



April 12, 2017

The Stockholders and the Board of Directors  
Roxas Holdings, Inc.  
14th Floor, Net One Center  
26th cor. 3rd Avenue, Bonifacio Global City  
Taguig, Metro Manila

**Report of Factual Findings**

We have performed the procedures agreed to by management of Roxas Holdings, Inc. (RHI) and subsidiaries (collectively referred to as the Group) with respect to the Progress Report of the Group as at and for the quarter ended December 31, 2016 on the application or use of the proceeds from the Stock Rights Offering (SRO) of RHI's common shares in connection with its compliance with the reportorial requirements of the Philippine Stock Exchange. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements.

*Background*

On February 10, 2016, the Board of Directors of the Group approved the SRO of 266,753,974 common shares with P1.00 par values a share offered at an Offer Price of P4.19 per Rights Share and at the ratio of one Rights Share for every 4.33 common shares held as at record date. The SRO was approved for listing and trading by the PSE on April 13, 2016.

The proceeds from the SRO will be used by the Group to (i) partially pay the loan obligations of Roxas Pacific Bioenergy Corporation (RPBC), a wholly owned subsidiary of the RHI. The proceeds of such loan were used by RPBC to partially finance its acquisition of equity interest in San Carlos Bioenergy, Inc. in April 2015; (ii) acquire an additional 8 megawatt steam turbine generator for sugar milling and refining; and (iii) install a heavy duty pressure feeder to the sugar plant milling equipment.

*Procedures Performed and Results*

The agreed-upon procedures and results thereof are summarized as follows:

1. We obtained the Progress Report on the Application of the Proceeds from the SRO (the "Report") as at and for the quarter ended December 31, 2016.

Balances and movements of unapplied proceeds as at and for the period ended December 31, 2016 are as follows:

Unapplied proceeds carried over from the previous quarter	P356,469,438
Installation of heavy duty pressure feeder to the sugar plant milling equipment	(69,257,523)
Partial payment for 8 megawatt steam turbine generator for sugar milling and refining facilities	(3,141,531)
	P284,070,384

2. We traced the payments during the quarter ended December 31, 2016 to the bank statements and vouched the sales invoices and official receipts issued by the suppliers.
3. As at September 30, 2016, the unapplied proceeds amounting to P356.5 million was in RHI's savings account at BDO with bank account No. 1448-0009-03 with total outstanding balance of P360.6 million as traced to the bank statement accordingly.

During the quarter ended December 31, 2016, the unapplied proceeds of P284.1 million were lodged in various bank accounts of the Group. As at December 31, 2016, cash in banks of the Group amounted to P366.7 million, which were traced to bank statements.

Refer to Annex I for the further details of cash in banks.

4. As at December 31, 2016, the status of planned and actual application or use of proceeds is summarized below:

	<b>Application or Use of Proceeds</b>		
	<b>Planned</b>	<b>Actual</b>	<b>Under (Over)</b>
<b>Gross Proceeds</b>	<b>₱1,117,699,151</b>	<b>₱1,117,699,151</b>	<b>₱-</b>
<b>Application of Proceeds</b>			
Partial payment of short-term loan obligation of Roxas Pacific Bioenergy Corporation (RPBC)	750,000,000	750,000,000	-
Installation of heavy duty pressure feeder to the sugar plant milling equipment	200,000,000	76,086,392	123,913,608
Acquisition of additional 8 megawatt steam turbine generator for sugar milling and refining facilities	150,000,000	3,141,531	146,858,469
	<b>1,100,000,000</b>	<b>829,227,923</b>	<b>270,772,077</b>
<b>Offer Expenses</b>	<b>3,914,492</b>	<b>4,400,844</b>	<b>(486,352)</b>
<b>Unapplied Proceeds</b>	<b>₱13,784,659</b>	<b>₱284,070,384</b>	<b>(₱270,285,725)</b>

The sufficiency of the foregoing procedures is solely the responsibility of the Group. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Because the foregoing procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing or Philippine Standards on Review Engagements, we do not express any assurance on any of the financial statement accounts of the Group.

Had we performed additional procedures or performed an audit or a review of the financial statements in accordance with Philippines Standards on Auditing or Philippine Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to items specified above and does not extend to any financial statements of the Group taken as a whole.



HAYDEE M. REYES

Partner

CPA Certificate No. 83522

Tax Identification No. 102-095-265-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 0663-AR-2 Group A

Valid until April 14, 2017

BIR Accreditation No. 08-005144-6-2017

Valid until January 13, 2020

PTR No. 5908527

Issued January 3, 2017, Makati City

April 12, 2017

Makati City, Metro Manila

**Annex I – Details of Cash in Banks**

Central Azucarera de la Carlota, Inc.	P208,984,179
Roxol Bioenergy Corporation	89,458,970
Central Azucarera Don Pedro, Inc.	47,193,969
San Carlos Bioenergy, Inc.	12,004,873
Roxas Holdings, Inc.	9,061,080
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*\*The foregoing entities are subsidiaries of RHI.*