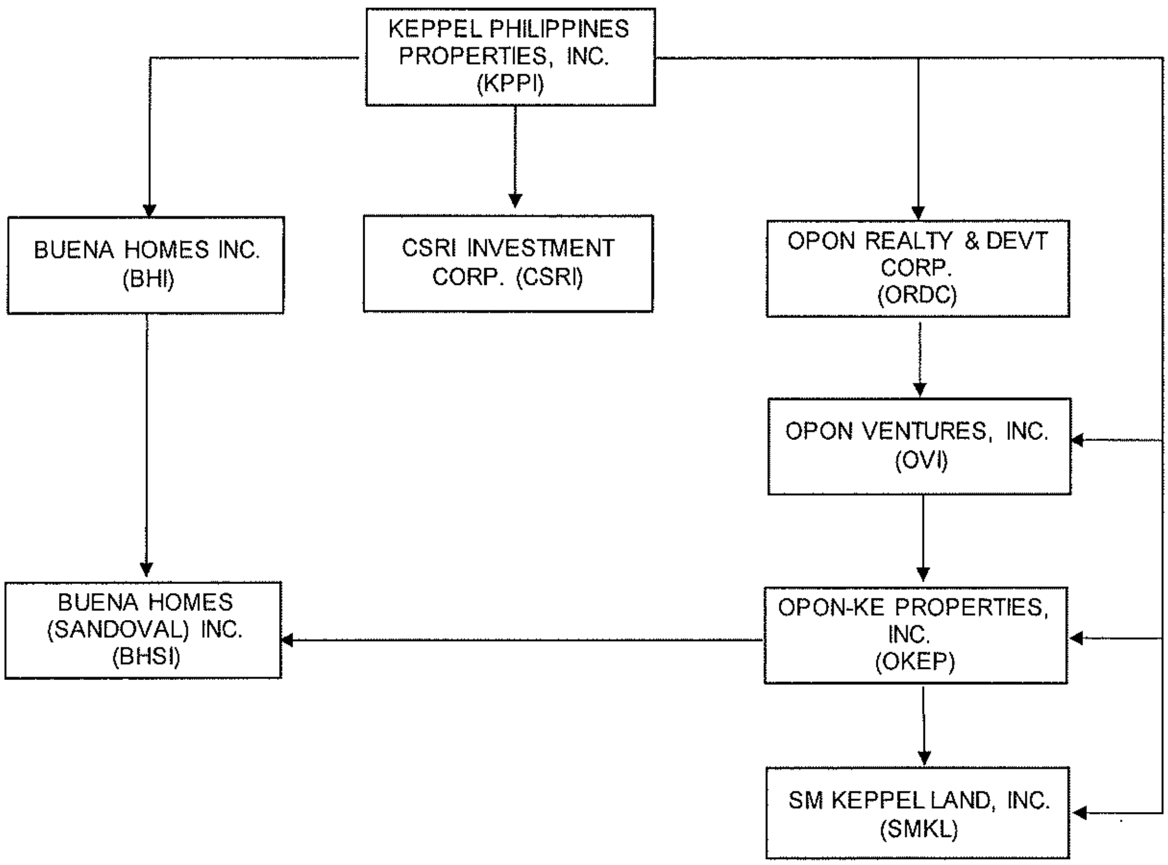
EXHIBIT 18 SUBSIDIARIES OF THE REGISTRANT

Name	Country of Incorporation	Business	Percentage of Ownership
CSRI Investment Corporation	Philippines	Investment in securities and condominium units	100%
Buena Homes Inc.	Philippines	Property holding and development	100%

KEPPEL PHILIPPINES PROPERTIES, INC.

SUBSIDIARIES AND ASSOCIATES

AS AT DECEMBER 31, 2018



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

Associates	Percentage of Ownership	Nature of Business
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