

COVER SHEET

PW - 305

SEC Registration Number

KEPPEL PHILIPPINES PROPERTIES,
 INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Mr. Lee Foo Tuck
 (Contact Person)

584-6170
 (Company Telephone Number)

03 31
 Month Day
 (Fiscal Year)

17 - Q
 (Form Type)

06 11
 Month Day
 (Annual Meeting)

[]
 (Secondary License Type, If Applicable)

[]
 Dept. Requiring this Doc.

[]
 Amended Articles Number/Section

[]
 Total No. of Stockholders

Total Amount of Borrowings

| | |
|----------|---------|
| - | - |
| Domestic | Foreign |

To be accomplished by SEC Personnel concerned

[]
 File Number

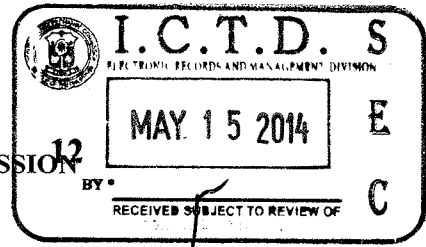
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended 31 March, 2014
2. Commission identification number PW305
3. BIR Tax Identification No. 000-067-618 VAT

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

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

6. Industry Classification Code: (SEC Use Only)

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

8. Registrant's telephone number, including area code

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

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

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

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

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

b) Has been subject to such filing requirements for the past 90 days.
Yes [/] No []

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

| | Unaudited | Audited |
|---|-----------------------|-------------------------|
| | 31 March 2014 | 31 December 2013 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Note 7) | ₱146,063,235 | ₱152,478,158 |
| Receivables (Note 7) | 3,892,777 | 3,568,497 |
| Due from related parties (Notes 5 and 7) | 182,896,606 | 182,123,992 |
| Other current assets | 18,538,370 | 17,766,675 |
| Total Current Assets | 351,390,988 | 355,937,322 |
| Non-current Assets | | |
| Receivable – noncurrent portion (Note 7) | 1,666,000 | 1,666,000 |
| Available-for-sale financial assets (Note 7) | 79,512,230 | 79,512,230 |
| Investments in associates and joint venture | 1,319,394,354 | 1,317,469,011 |
| Property and equipment – net (Note 4) | 338,018 | 313,420 |
| Refundable deposits (Note 7) | 56,108 | 56,108 |
| Pension asset – net | 328,617 | 328,617 |
| Total Non-current Assets | 1,401,295,327 | 1,399,345,386 |
| | ₱1,752,686,315 | ₱1,755,282,708 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Accounts payable and other current liabilities (Note 7) | ₱6,823,488 | ₱6,172,965 |
| Due to related parties (Notes 5 and 7) | 100,000,000 | 100,000,000 |
| Income tax payable | 219,339 | 198,005 |
| Total Current Liabilities | 107,042,827 | 106,370,970 |
| Non-current Liability | | |
| Deferred tax liability | 675,225 | 740,814 |
| Total Liabilities | 107,718,052 | 107,111,784 |
| Equity | | |
| Capital stock | 356,104,000 | 356,104,000 |
| Additional paid-in capital | 602,885,517 | 602,885,517 |
| Other reserves | 665,786 | 665,786 |
| Retained earnings | 687,980,605 | 691,183,266 |
| | 1,647,635,908 | 1,650,838,569 |
| Less: Cost of treasury stock | 2,667,645 | 2,667,645 |
| Total Equity | 1,644,968,263 | 1,648,170,924 |
| | ₱1,752,686,315 | ₱1,755,282,708 |

See accompanying Notes to the Condensed Interim Consolidated Financial Statements

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE NCOME

| | For The Three Months Ended | |
|---|-----------------------------------|-------------|
| | 31 March (Unaudited) | |
| | 2014 | 2013 |
| REVENUE | | |
| Equity in net earnings of associates and joint ventures | ₱1,925,343 | ₱7,939,946 |
| Management consultancy and franchise fees | 1,490,346 | 2,288,804 |
| Interest income | 53,980 | 1,105,043 |
| | 3,469,669 | 11,333,793 |
| GENERAL AND ADMINISTRATIVE EXPENSES | | |
| | (6,605,258) | (5,907,313) |
| OTHER INCOME (CHARGES) | | |
| Foreign exchange losses | (17,513) | (41,999) |
| Others | 2,144 | 181,431 |
| | (15,369) | 139,432 |
| INCOME (LOSS) BEFORE TAX | | |
| | (3,150,958) | 5,565,912 |
| PROVISION FOR INCOME TAX | | |
| Current | 117,292 | 414,788 |
| Deferred | (65,589) | 13,844 |
| | 51,703 | 428,632 |
| NET INCOME (LOSS) | | |
| | (3,202,661) | 5,137,280 |
| Basic Earnings (Loss) Per Share | | |
| | ₱(0.011) | ₱0.017 |

See accompanying Notes to the Condensed Interim Consolidated Financial Statements

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

| | For The Three Months Ended March 31 (Unaudited) | |
|-----------------------------------|--|-----------------------|
| | 2014 | 2013 |
| CAPITAL STOCK | | |
| Authorized – ₱1 par value | | |
| Common stock 375,000,000 | ₱ 375,000,000 | ₱ 375,000,000 |
| Preferred stock 135,700,000 | 135,700,000 | 135,700,000 |
| Issued: | | |
| Common stock | 296,629,900 | 296,629,900 |
| Preferred stock | 59,474,100 | 59,474,100 |
| | 356,104,000 | 356,104,000 |
| ADDITIONAL PAID-IN CAPITAL | 602,885,517 | 602,885,517 |
| OTHER RESERVES | 665,786 | 665,786 |
| RETAINED EARNINGS | | |
| Balance at beginning period | 691,183,266 | 674,482,042 |
| Net Income (Loss) | (3,202,661) | 5,137,280 |
| Balance at end of period | 687,980,605 | 679,619,322 |
| | 1,647,635,908 | 1,638,608,839 |
| Less cost of treasury stock | 2,667,645 | 2,667,645 |
| | ₱1,644,968,263 | ₱1,635,941,194 |

See accompanying Notes to the Condensed Interim Consolidated Financial Statements

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

| | For The Three Months Ended March 31 (Unaudited) | |
|---|--|---------------------|
| | 2014 | 2013 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | ₱(3,150,958) | ₱5,565,912 |
| Adjustments for: | | |
| Interest income | (53,980) | (1,105,043) |
| Equity in net earnings of associates and joint ventures | (1,925,343) | (7,939,946) |
| Depreciation and amortization | 41,986 | 236,282 |
| Unrealized foreign exchange (gains) losses | (6,534) | 10,789 |
| Loss before changes in working capital | (5,094,829) | (3,232,006) |
| Decrease (increase) in: | | |
| Receivables | (324,280) | (42,438) |
| Amounts due from related parties | (772,614) | (428,431) |
| Other current assets | (771,695) | (725,995) |
| Increase in accounts payable and other current liabilities | 650,523 | 11,092 |
| Net cash used in operations | (6,312,895) | (4,417,778) |
| Interest received | 53,980 | 1,158,900 |
| Income tax paid | (95,958) | (333,583) |
| Net cash used in operating activities | (6,354,873) | (3,592,461) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property and equipment | (66,584) | - |
| CASH FLOWS FROM FINANCING ACTIVITY | | |
| Increase in amounts due to related parties | - | 774,778 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | | |
| | 6,534 | (10,789) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (6,414,923) | (2,828,472) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 152,478,158 | 164,575,329 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | ₱146,063,235 | ₱161,746,857 |

See accompanying Notes to the Condensed Interim Consolidated Financial Statements.

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Keppel Philippines Properties, Inc. (“the Parent Company”) and the following subsidiaries (collectively referred to as “the Group”) were incorporated in the Philippines. The Parent Company was incorporated on February 7, 1918 and its 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 Company 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. As of December 31, 2013 and 2012, the top five beneficial shareholders of the Parent Company are the following:

| Subsidiaries | Percentage of Ownership | |
|-------------------------|-------------------------|------------------|
| | 31 March 2014 | 31 December 2013 |
| KLL | 59% | 59% |
| Kepwealth, Inc. | 14% | 14% |
| KCL | 10% | 10% |
| PCD Nominee Corporation | 10% | 10% |
| Public | 7% | 7% |

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 Company charges interest on certain advances to SM Keppel Land, Inc (SMKL), a jointly controlled entity. These advances were fully collected in 2012.

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. Avenue (formerly Emerald Avenue), Ortigas Center, Pasig City due to the ongoing reconstruction of the Group’s principal office. The Group’s principal office address is Penthouse, Benguet Centre Building, 12 ADB Avenue, Ortigas Center, Mandaluyong City.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

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

Statement of Compliance

The accompanying interim condensed consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The interim condensed consolidated financial statements include the accounts of the Parent Company and its subsidiaries, as of March 31, 2014 and 2013 and for each of the three months ended March 31, 2014 and 2013. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

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

Assessment of Control

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim condensed consolidated statement of comprehensive income from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies.

3. Future Changes in Accounting Policies

The Group will adopt the following new and amended standards and interpretations enumerated below when these becomes effective.

Effective in 2014

- Amendments to 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. The amendments clarify the meaning of "currently has a legally enforceable right to set-off" 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 amendments will not have any impact on the Group's interim condensed financial position or performance since it does not offset its financial instruments.
- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendments)*
These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments will not have an impact on the Group's interim condensed financial statements since it does not have goodwill allocated to a CGU or intangible asset with an indefinite useful life.

- *Investment Entities* (Amendments to PFRS 10, PFRS 12 and PAS 27)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at FVPL. This amendment will not have an impact to the Group's interim condensed financial statements since its investment in subsidiaries would not qualify as investment entities.
- *Philippine Interpretation IFRIC 21, Levies*
This Philippine Interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The interpretation will not have any impact in future financial statements since the Group does not enter into transactions involving levies.
- *PAS 39, Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendment will not have any impact in the interim condensed financial statements as the Group does not enter into hedging transactions.

Effective 2015

- *PAS 19, Employee Benefits- Defined Benefit Plans: Employee Contributions*
The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The amendments do not have a potential impact in the interim condensed financial statements since employees or third parties do not contribute to the Group's retirement plan.

Annual Improvements to PFRSs (2010-2012 cycle)

The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- *PFRS 2, Share-based Payment - Definition of Vesting Condition*
The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Group as it has no share-based payments.
- *Amendment to PFRS 3, Business Combinations - Accounting for Contingent Consideration in a Business Combination*
The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- *Amendment to PFRS 8, Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
 The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only on the judgment made by management in aggregating operating segments and have no impact on the Group's interim condensed financial position or performance.
- *Amendment to PFRS 13, Fair Value Measurement - Short-term Receivables and Payables*
 The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment will not have an impact on the Group's financial position or performance since the Group's policy is already consistent with the amendment.
- *Amendment to PAS 16, Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
 The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

 - a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
 - b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Group's interim condensed financial position or performance since the Group does not carry its property and equipment at revalued amount.
- *Amendment to PAS 24, Related Party Disclosures - Key Management Personnel*
 The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments will not have an impact on the Group's interim condensed financial position or performance since the key management personnel of the Group are employees of the Group. Related party disclosures are provided in Note 5.
- *PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
 The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

- a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
- b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Group's interim condensed financial position or performance since the Group has no intangible assets.

Annual Improvements to PFRSs (2011-2013 cycle)

The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- *PFRS 1, First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'*
The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.
- *PFRS 3, Business Combinations - Scope Exceptions for Joint Arrangements*
The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The Group shall consider this amendment for future business combinations.
- *PFRS 13, Fair Value Measurement - Portfolio Exception*
The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no impact on the Group's interim condensed financial position or performance since the Group's accounting policy is already consistent with the improvement.
- *PAS 40, Investment Property*
The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The Group shall consider this amendment for future acquisition of investment property.

No effective date yet

- *PFRS 9, Financial Instruments*
PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting,

respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For liabilities designated as at FVPL using the fair value option, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's interim condensed financial assets and will have no impact on the classification and measurement of financial liabilities.

On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Group will not adopt the standard before the completion of the limited amendments and the second phase of the project.

- *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. 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 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. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the interim condensed financial statements of the Group since it is not involved in the construction of real estate.

4. Property and Equipment

The movement of this account is as follows:

| | Transportation Equipment | Office Equipment | Furniture and Fixtures | Total |
|--|-----------------------------|---------------------|---------------------------|------------------|
| Cost | | | | |
| At January 1, 2013 | ₱1,404,506 | ₱3,332,989 | ₱2,418,301 | ₱7,155,796 |
| Additions | – | 178,505 | 17,158 | 195,663 |
| At December 31, 2013 | 1,404,506 | 3,511,494 | 2,435,459 | 7,351,459 |
| Additions | – | 66,584 | – | 66,584 |
| At March 31, 2014 | 1,404,506 | 3,578,078 | 2,435,459 | 7,418,043 |
| Accumulated depreciation and amortization | | | | |
| At January 1, 2013 | 1,340,162 | 3,105,787 | 1,728,028 | 6,173,977 |
| Depreciation and amortization | 64,340 | 116,688 | 683,034 | 864,062 |
| At December 31, 2013 | 1,404,502 | 3,222,475 | 2,411,062 | 7,038,039 |
| Depreciation and amortization | 4 | 33,326 | 8,656 | 41,986 |
| At March 31, 2014 | 1,404,506 | 3,255,801 | 2,419,718 | 7,080,025 |
| Net book value | | | | |
| At March 31, 2014 | ₱- | ₱322,277 | ₱15,741 | ₱338,018 |
| At December 31, 2013 | ₱4 | ₱289,019 | ₱24,397 | ₱313,420 |

Depreciation expense charged against operations amounted to ₱0.1 million for the quarters ended March 31, 2014 and ₱0.2 million for the quarters ended March 31, 2013.

5. Related Party Disclosures

Parties are considered to be related to the Group if it has the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

Outstanding balances of transactions with related parties are as follows:

March 31 2014

| Category | Amount | Outstanding Balance | Terms | Conditions |
|-------------------|----------|------------------------|---|-----------------------------|
| Due from | | | | |
| Associates | | | | |
| BHSI | ₱111,700 | ₱107,311,700 | Non-interest-bearing, due and demandable | Unsecured, no impairment |
| OKEP | 56,029 | 72,859,029 | Non-interest-bearing, due and demandable | Unsecured, no impairment |

| Category | Amount | Outstanding Balance | Terms | Conditions |
|--|-----------|---------------------|---|-----------------------------|
| ORDC (a) | 2,063 | 2,063 | Non-interest-bearing, 30-to-60 days | Unsecured, no impairment |
| OVI | 329,174 | 1,550,816 | Non-interest-bearing, 30-to-60 days | Unsecured, no impairment |
| Joint venture | | | | |
| SMKL (b), (d) | 531,996 | 1,172,998 | Non-interest-bearing 30-to-60 days | Unsecured, no impairment |
| Due to Associates | | | | |
| BHSI (c) | - | 59,701,493 | Non-interest-bearing, due and demandable | Unsecured, no impairment |
| OKEP (c) | - | 40,298,507 | Non-interest-bearing, due and demandable | Unsecured, no impairment |
| Other related party | | | | |
| Keppel Land International Limited (KLIL) | 2,286,219 | - | Non-interest-bearing, due and demandable | Unsecured, no impairment |

December 31, 2013

| Category | Amount | Outstanding Balance | Terms | Conditions |
|--|-----------------|---------------------|---|-----------------------------|
| Due from Associates | | | | |
| BHSI | P= P107,200,000 | | Non-interest-bearing, due and demandable | Unsecured, no impairment |
| OKEP | - | 72,803,000 | Non-interest-bearing, due and demandable | Unsecured, no impairment |
| ORDC (a) | 1,200,000 | - | Non-interest-bearing, 30-to-60 days | Unsecured, no impairment |
| OVI | 145,818 | 1,479,990 | Non-interest-bearing, 30-to-60 days | Unsecured, no impairment |
| Joint venture | | | | |
| SMKL (b), (d) | 7,958,538 | 641,002 | Non-interest-bearing 30-to-60 days | Unsecured, no impairment |
| Due to Associates | | | | |
| BHSI (c) | - | 59,701,493 | Non-interest-bearing, due and demandable | Unsecured, no impairment |
| OKEP (c) | - | 40,298,507 | Non-interest-bearing, due and demandable | Unsecured, no impairment |
| Other related party | | | | |
| Keppel Land International Limited (KLIL) | 6,066,919 | - | Non-interest-bearing, due and demandable | Unsecured, no impairment |

The Group entered into various management and franchise agreements with related parties as follows:

March 31 2014

| Category | Basis | Amount | Outstanding | Terms and Conditions |
|----------------------------|------------------------------|------------|-------------|------------------------------|
| Other related party | | | | |
| KLIL | | | | |
| Management fee (e) | Time spent by KLIL personnel | ₱2,286,219 | ₱- | payable within 30 to 60 days |
| Joint venture | | | | |
| SMKL | | | | |
| Management fee (b) | 2.5% of annual net revenues | 1,064,533 | 341,201 | payable within 30 to 60 days |
| Franchise fee (b) | 1.0% of net revenues | 425,813 | 129,445 | payable within 30 to 60 days |

December 31, 2013

| Category | Basis | Amount | Outstanding | Terms and Conditions |
|----------------------------|------------------------------|------------|-------------|------------------------------|
| Other related party | | | | |
| KLIL | | | | |
| Management fee (e) | Time spent by KLIL personnel | ₱6,066,919 | ₱- | payable within 30 to 60 days |
| Joint venture | | | | |
| SMKL | | | | |
| Management fee (b) | 2.5% of annual net revenues | 5,684,670 | 464,702 | payable within 30 to 60 days |
| Franchise fee (b) | 1.0% of net revenues | 2,273,868 | 176,300 | payable within 30 to 60 days |
| Associate | | | | |
| ORDC | | | | |
| Management fee (a) | ₱100,000 per month | 1,200,000 | - | payable within 30 to 60 days |

Significant transactions with related parties are as follows:

- The Group provides management, advisory and consultancy services to ORDC. The Group bills ORDC management fee for accounting and tax management of ₱0.3 million during the first quarter of 2013 which is included in "Due from related parties" and nil for the first quarter of 2014.
- The Group provides management, advisory and consultancy services to SMKL. As of March 31, 2014, outstanding receivable from SMKL for management and franchise fees included in "Due from related parties" amounted to ₱0.5 million.
- In January 2012, the Parent Company received advances from BHSI and OKEP amounting to ₱59.7 million and ₱40.3 million, respectively.
- The Group's advances to SMKL aggregating to ₱1.2 million as of March 31, 2014 are non interest-bearing.
- KLIL provides consultancy, advisory and support services to the Parent Company. As of March 31, 2014, outstanding payable to KLIL for consultancy fees included in "Accrued expenses" amounted to nil.

Compensation of Key Management Personnel of the Group

Compensation of key management personnel of the Group consists of salaries and other short-term employee benefits amounting to ₱1.6 million and ₱1.1 million for the three months ended March 31, 2014 and 2013, respectively.

6. Basic Earnings(Loss) Per Share

| | Three months ended 31 March | |
|---|------------------------------------|-------------|
| | 2014 | 2013 |
| Net income (loss) (a) | ₱(3,202,661) | ₱5,137,280 |
| Weighted average number of common shares issued and outstanding (b) | 293,828,900 | 293,828,900 |
| Basic Earnings (Loss) per share (a/b) | ₱(0.011) | ₱0.017 |

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

7. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, AFS financial assets and amounts due to and from related parties. 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 a counter party to a financial asset of the Group is unable to fulfill its obligation at the time the obligation becomes due. Credit risk arises from the Group's financial assets, which comprise cash and cash equivalents, receivables, amounts due from related parties, refundable deposits and AFS financial assets. The carrying values of the Group's financial instruments represent maximum exposure to credit risk at reporting date.

The gross maximum exposure to credit risk of the Group approximates its net maximum exposure. There were no amounts that are set-off in accordance with the entities in PAS 32. There were no amounts subject to an enforceable master netting arrangement or similar agreement as of March 31, 2014 and December 31, 2013.

The Group transacts mostly with related parties, thus, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group.

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

The table below shows the credit quality of the Group's financial assets as at March 31, 2014 and December 31, 2013:

March 31, 2014

| | Neither Past Due nor Impaired | | | Past Due but not Impaired | Impaired | Total |
|----------------------------|-------------------------------|-----------|--------------|---------------------------|----------|--------------|
| | High Grade | Low Grade | Total | | | |
| Financial assets | | | | | | |
| Loans and receivables: | | | | | | |
| Cash and cash equivalents* | ₱146,063,235 | ₱- | ₱146,063,235 | ₱- | ₱- | ₱146,063,235 |
| Receivables | 5,558,777 | - | 5,558,777 | - | - | 5,558,777 |
| | ₱151,622,012 | ₱- | ₱151,622,012 | ₱- | ₱- | ₱151,622,012 |

December 31, 2013

| | Neither Past Due nor Impaired | | | Past Due but not Impaired | Impaired | Total |
|----------------------------|-------------------------------|-----------|--------------|---------------------------|----------|--------------|
| | High Grade | Low Grade | Total | | | |
| Financial assets | | | | | | |
| Loans and receivables: | | | | | | |
| Cash and cash equivalents* | ₱152,478,158 | ₱- | ₱152,478,158 | ₱- | ₱- | ₱152,478,158 |
| Receivables | 5,234,497 | - | 5,234,497 | - | - | 5,234,497 |
| | ₱157,712,655 | ₱- | ₱157,712,655 | ₱- | ₱- | ₱157,712,655 |

As of March 31, 2014 and December 31, 2013, the Group has no past due and impaired financial assets.

Liquidity Risk

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

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

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

March 31, 2014

| | On Demand | Less than 3 months | More than 3 months to 1 year | More than one year | Total |
|---|--------------|--------------------|------------------------------|--------------------|--------------|
| Financial assets: | | | | | |
| Cash and cash equivalents | ₱146,063,235 | ₱- | ₱- | ₱- | ₱146,063,235 |
| Receivables | 3,892,777 | - | - | 1,666,000 | 5,558,777 |
| Due from related parties | 182,896,606 | - | - | - | 182,896,606 |
| Refundable deposits | - | - | - | 56,108 | 56,108 |
| | ₱332,852,618 | ₱- | ₱- | ₱1,722,108 | ₱334,574,726 |
| Financial liabilities: | | | | | |
| Accounts payable and other current liabilities* | ₱- | ₱3,891,350 | ₱- | ₱- | ₱3,891,350 |
| Due to related parties | 100,000,000 | - | - | - | 100,000,000 |
| | ₱100,000,000 | ₱3,891,350 | ₱- | ₱- | ₱103,891,350 |

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

December 31, 2013

| | On Demand | Less than 3 months | More than 3 months to 1 year | More than one year | Total |
|---|---------------------|-----------------------|------------------------------------|-----------------------|---------------------|
| Financial assets: | | | | | |
| Cash and cash equivalents | ₱152,478,158 | ₱- | ₱- | ₱- | ₱152,478,158 |
| Receivables | 297,375 | 594,750 | 2,676,372 | 1,666,000 | 5,234,497 |
| Due from related parties | 182,123,992 | - | - | - | 182,123,992 |
| Refundable deposits | - | - | - | 56,108 | 56,108 |
| | ₱334,899,525 | ₱594,750 | ₱2,676,372 | ₱1,722,108 | ₱339,892,755 |
| Financial liabilities: | | | | | |
| Accounts payable and other current liabilities* | ₱- | ₱2,546,061 | ₱- | ₱- | ₱2,546,061 |
| Due to related parties | 100,000,000 | - | - | - | 100,000,000 |
| | ₱100,000,000 | ₱2,546,061 | ₱- | ₱- | ₱102,546,061 |

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

The Group's foreign currency denominated financial assets pertains to cash in bank account amounting to ₱577,761 (US\$12,938) as at March 31, 2014 and ₱571,523 (US\$12,945) as at December 31, 2013. In translating the foreign currency denominated cash in bank account into Philippine peso amounts, the exchange rate used was ₱44.45 to US\$1.0, as of March 31, 2014, and ₱44.40 to US\$1.0 as of December 31, 2013.

There is no foreign currency denominated financial liabilities as at March 31, 2014 and December 31, 2013.

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 net income.

March 31, 2014

| Currency | Change in Variable | Effect on Income Before Tax |
|----------|--------------------|--------------------------------|
| USD | +0.8 | ₱462,209 |
| | -0.8 | (462,209) |

December 31, 2013

| Currency | Change in Variable | Effect on Income Before Tax |
|----------|--------------------|--------------------------------|
| USD | +0.8 | ₱457,218 |
| | -0.8 | (457,218) |

In 2014, the Group used the average change in the quarterly closing rates for the quarter in determining the reasonable possible change in foreign exchange rates.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term deposits with floating interest rates. In 2013, exposure to interest rate risk is minimized since the Group transferred its short term deposits to cash in bank amounting to ₱158.0 million.

Capital Management

The primary objective of the Group's 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 payables 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 percentage of debt to equity as of March 31, 2014 and December 31, 2013 are as follows:

| | 31 March 2014 | 31 December 2013 |
|----------------------|---------------|------------------|
| Liabilities | ₱107,718,052 | ₱107,111,784 |
| Equity | 1,644,968,263 | 1,648,170,924 |
| Debt to Equity Ratio | 6.5% | 6.5% |

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

Fair Values

Due to the short-term nature of the Group's financial instruments, their fair values approximate their carrying amounts as of March 31, 2014 and December 31, 2013.

Noncurrent accounts receivable – The fair value is based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used ranged from 0.67% to 2.66% as of March 31, 2014. The following table sets forth the carrying value and fair value of noncurrent accounts receivable:

| | 2014 |
|----------------|------------|
| Carrying value | ₱3,666,000 |
| Fair value | 3,615,993 |

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.

Fair Value Hierarchy

As of March 31, 2014 and December 31, 2013, the Group has no financial instrument measured at fair value. During the reporting period ended March 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

8. 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 of the reportable segment follows:

| | 31 March 2014 | 31 December 2013 |
|-------------------------|-----------------------|------------------|
| | Unaudited | Audited |
| Operating assets | ₱1,752,686,315 | ₱1,755,282,708 |
| Operating liabilities | 107,042,827 | 106,370,970 |
| Revenue | 3,469,669 | 37,805,386 |
| Other income (expenses) | (15,369) | 3,641,223 |
| Cost and expenses | 6,605,258 | 23,358,840 |
| Segment profit (loss) | (3,202,661) | 18,087,769 |

All revenues are from domestic entities incorporated in the Philippines.

There is no revenue derived from 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.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

As at 31 March 2014, TOTAL ASSETS amounted to ₱1,752.7 million compared with ₱1,755.3 million as at end 2013. The changes in account balances during the period are:

- CASH AND CASH EQUIVALENTS declined by P6.4 million due to the net cash used in operating activities
- RECEIVABLES increased by ₱0.3 million resulting from additional advances to employees
- OTHER CURRENT ASSETS increased by ₱0.7 million due mainly to additional creditable withholding taxes and prepayments.
- ACCOUNTS PAYABLE & OTHER CURRENT LIABILITIES increased by ₱0.6 million arising from accruals and unpaid administrative charges.

RESULTS OF OPERATIONS

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

FIRST QUARTER 2014 REVENUES amounted to ₱3.5 million, a decrease of ₱7.8 million compared with ₱11.3 million in the same period last year. This is attributable to the combined effect of the following:

- EQUITY IN NET EARNINGS OF ASSOCIATES represents Keppel Philippine Properties' share in the net income/loss of its associated companies. Changes in shares from period to period are dependent upon the results of the operations of the associated companies.

Equity in net earnings of associates went down by ₱6.0 million due to Podium's lower occupancy rate and lower rental rate caused by the on-going Phase 2 Construction works. Podium implemented a temporary mall-wide rental discount (the discount ranges from 20 – 40%) to compensate the tenants for the inconvenience of the on-going construction.

- INTEREST INCOME decreased by ₱1.0 million to ₱0.1 million in the First Quarter 2014 compared with ₱1.1 million of the same quarter last year. This is due to the decline in bank deposits interest rate and transfer of bank accounts from time deposits to savings accounts.
- MANAGEMENT CONSULTANCY AND FRANCHISE FEES went down by ₱0.8 million compared to same quarter in 2013 due to the decrease in Podium's rental income.

FIRST QUARTER 2014 GENERAL AND ADMINISTRATIVE EXPENSES increased by ₱0.7 million or 12% from ₱5.9 million in the first quarter of 2013 to ₱6.6 million in the first quarter of 2014, due to increases in management consultancy fee, salaries, professional fees, utilities and taxes and licenses.

As a result, **FIRST QUARTER 2014** operations posted a net loss of ₱3.2 million, a complete reversal from the ₱5.1 million profit in the 1st quarter of 2013.

KEY PERFORMANCE INDICATORS

| For The Quarter Ended | 31 March 2014 (Unaudited) | 31 March 2013 (Unaudited) | % Change |
|------------------------------------|------------------------------|-------------------------------|----------|
| Return On Assets | (0.18%) | 0.29% | (162%) |
| Earnings(Loss) Per Share | (₱0.0109) | ₱0.0175 | (162%) |
| Operating Expense Ratio | 190.37% | 52.12% | 265% |
| As At | 31 March 2014 (Unaudited) | 31 December 2013 (Audited) | % Change |
| Net Tangible Asset Value Per Share | ₱3.57 | ₱3.58 | (0.3%) |
| Working Capital Ratio | 3.28:1 | 3.35:1 | (2.1%) |

A. Return On Assets – The Group 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 Group are utilized in generating profit. Net income after taxation decreased by ₱8.3 million, from ₱5.1 million in First Quarter 2013 to a net loss of ₱3.2 million in the same period this year primarily due to the decline in net earnings of associates.

| | <u>First Quarter 2014</u> | <u>First Quarter 2013</u> |
|---------------------------------|---------------------------|---------------------------|
| Net Income (Loss) After Tax (a) | (₱3,202,661) | ₱5,137,280 |
| Total Assets At Beginning (b) | ₱1,755,282,708 | ₱1,737,070,476 |
| Return On Assets (a/b) | (0.18%) | 0.29% |

B. Earnings(Loss) Per Share (EPS) – It shows the income earned from each share of common stock outstanding. The EPS for the First Quarter 2014 is lower by ₱0.0284 compared to last year due to the decrease in equity in net earnings of associates.

| | <u>First Quarter 2014</u> | <u>First Quarter 2013</u> |
|--------------------------------|---------------------------|---------------------------|
| Net Income(Loss) After Tax (a) | (₱3,202,661) | ₱ 5,137,280 |
| Number of Common Stock (b) | 293,828,900 | 293,828,900 |
| Earnings(Loss) Per Share (a/b) | (₱0.0109) | ₱0.0175 |

- C. Operating Expense Ratio** – It measures operating expenses as a percentage of revenues. The Operating Expense Ratio increased 3.6 times due to the 12% increase in operating expenses coupled with a 69% decrease in revenues.

| | <u>First Quarter 2014</u> | <u>First Quarter 2013</u> |
|-------------------------------|---------------------------|---------------------------|
| Operating Expenses (a) | ₱6,605,258 | ₱ 5,907,313 |
| Revenues (b) | ₱ 3,469,669 | ₱ 11,333,793 |
| Operating Expense Ratio (a/b) | 190.37% | 52.12% |

- D. Net Tangible Asset Value Per Share** – It shows the tangible value of each share of common stock outstanding. The tangible value per share decrease by 0.28% compared to the previous year due to the decrease in retained earnings in First Quarter of 2014.

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

| | <u>March 31, 2014</u> | <u>December 31, 2013</u> |
|---|-----------------------|--------------------------|
| Net Tangible Assets | ₱1,644,968,263 | ₱1,648,170,924 |
| Less: Preferred Stock | (59,474,100) | (59,474,100) |
| APIC on Preferred Stock | <u>(535,266,900)</u> | <u>(535,266,900)</u> |
| Net Tangible Assets Attributable To Common Stock | ₱ 1,050,227,263 | ₱ 1,053,429,924 |
| Number of Common Stock, net of Treasury shares (2,801,000) | 293,828,900 | 293,828,900 |
| Net Tangible Asset Value Per Share | ₱3.57 | ₱3.58 |

- E. Working Capital Ratio** – The Group's ability to meet obligations is measured by determining current assets over current obligations. The Working Capital Ratio decreased by 2.1% as of end of First Quarter 2014 due to decreased in current assets compared with end of 2013.

| | <u>March 31, 2014</u> | <u>December 31, 2013</u> |
|-----------------------------|-----------------------|--------------------------|
| Current Assets (a) | ₱351,390,988 | ₱355,937,322 |
| Current Liabilities (b) | ₱107,042,827 | ₱106,370,970 |
| Working Capital Ratio (a/b) | 3.28 : 1 | 3.35 : 1 |

FINANCIAL SOUNDNESS INDICATORS

Financial Ratios

| | As At | March 2014 Unaudited | December 2013 Audited |
|-----------------------|---|-------------------------|--------------------------|
| Liquidity Ratio | Current assets over current liabilities | 3.28:1 | 3.35:1 |
| Debt to equity ratio | Total liabilities over total equity | 0.06:1 | 0.06:1 |
| Asset to equity ratio | Total assets over total equity | 1.06:1 | 1.06:1 |

Profitability Ratios

| | For The Three Months Ended | March 2014 Unaudited | March 2013 Unaudited |
|---------------------------|---|-------------------------|-------------------------|
| Return on Assets | Net income(loss) after tax over total assets at beginning | -0.18% | 0.29% |
| Return on Equity | Net income (loss) after tax over total equity | -0.19% | 0.31% |
| Earnings (Loss) per share | Net income(loss) over number of common stock outstanding | (₱0.0109) | ₱0.0175 |

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

- a) As of 31 March 2014:
- There are no known material commitments for capital expenditures.
 - There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net revenues or income from continuing operations.
 - There are no significant elements of income or loss that did not arise from the Company's continuing operations.
 - There are no seasonal aspects that had a material impact on the results of operations of the Company.
- b) There are no events nor any default or acceleration of an obligation that will trigger direct or contingent financial obligation that is material to the Group.
- c) There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period
- d) The Group is a party to certain lawsuits or claims arising from the ordinary course of business. The Group management and legal counsels believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the financial statements.
- e) The Philippine real estate industry is cyclical and is sensitive to changes in general economic conditions in the Philippines. Property values in the Philippines are affected by the general supply and demand of real estate.


PART II. OTHER INFORMATION

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

SIGNATURES

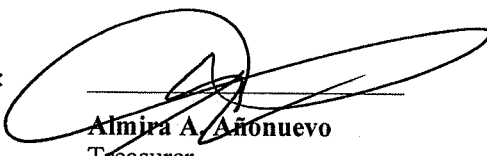
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer : **Keppel Philippines Properties, Inc.**

Signature and Title : 
Lee Foo Tuck
President

Date : 15 May 2014

Principal Financial/Accounting Officer/Controller

Signature and Title : 
Almira A. Anonuevo
Treasurer

Date : 15 May 2014

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES

(Amounts in Philippine Peso)

| AGING OF RECEIVABLES | | | | | | | | | |
|---------------------------------------|------------------|------------------|----------------|----------------|-----------------|------------------|-------------|-----------------|---|
| As of 31 March 2014 | | | | | | | | | |
| Type of Accounts Receivable | TOTAL | 1 Month | 2 - 3 Mos. | 4 - 6 Mos | 7 mos to 1 Year | 1 - 2 Years | 3 - 5 Years | 5 Years - above | Past due accounts & Items in Litigation |
| A. Trade Receivables | P 54,854 | P 54,854 | | | P - | | | | |
| Less: Allowance for Doubtful Accounts | - | | | | | | | | |
| Net Trade Receivable | 54,854 | 54,854 | - | - | - | - | - | - | - |
| B. Non-Trade Receivables | | | | | | | | | |
| 1 Advances to Officers and Employees | 2,170,591 | 1,626,091 | 99,000 | 148,500 | 297,000 | | | | |
| 2 Others | 3,333,332 | 166,000 | 332,000 | 498,000 | 671,332 | 1,666,000 | | | |
| Subtotal | 5,503,923 | 1,792,091 | 431,000 | 646,500 | 968,332 | 1,666,000 | - | - | - |
| Less: Allowance for Doubtful Accounts | 0 | - | - | - | - | - | - | - | - |
| Net Non-Trade Receivables | 5,503,923 | 1,792,091 | 431,000 | 646,500 | 968,332 | 1,666,000 | - | - | - |
| Net Receivables | 5,558,777 | | | | | | | | |

Receivables Description

| Type of Receivable | Nature / Description | Collection Status |
|--------------------------------------|---|---|
| A. Trade Receivables | | |
| Residencia Grande, Inc. | 54,854 | |
| | 54,854 | |
| B. Non-Trade Receivables | | |
| 1 Advances to Officers and Employees | Staff loans and telephone charges payable in 1 year | Regularly settled through deduction from payroll. |
| 2 Others | Installment collection on the sale of investment property | Collectible until next year |