COVER SHEET

PW-305

SEC Registration Number

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Mr. Lee Foo Tuck

(Contact Person)

584-6170

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

17-A

(Form Type)

06 09

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic	Foreign
–	–

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

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

1. For the fiscal year ended 31 December 2011

2. SEC Identification Number PW305

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

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

8. (632) 584-6170 to 71
Registrant's telephone number, including area code

9. N/A
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 – ₱ 1.00 Par Value	296,629,900 (Inclusive of Treasury Shares)
Debt Outstanding	Nil

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

Yes [/] No [ ]

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and SRC Rule 17.1 thereunder or 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 12 months (or for such shorter period the registrant was required to file such reports)

Yes [/]   No [ ]

(b) has been subject to such filing requirements for the past 90 days.

Yes [/]   No [ ]

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

₱ 92,649,781

DOCUMENTS INCORPORATED BY REFERENCE

14. 2011 Audited Consolidated Financial Statements (incorporated as reference to item 7 of SEC Form 17-A)

KEPPEL PHILIPPINES PROPERTIES, INC.
TABLE OF CONTENTS
SEC FORM 17-A

Page No.

PART I- BUSINESS AND GENERAL INFORMATION

1. BUSINESS

The Company

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

The Company holds investments in associates involved in property holding and development, and renders property management consultancy services to these associates.

Prior to its property related business which commenced in 1998, the significant developments in the Company's business were as follows:

In 1918, Hoa Hin Company, Inc. (Hua Hin), acquired the rights and interests to own and operate a slipway or marine railway.

In 1957, the name of the shipyard was changed from Hoa Hin to Cebu Shipyard and Engineering Works Inc. (CSEW) to better reflect the breadth and depth of the marine business in which the shipyard was involved: - shipbuilding, ship repair, and other engineering works.

In 1988, CSEW was sold to Keppel Philippines Holdings, Inc.

In 1998, the Keppel Group of Companies in the Philippines underwent a business reorganization, which involved the following:

a. Change in the company name from Cebu Shipyard & Engineering Works, Inc to Keppel Philippines Properties, Inc. as approved by the Securities and Exchange Commission (SEC) on 22 September 1998.

b. Change in the primary purpose of the Company from shipyard operations to property holdings and development company as approved by the SEC on 22 September 1998.

c. Consolidating (a) the ship repair and shipbuilding operations under Keppel Philippines Marine, Inc. (KPM) and (b) the property related businesses under the Company. The consolidation was executed in three different phases:

Phase One

In 1998, the Company transferred all its shipyard related assets and businesses to its newly incorporated wholly owned subsidiary, Keppel Cebu Shipyard, Inc. (KCSI) via an asset-for-share swap based on the book value of the Company.

Keppel Philippines Holdings, Inc. (KPH), the parent company of KPM swapped its 15% shareholding and stockholders' advances in SM Keppel Land, Inc. (SMKL) and 82.5 million KPM shares in exchange for the Company's entire share of KCSI. KPH transferred its entire KCSI shares to KPM making the former a wholly owned subsidiary of the latter.

Phase Two

In 1999, the Company swapped its 5% and 3.6% ownership in Subic Shipyard & Engineering, Inc. ("SSEI") and Consort Land, Inc. respectively to KPM, which in turn transferred 100.5 million

KPM shares to KPH. KPM shares held by the Company were transferred to KPH.

Keppel Land Limited ("KLL") swapped its 250,000 shares and stockholders' advances in SMKL in exchange for the Company's 76.8 million new shares and another 65.7 million shares held by KPH.

With the completion of this share-swap, the Company became 48% and 41% owned by KLL and KPH respectively. This also resulted to the Company holding a 40% direct stake in SMKL.

Phase Three

In 2000, KPH reduced its authorized capital stock and all its KPP shares were distributed to a number of its stockholders. As a result, KPH no longer has a direct ownership in the Company.

Business

The Company holds investments in associates involved in property holding and development, and renders property management consultancy services to these associates.

Associated companies are engaged in acquisition and development of suitable land sites for residential, office and commercial uses.

i) Residential

Palmdale Heights

Palmdale Heights is a 7.6-hectare residential cum commercial development located in Pasig City. The project was master-planned to comprise 29 residential blocks of 10-storey buildings with about 4,000 condominium units, two commercial centers and parking facilities. It would also include amenities such as a two-storey clubhouse, swimming pools, parks and playgrounds. The project was to be developed over several phases.

Phase 1, comprising three residential blocks with a total of 414 units, was completed in October 2003; while, Phase 2, also comprising three residential blocks with 414 units, was completed in June 2004. As at December 31 2011, 85% (707 units) of the 828 launched units have been sold.

In August 2011, BHSI entered into a Memorandum of Agreement ("MOA") with Phinma Property Holdings Corporation (PPHC) to jointly develop the remaining 5-ha land at Palmdale Heights. BHSI, as registered owner of a parcel of land located along Hon. Alfonso Sandoval Avenue, Pinagbuhatan, Pasig City, ("Land Area") agreed with PPHC for the latter to develop the Land Area into a condominium project. The MOA, among others, provides that BHSI commits to transfer the same, free from all liens and encumbrances, in favor of the Condominium Corporation that will be incorporated upon the completion of the project. Pending the transfer of the Land Area to the Condominium Corporation, BHSI shall allow the use of the Land Area for the construction of the project. PPHC shall provide the funding for the project, and will also be responsible for the master planning, construction, management, and selling/marketing of the project.

ii) Office/Retail

The Podium

The Podium is a five-level shopping mall located in the Ortigas central business district. It was opened in December 2001 and houses over 152 specialty stores and restaurants and features two state-of-the-art cinemas. As at December 31, 2011, the mall has 90% occupancy.

In April 2011, SMKL entered into a Memorandum of Agreement with its JV partner, Banco de Oro Unibank (BDO), for the assignment of development rights allowing construction for and by BDO of an office tower on top of The Podium in Phase 1. The office tower will house BDO's business units and is estimated to be completed in 5 years. BDO has also purchased from SMKL the entire basement car park in Phase 1.

Subsidiaries

CSRI Investment Corporation ("CSRI") was incorporated in the Philippines and was registered with SEC on October 25, 1990. CSRI, a wholly owned subsidiary of KPP, is a holding company with investments in stocks, shares, securities and other investment instruments similar or related in nature. CSRI's source of income is solely from investment in securities.

Buena Homes, Inc. ("BHI") was incorporated in the Philippines on May 25, 2000. BHI, a wholly owned subsidiary of KPP, is engaged in property holding and development. It is presently developing Palmdale Heights, a residential condominium project in Pasig City through Buena Homes (Sandoval) Inc. ("BHSI"), 40% owned by BHI.

Associates

The Company does not have a direct project being developed. Projects are owned by the Company's associated companies.

Associates	Ownership	Project
SMKL	40%	The Podium Mall
BHSI	40% owned through BHI	Palmdale Heights Residential Condominium

Competition

As a property developer, KPP considers the following property developers as the industry's key players in terms of end products:

	Net Income FY2011 In Php Billions
Ayala Land Inc.	5.23 upto 3rd qrtr 2011
SM Development Corporation	3.09 upto 3rd qrtr 2011
Robinson's Land Corporation	3.97

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 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 remain competitive as more developers venture into, or expand in this sector. The Podium has established its presence since its launch in August 2002. With its unique design and spacious ambiance, The Podium has become the preferred meeting place for young professionals and also the venue of choice for gala events.

Transactions With and/or Dependence on Related Parties

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

a. On November 10, 2010, the Company exercised its option to redeem 13,600,000 preferred shares held by KLL for a total consideration of ₱278.8 million. This amount remains unpaid as of December 31, 2010.

b. The Company has a Consultancy Agreement with KLL and pays KLL management consultancy fee computed based on agreed rates.

c. Starting 2001, the Company provides management advisory and consultancy services to SMKL and BHSI. Management consultancy fees are computed based on agreed rates. No management consultancy fee was billed to BHSI since 2005 as construction of Phases 1 & 2 of Palmdale Heights project was completed in 2004.

d. The Company grants advances to certain associated companies at prevailing market rates.

Need For Any Governmental Approval Of Principal Products Or Services

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

After 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 Geohazard 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 used land) or the Land Registration Authority (for residential used land) for the relevant subdivision plan.

The Company, through its associated companies, has complied with all applicable Philippine governmental and environmental laws and regulations.

Employees

The Company had 10 employees as at December 31, 2011. No significant hiring or recruitment is expected in 2012.

	No. of Employees
Senior Management	1
Human Resources and Administration	6
Finance and Accounting	3
Total	**10**

Major Risk Factors

The Company, through its associated companies, is engaged in real estate development. Property values in the Philippines are affected by the general supply and demand of real estate. The supply and demand is in turn affected by economic, political and industry factors.

Economic: Results of operations is influenced by the general condition of the Philippine and global economy. Any economic contraction, failure to register improved economic performance, may adversely affect the Company's operations.

Political: The Company's business is also influenced by the political situation in the country. Any political instability in the future could have a material adverse effect in the Company's business.

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

To manage these risks, BHSI and SMKL obtains updates on markets/prices and current economic and political developments. An assessment is then made of the financial viability of proposed projects in the light of current economic, political and industry indicators.

Projects Under Development

The Company does not have any project under development. Completed projects are owned by the Company's associated companies.

	Percentage Completed	
	2011	2010
BHSI – Palmdale Heights Phases 1 & 2	100%	100%
SMKL – The Podium Mall - Phase 1	100%	100%

2. PROPERTIES

As at 31 December 2011, the Company's investments in real estate properties are as follows:

	Type Of Property	Location	Description	Remarks
a.	Land & Buildings	ADB Avenue, Ortigas Center, Mandaluyong City	2-hectare site on which contains The Podium Mall	40% owned by the Company through its associate, SMKL. Not mortgaged
b.	Land	Sandoval Avenue, Pasig City.	Land consisting of five (5) contiguous lots containing an aggregate of 76,173 sq. m, the undeveloped site of Palmdale Heights	40% owned by the Company through its associate, BHSI. Not mortgaged.

3. LEGAL PROCEEDINGS

As of December 31, 2011, the Company is a party to certain lawsuits or claims arising from the ordinary course of business. The Company management and legal counsels believe that the eventual liabilities under this lawsuits or claims, if any, will not have a material effect on the financial statements.

4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no other matters submitted to a vote of security holders during the fourth quarter of the fiscal year 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 the Company is traded in the Philippine Stock Exchange. The Company has no restriction for any cash dividends declared that limit the ability to pay on common equity or that are likely to do so in the future. However, no cash dividends were declared from 2003 to 2010.

STOCK PRICES	2012		2011		2010	
	High	Low	High	Low	High	Low
First Quarter	₱ 3.60	₱ 1.60	₱ 2.15	₱ 1.64	₱1.22	₱1.06
Second Quarter			1.95	1.72	1.50	1.24
Third Quarter			1.82	1.72	1.50	1.30
Fourth Quarter			1.88	1.50	2.00	1.38

The Company has no plans of acquisition, business combination, or other reorganization that will take effect in the near future that involves issuances of securities.

There were no recent sales of unregistered or exempt securities.

The Company's common shares were last traded on April 13, 2012 (the latest practicable trading date) at ₱1.78 per share.

As of December 31 2011, the number of shareholders on record was 1,300 and common shares outstanding were 293,828,900. Following is the table of the Company's top 20 stockholders as of December 31, 2011:

	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.	35,783,741	12.18
4.	PCD Nominee Corporation - Filipino	28,255,296	9.62
5.	PCD Nominee Corporation - Foreign	5,426,762	1.85
6.	International Container Terminal Services Inc.	4,265,171	1.45
7.	George S. Dee, Jr.	3,442,891	1.17
8.	PNOC Shipping and Transport Corporation	2,227,511	0.76
9.	Visayan Surety & Insurance Corporation	1,671,664	0.57
10.	Lee Foo Tuck	1,455,708	0.50
11.	S. Martina L. Go	1,100,000	0.37
12.	Sulpicio Lines, Inc.	694,719	0.24
13.	Augusto Go	410,423	0.14
14.	Negros Navigation Company, Inc.	357,777	0.12
15.	Rodolfo A. Misa	281,600	0.10
16.	Eduardo Go Hayco	269,277	0.09
17.	Ho Tong Hardware, Inc.	248,018	0.08
18.	Adrienne Gotian Chu	236,795	0.08
19.	Mary Margaret G. Dee	236,788	0.08
20.	Teresa L. Navera	225,005	0.08

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

A. Results of Operations

Year Ended 31 December 2011 Compared To Same Period In 2010

Consolidated revenues for 2011 amounted to ₱227.1 million. This is an increase of ₱194.5 million or 597% compared with 2010. The increase in revenues was attributable to the following:

- Equity in net earnings of associates amounted to ₱207.2 million in 2011, compared with ₱11.7 million in 2010. The increase of ₱195.5 million is due to higher earnings at SMKL, arising from sale of the entire basement carpark in Phase 1.

- Interest income decreased to ₱12.9 million from ₱13.9 million in 2010 due to a lower level of money market placements.

Interest Income	2011	2010	Decrease	
	Php Million			
On loans	2.0	2.2	(0.2)	-9%
Banks	10.9	11.7	(0.8)	-7%
	12.9	13.9	(1.0)	-7%

General and administrative expenses (G&A) increased by ₱1.0 million primarily due to increases in salaries, management consultancy fee, rental and depreciation.

Other income (charges) comprise:

Gain on sale of property and equipment of ₱0.2 million, which resulted from the disposal of a transportation equipment; and,

Foreign exchange gain in 2011 arose from realized transactions denominated in United States Dollars (USD). The Peso strengthened against the USD on dates the transactions were paid.

Net income for the year amounted to ₱203.4 million, an increase of ₱193.2 million compared with 2010.

Year Ended 31 December 2010 Compared To Same Period In 2009

Consolidated revenues for 2010 amounted to ₱32.6 million. This is a decrease of 36% compared with 2009. The decrease in revenues was attributable to the following:

- Equity in net earnings of associates amounted to ₱11.7 million in 2010, compared with ₱25.1 million in 2009. The decrease of 53% is due to lower profits at BHSI and SMKL.

- Interest income decreased to ₱13.9 million from ₱18.3 million in 2009 due to lower average interest rates (2010: 3.5% 2009: 4%) and a lower level of money market placements.

Interest Income	2010	2009	Decrease	
	Php Million			
On loans	2.2	2.5	(0.3)	-12%
Banks	11.7	15.8	(4.1)	-26%
	13.9	18.3	(4.4)	-24%

General and administrative expenses (G&A) remained almost the same as 2009.

Other income (charges) comprise;

Gain on sale of available-for-sale financial assets: quoted securities were sold at a gain of ₱0.5 million.

Foreign exchange loss was caused by appreciation of the Peso against the United States Dollar (USD).

Net income for the year amounted to ₱10.2 million, a decrease of 63% as compared to that in 2009.

Year Ended 31 December 2009 Compared To Same Period In 2008

Consolidated revenues decreased to ₱51.3 million in 2009, a decrease of 27% from ₱70.3 million in 2008. The decrease in revenues was attributable to the following:

- Equity in net earnings of associates amounted to ₱25.1 million in 2009, compared with ₱39.1 million in 2008, a decrease of 36%. This was due to lower profits at BHSI and SMKL.

- Total interest income decreased by 19% to ₱18.3 million from ₱22.6 million in 2008. Interest income from associates decreased to ₱2.5 million from ₱2.9 million in 2008 due to reduced interest-bearing loans. Interest income from bank deposits decreased by 20% to ₱15.8 million from ₱19.7 million in 2008 due to decrease in cash deposits in 2009.

Interest Income	2009	2008	increase (Decrease)	
	Php Million			
On loans	2.5	2.9	(0.4)	-14%
Banks	15.8	19.7	(3.9)	-20%
	18.3	22.6	(4.3)	-19%

General and administrative expenses decreased by 29% to ₱20.6 million from ₱28.9 million in 2008, due to decrease in management consultancy fee (₱4.5 million), salaries & wages (₱1.7 million), taxes & licenses (₱0.6 million) and other expenses (₱1.5 million).

Foreign exchange losses for 2009 amounted to ₱0.7 million.

Due to the above, the Company recorded a 19% decrease in profit before income tax to ₱30.2 million from ₱37.4 million in 2008.

Current year's provision for income tax represented final tax paid on interest income from bank deposits. It is lower in 2009 as interest income from bank deposits was lower than in 2008. For 2009, a deferred tax benefit of ₱0.7 million (which has the effect of decreasing the tax burden) was due to temporary timing differences pertaining to unrealized foreign exchange losses and accrued expenses.

KEY PERFORMANCE INDICATORS

For The Years Ended	December 2011	December 2010	% Change
Return On Assets	11.93%	0.58%	1,957%
Earnings Per Share	₱0.69	₱0.03	2,200%
Operating Expense Ratio	9.23%	61.21%	-85%
Net Tangible Asset Value Per Share	₱3.46	₱2.77	25%
Working Capital Ratio	2:1	2:1	-

a. Return On Assets – The Company gauges its performance by determining the return on assets (net income after tax over total assets at beginning). It indicates how effectively the assets of the Company are utilized in generating profit. Net income after taxation increased to ₱203.4 million from ₱10.2 million due primarily to an increase in equity in net earnings of associates.

	2011	2010
Net Income After Tax (a)	₱ 203,443,482	₱ 10,165,320
Total Assets At Beginning (b)	₱ 1,704,906,412	₱ 1,754,167,076
Return On Assets (a/b)	11.93%	0.58%

b. Earnings Per Share – It shows the income earned from each share of common stock outstanding. The EPS in 2011 was higher by twenty-two times compared to last year due mainly to the increase in income after tax.

	2011	2010
Net Income After Tax (a)	₱ 203,443,482	₱ 10,165,320
Number of Common Stock (b)	293,828,900	293,828,900
Earnings Per Share (a/b)	₱ 0.69	₱ 0.03

c. Operating Expense Ratio – It measures operating expenses as a percentage of revenues. The operating expense ratio decreased by 85% due to the 596% increase in revenues and only a 5% increase in operating expenses.

	2011	2010
Operating Expenses (a)	₱ 20,969,859	₱ 19,958,659
Revenues (b)	₱ 227,112,073	₱ 32,607,485
Operating Expense Ratio (a/b)	9.23%	61.21%

d. Net Tangible Asset Value Per Share – It shows the tangible value of each share of common stock outstanding. The tangible value per share increased by 25% compared to the previous year due to the significant increase in retained earnings.

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.

	2011	2010
Net Tangible Assets	₱ 1,611,173,396	₱ 1,407,729,914
Less : Preferred Stock	₱ (594,741,000)	₱ (594,741,000)
Net Tangible Assets Attributable To Common Stock	₱ 1,016,432,396	₱ 812,988,914
Number of Common Stock	293,828,900	293,828,900
Net Tangible Asset Value Per Share	₱3.46	₱2.77

e. Working Capital Ratio – The Company's ability to meet obligations is measured by determining current assets over current obligations. The Working Capital ratio remained the same as 2010.

	2011	2010
Current Assets (a)	₱ 548,669,044	₱ 563,582,767
Current Liabilities (b)	₱ 284,798,972	₱ 297,176,498
Working Capital Ratio (a/b)	2:1	2:1

B. Financial Position

Year Ended 31 December 2011 Compared To Same Period In 2010

Total assets increased by ₱191 million to ₱1,896 million in 2011 as compared with last year's figure of ₱1,705 million.

The causes of material changes in financial position from period to period are as follows:

i. Cash and cash equivalents decreased to ₱ 307.4 million from ₱325.7 million in the previous year due primarily to repayment of inter-company advances to KLL/KLIL amounting to ₱10.6 million. Net cash used in operating activities amounted to ₱7.9 million.

ii. Investments in associates increased to ₱1,345.0 million from ₱1,137.8 million last year due mainly to equity in net earnings of associates which amounted to ₱207.2 million for the current year.

iii. Property and equipment net decreased by ₱0.7 million due to depreciation charges.

iv. Accounts payable and other current liabilities decreased by ₱1.5 million due to payment of taxes and accounts payable.

v. Due to related parties decreased by ₱10.6 million due to repayment of advances to KLL.

Year Ended 31 December 2010 Compared To Same Period In 2009

Total assets decreased by ₱49 million to ₱1,705 million in 2010 as compared with last year's figure of ₱1,754 million.

The causes of material changes in financial position from period to period are as follows:

i. Cash and cash equivalents decreased to ₱ 325.7 million from ₱385.9 million in the previous year due primarily to repayment of inter-company advances to KLL/KLIL amounting to ₱59.5 million. Net cash provided by operating activities amounted to ₱1.4 million.

ii. Other current assets increased by ₱2.4 million due primarily to an increase in creditable withholding tax and prepaid rentals for the office premises.

iii. Investments in associates increased to ₱1,137.8 million from ₱1,126.1 million last year due mainly to equity in net earnings of associates which amounted to ₱11.7 million in the current year.

iv. Property and equipment net increased by ₱1.7 million due to furniture and fixtures acquired during the year.

v. Accounts payable and other current liabilities increased by ₱0.4 million due to accruals of taxes and licenses.

vi. Due to related parties increased by ₱219.3 million resulting from the net effect of repayment of advances to KLL/KLIL of ₱59.5 million and an accrued liability of ₱278.8 million for redemption of Redeemable Preferred Shares.

Year Ended 31 December 2009 Compared To Same Period In 2008

Total assets decreased by ₱75.0 million to ₱1,754 million in 2009 as compared with last year's figure of ₱1,829 million.

The causes of material changes in financial position from period to period are as follows:

i. Cash and cash equivalents decreased to ₱385.9 million from ₱488.6 million in the previous year due primarily to repayment of inter-company advances to KLL/KLIL amounting to ₱96.5 million. Net cash used by operating activities amounted to ₱5.5 million.

ii. Receivables decreased by ₱0.3 million due to decreased in accrued interest receivables.

iii. Other current assets increased by ₱0.8 million due primarily to an increase in creditable withholding tax.

iv. Investments in associates increased by 2.3% to ₱1,126.1 million from ₱1,101.0 million last year due mainly to equity in net earnings of associates which amounted to ₱25.1 million in the current year.

v. Property and equipment decreased by ₱0.3 million due to depreciation charges.

vi. Deferred tax liability of ₱0.4 million brought forward from 2008 was reversed in the current year.

vii. Accounts payable and other current liabilities decreased by ₱5.2 million due to payment of accrued liabilities.

viii. Due to related parties decreased by ₱96.5 million resulting from repayment of advances to KLL

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

a) As at 31 December 2011,

- 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 Company's continuing operations.
- o There are no seasonal aspects that had a material impact on the results of operations of the Company.

b) There are no events nor any default or acceleration of an obligation that will trigger direct or contingent financial obligation that is material to the Company.

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

d) The Group is a party to certain lawsuits or claims arising from the ordinary course of business. The Group management and legal counsels believe that the eventual liabilities under these lawsuits or claims, if any, will not have material effect on the financial statements.

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.

8. INFORMATION ON INDEPENDENT ACCOUNTANT

Fees Paid to Independent Accountant is made up of audit and audit related fees only. There were no other fees paid.

	2011	2010
Audit and Audit Related Fees	₱ 444,800	₱ 415,000

The Audit Committee's approval policies and procedures comprise assessing the proposed scope of audit work to be conducted, 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 (page 27) are filed as part of this Form 17-A (pages 28 to 70).

10. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in and/or disagreements with the Company's independent accountant on accounting and financial disclosures.

PART III- CONTROL AND COMPENSATION INFORMATION

11. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Board of Directors

(1) Linson Lim Soon Kooi, 50

Mr. Linson Lim Soon Kooi, 50, Malaysian, has been a Director of the Company since 13 November 2006. He was President of the Company from June 2009 to June 2011, when he was appointed as Chairman of the Board of directors.

Mr. Lim joined Keppel Land International Limited in 1995 and is currently its President (Vietnam & Philippines). He is concurrently the Chief Representative of Keppel Land Vietnam Properties, Director of a number of other subsidiaries and associated companies of KLL. Mr. Lim holds a Bachelor of Engineering Degree from Monash University, Australia and is a member of the Institute of Engineers Malaysia.

(2) Choo Chin Teck, 67

Mr Choo Chin Teck, 67, Singaporean, has been a Director of the Company since November 1999. He is the Director of Corporate Services of Keppel Land International Limited and Company Secretary of KLL. He held various senior positions in the Keppel Land Group, and is presently also a Director of Keppel Thai Properties Public Co Limited, and a number of other subsidiaries and associated companies of KLL.

(3) Ramon J. Abejuela, 62

Mr. Ramon J. Abejuela[1], 62 years old, Filipino, has been a director of the Company since November 1999. He is currently the Chairman of the Audit Committee of the Company. Mr. Abejuela holds a Degree in Bachelor of Science in Chemical Engineering (Cum Laude) from De La Salle University and Master's Degree in Business Management-General Management Curriculum from Asian Institute of Management. He served as a Director of Insular Savings & Trust Co. (1997-2002), Insular Life Health Care, Inc. (1997-2002), Home Credit Bldg. & Loan Asso. (1997-2002), Insular General Insurance Co. (1997-2003), Insular Investment & Trust Corp. (1997-2002), Pilipinas Shell Petroleum Corp. (1997-2002), Asian Hospital, Inc. (1998-2003), Subic Shipyard (1997-2002), Keppel Philippines Holdings, Inc. (1997-2002), Keppel Philippines Marine, Inc. (1997-2002), Keppel Philippines Properties, Inc. (1999-2008; 2009-present), Keppel Bank, Philippines (2004-2005), E. Zobel, Inc. (2005-2007), United Graphic Expression Corp. (2005-2007), Philippine Nutrifoods Corp. (1997-Present), NCP Publishing Corp. (1997-present). He was also connected with E. Zobel, Inc. as Executive Vice-President & CFO (January 2005-September 2007); Asian Hospital & Medical Center as CEO (September 2002-Jan 2003); The Insular Life Assurance Co. as Consultant (July 2002-July 2003); The Insular Life Assurance Co as Executive Vice-President and COO (July 1998-July 2002); The Insular Life Assurance Co. as Executive Vice-President and CFO (October 1996-June 1998); The Insular Life Assurance Co. as Consultant for Finance & Investment (November 1994-September 1996); Pan Asian Managers Ltd. as Managing Director (Hong Kong Based) (August 1986-June 1993); Ayala Int'l (HK) Co. Ltd. as Executive

Director-Group Controller and CFO (Hong Kong Based) (September 1981-July 1986); Ayala Corporation (July 1974-August 1981); Filipinas Life Assurance Co. as Asst. Manager-Corporate Planning (June 1972-June 1974); Elizalde & Co as Summer Trainee-Corporate Planning (Summer 1971); and Philippine Refining Co. as Summer Trainee-Process Dev. (Summer 1969).

(4) Celso P. Vivas, 65

Mr. Celso P. Vivas[1], 65, Filipino, has been an Independent Director of Keppel Philippines Properties Inc. since 2004 and is a member of the Company's Audit Committee. Mr. Vivas is a Certified Public Accountant and is currently Vice-Chairman and CEO of the Corporate Governance Institute of the Philippines. He is the Vice Chairman of Corporate Holdings Management, Inc. and Acacia Hotel Manila. He is a member of Marubeni Foundation's Board of Trustees and Canadian Chamber of Commerce's Board of Governors. He is also an Independent Director and Chairman of the Audit Committee of Keppel Philippines Marine, Inc. and Independent Director of Keppel Philippines Holdings since June 2005 and is currently the Chairman of the Audit Committee of the Company. He was Risk Consulting Partner and Assurance Business Advisory Partner of SGV & Company until his retirement in 2001. Mr. Vivas obtained his Bachelor's Degree in Business Administration (Cum Laude) 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 has accumulated 45 years of experience in audit, finance, enterprise risk management and corporate governance.

(5) Stefan Tong Wai Mun, 40

Mr. Stefan Tong Wai Mun, 40, Malaysian, was elected as a Director of the Company on 14 June 2007. Mr. Tong holds a Bachelor of Commerce (Honours) from University of Western Australia. He is also a Member of the Institute of Chartered Accountants in Australia. Mr. Tong was Vice President – Comptroller of Keppel Bank Philippines, Inc. from May 2000 to February 2006. He was Vice President – Administration and Treasurer of Keppel Philippines Holdings, Inc. (KPH) from March 2006 to June 2007, when he was appointed President and Director of KPH. He is also Director and Executive Vice President of Keppel Philippines Marine, Inc., and a Director of several associate companies of Keppel Corporation Limited.

(6) Mr. Lee Foo Tuck, 56

Mr. Lee Foo Tuck, 56, Singaporean, was elected as a Director of the Company on 13 May 2008. He had been Vice President (Finance and Administration) and Treasurer of the Company from April 2004 to June 2008. He was Senior Vice President of the Company from July 2008 to June 2011, when he was appointed as President of the Company.

Mr. Lee is a Certified Accountant and is a Fellow of the Association of Chartered Certified Accountants (U.K.). He has more than thirty years of experience in accounting and finance. He has held various managerial positions in several companies prior to joining the Company.

(7) Lim Kei Hin, 53

Mr. Lim Kei Hin, 53, Malaysian, was elected a Director of the Company on 9 June 2011. Mr. Lim joined the Keppel Land Group as Chief Financial Officer on 9 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 holds a Bachelor of Science (Economics) Degree in Accounting & Finance (Honours) from London School of Economics & Political Science, UK. He is a Director of a number of subsidiaries and associated companies of the Keppel Land Group.

[1] Independent Director

Key Officers

Mr. Lee Foo Tuck, 56, Singaporean, was appointed President on 09 June 2011. He has been with the Company since April 2004. He held the position of Vice President (Finance and Administration) and Treasurer from April 2004 to June 2008, when he was appointed Senior Vice President of the Company. Mr. Lee is a Certified Accountant and is a Fellow of the Association of Chartered Certified Accountants (U.K.). He has more than thirty years of experience in accounting and finance. He has held various managerial positions in several companies prior to joining the Company.

Elizabeth M. Perez, 36, Filipino, was appointed Treasurer of the Company on 10 June 2010. She joined the Company on 23 June 2008 and since then served as Assistant Manager of Finance & Administration. She is a Certified Public Accountant. Prior to joining the Company, she joined Joaquin Cunanan & Co., an audit firm and also handled accounting in other private companies.

Atty. Ma. Melva E. Valdez, 52, Filipino, has been the Corporate Secretary of the Company since 1999. She also served as Director of the Company from 24 June 2008 to 11 June 2009. She was elected director of Keppel Philippines Holdings (KPH) in 2001. Atty. Valdez is also the Corporate Secretary of KPH since 1998. She is a Senior Partner and Chairman of the law firm of Jimenez Gonzales Bello Valdez Caluya & Fernandez (JGLaw). She is also the Corporate Secretary of Keppel Philippines Marine, Inc. (KPMI), Mabuhay Vinyl Corporation (listed corporations), Subic Shipyard & Engineering Works, Inc. and Asian Institute of Management. She is also a member of the Board of Directors of Leighton Contractors (Philippines), Inc., Servier Philippines, Inc., Buena Homes (Sandoval), Inc. and Asia Contractors Holdings, Inc. She holds directorship positions in the following companies: Logwin Air + Ocean Philippines, Inc., KPSI Property, Inc., Opon Realty & Development Corp., Opon-Ke Properties, Inc., KP Capital, Inc., Bridex Electric Philippines, Inc., Asia Control Systems Philippines, Inc., Kepwealth Property Philippines, Inc., Trisilco Folec Philippines, Inc., Norfolk International, Inc., and CMC Colleges, 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 23 years of working experience in her field of profession as a lawyer.

Atty. Myla Gloria A. Amboy, 40, Filipino, was elected as the Company's Assistant Corporate Secretary on 31 March 2007. She is a Senior Associate of the law firm of Jimenez Gonzales Liwanag Bello Valdez Caluya & Fernandez (JG Law). She is also the Assistant Corporate Secretary of SM Keppel Land, Inc., CSRI Investment Corporation, Opon Ventures Inc., Capitol Medical Center Inc., Capitol Medical Center Colleges Inc. and PMEL Standards Inc., and the Corporate Secretary of Opon Realty Development Corporation, Opon-KE Properties, Inc. and Servier International Philippines, Inc.

The members of the Board of Directors of the Company 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 the Company's directors and officers covers the past five years.

Significant Employees

No other employees other than the officers mentioned above, are expected to make significant contributions to the business.

Directorships in Other Reporting Companies

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

Celso P. Vivas

Name of Corporation	**Position**
Keppel Philippines Holdings, Inc.	Independent Director
Keppel Philippines Marine, Inc.	Independent Director

Stefan Tong Wai Mun

Name of Corporation	**Position**
Keppel Philippines Holdings, Inc.	Director and President
Keppel Philippines Marine, Inc.	Director and Executive Vice President

Family Relationship

There are no family relationship among the directors and officers listed above.

Legal Proceedings

The Company is not aware of any of the following events having occurred during the past five years up to the date of this report that are material to an evaluation of the ability or integrity of any director, nominee for election as Director, executive officer, underwriter or control person of the Company:

(a) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(b) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

(d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

12. EXECUTIVE COMPENSATION

The Company has three (3) executive officers as of December 31, 2011.

Name	Principal Position
Lee Foo Tuck	President
Almira A. Anoñuevo	Manager – Finance & Administration
Elizabeth M. Perez	Asst. Manager-Finance & Administration

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

A

Top three executive officers	Salary	Bonus	Others	Total
as a group unnamed	In Php Millions			
2012 (Estimate)	3.24	0.01	0.20	3.45
2011	3.14	0.01	0.35	3.50
2010	3.02	0.03	0.29	3.34

B

Other officers and directors	Salary	Bonus	Others	Total
as a group unnamed	In Php Millions			
2012 (Estimate)	2.20	0.20	0.60	3.00
2011	1.90	0.42	0.74	3.06
2010	2.02	0.19	0.75	2.96

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

With respect to directors' remuneration, the directors are being paid directors' fees amounting to ₱60,000 each per annum. Each director also receives an amount of ₱7,000 per diem for attendance at every Board Meeting.

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the last completed fiscal year and the ensuing year.

13. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

As of December 31, 2011, the Company has no knowledge of any individual or any party who beneficially owns Keppel Philippines Properties, Inc. stock in excess of 5% of the Company's common stock except as set forth in the table below:

Title of Class	Name and Address of Record Owner and relationship with The Company	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	35,783,741	12.18%
Common Shares of Stock	PCD Nominee Corp. – Filipino [4] G/F Makati Stock Exchange Building 6767 Ayala Avenue Makati City	Various [5]	Filipino	28,255,296	9.62%

1 Mr. Linson Lim Soon Kooi; 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 the Company.

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 the Company.

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 The Insular Life Assurance Company, Ltd. is the beneficial owner of the following shares of the Company as of December 31, 2011:

	No. of shares held	% of class
The Insular Life Assurance Company, Ltd.	18,496,016	6.29%

(b) Security Ownership of Management:

As of December 31, 2011, 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 Director's Qualifying Share	Malaysian	0.00%
Common Shares of Stock	Choo Chin Teck	1 Director's Qualifying Share	Singaporean	0.00%
Common Shares of Stock	Ramon J. Abejuela	1 Director's Qualifying Share	Filipino	0.00%
Common Shares of Stock	Celso P. Vivas	1 Director's Qualifying Share	Filipino	0.00%
Common Shares of Stock	Linson Lim Soon Kooi	1 Director's Qualifying Share	Malaysian	0.00%
Common Shares of Stock	Stefan Tong Wai Mun	10,000	Malaysian	0.00%
Common Shares of Stock	Lee Foo Tuck	1,455,708	Singaporean	0.50%

None of the compensated executive officers have Security Ownership in the Company as shown in the list of shareholders purchases provided by the Company's transfer agent.

The total security ownership of all directors and officers as a group unnamed is 1,465,713 shares or 0.50% of total shares outstanding.

(c) Voting Trust Holders of 5% or more

As of December 31, 2011, there are no individuals or parties who hold 5% or more of the Company'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 the Company.

14. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the fiscal year, no director of the Company has received or become entitled to receive any benefit by reason of any contract with the company, a related corporation, a firm of which the director is a member or a company of which a director has a substantial financial interest.

No executive officer or stockholder holding at least 5% interest in the Company received any benefit by reason of the Company's contracts/dealings with any subsidiary, related corporation, or firm of which such persons have a direct or material interest.

PART IV – CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE

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

The Corporation 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 the Corporation'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 Company's Amended Manual. The Company also complies with the appropriate self-rating assessment and performance evaluation system to determine and measure compliance with the Amended Manual.

The Company 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 the Corporation have attended and actively participated in Corporate Governance Seminars.

The Corporate Secretary of the Corporation has submitted to the SEC and PSE a certification on Extent of Compliance with the Manual of Corporate Governance 2011 on 04 January 2012, and a certification on the attendance of directors in board meetings of the Corporation for the year 2011 as of 13 January 2012.

The Company also participated in the recent survey on Corporate Governance Disclosure for Listed Companies pursuant to SEC Memorandum Circular No. 12 dated 18 August 2009.

To properly apprise the stockholders of the content of the Amended Manual, the same has been made available to the stockholders for inspection or photocopy in the principal office of the corporation at reasonable hours of any business day.

PART V- EXHIBITS AND SCHEDULES

16. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits- See accompanying Index to Exhibits (page 83)

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

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

(b) Reports on SEC Form 17-C
Reports on SEC Form 17-C filed during the last six (6) month period covered by this report are as attached.

Date	Events Reported
21 February 2011	Approval of SEC Form 17-A for FY2010
	Approval and Release of Audited Financial Statements as of 31 December 2010
18 March 2011	Setting of the Date of the Corporation's Annual Stockholders' Meeting and Record Date
02 May 2011	SM Keppel Land, Inc's (joint venture company of Keppel Philippines Properties, Inc and BDO Universal Bank) Agreement with BDO regarding Development and Expansion Plans of the Podium Complex
24 May 2011	Filing with Securities and Exchange Commission (SEC) re Company's Application for Amendment of the Articles of Incorporation, particularly Article Seventh, restructuring of the terms and conditions of the redeemable preferred shares
01 June 2011	SEC's Approval of the Company's Application for Amendment of Article Seventh of the Articles of Incorporation
09 June 2011	Appointment of External Auditor for Y2011 - 2012
	Approval of Directors' Remuneration for Y2010
	Approval/Ratification on the Extension of Consultancy & Advisory Agreement and Franchise Agreement with SM Keppel Land, Inc
09 June 2011	Approval of the following during the Annual Stockholders'

	Meeting:
	• Appointment of External Auditor • Election of Directors • Presentation and Approval of Y2010 Annual Report and Audited Financial Statements as of 31 December 2010 • Approval of Directors' Remuneration for Y2010
09 June 2011	Approval of the following during the Organizational Meeting:
	• Election of Officers • Appointment of Members of Various Committees

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 Mandaluyong on 5 March 2012.

By:

Lee Foo Tuck
President

Elizabeth M. Perez
Treasurer

Atty. Ma. Melva E. Valdez
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 16th day APRIL of 2012 affiant (s) exhibiting to me his/their Community Tax Certificates, as follows:

Names	TIN No.
Lee Foo Tuck	235-817-895
Elizabeth M. Perez	900-025-097
Ma. Melva E. Valdez	123-493-209

Doc. No. 162
Page No. 34
Book No. I
Series of 2011.

JOYCE MARIE B. MARQUEZ
Appointment No. M-237/ Notary Public / Makati
Valid until 31 December 2013
JGLaw 6/F SOL Bldg., 112 Amorsolo St., Legaspi Vill. Makati
PTR No. 3182358 / 01.05.12 / Makati
IBP No. 867655 / 01.04.12 / Laguna
Roll No. 56970 / 05.04.2009

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

Financial Statements Page No.

Supplementary Schedules

* 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 the Company's Consolidated Financial Statements or the Notes to Consolidated Financial Statements.

Keppel Philippines Properties

Keppel Philippines Properties, Inc.
Units 2203-2204 Raffles Corporate Center
F. Ortigas Jr. Road, Ortigas Center
Pasig City 1605, Philippines

Tel : (632) 5846170
(632) 5846171
(632) 5843913
Fax: (632) 5843915

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 for the year(s) ended December 31, 2011 and 2010, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the consolidated financial statements of the company in accordance with the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

LINSON LIM SOON KOOI
Chairman

LEE FOO TUCK
President

ELIZABETH M. PEREZ
Treasurer

Signed this 5th day of March 2012

CONSULATE GENERAL OF THE PHILIPPINES
HO CHI MINH CITY, SOCIALIST REPUBLIC OF VIETNAM

AUTHENTICATION

I, **Atty. LE THI PHUNG**, Honorary Consul General of the Consulate General of the Philippines in Ho Chi Minh City, Socialist Republic of Vietnam, do hereby certify that **LINSON LIM SOON KOOI**, at the time he signed the attached document, signed the above the attached document before me and believe that his signature affixed thereto are genuine.

For the contents of the attached document, the Consulate General of the Philippines assumes no responsibility.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Consulate General of the Philippines in Ho Chi Minh City, Socialist Republic of Vietnam, this 27th day of March 2012.

Atty. LE THI PHUNG
Consul General a. h.

oc. No. : 0452
age No. : 10
ervice No. : 0452
ee Paid : VND575,000
R. No. : 5206740
ries of 2012

SUBSCRIBED AND SWORN to before me this 16th day of April 2012, affiants exhibiting to me their Passport Number/Tax Identification Number (TIN)/Social Security System (SSS) ID Nos., as follows:

AFFIANTS	Passport/TIN/SSS Nos.
Mr. Lee Foo Tuck	235-817-895
Ms. Elizabeth M. Perez	900-025-097

NOTARY PUBLIC

Doc. No. 163
Page No. 34
Book No. I
Series of 2012

JOYCE MARIE B. MARQUEZ
Appointment No. M-237/ Notary Public / Makati
Valid until 31 December 2013
JGLaw 6/F SOL Bldg., 112 Amorsolo St., Legaspi Vill. Makati
PTR No. 3182358 / 01.05.12 / Makati
IBP No. 867655 / 01.04.12 / Laguna
Roll No. 56970 / 05.04.2009

COVER SHEET

PW-305

SEC Registration Number

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES

(Company's Full Name)

Units 2203 and 2204, Raffles Corporate Center, F. Ortigas Jr. Road (Formerly Emerald Avenue), Ortigas Center, Pasig City

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

Lee Foo Tuck	584-6170
(Contact Person)	(Company Telephone Number)

12	31	AACFS	06	09
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign
	–	–

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SGV&Co
Ernst & Young

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Phone: (632) 891 0307
Fax: (632) 819 0872
www.sgv.com.ph

BOA/PRC Reg. No. 0001,
January 25, 2010, valid until December 31, 2012
SEC Accreditation No. 0012-FR-2 (Group A),
February 4, 2010, valid until February 3, 2013

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Keppel Philippines Properties, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2011 and 2010, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

SGV & Co
Ernst & Young

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Keppel Philippines Properties, Inc. and Subsidiaries as at December 31, 2011 and 2010, and their financial performance and cash flows for each of the three years ended December 31, 2011 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna

Jessie D. Cabaluna
Partner
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SEC Accreditation No. 0069-AR-2 (Group A),
February 11, 2010, valid until February 10, 2013
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June 1, 2009, valid until May 31, 2012
PTR No. 3174583, January 2, 2012, Makati City

March 5, 2012

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 22)	**₱307,418,255**	₱325,737,487
Receivables (Notes 7 and 22)	**1,034,637**	1,099,620
Due from related parties (Notes 15 and 22)	**224,382,613**	221,833,623
Other current assets (Notes 8, 21 and 22)	**15,833,539**	14,912,037
Total Current Assets	**548,669,044**	563,582,767
Noncurrent Assets		
Available-for-sale financial assets (Notes 9 and 22)	**225,000**	225,000
Investments in associates and a joint venture (Note 10)	**1,344,998,187**	1,137,774,469
Investment properties - net (Note 11)	**1**	1
Property and equipment - net (Note 12)	**1,857,519**	2,551,756
Refundable deposits (Notes 22)	**56,108**	360,388
Deferred tax assets - net (Note 18)	**166,509**	412,031
Total Noncurrent Assets	**1,347,303,324**	1,141,323,645
	₱1,895,972,368	₱1,704,906,412
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 13, 15 and 22)	**₱3,014,631**	₱4,556,822
Due to related parties (Notes 15 and 22)	**279,078,006**	289,678,861
Income tax payable (Note 18)	**143,971**	–
Provisions (Note 19)	**2,562,364**	2,940,815
Total Current Liabilities	**284,798,972**	297,176,498
Equity (Note 14)		
Capital stock	**356,104,000**	356,104,000
Additional paid-in capital	**602,885,517**	602,885,517
Retained earnings	**654,851,524**	451,408,042
	1,613,841,041	1,410,397,559
Less treasury stock	**2,667,645**	2,667,645
Total Equity	**1,611,173,396**	1,407,729,914
	₱1,895,972,368	₱1,704,906,412

See accompanying Notes to Consolidated Financial Statements.

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2011	2010	2009
REVENUE			
Equity in net earnings of associates and a joint venture (Note 10)	**₱207,223,718**	₱11,669,845	₱25,125,819
Interest income (Notes 6 and 15)	**12,869,219**	13,942,720	18,313,497
Management consultancy and franchise fees (Note 15)	**7,019,136**	6,994,920	7,871,466
	227,112,073	32,607,485	51,310,782
GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	**(20,969,859)**	(19,958,659)	(20,599,310)
OTHER INCOME (CHARGES)			
Gain on sale of property and equipment (Note 12)	**195,000**	–	–
Foreign exchange gain (loss) - net	**76,913**	(262,486)	(741,860)
Dividend income	–	1,400	67,083
Gain on sale of available-for-sale financial assets (Note 9)	–	461,320	–
Reversal of accrued expenses and accounts payable	–	7,266	119,350
Others	**9,744**	–	13,911
	281,657	207,500	(541,516)
INCOME BEFORE TAX	**206,423,871**	12,856,326	30,169,956
PROVISION FOR INCOME TAX (Note 18)			
Current	**2,734,867**	2,785,887	3,604,374
Deferred	**245,522**	(94,881)	(714,485)
	2,980,389	2,691,006	2,889,889
NET INCOME	**203,443,482**	10,165,320	27,280,067
OTHER COMPREHENSIVE INCOME (LOSS)			
Net fair value gain (loss) on available-for-sale financial assets	–	(236,413)	146,328
TOTAL COMPREHENSIVE INCOME	**₱203,443,482**	₱9,928,907	₱27,426,395
Basic/Diluted Earnings Per Share (Note 20)	**₱0.69**	₱0.03	₱0.09

See accompanying Notes to Consolidated Financial Statements.

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock						
	Common (Note 14)	Preferred (Note 14)	Additional Paid-in Capital (Note 14)	Unrealized Gain on Available-for-Sale Financial Assets	Retained Earnings (Note 14)	Treasury Stock (Note 14)	Total Equity
At January 1, 2011	**₱296,629,900**	**₱59,474,100**	**₱602,885,517**	**₱–**	**₱451,408,042**	**(₱2,667,645)**	**₱1,407,729,914**
Net income	–	–	–	–	**203,443,482**	–	**203,443,482**
At December 31, 2011	**₱296,629,900**	**₱59,474,100**	**₱602,885,517**	**₱–**	**₱654,851,524**	**(₱2,667,645)**	**₱1,611,173,396**
At January 1, 2010	₱296,629,900	₱73,074,100	₱725,285,517	₱236,413	₱584,042,722	(₱2,667,645)	₱1,676,601,007
Other comprehensive loss	–	–	–	(236,413)	–	–	(236,413)
Net income	–	–	–	–	10,165,320	–	10,165,320
Total comprehensive income	–	–	–	(236,413)	10,165,320	–	9,928,907
Redemption of preferred shares (Note 19)	–	(13,600,000)	(122,400,000)	–	(142,800,000)	–	(278,800,000)
At December 31, 2010	₱296,629,900	₱59,474,100	₱602,885,517	₱–	₱451,408,042	(₱2,667,645)	₱1,407,729,914
At January 1, 2009	₱296,629,900	₱73,074,100	₱725,285,517	₱90,085	₱556,762,655	(₱2,667,645)	₱1,649,174,612
Other comprehensive income	–	–	–	146,328	–	–	146,328
Net income	–	–	–	–	27,280,067	–	27,280,067
Total comprehensive income	–	–	–	146,328	27,280,067	–	27,426,395
At December 31, 2009	₱296,629,900	₱73,074,100	₱725,285,517	₱236,413	₱584,042,722	(₱2,667,645)	₱1,676,601,007

See accompanying Notes to Consolidated Financial Statements.

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱206,423,871**	₱12,856,326	₱30,169,956
Adjustments for:			
Depreciation and amortization (Notes 12 and 16)	**1,033,576**	490,100	462,304
Unrealized foreign exchange losses	**17,813**	247,318	575,635
Gain on sale of property and equipment (Note 12)	**(195,000)**	–	–
Interest income (Notes 6 and 15)	**(12,869,219)**	(13,942,720)	(18,313,497)
Equity in net earnings of associates and joint ventures (Note 10)	**(207,223,718)**	(11,669,845)	(25,125,819)
Gain on sale of available-for-sale financial assets (Note 9)	–	(461,320)	–
Dividend income	–	(1,400)	(67,083)
Loss before changes in working capital	**(12,812,677)**	(12,481,541)	(12,298,504)
Decrease (increase) in:			
Receivables	**(39,634)**	104,509	(235,540)
Amounts due from related parties	**(2,548,990)**	4,623,026	(2,267,296)
Other current assets	**(921,502)**	(2,415,480)	(783,622)
Increase (decrease) in:			
Accounts payable and other current liabilities	**(1,542,191)**	(17,226)	(4,424,893)
Provisions	**(378,451)**	378,451	(747,715)
Net pension liability	–	–	(45,119)
Net cash used in operations	**(18,243,445)**	(9,808,261)	(20,802,689)
Interest received	**12,973,836**	13,962,713	18,878,801
Income tax paid	**(2,590,896)**	(2,785,887)	(3,604,374)
Net cash provided by (used in) operating activities	**(7,860,505)**	1,368,565	(5,528,262)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in refundable deposits	**304,280**	(81,732)	–
Proceeds from sale of:			
Property and equipment (Note 12)	**195,000**	–	–
Available-for-sale financial assets (Note 9)	–	570,171	–
Acquisition of property and equipment (Note 12)	**(339,339)**	(2,216,315)	(163,008)
Dividends received	–	8,694	59,788
Net cash provided by (used in) investing activities	**159,941**	(1,719,182)	(103,220)
CASH FLOWS FROM FINANCING ACTIVITY			
Decrease in amounts due to related parties	**(10,600,855)**	(59,550,796)	(96,470,086)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(17,813)**	(247,318)	(575,635)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(18,319,232)**	(60,148,731)	(102,677,203)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**325,737,487**	385,886,218	488,563,421
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱307,418,255**	₱325,737,487	₱385,886,218

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Keppel Philippines Properties, Inc. ("the Parent") and the following subsidiaries (collectively referred to as "the Group") were incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 7, 1918. The Parent's corporate life was extended for another fifty (50) years starting February 7, 1968.

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

The Parent is listed in the Philippine Stock Exchange (PSE). Its parent company is Keppel Land Limited (KLL) and the ultimate parent company is Keppel Corporation Limited (KCL), both incorporated in Singapore.

The Group holds investments in associates involved in property holding and development and renders management consultancy services to associates. Incidental to its investment holding activity, the Parent charges interest on certain advances to SM Keppel Land, Inc. (SMKL), a jointly controlled entity (see Note 15).

On December 6, 2010, the Group submitted its application 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 reconstruction of the Group's principal office.

The consolidated financial statements of the Group have been authorized for issue by the Board of Directors (BOD) on March 5, 2012.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The consolidated financial statements of the Group have been prepared under the historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱), which is the Group's functional currency. Amounts are rounded off to the nearest Philippine Peso unit, except when otherwise indicated.

Statement of Compliance
The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The accompanying consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as of December 31, 2011 and 2010 and for each of the three years ended December 31, 2011. The financial statements of the subsidiaries are prepared for the same reporting year as the parent, using consistent accounting policies.

A subsidiary is an entity in which the parent company, directly or indirectly, holds more than half of the issued share capital or controls more than half of the voting power or exercises control over the operations and management of the entity.

All intra-group balances and transactions, including income, expenses and dividends are eliminated in full during consolidation in accordance with the accounting policy on consolidation.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain the benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date of the acquisition or up to the date of the disposal, as appropriate.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS, Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments to existing Standards which became effective on January 1, 2011. The adoption of these new and amended Standards and Philippine Interpretations did not have a significant impact on the financial statements of the Group.

- Amendment to PAS 24, *Related Party Disclosures*
- Amendment to PAS 32, *Financial Instruments: Presentation - Classification of Rights Issues*
- Amendment to Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement*
- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*

Improvements to PFRSs
The omnibus amendments to PFRSs issued in May 2010 were issued primarily with a view to removing inconsistencies and clarifying wordings. There are separate transitional provisions for each standard. The adoption of these new standards did not have significant impact on the Group financial statements.

- PFRS 3 (Revised), *Business Combinations*
- PFRS 7, *Financial Instruments: Disclosures*
- PAS 1, *Presentation of Financial Statements*
- PAS 27, *Consolidated and Separate Financial Statements*
- PAS 34, *Interim Financial Reporting*
- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*

Future Changes in Accounting Policies
The Group will adopt the following new and amended standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements.

Effective 2012

- PAS 12, *Income Taxes - Recovery of Underlying Assets*
  The amendment becomes effective for annual periods beginning on or after January 1, 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, *Investment Property*, should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment*, always be measured on a sale basis of the asset.

- Amendments to PFRS 7, *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*
  The amendment becomes effective for annual periods beginning on or after July 1, 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendment affects disclosures only and has no impact on the Group's financial position or performance.

Effective 2013

- Amendments to PAS 1, *Financial Statement Presentation, Presentation of Items of Other Comprehensive Income*
  The amendments is effective for annual periods beginning on or after July 1, 2012. The amendments to PAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has there no impact on the Group's financial position or performance.

- Amendment to PAS 19, *Employee Benefits*
  This amendment is effective for annual periods beginning on or after January 1, 2013. Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording.

- PAS 27 (Revised), *Separate Financial Statements*
  This amendment becomes effective for annual periods beginning on or after January 1, 2013. As a consequence of the new PFRS 10, *Consolidated Financial Statement* and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

- PAS 28 (Revised), *Investments in Associates and Joint Ventures*
  This amendment becomes effective for annual periods beginning on or after January 1, 2013. As a consequence of the new PFRS 11, *Joint Arrangements* and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures,* and describes the application of the equity method to investments in joint ventures in addition to associates.

- Amendments to PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
  The amendments to PFRS 7 are to be retrospectively applied for annual periods beginning on or after January 1, 2013. These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are offset in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are offset in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

  a) The gross amounts of those recognized financial assets and recognized financial liabilities;
  b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;
  d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. Amounts related to financial collateral (including cash collateral); and
  e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

  The amendment affects disclosures only and has no impact on the Group's financial position or performance.

- PFRS 10, *Consolidated Financial Statements*
  This standard becomes effective for annual periods beginning on or after January 1, 2013. PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12, *Consolidation - Special Purpose Entities.* PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements in PAS 27.

- PFRS 11, *Joint Arrangements*
  This standard becomes effective for annual periods beginning on or after January 1, 2013. PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers.* PFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

- PFRS 12, *Disclosure of Involvement with Other Entities*
  This standard becomes effective for annual periods beginning on or after January 1, 2013. PFRS 12 includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- PFRS 13, *Fair Value Measurement*
  This standard becomes effective for annual periods beginning on or after January 1, 2013. PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance.

Effective in 2014

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
  The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to offset" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Group is currently assessing impact of the amendments to PAS 32.

Effective in 2015

- PFRS 9, *Financial Instruments: Classification and Measurement*
  The standard is effective for annual periods beginning on or after January 1, 2015. PFRS 9 as issued reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities.

  After consideration of the result of its impact evaluation, the Group has decided not to early adopt either PFRS 9 (2009) or PFRS 9 (2010) for its 2011 annual financial reporting. It shall conduct in early 2012 another impact evaluation using the outstanding balances of the financial statements as of December 31, 2011. The Group will disclose in the March 31, 2012 interim financial statements whether to adopt the PFRS 9 (2009) or PFRS 9 (2010) on its 2012 financial reporting. If the decision of the Group is to adopt PFRS 9 on its 2012 financial reporting, the interim report by March 31, 2012 will reflect the application of the requirements under the said standard and will contain a qualitative and quantitative discussion of the result of the Group's impact evaluation.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors which should be applied retroactively and prospectively. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts,* or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

4. Summary of Significant Accounting Policies

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.

Financial Instruments
Date of recognition. The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

Initial recognition. Financial instruments are recognized initially at fair value. Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivables. The Group also classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to total liabilities and equity, net of any related income tax benefits.

The Group has no financial assets and liabilities at FVPL and HTM investments as of December 31, 2011 and 2010.

Determination of fair value. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask 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 observable current market prices exist, option pricing models, and other relevant valuation models.

Fair value hierarchy. 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.

The Group has no financial assets carried at fair value as of December 31, 2011 and 2010. There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

Day 1 profit. Where the transaction price in a nonactive 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.

Loans and receivables. Loans and receivables are nonderivative 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 noncurrent assets.

This accounting policy relates to the consolidated statement of financial position captions "Cash and cash equivalents", "Receivables", "Due from related parties" and "Refundable deposits" (see Notes 6, 7 and 15).

AFS financial assets. AFS financial assets are nonderivatives 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 as unrealized gain or loss on AFS financial assets as other comprehensive income 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 noncurrent 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 unquoted club shares carried at cost (see Note 9).

Other financial liabilities. This category 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" and "Due to related parties" and other obligations that meet the above definition (other than liabilities covered by other accounting standards) (see Notes 13 and 15).

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.

Loans and receivables. If there is objective evidence that an impairment loss on loans and receivables 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 the 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.

AFS financial assets. If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from other comprehensive income to profit or loss. Reversals in respect of equity instruments classified as AFS financial assets are not recognized in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

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.

Derecognition of Financial Assets and Liabilities
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 right to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the asset 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.

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.

Offsetting of Financial Instruments
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.

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. A joint venture is an entity, not being a subsidiary nor an associate, in which the Group exercises joint control together with one or more venturers. Investments in associates and joint venture are accounted for under the equity method of accounting.

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 recognising 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 income reflects the Group's share in the results of operations of the associates. 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 associate and joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate 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.

Investment Properties
Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Depreciation of investment properties is computed using the straight-line method over the estimated useful life of the assets of 10 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

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 and depreciation method are reviewed periodically to ensure that the period 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.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that a nonfinancial 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 the consolidated statement of other comprehensive income. 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 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 fair value and the carrying value of the investee company and recognizes the difference in profit or loss.

Provisions

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.

Treasury Shares

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

Revenue Recognition

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. The following specific recognition criteria must also be met before revenue is recognized:

Interest income. Interest income is recognized as interest accrues, taking into account the effective yield on the asset.

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

Dividend income. Dividend income is recognized when the shareholders' right to receive the payment is established.

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.

Equity

Capital stock is measured at par value for all shares issued.

Additional paid-in capital
Additional paid-in capital represents capital contribution in excess of par value of the capital stock.

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

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. A restatement 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.

Group as a lessee. Operating lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term.

Foreign Currency Transaction
The consolidated financial statements are presented in Philippine Peso, which is the Group's functional currency. The Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. 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 transactions. 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 such are realized.

Retirement Cost
The Group has a funded, non-contributory retirement plan, administered by a trustee, covering its regular employees. 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. Retirement cost includes current service cost, interest cost, expected return on any plan assets, recognized actuarial gains or losses, the effect of any past service cost and curtailment or settlement.

Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The net pension liability recognized by the Group in respect of the defined benefit pension plan is the present value of the defined benefit obligation less fair value of the plan assets at the reporting date, together with the adjustments for unrecognized actuarial gains or losses that shall be recognized in later periods. The present value of the defined benefit obligation is calculated by an independent actuary using the projected unit credit method and is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating to the terms of the related pension liability or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

A portion of the actuarial gains and losses is recognized when it exceeds the corridor (10% of the greater of the present value of obligation or fair value of the plan assets) at the previous reporting date, divided by the expected average remaining working lives of active plan members.

Income Tax

Current tax. Current tax assets and liabilities for the current and prior periods 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.

Deferred tax. Deferred 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.

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

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

Deferred 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 of reporting date.

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

Movements in the deferred income tax assets and liabilities arising from changes in the tax rates are charged against or credited to income for the period.

Value-Added Tax (VAT)
Revenue, expenses and assets are recognized net of the amount of sales tax 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.

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.

Contingencies
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.

Events after the Reporting Date
Post year-end events that provide additional information about the Group's financial 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.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the accompanying consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

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

Provisions and contingencies. The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. Provisions for estimated losses on claims by a third party amounted to ₱2.6 million and ₱2.9 million as of December 31, 2011 and 2010, respectively (see Note 19).

Functional currency. The Group determined its functional currency to be the Philippine Peso. The determination of functional currency was based on the primary economic environment in which the Group generates and expends cash.

Operating leases - Group as lessee. The Group has entered into commercial property leases related to its office spaces. Substantially, all the risks and benefits incidental to ownership of the leased items are not transferred to the Group. Total rent expense charged to operations amounted to ₱1.2 million, ₱0.8 million and ₱0.4 million in 2011, 2010 and 2009, respectively (see Notes 16 and 21).

Financial assets not quoted in an active market. The Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis. The carrying values of AFS financial assets not quoted in an active market amounted to ₱0.2 million as of December 31, 2011 and 2010. No allowance for impairment was provided for AFS equity investments in 2011 and 2010 (see Note 9).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are discussed below:

Fair value of financial instruments. Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position or disclosed in the notes to the consolidated financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation.

Allowance for doubtful accounts. 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 and amounts due from related parties amounted to ₱225.4 million and ₱222.9 million as of December 31, 2011 and 2010, respectively. No allowance was provided for these receivables as of December 31, 2011 and 2010 (see Notes 7, 15 and 22).

Estimated useful lives of property and equipment and investment properties. The useful life of each of the Group's items of property and equipment and investment properties is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each item of property and equipment and investment properties is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment and investment properties would increase the recorded general and administrative expenses and decrease noncurrent assets.

The total carrying value of the Group's property and equipment and investment properties as of December 31, 2011 and 2010 amounted to ₱1.9 million and ₱2.6 million, respectively (see Notes 11 and 12).

Impairment of nonfinancial assets. The Group assesses impairment on nonfinancial assets 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 of December 31, 2011 and 2010, the Group did not recognize any impairment loss on its nonfinancial assets. The total carrying value of investments in associates and joint venture, investment properties and property and equipment as of December 31, 2011 and 2010 amounted to a total of ₱1,346.9 million and ₱1,140.3 million, respectively (see Notes 10, 11 and 12).

Retirement benefits. The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on plan assets and estimated future salary increase rates. Due to the long-term nature of this plan, such estimates are subject to significant uncertainty.

The assumptions used in the actuarial valuation are disclosed in Note 17 to the consolidated financial statements. As of December 31, 2011 and 2010, net pension liability is nil.

Recognition of deferred tax assets. The Group's assessment on the recognition of deferred tax assets on non-deductible temporary differences and carryforward benefit of NOLCO is based on the forecasted taxable income of the following reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

As of December 31, 2011 and 2010, net deferred tax assets amounted to ₱0.2 million and ₱0.4 million, respectively. The amount of unrecognized deferred tax assets amounted to ₱11.2 million and ₱16.8 million as of December 31, 2011 and 2010, respectively (see Note 18).

6. Cash and Cash Equivalents

This account consists of:

	2011	2010
Petty cash fund	**₱15,000**	₱15,000
Cash on hand and in banks	**16,309,883**	44,789,100
Cash equivalents	**12,293,372**	280,933,387
Restricted cash	**278,800,000**	–
	₱307,418,255	₱325,737,487

Cash in banks earns 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 3.5% to 4.0% in 2011 and 2010.

On October 25, 2011, the Parent Company's Audit Committee approved the restriction of cash and cash equivalents amounting to ₱1.4 million and ₱277.4 million, respectively, for the redemption of preferred shares to be settled in 2012.

Interest income from cash and cash equivalents amounted ₱11.0 million, ₱11.8 million and ₱15.8 million in 2011, 2010 and 2009, respectively.

7. Receivables

This account consists of:

	2011	2010
Trade (Note 15)	**₱525,379**	₱461,689
Interest	**380,119**	484,736
Receivable from employees	**129,139**	153,195
	₱1,034,637	₱1,099,620

Interest pertains to accrued interest on cash and cash equivalents. Receivables generally have 30 to 60-day terms. As of December 31, 2011 and 2010, the Group has no past due receivables except for trade receivables that are more than 360 days past due.

8. Other Current Assets

This account consists of:

	2011	2010
Creditable withholding taxes	**₱13,963,426**	₱13,173,228
Prepayments	**1,641,895**	1,347,991
Others	**228,218**	390,818
	₱15,833,539	₱14,912,037

Prepayments are advance rental deposits for one year which arose from the transfer of the Group's office to a temporary address due to the ongoing reconstruction of its principal office.

9. Available-for-Sale Financial Assets

As of December 31, 2011 and 2010, unquoted AFS financial asset amounting to ₱0.2 million pertains to an investment in club share of Club Filipino, Inc. de Cebu.

In 2010, the Parent and CSRI sold all of its quoted AFS financial assets consisting of investments in ordinary shares of a publicly listed company and club shares for ₱0.4 million and ₱0.2 million, respectively, which resulted in a gain of ₱0.3 million and ₱0.2 million, respectively.

10. Investments in Associates and a Joint Venture

The details and movements of this account follow:

	2011	2010
Cost	**₱806,321,443**	₱806,321,443
Advances for conversion to preferred shares of associates	**79,287,230**	79,287,230
Accumulated equity in net earnings (Notes 14 and 18):		
At January 1	**252,165,796**	240,495,951
Equity in net earnings of associates and a joint venture	**207,223,718**	11,669,845
At December 31	**459,389,514**	252,165,796
	₱1,344,998,187	₱1,137,774,469

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**	
	2011	2010	**2011**	2010
SMKL*	**40%**	40%	**₱965,470,319**	₱793,653,669
Buena Homes (Sandoval), Inc. (BHSI)	**40**	40	**175,105,292**	176,178,561
Opon-KE Properties, Inc. (OKEP)	**40**	40	**116,202,754**	99,363,990
Opon Ventures, Inc. (OVI)	**40**	40	**67,629,416**	57,835,968
Opon Realty and Development Corporation (ORDC)	**40**	40	**20,590,406**	10,742,281
			₱1,344,998,187	₱1,137,774,469

**Investment in a joint venture*

In 2006, the stockholders approved the conversion of the advances to associates into investments in preferred shares of OVI and OKEP amounting to ₱46.9 million and ₱31.3 million, respectively. The SEC approved the conversion of the advances to associates into investment in preferred shares in OVI and OKEP on February 29, 2012 and March 2, 2012, respectively.

The Group is obligated to provide financial support to OVI proportionate to its shareholdings.

Significant financial information of the associates and joint venture follows:

	2011				
	BHSI	**SMKL**	**OKEP**	**OVI**	**ORDC**
					(In Millions)
Current assets	**₱304.9**	**₱1,578.3**	**₱9.5**	**₱0.3**	**₱27.5**
Noncurrent assets	**318.5**	**1,012.0**	**322.9**	**119.8**	**81.9**
Total assets	**623.4**	**2,590.3**	**332.4**	**120.1**	**109.4**
Current liabilities	**180.0**	**454.9**	**79.1**	**1.5**	**77.3**
Noncurrent liabilities	**5.6**	**86.2**	**–**	**–**	**–**
Total liabilities	**185.6**	**541.1**	**79.1**	**1.5**	**77.3**
Gross revenues (losses)	**(3.9)**	**849.2**	**42.7**	**–**	**16.2**
Cost and expenses - net	**(2.3)**	**218.1**	**0.6**	**0.8**	**1.9**
Income (loss) before income tax	**(1.4)**	**631.1**	**42.1**	**(0.8)**	**14.3**
Net income (loss)	**(2.7)**	**429.5**	**42.0**	**(0.8)**	**10.3**

	2010				
	BHSI	SMKL	OKEP	OVI	ORDC
					(In Millions)
Current assets	₱280.6	₱331.7	₱9.3	₱0.3	₱4.3
Noncurrent assets	346.9	1,521.5	280.7	119.8	89.5
Total assets	627.5	1,853.2	290.0	120.1	93.8
Current liabilities	181.4	150.4	78.7	0.8	72.1
Noncurrent liabilities	5.6	85.2	–	–	–
Total liabilities	187.0	235.6	78.7	0.8	72.1
Gross revenues (losses)	(15.8)	229.7	2.4	–	0.1
Cost and expenses - net	(10.6)	180.0	0.3	0.4	0.9
Income (loss) before income tax	(5.2)	49.7	2.1	(0.4)	(0.8)
Net income (loss)	(6.3)	30.7	2.1	(0.4)	(0.8)

On November 28, 2011, SMKL assigned its development rights and sold its basement car park to BDO at a gain of ₱585.8 million and ₱37.1 million, respectively.

11. Investment Properties

This account consists of condominium units as follows:

	2011	2010
Cost	**₱4,000,000**	₱4,000,000
Accumulated depreciation	**3,999,999**	3,999,999
Net book value at January 1 and December 31	**₱1**	₱1

The Group did not incur any operating expense or recognized rental income on this investment property in 2011, 2010 and 2009.

The fair value of the investment properties determined in reference to the fair value of similar properties within the same local market approximates ₱2.0 million as of December 31, 2011 and 2010.

12. Property and Equipment

The movement of this account follows:

	Transportation Equipment	Office Equipment	Furniture and Fixtures	Total
Cost				
At January 1, 2010	₱2,068,142	₱2,889,604	₱433,161	₱5,390,907
Additions	–	115,012	2,101,303	2,216,315
At December 31, 2010	2,068,142	3,004,616	2,534,464	7,607,222
Additions	–	213,938	125,401	339,339
Disposals	(663,636)	–	–	(663,636)
Retirement	–	–	(241,564)	(241,564)
At December 31, 2011	1,404,506	3,218,554	2,418,301	7,041,361
Accumulated Depreciation				
At January 1, 2010	1,746,426	2,401,110	417,830	4,565,366
Depreciation (Note 16)	85,790	342,634	61,676	490,100
At December 31, 2010	1,832,216	2,743,744	479,506	5,055,466
Depreciation (Note 16)	85,792	201,981	745,803	1,033,576
Disposals	(663,636)	–	–	(663,636)
Retirement	–	–	(241,564)	(241,564)
At December 31, 2011	1,254,372	2,945,725	983,745	5,183,842
Net Book Value				
At December 31, 2011	**₱150,134**	**₱272,829**	**₱1,434,556**	**₱1,857,519**
At December 31, 2010	₱235,926	₱260,872	₱2,054,958	₱2,551,756

Depreciation expense charged against operations amounted to ₱1.0 million in 2011 and ₱0.5 million in 2010 and 2009 (see Note 16).

The gain on sale of property and equipment amounting to ₱0.2 million in 2011 resulted from the disposal of transportation equipment.

13. Accounts Payable and Other Current Liabilities

This account consists of:

	2011	2010
Accrued expenses (Note 15)	**₱1,526,928**	₱1,244,371
Dividends payable	**553,981**	553,981
Taxes payable	**458,868**	1,773,343
Trade	**271,768**	662,544
Nontrade	**203,086**	322,583
	₱3,014,631	₱4,556,822

Accrued expenses pertain to accruals on consultancy fees, salaries and other employee benefits and professional fees. Accrued expenses and other payables are payable within 30 to 60 days.

Dividends payable pertain to amounts declared when the Parent's name was still Cebu Shipyard and Engineering Works, Inc. but which have not been claimed by the respective shareholders to date.

Taxes payable pertain to taxes withheld for transactions subject to withholding tax.

Trade accounts payable represent payables to suppliers and are normally settled within one year.

14. Equity

a. Capital Stock

The authorized capital stock of the Parent as of December 31, 2011, 2010 and 2009 follows:

	2011	2010	2009
Common stock - ₱1 par value	**375,000,000**	375,000,000	375,000,000
Preferred stock - ₱1 par value	**135,700,000**	135,700,000	135,700,000

Issued and outstanding shares of the Parent as of December 31, 2011, 2010 and 2009 follow:

	2011	2010	2009
Common stock (net of treasury shares of 2,801,000)	**293,828,900**	293,828,900	293,828,900
Preferred stock	**59,474,100**	59,474,100	73,074,100

Preferred shares, which were issued on November 11, 2003, are redeemable in full or in part at the option of the Parent, not later than November 11, 2010, and provided that the Parent has sufficient unrestricted retained earnings. The redemption price will be ₱10 per share and calculated to give the holders an estimated return of fifteen percent (15%) per annum.

On November 10, 2010, the Parent exercised its option to redeem 13,600,000 or approximately 19% of its outstanding redeemable preferred shares at a redemption price of ₱20.50 per share or a total consideration of ₱278.8 million (see Note 15). Total reduction in preferred stock, additional paid-in capital and retained earnings amounted to ₱13.6 million, ₱122.4 million and ₱142.8 million, respectively. No additional preferred shares have been redeemed as of December 31, 2011.

After this redemption, the Parent has 59,474,100 of its redeemable preferred shares outstanding.

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

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

i. Amendment of the articles of incorporation;
ii. Adoption and amendment of by-laws;
iii. Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate property;
iv. Incurring, creating or increasing bonded indebtedness;

v. Increase or decrease of capital stock;
vi. Merger or consolidation of the corporation with another corporation or other corporations;
vii. Investment of corporate funds in another corporation or business in accordance with this Code; and
viii. Dissolution of the corporation.

On October 6, 2010, the BOD authorized the amendment of its articles of incorporation, particularly article 7 to read as follows:

Preferred shares may be redeemed in full or in part, at the option of the issuer, within a call period of seven (7) years from the date of approval of the amended articles. The redemption price will be equivalent to the issue price with an annual premium to be approved by the BOD. Likewise, the fairness of the annual premium rate must be confirmed by an independent financial advisor. The issue price will be ₱10 per share.

The above amendments were approved by the stockholders on November 26, 2010.

b. Additional paid-in capital

The details of "Additional paid-in capital" presented in the consolidated statements of financial position and consolidated statements of changes in equity as of December 31, 2011, 2010 and 2009 are as follows:

	2011	2010	2009
Common stock	**₱67,618,617**	₱67,618,617	₱67,618,617
Preferred stock	**535,266,900**	535,266,900	657,666,900
	₱602,885,517	₱602,885,517	₱725,285,517

c. Retained earnings

The portion of retained earnings corresponding to the Parent's undistributed equity in net earnings of the associates and joint venture amounted to ₱459.4 million, ₱252.2 million and ₱240.5 million as of December 31, 2011, 2010 and 2009, respectively. These amounts are not available for distribution as dividends until declared by associates. Retained earnings are further restricted to the extent of ₱2.7 million representing the cost of shares held in treasury as of December 31, 2011, 2010 and 2009.

In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Group's retained earnings available for dividend declaration as of December 31, 2011, 2010 and 2009 amounted to ₱192.6 million, ₱196.2 million and ₱340.6 million, respectively.

15. Related Party Transactions

Outstanding balances arising from related party transactions
Outstanding balances of transactions with related parties follow:

Receivables:

Related Party	Relationship	Due from related parties 2011	2010
BHSI	Associate	**₱107,200,000**	₱107,200,000
OKEP	Associate	**78,642,052**	78,642,052
SMKL	Associate	**37,639,919**	35,280,791
OVI	Associate	**900,642**	710,780
		₱224,382,613	₱221,833,623

Payables:

Related Party	Relationship	Due to related parties 2011	2010
KLL	Stockholder	**₱278,800,000**	₱289,357,195
Keppel Land International Limited (KLIL)	Entity under common control	**278,006**	321,666
		₱279,078,006	₱289,678,861

On November 10, 2010, the Parent partially redeemed 13,600,000 preferred shares of KLL amounting to ₱278.8 million. This amount remains unpaid as of December 31, 2011 and included in "Due to related parties" in the consolidated statements of financial position. Cash and cash equivalents amounting to ₱278.8 million has been restricted for the settlement of the redemption (see Note 8).

In 2011 and 2010, the Group made payments to KLL amounting to ₱10.6 million and ₱52.7 million, respectively.

Nontrade receivable eliminated during the consolidation amounted to ₱208.2 million. There were no trade and other payables from the related parties that were eliminated during the consolidation.

On January 16, 2012, BHI and BHSI made payments to the Parent amounting to ₱64.0 million and ₱36.0 million, respectively.

Terms and Conditions of Transactions with Related Parties
Outstanding balances of accounts with related parties at year-end are unsecured and are settled in cash. Amounts due from related parties represent interest and non-interest-bearing cash advances for working capital requirements and reimbursable expenses which are settled within 30 to 60 days. Interest-bearing advances bear interest at prevailing market rates. Amounts due to related parties are non-interest-bearing.

For the years ended December 31, 2011, 2010 and 2009, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties based on review of the financial position of the related parties.

Amounts due from/due to related parties are due and demandable.

Significant Transactions with Related Parties

a. KLIL
   i. KLIL provides consultancy, advisory and support services to the Parent. Management consultancy fees, which are based on time spent by KLIL personnel, amounted to ₱6.3 million, ₱6.1 million and ₱8.8 million in 2011, 2010 and 2009, respectively (see Note 16). As of December 31, 2011 and 2010, outstanding payable to KLIL for consultancy fees included in "Accrued expenses" amounted to ₱0.3 million (see Note 13). Accrued expenses are payable within 30 to 60 days.

b. SMKL
   i. The Group provides management, advisory and consultancy services to SMKL. The management consultancy fee is computed at 2.5% of SMKL's annual net revenues. Furthermore, the Group also bills SMKL a franchise fee equivalent to 1.0% of SMKL's net revenues for the rights, license and privilege to use the name "Keppel". Management consultancy and franchise fees amounted to ₱7.0 million in 2011 and 2010 and ₱7.9 million in 2009.

   ii. The Group's advances to SMKL aggregating to ₱37.6 million and ₱35.3 million as of December 31, 2011 and 2010, respectively, are interest-bearing. Interest income charged to SMKL amounted to ₱1.9 million, ₱2.2 million and ₱2.5 million in 2011, 2010 and 2009, respectively. Interest rates are based on Bangko Sentral ng Pilipinas (BSP) lending rates that ranged from 6.56% to 7.52%, 7.65% to 8.25% and 8.43% to 10.20% in 2011, 2010 and 2009, respectively.

Compensation of Key Management Personnel of the Group

Details of the compensation of key management personnel of the Group are as follows:

	2011	2010	2009
Salaries and other short-term employee benefits	**₱3,496,444**	₱3,019,406	₱2,660,777
Bonuses and allowances	**124,584**	197,857	38,538
	₱3,621,028	₱3,217,263	₱2,699,315

16. General and Administrative Expenses

This account consists of:

	2011	2010	2009
Salaries, wages and employee benefits (Note 15)	**₱6,839,030**	₱5,976,731	₱5,316,295
Management consultancy fee (Note 15)	**6,340,725**	6,061,297	8,825,048
Professional fees	**2,148,548**	2,653,050	1,977,804
Rental (Note 21)	**1,184,675**	752,885	429,770
Depreciation (Note 12)	**1,033,576**	490,100	462,304
Transportation and travel	**626,209**	386,557	480,747
Membership and dues	**535,460**	407,530	328,330
Utilities	**498,823**	655,548	458,323

(Forward)

	2011	2010	2009
Postage, printing and advertising	**₱337,085**	₱491,110	₱305,530
Taxes and licenses	**252,931**	333,046	94,639
Insurance	**244,497**	213,787	186,834
Repairs and maintenance	**199,211**	159,947	250,872
Supplies	**169,450**	144,394	207,207
Staff recreation and others	**85,852**	76,394	216,333
Bank and other charges	**34,674**	35,849	101,835
Retirement benefits (Note 17)	**31,944**	198,247	71,573
Security and other services	**13,471**	100,625	218,625
Others	**393,698**	821,562	667,241
	₱20,969,859	₱19,958,659	₱20,599,310

Other expenses pertain to storage costs, retainers' fee, printing costs and out-of-pocket expenses for professional services.

17. Retirement Benefits

The Group has a funded, non-contributory defined benefit retirement plan, administered by a trustee, covering its regular employees.

The latest actuarial valuation date of the Group's retirement plan is December 31, 2011.

The following tables summarize the components of net benefit expense recognized in profit or loss under "General and administrative expenses" and the funded status and amounts recognized in the consolidated statements of financial position for the plan:

The amounts recognized in profit or loss is as follows:

	2011	2010	2009
Current service cost	**₱63,863**	₱175,833	₱7,626
Interest cost	**47,518**	68,248	120,330
Expected return on plan assets	**(56,498)**	(39,772)	(36,559)
Actuarial gain recognized	**(22,939)**	(6,062)	(19,824)
Net benefit expense (Note 16)	**₱31,944**	₱198,247	₱71,573

The amount recognized in the consolidated statements of financial position follow:

	2011	2010
Present value of obligation	**₱647,982**	₱489,372
Fair value of plan assets	**1,255,843**	1,129,956
	(607,861)	(640,584)
Unrecognized actuarial gain	**607,861**	640,584
Net pension liability	**₱–**	₱–

Changes in the present value of the defined benefit obligation follow:

	2011	2010
At January 1	**₱489,372**	₱633,689
Current service cost	**63,863**	175,833
Interest cost	**47,518**	68,248
Benefits paid	**(26,431)**	–
Actuarial loss (gain)	**73,660**	(388,398)
At December 31	**₱647,982**	₱489,372

Changes in the fair value of retirement plan assets follow:

	2011	2010
At January 1	**₱1,129,956**	₱859,016
Expected return on plan assets	**56,498**	39,772
Contributions	**31,944**	198,247
Benefits paid	**(26,431)**	–
Actuarial gain	**63,876**	32,921
At December 31	**₱1,255,843**	₱1,129,956
Actual return on plan assets	**₱120,374**	₱72,693

Changes in unrecognized net actuarial gain follow:

	2011	2010
At January 1	**₱640,584**	₱225,327
From plan assets	**63,876**	32,921
From defined benefit obligation	**(73,660)**	388,398
Amortization of actuarial gain	**(22,939)**	(6,062)
At December 31	**₱607,861**	₱640,584

Movements in the net pension liability follow:

	2011	2010
At January 1	**₱–**	₱–
Net benefit expense	**31,944**	198,247
Contributions	**(31,944)**	(198,247)
At December 31	**₱–**	₱–

The Group expects to contribute ₱0.1 million to the plan in 2012.

The major categories of plan assets as a percentage of the fair value of total plan assets follow:

	2011	2010
Short-term deposits	**99.27%**	98.75%
Cash in bank and interest receivables	**0.73%**	1.25%
	100.00%	100.00%

The principal actuarial assumptions used in determining retirement benefit obligations follow:

	2011	2010
Discount rate	**6.25%**	9.71%
Expected rate of return on plan assets	**5.00%**	5.00%
Salary increase rate	**5.00%**	5.00%
Average remaining working lives of employees	**20 years**	23 years

The expected rate of return on plan assets is determined based on market expectations at the beginning of the period for returns over the entire life of the related obligation.

Experience adjustment on benefit obligation amounted to ₱0.1 million and ₱0.3 million in 2011 and 2010, respectively.

Amounts for current and previous periods follow:

	2011	2010	2009	2008	2007
Plan assets	**₱1,255,843**	₱1,129,956	₱859,016	₱812,433	₱588,473
Defined benefit obligation	**(647,982)**	(489,372)	(633,689)	(320,368)	(1,136,060)
Surplus (deficit)	**₱607,861**	₱640,584	₱225,327	₱492,065	(₱547,587)

18. **Income Tax**

Current Tax
The current provision for income tax represents final tax paid on interest income and MCIT. Details follow:

	2011	2010	2009
Final tax	**₱2,590,896**	₱2,779,954	₱3,604,374
MCIT	**143,971**	5,933	–
	₱2,734,867	₱2,785,887	₱3,604,374

Deferred Tax
The components of net deferred tax assets as of December 31, 2011 and 2010, computed at 30%, follow:

	2011	2010
Deferred tax assets:		
Accrued expenses	**₱180,199**	₱334,549
Unrealized foreign exchange loss	–	77,482
Deferred tax liability:		
Unrealized foreign exchange gain	**(13,690)**	–
Net deferred tax assets	**₱166,509**	₱412,031

As of December 31, 2011, details of NOLCO and MCIT which can be claimed as deduction from future taxable income are as follows:

Year incurred	Year of Expiry	NOLCO	MCIT
2009	2012	₱12,216,746	₱–
2010	2013	11,343,910	5,933
2011	2014	13,222,670	143,971
		₱36,783,326	₱149,904

Deferred tax assets on NOLCO and MCIT as of December 31, 2011 and 2010, respectively, have not been recognized since management believes that the benefits will not be realized prior to their expiry dates. Details of unrecognized deferred tax assets follow:

	2011	2010
NOLCO	**₱36,783,326**	₱56,036,640
Tax rate	**30%**	30%
	11,034,998	16,810,992
MCIT	**149,904**	5,933
	₱11,184,902	₱16,816,925

The movements in NOLCO are as follows:

	2011	2010
At January 1	**₱56,036,640**	₱45,618,275
Additions	**13,222,670**	11,343,910
Expirations	**(32,475,984)**	(925,545)
At December 31	**₱36,783,326**	₱56,036,640

The movements in MCIT are as follows:

	2011	2010
At January 1	**₱5,933**	₱–
Additions	**143,971**	5,933
At December 31	**₱149,904**	₱5,933

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

	2011	2010	2009
Statutory income tax rate	**30.0%**	30.0%	30.0%
Add (deduct) tax effects of:			
Change in unrecognized deferred tax assets	**1.8**	27.1	10.1
Nondeductible expenses	**0.2**	1.5	0.6
Interest income subjected to final tax	**(0.6)**	(10.5)	(6.1)
Equity in net earnings of associates and a joint venture	**(30.1)**	(27.2)	(25.0)
Effective income tax rate	**1.3%**	20.9%	9.6%

19. Provisions and Contingencies

- The Parent is a party to a lawsuit involving a claim for commission by an agent amounting to ₱1.8 million plus damages. The case is now pending with the Regional Trial Court of Cebu City, Philippines. The Parent's management and legal counsel believe that the said agent has no valid claim from the Parent. No provision for commission has been made for the years ended December 31, 2011, 2010 and 2009.

- In 2006, provisions of ₱2.6 million were recognized for estimated losses on claims by third party. As of December 31, 2011 and 2010, the outstanding balance of the provision amounted to ₱2.6 million and ₱2.9 million, respectively. The information usually required by PAS 37 is not disclosed because of the sensitivity of the information.

20. Basic/Diluted Earnings Per Share

	2011	2010	2009
Net income (a)	**₱203,443,482**	₱10,165,320	₱27,280,067
Weighted average number of common shares issued and outstanding (b) (Note 14)	**293,828,900**	293,828,900	293,828,900
Basic/Diluted Earnings per share (a/b)	**₱0.69**	₱0.03	₱0.09

The basic EPS is equal to the diluted EPS since the Group has no potential shares that will have a dilutive effect on EPS.

21. Commitments

a. The Parent has an operating lease contract that expired on August 30, 2011. This agreement has been renewed for one year until August 2012. Total rent expense charged to operations amounted to ₱1.2 million, ₱0.8 million and ₱0.4 million in 2011, 2010 and 2009, respectively (see Note 16).

   As of December 31, 2011 and 2010, the required advance rentals and deposit amounted to ₱0.6 million and ₱0.5 million, respectively. These are included under "Other current assets" in the consolidated statements of financial position.

   There are no assets of the Group pledged as collaterals to any loans of its stockholders and associates nor are there any restrictions on revenue.

22. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, AFS financial assets and amounts due to and from related parties. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and payables, which arise from its operations.

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

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 of cash and cash equivalents, receivables, amounts due from related parties, refundable deposits and AFS financial assets. As of December 31, 2011 and 2010, the carrying values of the Group's financial instruments represent maximum exposure to credit risk at reporting date.

The Group's due from related parties are approximately ninety-nine percent (99%) of total receivables.

Credit quality
As of December 31, 2011 and 2010, the Group determined that the financial assets are rated high grade as the counterparties possess strong to very strong capacity to meet their obligations. Since the Group trades only with related parties, there is no requirement for collateral. Due from related parties aggregating ₱224.4 million and ₱221.8 million as of December 31, 2011 and 2010, respectively, are collectible. Cash and cash equivalents are placed with reputable financial institutions with strong financial capacity.

As of December 31, 2011 and 2010, the Group has no past due and impaired financial assets.

Liquidity Risk
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 nonderivative financial assets and liabilities based on contractual undiscounted payments:

December 31, 2011

	On Demand	Less than 3 months	More than 3 months to 1 year	More than one year	Total
Financial assets:					
Cash and cash equivalents	₱307,418,255	₱–	₱–	₱–	₱307,418,255
Receivables	1,034,637	–	–	–	1,034,637
Due from related parties	224,382,613	–	–	–	224,382,613
Refundable deposits	–	–	–	56,108	56,108
	₱532,835,505	₱–	₱–	₱56,108	₱532,891,613
Financial liabilities:					
Accounts payable and other current liabilities*	₱–	₱2,555,763	₱–	₱–	₱2,555,763
Due to related parties	279,078,006	–	–	–	279,078,006
	₱279,078,006	₱2,555,763	₱–	₱–	₱281,633,769

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

December 31, 2010

	On Demand	Less than 3 months	More than 3 months to 1 year	More than one year	Total
Financial assets:					
Cash and cash equivalents	₱325,737,487	₱–	₱–	₱–	₱325,737,487
Receivables	1,099,620	–	–	–	1,099,620
Due from related parties	221,833,623	–	–	–	221,833,623
Refundable deposits	–	–	–	360,388	360,388
	₱548,670,730	₱–	₱–	₱360,388	₱549,031,118
Financial liabilities:					
Accounts payable and other current liabilities*	₱–	₱2,783,479	₱–	₱–	₱2,783,479
Due to related parties	289,678,861	–	–	–	289,678,861
	₱289,678,861	₱2,783,479	₱–	₱–	₱292,462,340

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

Foreign Currency Risk

The Group's exposure to foreign currency arises from US-dollar denominated bank accounts and SG-dollar denominated consultancy fees due to the Parent Company.

The Group's foreign currency denominated financial asset pertains to cash in bank account amounting to ₱8.0 million (US$0.2 million) and ₱2.2 million (US$0.1 million) as of December 31, 2011 and 2010, respectively. In translating the foreign currency denominated cash in bank account into Philippine Peso amounts, the exchange rates used was ₱43.64 and ₱43.84 to US$1.0 as of December 31, 2011 and 2010, respectively.

The foreign currency denominated financial liabilities of the Parent pertain to advances from related parties amounting to ₱0.3 million (SG$8,313) in 2011 and ₱0.3 million (SG$9,688) in 2010. In translating the foreign currency denominated advances from the related parties into Philippine Peso amounts, the exchange rate used was ₱33.85 in 2011 and ₱33.95 in 2010.

The Group manages its foreign currency exposure risk by matching, as far as possible, 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 other comprehensive income other than those already affecting the net income.

December 31, 2011

Currency	**Change in Philippine Peso**	**Effect on Other Comprehensive Income**
USD	+1	**₱182,550**
	-1	**(182,550)**
SGD	+1	**(8,313)**
	-1	**8,313**

December 31, 2010

Currency	Change in Philippine Peso	Effect on Other Comprehensive Income
USD	+1	₱50,132
	-1	(50,132)
SGD	+1	(9,688)
	-1	9,688

In 2011 and 2010, the Group used the average change in the quarterly closing rates for the year in determining the reasonable possible change in foreign exchange rates.

Interest Rate Risk

The Group's exposure to the risk for changes in market interest rates relates primarily to placements in short-term deposits with floating interest rates. The Group earned interest ranging from 2.25% to 4.00% in 2011 and 2.75% to 4.00% in 2010. The Group manages its exposure to interest rate risk by actively monitoring various short-term placements and related coupon rates. Furthermore, the Group has no significant concentration of interest rate risk.

The following table demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's income before tax (through the impact on floating rates). There is no impact on the Group's other comprehensive income other than those already affecting the net income.

December 31, 2011

Currency	**Change in variable**	**Effect on Other Comprehensive Income**
PHP	+1.0%	**₱2,896,992**
	-1.0	**(2,896,992)**
	+0.5	**1,448,496**
	-0.5	**(1,448,496)**

December 31, 2010

Currency	Change in variable	Effect on Other Comprehensive Income
PHP	+1.0%	₱2,809,334
	-1.0	(2,809,334)
	+0.5	1,404,667
	-0.5	(1,404,667)

In 2011 and 2010, the Group determined the reasonably possible change in interest rates using the percentage changes in coupon rates of outstanding placements in short-term deposits on a quarterly basis.

Capital Management

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

The Group monitors capital using percentage of debt to equity, which is total debt divided by total equity net of treasury stock. 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, which was not disclosed. The percentages of debt to equity as of December 31, 2011 and 2010 are as follows:

	2011	2010
Liabilities	**₱281,633,769**	₱294,235,683
Equity	**1,611,173,396**	1,407,729,914
Percentage of debt to equity	**17.48%**	20.90%

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

Fair Values

Due to the short-term nature of cash and cash equivalents, receivables, amounts due to and from related parties, other current assets, refundable deposits and accounts payable and other current liabilities, their carrying values reported in the consolidated statements of financial position approximate their fair values at reporting date.

The unquoted club shares are valued at cost less any impairment in value because these club shares do not have a quoted market price in an active market and whose fair value cannot be measured reliably.

23. Segment Information

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

Significant information on the reportable segment follows:

	2011	2010	2009
Operating assets	**₱1,895,972,368**	₱1,704,906,412	₱1,754,167,076
Operating liabilities	**284,798,972**	297,176,498	77,566,069
Revenue	**227,112,073**	32,607,485	51,310,782
Other income (charges)	**281,657**	207,500	(541,516)
General and administrative expenses	**20,969,859**	19,958,659	20,599,310
Segment income	**203,443,482**	10,165,320	27,280,067

All revenues are from domestic entities incorporated in the Philippines.

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

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

SyCip Gorres Velayo & Co.
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BOA/PRC Reg. No. 0001,
January 25, 2010, valid until December 31, 2012
SEC Accreditation No. 0012-FR-2 (Group A),
February 4, 2010, valid until February 3, 2013

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Keppel Philippines Properties, Inc.
Units 2203 and 2204, Raffles Corporate Center
F. Ortigas Jr. Road (formerly Emerald Avenue)
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Keppel Philippines Properties, Inc. and Subsidiaries (the Group) as at December 31, 2011 and 2010 and for each of the three years in the period ended December 31, 2011, included in this Form 17-A, and have issued our report thereon dated March 5, 2012. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-AR-2 (Group A),
February 11, 2010, valid until February 10, 2013
Tax Identification No. 102-082-365
BIR Accreditation No. 08-001998-10-2009,
June 1, 2009, valid until May 31, 2012
PTR No. 3174583, January 2, 2012, Makati City

March 5, 2012

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES
(Amounts in Philippine Peso)

SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES) DECEMBER 31, 2011

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Not Curremt	Balance at end of year
Related Parties							
Residencia Grande, Inc.	461,689	63,690	-	-		525,379	525,379
Interest on placements	484,736	4,546,707	(4,651,324)	-	380,119		380,119
Officers and Employees	153,195	1,258,586	(1,282,642)	-	129,139		129,139
	1,099,620	5,868,983	(5,933,966)	-	509,258	525,379	1,034,637

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES
(Amounts in Philippine Peso)

SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2011

Name and Designation of Debtor	Beginning Balance	Additions	Amounts Collected	Amounts Written Off	Current	Nn-Current	Balance at end of period
Buena Homes, Inc.	208,008,066	143,373	-	-	2,123,479	206,027,959	208,151,438
	208,008,066	143,373	-	-	2,123,479	206,027,959	208,151,438

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES
(Amounts in Philippine Peso)

SCHEDULE F. INDEBTEDNESS TO RELATED PARTIES (Long-term Loans from Related Companies)
DECEMBER 31, 2011

Name of Affiliates	Balance at Beginning of period	Balance at End of period
Keppel Land Limited	289,357,195	278,800,000
Keppel Land International Limited	321,666	278,006
	289,678,861	279,078,006

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES

SCHEDULE H. CAPITAL STOCK
DECEMBER 31, 2011

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**	-	235,181,969	7	58,646,924
Preferred Stock	135,700,000	**59,474,100**		59,474,100	-	-
Total		**353,303,000**	-	294,656,069	7	58,646,924

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2011

Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning		₱198,830,215
Add: Net income actually earned/realized during the year		
Net income during the period closed to retained earnings		203,443,482
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	(207,223,718)	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	–	
Unrealized actuarial gain	–	
Fair value adjustment (mark-to-market gains)	–	
Fair value adjustment of investment property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP - gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total	(207,223,718)	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS/GAAP - loss	–	
Loss on fair value of investment property (after tax)	–	
Provision for deferred tax	245,522	
Net loss actually earned during the year		(206,978,196)
Add (Less):		
Dividend declarations during the year		–
Appropriations of retained earnings during the period		–
Reversals of appropriations		–
Effects of prior period adjustments		–
Treasury shares		(2,667,645)
Unappropriated retained earnings, end available for dividend distribution		₱192,627,856

The reconciliation of consolidated retained earnings beginning to retained earnings available for dividend declaration beginning is as follows:

Consolidated retained earnings, beginning	₱594,208,042
Accumulated share in net earnings of subsidiary and associate	(252,165,796)
Redemption of preferred shares	(142,800,000)
Deferred tax asset - net, beginning	(412,031)
Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning	₱198,830,215

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES

KEY PERFORMANCE INDICATORS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

		2011	2010	2009
Liquidity Ratio	Current asset s over current liabilities	2:1	2:1	8:1
Asset to equity ratio	Total asset over total equity	1.18:1	1.21:1	1.05:1
Debt to equity ratio	Total liabilities over total equity	0.18:1	0.21:1	0.05:1
Return on Assets	Net income after tax over total assets at beginning	11.93%	0.58%	1.49%
Return on Equity	Net income after tax over total equity	12.63%	0.72%	1.63%
Earnings per share	Net income over number of common stock outstanding	₱0.69	₱0.03	₱0.09

KEPPEL PHILIPPINES PROPERTIES, INC. & SUBSIDIRIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER SRC RULE 68, AS AMENDED (2011)

I. List of Philippine Financial Reporting Standards (PFRSs) effective as at December 31, 2011

PFRSs	Adopted/Not adopted/Not applicable
PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*	Adopted
PFRS 2, *Share-based Payment*	Not applicable
PFRS 3, *Business Combinations*	Not applicable
PFRS 4, *Insurance Contracts*	Not applicable
PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*	Not applicable
PFRS 6, *Exploration for and Evaluation of Mineral Resources*	Not applicable
PFRS 7, *Financial Instruments: Disclosures*	Adopted
PFRS 8, *Operating Segments*	Adopted
PAS 1, *Presentation of Financial Statements*	Adopted
PAS 2, *Inventories*	Not applicable
PAS 7, *Statement of Cash Flows*	Adopted
PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*	Adopted
PAS 10, *Events after the Reporting Period*	Adopted
PAS 11, *Construction Contracts*	Adopted
PAS 12, *Income Taxes*	Adopted
PAS 16, *Property, Plant and Equipment*	Adopted
PAS 17, *Leases*	Adopted
PAS 18, *Revenue*	Adopted
PAS 19, *Employee Benefits*	Adopted
PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*	Not applicable
PAS 21, *The Effects of Changes in Foreign Exchange Rates*	Adopted
PAS 23, *Borrowing Costs*	Adopted
PAS 24, *Related Party Disclosures*	Adopted
PAS 26, *Accounting and Reporting by Retirement Benefit Plans*	Not applicable
PAS 27, *Consolidated and Separate Financial Statements*	Adopted
PAS 28, *Investments in Associates*	Adopted
PAS 29, *Financial Reporting in Hyperinflationary Economies*	Not applicable
PAS 31, *Interests in Joint Ventures*	Adopted

PFRSs	Adopted/Not adopted/Not applicable
PAS 32, *Financial Instruments: Presentation*	Adopted
PAS 33, *Earnings per Share*	Adopted
PAS 34, *Interim Financial Reporting*	Adopted
PAS 36, *Impairment of Assets*	Adopted
PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*	Adopted
PAS 38, *Intangible Assets*	Not applicable
PAS 39, *Financial Instruments: Recognition and Measurement*	Adopted
PAS 40, *Investment Property*	Adopted
PAS 41, *Agriculture*	Not applicable
Philippine Interpretation IFRIC-1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	Not applicable
Philippine Interpretation IFRIC-2, *Members' Shares in Co-operative Entities and Similar Instruments*	Not applicable
Philippine Interpretation IFRIC-4, *Determining whether an Arrangement contains a Lease*	Not applicable
Philippine Interpretation IFRIC-5, *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	Not applicable
Philippine Interpretation IFRIC-6, *Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*	Not applicable
Philippine Interpretation IFRIC-7, *Applying the Restatement Approach under* PAS 29, *Financial Reporting in Hyperinflationary Economies*	Not applicable
Philippine Interpretation IFRIC-9, *Reassessment of Embedded Derivatives*	Not applicable
Philippine Interpretation IFRIC-10, *Interim Financial Reporting and Impairment*	Adopted
Philippine Interpretation IFRIC-12, *Service Concession Arrangements*	Not applicable
Philippine Interpretation IFRIC-13, *Customer Loyalty Programmes*	Not applicable
Philippine Interpretation IFRIC-14, PAS 19 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	Not applicable
Philippine Interpretation IFRIC-16, *Hedges of a Net Investment in a Foreign Operation*	Not applicable
Philippine Interpretation IFRIC-17, *Distributions of Non-cash Assets to Owners*	Not applicable
Philippine Interpretation IFRIC-18, *Transfers of Assets from Customers*	Not applicable

PFRSs	Adopted/Not adopted/Not applicable
Philippine Interpretation IFRIC-19, *Extinguishing Financial Liabilities with Equity Instruments*	Not applicable
Philippine Interpretation SIC-7, *Introduction of the Euro*	Not applicable
Philippine Interpretation SIC-10, *Government Assistance - No Specific Relation to Operating Activities*	Not applicable
Philippine Interpretation SIC-12, *Consolidation - Special Purpose Entities*	Not applicable
Philippine Interpretation SIC-13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	Not applicable
Philippine Interpretation SIC-15, *Operating Leases - Incentives*	Adopted
Philippine Interpretation SIC-21, *Income Taxes - Recovery of Revalued Non-Depreciable Assets*	Not applicable
Philippine Interpretation SIC-25, *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	Not applicable
Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	Not applicable
Philippine Interpretation SIC-29, *Service Concession Arrangements: Disclosures*	Not applicable
Philippine Interpretation SIC-31, *Revenue - Barter Transactions Involving Advertising Services*	Not applicable
Philippine Interpretation SIC-32, *Intangible Assets - Web Site Costs*	Not applicable

II. List of New and Amended Standards and Interpretations and Improvements to PFRS that became effective as at January 1, 2011

PFRSs	Adopted/Not adopted/Not applicable
New and Amended Standards and Interpretations	
PAS 24 (Amended), *Related Party Disclosures*	Adopted
PAS 32, *Financial Instruments: Presentation* (Amendment) - Classification of Rights Issues	Adopted
Philippine Interpretation IFRIC 14 (Amendment), *Prepayments of a Minimum Funding Requirement*	Not Applicable
PFRS 1, *First-time Adoption of IFRS* - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	Not Applicable
Improvements to PFRS	
PFRS 1, *First-time Adoption of IFRS:* • Accounting policy changes in the year of adoption • Revaluation basis as 'deemed cost' • Use of 'deemed cost' for operations subject to rate regulation	Not Applicable
PFRS 3, *Business Combinations:* • Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS. • Measurement of non-controlling interests • Un-replaced and voluntarily replaced share-based payment rewards	Not Applicable
PFRS 7, *Financial Instruments: Disclosures* - Clarification of disclosures	Adopted
PAS 1, *Presentation of Financial Statements* - Clarification of statement of changes in equity	Adopted
PAS 27, *Consolidated and Separate Financial Statements* - Transition requirements for amendments made as a result of IAS 27 Consolidated and Separate Financial Statements	Adopted
PAS 34, *Interim Financial Reporting* - Significant events and transactions	Adopted
Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes* - Fair value of award credits	Not Applicable
Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*	Not Applicable

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	47
(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%