ROXAS HOLDINGS, INC.

February 7, 2020

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City, 1307

To: **Director Vicente Graciano P. Felizmenio, Jr.**
Director, Market & Securities Regulation Department

Attn: **Ms. Trixie Posadas**

Re: **Definitive Information Statement (SEC Form 20-IS)**

Dear Dir. Felizmenio, Jr. and Ms. Posadas:

In compliance with your Office's letter of 22 January 2020, **Roxas Holdings, Inc.** (the "Company") has amended the submitted Preliminary Information Statement and is now filing its Definitive Information Statement, in substantial compliance with the comments stated in the same letter, *viz*:

Checklist of Requirements	Remarks	RHI's Reply **(All updates are underlined in the SEC Form 20-IS for ease of reference)**
1. Any reference to the provision of the Corporation Code should be amended to reflect the corresponding provisions in the Revised Corporation Code	Not revised	The relevant references have already been revised to reflect the updated provisions as found in the Revised Corporation Code.
2. Summary Compensation Table	Provide estimate for 2020	This has already been provided.
3. Market Information	Trading price as of the latest practicable trading date	Already updated as of the close of trading of 05 February 2020
4. Interim Unaudited Financial Position	This was not provided.	This is included as an additional attachment to the 20-IS form

In view of the recent additions to the disclosure requirements set forth in the Revised Corporation Code, we are also attaching as part of the Definitive Information Statement, the draft Minutes of the Annual Shareholders' meeting of the Company last April 30, 2019 (specifically showing details on the board and shareholders' attendance, the manner of voting and the actual number of votes casted, the resolutions approved, key financial and operational reports of the Management, and other relevant data.

Thank you for your kind attention.

Very truly yours,

Ma. Hazel L. Rabara-Retardo
Asst. Corporate Secretary/Deputy Compliance Officer & Corporate Information Officer

SEC Reg. No. 15-A

ROXAS HOLDINGS, INC.
14F, Net One Center, 26th cor. 3rd Avenue,
Bonifacio Global City, Taguig, Metro Manila

(632) 8771-7800
Telephone Number

30 September 2019
Fiscal Year Ending

Notice of Annual Meeting of Stockholders

- and -

SEC FORM 20 IS
Information Statement
Pursuant to Rule 20 of the
Securities Regulation Code

ROXAS HOLDINGS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Stockholders of Roxas Holdings, Inc. will be held on March 18, 2020 at ten o'clock in the morning at the Turf Room, Manila Polo Club, McKinley Road, Forbes Park, Makati City, Metro Manila.

The Agenda of the Meeting is:

(1) Call to Order
(2) Certification of Notice and Quorum
(3) Approval of the Minutes of the Annual Meeting of Stockholders held on April 30, 2019
(4) Presentation and Approval of the Annual Report to Stockholders
(5) Ratification of All Acts and Resolutions of the Board of Directors and Management
(6) Election of the Board of Directors
(7) Appointment of External Auditors
(8) Other Matters
(9) Adjournment

The Board of Directors has fixed the close of business on December 31, 2019 as the Record Date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting of Stockholders.

Registration for the meeting shall start at 9:30 in the morning. Please bring a valid identification paper or document such as a passport, driver's license or company I.D. to facilitate registration.

IF YOU CANNOT ATTEND THE MEETING, YOU MAY SUBMIT A PROXY THROUGH THE OFFICE OF THE ASSISTANT CORPORATE SECRETARY LOCATED AT THE **14F, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila** ON OR BEFORE March 6, 2020.

By Order of the Board of Directors.

MA. HAZEL L. RABARA-RETARDO
Assistant Corporate Secretary

February 7, 2020

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   ___ Preliminary Information Statement
   _/_ Definitive Information Statement

2. Name of Registrant as specified in its charter : **ROXAS HOLDINGS, INC.**

3. Province, country or other jurisdiction of incorporation or organization : Philippines

4. SEC Identification Number : 15 - A

5. BIR Tax Identification Code : 000-290-538

6. Address of principal office : 14F, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila

7. Registrant's telephone number : (632) 8771-7800

8. Date, time and place of meeting of security holders : March 18, 2020
   10:00 am
   Turf Room, Manila Polo Club
   McKinley Road, Forbes Park, Makati City

9. Approximate date on which the Proxy Statement is first to be sent or given to security holders : February 24, 2020

10. Securities registered pursuant to Sections 8 and 12 of the Code as of 30 September 2019.

Title of Each Class	Number of Shares of Stock Outstanding And Amount of Debt Outstanding
Common	1,547,935,799
Debt	None registered

11. Are any or all of the Registrant's securities listed on a Stock Exchange?

    Yes __/__ No _____

    If so, disclose name of the Exchange : Philippine Stock Exchange

ROXAS HOLDINGS, INC.
INFORMATION STATEMENT

GENERAL INFORMATION

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

Date	:	March 18, 2020
Time	:	10:00 am
Place	:	Turf Room, Manila Polo Club McKinley Road, Forbes Park, Makati City
Address of principal office of the company	:	14F Net One Center, 26th corner 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila
Approximate date on which the Information Statement is first to be sent or given to security holders	:	February 24, 2020

DISSENTER'S RIGHT OF APPRAISAL

A dissenting stockholder shall have the right of appraisal in the instances authorized under Sec. 80 of the Revised Corporation Code and in accordance with the procedure set out in Sec. 81 of the same Code. There are no matters included in the Agenda of the meeting which would give rise to an exercise of the right of appraisal.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

The incumbent directors and officers of the company, since the beginning of the last fiscal year, do not have substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office. None of the incumbent directors, who are all nominated for re-election informed in writing that he intends to oppose any action to be taken during the annual meeting of shareholders.

CONTROL AND COMPENSATION INFORMATION

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

a) The number of shares outstanding and entitled to vote at the stockholders' meeting is 1,547,935,799 common shares.

b) The record date for the purpose of determining stockholders entitled to vote at the annual meeting of shareholders is December 31, 2019.

c) Stockholders are entitled to a cumulative voting in the election of directors. Section 23 of the Revised Corporation Code of the Philippines provides that every stockholder entitled to vote shall have the right to vote, in person or by proxy, the number of shares of stock standing, at the time fixed in the by-laws, in his own name in the stock books of the corporation, or where the by-laws are silent, at the time of the election and the stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them, on the same principle, among as many candidates as he shall see fit.

For all other matters to be acted upon, each share is entitled to one (1) vote.

d) Security ownership of certain record and beneficial owners and management.

(1) Security ownership of certain record and beneficial owners of more than 5% of Registrant securities as of December 31, 2019.

Title of Class	Name and Address of Owner	Number and Nature of Ownership (Indicate Record and/or Beneficial)		Percent of Class
Common	Roxas & Company, Inc. 7/F CG Building, 101 Aguirre St., Legaspi Village, Makati City (Shareholder)	318,341,705	Record and Beneficial	20.58%
Common	First Pacific Natural Resources Holdings BV Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands (Shareholder)	505,667,566	Beneficial	32.69%
Common	First Agri Holdings Corp. 10th Floor, MGO Building, De la Rosa cor Legaspi St., Makati City (Shareholder)	467,854,834	Beneficial	30.24%
Common	PCD Nominee Corp. 37F Tower 1 The Enterprise Center, Ayala Ave., Makati City (Shareholder)	445,747,616	Beneficial	38.71%

The members of the Board of Directors of Roxas & Co., Inc. (RCI) are Antonio J. Roxas, Pedro E. Roxas, Carlos R. Elizalde, Francisco Jose R. Elizalde, Fernando L. Gaspar, Guillermo D. Luchangco, and Corazon De La Paz-Bernardo. Collectively, they have the power to decide how the shareholdings of RCI in RHI shall be voted. Pedro E. Roxas is authorized to vote the shares of RCI in the annual meeting.

(2) Security Ownership of Management as of December 31, 2019.

The following are the number of shares owned of record by the Directors and the President & Chief Executive Officer (PCEO) and the percentage of shareholdings of each:

Title of Class	*Name of Beneficial Owner*	*Citizenship*	*Number and Nature of Ownership*	*Percent of Class*
Common	Pedro E. Roxas Chairman of the Board	Filipino	1,026,640 (r & b)	0.0004 %
Common	Manuel V. Pangilinan Vice-Chairman of the Board	Filipino	61,547 (r)	0.0000 %
Common	Hubert D. Tubio President/CEO	Filipino	83,395 (r &b)	0.0000%
Common	Ray C. Espinosa Director	Filipino	430,831 (r & b)	0.0002 %
Common	Alex Erlito S. Fider Director	Filipino	50,000 (r)	0.0000 %
Common	Santiago T. Gabionza Independent Director	Filipino	50,000 (r)	0.0000 %
Common	Christopher H. Young Director	British	61,547 (r)	0.0000 %
Common	Oscar J. Hilado Independent Director	Filipino	50,000 (r)	0.0000 %
Common	Arlyn S. Villanueva Independent Director	Filipino	50,000 (r)	0.0000 %
	TOTAL		1,863,960 (r & b)	0.0006%

(3) Voting Trust Holders of 5% or More.

The company is not aware of any voting trust or similar arrangements among persons holding more than 5% of a class of shares.

(4) Change in Control.

First Pacific Natural Resources Holdings BV and its Philippine affiliate, First Agri Holdings Corporation (the First Pacific Group), have acquired a total of 973,522,400 common shares corresponding to 62.93% equity ownership in the company. The total equity ownership of Roxas and Company, Inc. (RCI) is 20.58%.

Market information

The high and low prices of ROX shares for each quarter of fiscal years 2019, 2018, and 2017, and the first quarter of FY 2020, as reported by the PSE, are shown below:

	FY2020		FY2019		FY2018		FY2017	
Quarter	High	Low	High	Low	High	Low	High	Low
1	2.35	1.74	1.87	1.83	4.13	4.00	3.04	2.98
2			1.83	1.77	3.42	3.28	3.00	2.87
3			1.72	1.69	2.86	2.82	3.83	3.67
4			2.45	2.08	2.19	2.14	4.19	4.10

As of February 5, 2020, the closing price of RHI's shares is ₱1.68 per share.

Stockholders

There were about 2,082 holders of the company's common shares as of December 31, 2019. The top twenty (20) holders of the common shares as of said date were:

	Stockholder	Nationality	Total No. of Shares	%
1.	PCD Nominee Corporation	Filipino	902,894,696	57.66
2.	PCD Nominee Corporation	Non-Filipino	523,851,039	33.47
3.	Roxas and Company, Inc.	Filipino	99,624,995	6.36
4.	Insular Life Assurance Co., Ltd.	Filipino	1,198,520	0.08
5.	Jose A. Manzano Jr.	Filipino	1,029,007	0.07
6.	Gilbert Liu	Filipino	1,014,000	0.07
7.	Emilio Pantoja	Filipino	785,078	0.05
8.	Armando M. Medina	Filipino	770,640	0.05
9.	Leonardo T. Siguion Reyna	Filipino	608,400	0.04
10.	Raul S. Roco	Filipino	486,720	0.03
11.	O. Ledesma & Co., Inc.	Filipino	446,160	0.03
12.	BMI Holdings Corporation	Filipino	431,964	0.03
13.	Antonio G. Nieto	Filipino	367,450	0.02
14.	Corona Realty & Development Corporation	Filipino	365,040	0.02
15.	Lorna Perez Laurel	Filipino	354,900	0.02
16.	Abel Z. Silva III	Filipino	354,900	0.02
17.	Elaine Villar Rivilla	Filipino	346,788	0.02
18.	Rodolfo W. Antonino	Filipino	338,000	0.02
19.	Emma Lopez	Filipino	324,804	0.02
20.	Evelina M. Boongaling	Filipino	321,214	0.02
	Subtotal		1,535,914,315	99.13

DIRECTORS AND OFFICERS

a) Nominees for election to the Board of Directors.

The following have been nominated for election to the Board of Directors:

Messrs. Pedro E. Roxas, Manuel V. Pangilinan, Hubert D. Tubio, Ray C. Espinosa, Alex Erlito S. Fider, Christopher H. Young, Oscar J. Hilado (Independent Director), Arlyn S. Villanueva (Independent Director) and Santiago T. Gabionza, Jr. (Independent Director) have been nominated for election to the Board of Directors. All nominees are incumbent members of the Board of Directors.

Messrs. Oscar J. Hilado and Santiago T. Gabionza, Jr., and Ms. Arlyn S. Villanueva are nominees and are eligible for election as Independent Directors of the company in accordance with Rule 38.1 of the Implementing Rules and Regulations of the Revised Securities Regulation Code, SEC Memorandum Circular No. 16, Series of 2006 and SEC Memorandum Circular No. 9, Series of 2011 and the revised Manual on Corporate Governance.

b) Procedure for nomination and election of directors.

Chapter III of the By-Laws of the Corporation provides:

Article 13.0. Qualifications and Disqualifications for Directors. - Any stockholder having at least fifty thousand (50,000) shares registered in his name may be elected as Director, provided, however, that any stockholder who possesses any of the disqualifications enumerated in the Manual on Corporate Governance which was approved and adopted by the Board of Directors of the Corporation on 25 September 2002, including any amendments thereto, shall be disqualified from being elected as a Director of the Corporation; Provided, moreover, that no person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the corporation.

Article 14.0. Nominations for Director. - In addition to the right of the Board of Directors of the Corporation to make nominations for the election of Directors, nominations for the election of Directors may be made by any shareholder entitled to vote for the election of Directors if that shareholder complies with all of the provisions of this Article.

1.0. Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to the Chairman through the Secretary of the Corporation) at least fifteen (15) working days prior to any meeting of the shareholders called for the election of Directors.

2.0. Each nomination under Article 14.0, par. 1.0, shall set forth (i) the name, age, business address, and, if known, residence address of each nominee, (ii) the principal occupation or employment of each nominee, (iii) the number of shares of stock of the corporation which are beneficially owned by each such nominee, and (iv) the interests and positions held by each nominee in other corporations. In addition, the shareholder making such nominations shall promptly provide any other information reasonably requested by the corporation.

3.0. The Board, by a majority vote, unless a greater majority is required under these By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director under these By-Laws and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded.

Moreover, the Manual on Corporate Governance of the corporation provides:

3.1. Qualifications of Directors

3.1.1. In addition to the qualifications for membership in the Board as provided for in the By-Laws of the Company, the Revised Corporation Code, Securities Regulation Code and other relevant

laws, the Board may provide for additional qualifications which may include, among others, the following:

3.1.1.1. College education or equivalent academic degree;

3.1.1.2. Practical understanding of the business of the Company;

3.1.1.3. Membership in good standing in relevant industry, business or professional organizations; and

3.1.1.4. Previous business experience.

3.8 Board Committees.

The Board shall maintain the following Committees to assist it in good corporate governance:

3.8.1 Executive Committee

The Executive Committee shall be composed of three (3) Directors to be elected by the Board. The Executive Committee shall have the functions that the Board will delegate.

3.8.2 Corporate Governance Committee

The Board shall establish a Corporate Governance Committee that is tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It shall be composed of at least three members, all of whom should be independent directors including the Chairman, or at least a majority thereof.

3.8.3. Audit Committee

The committee should be composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees.

3.8.4 Compensation Committee

The Compensation Committee shall consist of at least three (3) voting Directors, one (1) of whom must be an independent director.

c) Board of Directors and Officers.

Board of Directors & Corporate Secretary

Pedro E. Roxas is 63 years old and is a Filipino. He has been a member of the Board of Directors since year 1982. Mr. Roxas is the Chairman of the Board of Directors and is the Chairman of the Executive Committee and a member of the Corporate Governance Committee. He was elected as Acting President & Chief Executive Officer of the company on October 23, 2015. He is also the Chairman of the operating subsidiaries of the company, namely: Central Azucarera Don Pedro, Inc. (CADPI), Central Azucarera de la Carlota, Inc. (CACI), Roxol Bioenergy Corporation (RBC), San Carlos Bioenergy, Inc.(SCBI), and RHI Agri-Business Development Corporation (RHI-ADC).

Mr. Roxas is likewise the Executive Chairman of Roxas & Co., Inc. (RCI) and was the company's President and CEO until 2016; the Chairman of the Philippine Sugar Millers Association (PSMA); the Vice Chairman of the Asean Sugar Alliance; the President of Club Punta Fuego Inc. and of Fundación Santiago; an

Independent Director of listed companies: Philippine Long Distance Telephone Company (PLDT) and Manila Electric Company (Meralco) and of non-listed firms: Banco de Oro (BDO) Private Bank, CEMEX Holdings, Philippines, Inc. and MAPFRE Insular; a Director of Brightnote Assets Corporation; a Trustee of Philippine Business for Social Progress (PBSP) and of Roxas Foundation, Inc. (RFI); and a Member of the Equestrian Directorate of Manila Polo Club.

Mr. Roxas was educated at Portsmouth Abbey School, Rhode Island, USA, and at the University of Notre Dame in Indiana, USA where he obtained his degree in Business Administration.

Manuel V. Pangilinan is 73 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013 and is the Vice-Chairman of the Board of Directors, a member of the Executive Committee and the Chairman of the Compensation Committee. Mr. Pangilinan founded First Pacific Company Limited in 1981 and served as its Managing Director until 1999. He was appointed Executive Chairman until June 2003 when he was named as CEO and Managing Director. He holds the position of President Commissioner of P. T. Indofood Sukses Makmur Tbk, the largest food company in Indonesia.

In the Philippines, Mr. Pangilinan is the Chairman, President & CEO of PLDT, Inc. (PLDT). He is also the Chairman of Smart Communications, Inc. (Smart), Metro Pacific Investments Corporation (MPIC), Manila Electric Comany (Meralco), ePLDT, Inc., PLDT Communications and Energy Ventures, Inc. (formerly Pilipino Telephone Corporation, Maynilad Water Services, Inc., Metro Pacific Tollways Corporation), Philex Mining Corporation, PXP Energy Corporation, Landco Pacific Corporation, Medical Doctors, Inc. (Makati Medical Center), Davao Doctors, Inc. and Colinas Verdes Corporation (Cardinal Santos Medical Center), Mediaquest Holdings, Inc. and Associated Broadcasting Corporation (TV5).

He was formerly Chairman of the Board of Trustees of the Ateneo de Manila Univerity and was a member of the Board of Overseers of the Wharton School. In civic duties, Mr. Pangilinan sits as Chairman of the Philippine Business for Social Progress (PBSP), PLDT-Smart Foundation Inc., One Meralco Foundation, Inc., and Co-Chairman of the Philippine Disaster Resilience Foundation (PDRF), and is a Director of the Philippine Business for Education (PBED). He is Chairman of the Board of Trustees of San Beda College, Co-Chairperson of the Board of Trustees of Stratbase Albert de Rosario Institute and Co-Chairman of the U.S.-Philippine Society.
In sports, Mr. Pangilinan is Chairman of the MVP Sports Foundation Inc., Chairman Emeritus of the Samahang Basketbol ng Pilipinas and Chairman of the Amateur Boxing Association of the Philippines (ABAP).

Mr. Pangilinan has received numerous prestigious awards including Ten Outstanding Young Men of the Philippines (TOYM) Award for International Finance (1983), The Presidential Pamana ng Pilipino Award by the Office of the President of the Philippines (1996), Best CEO in the Philippines by the Institutional Investor (2004), CEO of the Year (Philippines) by Biz News Asia (2004), People of the Year by People Asia Magazine (2004), Distinguished World Class Businessman Award by the Association of Makati Industries, Inc. (2005), Management Man of the Year by the Management Association of the Philippines (2005), and Order of Lakandula (Rank of Komandante) by the Office of the President of the Philippines (2006).

He was voted as Corporate Executive Officer of the Year (Philippines) and Best Executive (Philippines) at the 2007 and 2008 Best-Managed Companies and Corporate Governance Polls conducted by Asia Money. Mr. Pangilinan also received the Best CEO award from Finance Asia Magazine (2012) and the Executive of the Year Award from the Philippine Sports Writers Association (PSA) (2014). In July 2015, Jaycees Philippines and the Asian Institute of Management (AIM) conferred him the 2015 Ramon V. del Rosario (RVR) Lifetime Achievement Award for his outstanding contributions to nation-building and exemplary corporate citizenship.

Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts degree in Economics. He received his MBA degree from the Wharton School at the University of Pennsylvania. He was awarded the First Honorary Doctorates Degree in Management by the Asian Institute of Management in 2016, Honorary Doctorates in Science by the Far Eastern University in 2010, and in Humanities by the Holy Angel University in 2008, by Xavier University in 2007 and by San Beda College in 2002 in the Philippines.

Hubert D. Tubio is 65 years old and is a Filipino. He was elected as a member of the Board of Directors on December 16, 2015 and as President and Chief Executive Officer of the Group effective January 1, 2016. He is a member of the Board of Trustees of the Philippine Sugar Research Institute (Philsurin) and the Philippine Sugar Millers Association (PSMA); and a member of the Board of Directors of Negros College, Inc. Mr. Tubio has an extensive and varied career occupying senior leadership roles in sugar, telecommunications, airlines, trading, and international accounting/auditing industries. He was the Chairman of the Board of Directors of Bioeq Energy Holdings, Inc., a vertically integrated bioenergy company. He served as President and Chief Operating Officer of Victorias Milling Co., Inc. from 2009 to 2014; President of Philsurin; Member of the Board of Directors of Globe Telecom; President of Consultancy by Technicus Corporation - a subsidiary of Deutsche Telekom A.G. of Germany; Consultant of PAL Holdings, Inc.; and Vice-President of Jardine Davies, Inc.

Mr. Tubio is a Certified Public Accountant (CPA). A consistent university scholar, he graduated Cum Laude with a degree in Bachelor of Science in Business Administration (BSBA), Major in Accounting, from the University of the East. He ranked 10th in the Philippine CPA Board Examinations conducted in October 1975. He is also recognized as the "Most Exalted Alphan" of Tau Alpha Sigma – an exclusive fraternity for Accounting Honors at the University of the East Manila in 1972. He also belongs to the Top 10% of the 36th Management Development Program of the Asian Institute of Management in 1991 with Superior Performance Award.

Mr. Tubio is also an Awardee of the University of the East — Business Management's Diamond Jubilee Alumni Achievers' Award in 2006. He attended the Deutsche Telekom Global Event in Bonn, Germany in January 2002; and served as JDI Corporate Observation Group Leader for the team that visited the Louisiana Sugar Industry, at Lafayette, Patouville and New Orleans, Louisiana, and Hawaiian Sugar Industry in Maui, Hawaii, USA in November 1997. He also attended the International Society of Sugar Cane Technologists (ISSCT) Congress in Cali and Cartagena, Colombia, South America in September 1995; and the Sugar Production and Processes Hands-On Technical Training of Moreton Sugar Company, Ltd. (Bundaberg Sugar Group) in Queensland, Australia from July to August 1993.

Christopher H. Young is 62 years old and is a British citizen. He was elected as a member of the Board of Directors on May 13, 2015 and as a member of the Audit & Risk Committee on August 19, 2015.

Mr. Young is the Executive Director and Chief Financial Officer of First Pacific Company Limited in Hong Kong. He is currently a Director of Metro Pacific Investments Corporation, Goodman Fielder Pty Limited, PacificLight Power Pte. Ltd., and FPM Power Holdings Limited. He is also a member of the Advisory Board of PLDT, Inc. Mr. Young is also a Commissioner of PT Indofood Sukses Makmur Tbk and a Trustee of IdeaSpace Foundation, Inc.

He worked for PricewaterhouseCoopers in London and Hong Kong from 1979 until 1987, at which time he joined First Pacific as Group Financial Controller. Mr. Young moved to Metro Pacific Corporation in 1995 as Finance Director until November 1998 when he became the Chief Financial Advisor of PLDT. He returned to First Pacific as Chief Financial Officer in 2015 and as a member of the Board in August 2017. Mr. Young graduated at the Waid Academy at Fife, Scotland. He finished his Master of Arts in Economics with Honors at St. Andrews University. He has been a member of the Institute of Chartered Accountants in England and Wales since 1982.

Ray C. Espinosa is 63 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013. Atty. Espinosa is an Associate Director of First Pacific Company Limited. He is a Director of PLDT Inc., Smart Communications, Inc., Manila Electric Company (Meralco), Metro Pacific Investments Corporation, Meralco PowerGen Corporation, First Agri Holdings Corporation and First Coconut Manufacturing Inc. He also serves as an Independent Director of Lepanto Consolidated Mining Company (Lepanto) and Maybank Philippines, Inc. (Maybank Philippines). He is the Chairman of the Audit Committee and Nomination Committee of Lepanto and the Risk Management Committee of Maybank Philippines.

Atty. Espinosa is the President and Chief Executive of Meralco, the Chief Corporate Services Officer of PLDT and Smart, and Head of PLDT's Regulatory and Strategic Affairs Office. He is also a Trustee of the Beneficial Trust Fund of PLDT. He is the Chairman of PhilStar Daily, Inc. and BusinessWorld Publishing, Inc. He is the Vice Chairman of First Agri Holdings, Inc. and First Coconut Manufacturing, Inc. He is also the President and Chief Executive Officer of Mediaquest Holdings, Inc.

He joined First Pacific in 2013. He is currently First Pacific Group's Head of Government and Regulatory Affairs and Head of Communications Bureau for the Philippines. Prior to joining the PLDT Group in 2000, Atty. Espinosa was a law partner at SyCip Salazar Hernandez & Gatmaitan, the largest law firm in the Philippines, until June 2000 and was a member of the firm's Executive Committee. He was a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and in 1989. After finishing his Master of Laws degree, he worked as a foreign associate in Covington & Burling, the largest law firm in Washington, D.C., USA, from September 1987 to August 1988.

He is a member of the Integrated Bar of the Philippines, Philippine Bar Association, and Inter-Pacific Bar Association. He is also a member of the Executive Committee of LAWASIA Energy Section. Asia Law & Practice, Euromoney and The Asia Pacific Legal 500 named Atty. Espinosa as one of the leading capital market lawyers, and among the leading project finance lawyers, in the Philippines from 1996 to 2002.
Atty. Espinosa finished his Bachelor of Laws degree at the Ateneo de Manila University, graduating Salutatorian, and his Master of Laws degree at the University of Michigan Law School. He took up Bachelor of Science in Pre-Medicine at the University of Santo Tomas. Atty. Espinosa placed first in the Philippine Bar Examinations of 1982, and was a Fellow of the University of Michigan Law School's Clyde Alton Dewitt Scholarship Foundation.

Alex Erlito S. Fider is 66 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013. His legal experience spans 30 years of involvement in corporate transactions and projects. His legal work extends to an array of corporate and financial matters to companies involved in public infrastructure, water, and power utilities, telecommunications, mass media, banking and finance, real estate development, and agriculture. He is a specialist in the various fields of commercial, civil, telecommunications and public utilities law. Atty. Fider is a Director and Corporate Secretary of several Philippine corporations, including Metro Pacific Tollways Corporation, Metro Pacific Tollways Development Corporation, Manila North Tollways Corporation, Tollways Management Corporation, Smart Communications, Inc. and Maynilad Water Services, Inc. He is actively involved in the Financial Executives Institute of the Philippines (FINEX) and Institute of Corporate Directors of which he is a Fellow. He is a member of the Board of Trustees of non-profit organizations like the Metropolitan Manila Cathedral Basilica Foundation and TV 5 Alagang Kapatid Foundation.

Atty. Fider graduated from the University of the Philippines with degrees in Economics and Law. He was admitted to the Philippine Bar in 1985 and undertook specialized courses in Strategic Economics and Corporate Governance in the Philippines and Australia, respectively.

Oscar J. Hilado is 82 years old and is a Filipino. He has been a member of the Board of Directors since May 11, 2016. Mr. Hilado is the Lead Independent Director and is the Chairman of the Corporate Governance Committee. He is also a member of the Executive, Audit and Compensation Committees.

He is the Chairman of the Board of Philippine Investment Management (PHINMA), Inc.; Phinma Corp.; Phinma Energy Corporation; Phinma Property Holdings Corp.; and Union Galvasteel Corporation.

Mr. Hilado is also the Vice Chairman of Trans Asia Power Generation Corporation and Trans-Asia Petroleum Corporation.

He is the Chairman of the Executive Committee of Phinma Corp.

He is also a director of A. Soriano Corporation; First Philippine Holdings Corporation; Philex Mining Corporation; United Pulp and Paper Co., Inc.; Beacon Property Ventures, Inc.; Manila Cordage Company; Smart Communications, Inc.; Digital Telecommunications Philippines, Inc. (DIGITEL); Pueblo de Oro Development Corporation; Seven Seas Resorts and Leisure, Inc.; Asian Eye Institute; Rockwell Land Corporation; Araullo University, Inc.; Cagayan de Oro College, Inc.; University of Iloilo, Inc.; University of Pangasinan, Inc.; Southwestern University; PEN Holdings, Inc.; Microtel Inns & Suites (Pilipinas), Inc.; and Trans Asia Renewable Energy Corporation. Mr. Hilado is an Honorary Consul of Ecuador. He was awarded the MAP Management Man of the Year in 1991.
Mr. Hilado was a Smith Mundt/Fullbright scholar at the Harvard Graduate School of Business where he obtained his Master's Degree in Business Administration in 1962. He is a Certified Public Accountant (CPA) with a Bachelor of Science in Commerce degree from the De La Salle College in Bacolod in 1958. He

earned his Doctorate in Business Management, Honoris Causa, from the De La Salle University in 1992 and in 2003, attained his Doctorate of Law, Honoris Causa, from the University of St. La Salle.

Santiago T. Gabionza, Jr. is 62 years old and is a Filipino. He was elected as an Independent Director to the Board of Directors on April 30, 2019 and as a member of the Corporate Governance and Compensation Committees.

Atty. Gabionza is a founding partner of Villanueva Gabionza and Dy Law Offices; a Fellow at the Institute of Corporate Directors; and a member of the Board of Directors of various corporations. He is a member of the Asia Pacific Lawyers Association, Philippine Lawyers Literary Club, Inc., ASEAN Law Association of the Philippines, Philippine Trial Lawyers Association, and Philippine Bar Association. He is also a member of Club Filipino, Quezon City Sports Club, Mimosa Golf and Country Club, Tagaytay Highlands Country Club, The Tower Club and The Celebrity Club.

He was a former Director of the Legal Management Council of the Philippines and past Grand Master, Grand Lodge of Free and Accepted Masons of the Philippines.

He also served in various capacities, as: Legal Consultant for then Ministry of Human Settlements; Senior Associate Lawyer at Balgos & Perez Law Offices; former President of the Northern Power Development Corporation; Corporate Secretary/Rehabilitation Counsel of Victorias Milling Company, Inc.; Rehabilitation Receiver of Steel Corporation of the Philippines; former Consultant to the Secretary of the Department of National Defense; former Consultant of the Committee on Justice at the House of Representatives; former OIC-President, Member of the Board of Directors and Chairman of the Audit Committee of Maynilad Water Services, Inc. He was also a College Instructor at The Catanduanes College; a Professorial Lecturer at the Philippine School of Business Administration; a Lecturer at Business Law Journal; a staff of the Ateneo Law Journal; Associate Editor of The Lance - the official organ of Letran College; a past President of the Catandungan Foundation, Inc. and a former President of the Integrated Bar of the Philippines - Makati Chapter.

Atty. Gabionza graduated Summa Cum Laude with a Bachelor of Arts degree, major in Economics at Colegio de San Juan de Letran. He finished Second Honors with Bachelor of Laws at the Ateneo de Manila College of Law. He passed the Philippine Bar examinations in 1981.

Arlyn S. Villanueva is 63 years old and is a Filipino. She was elected as an Independent Director to the Board of Directors on April 30, 2019 and as Chairman of the Audit Committee. Dr. Villanueva is a partner of accounting firm Sicangco Menor Villanueva CPAs (SMV). She sits as an independent director of the Metro Pacific Transport Corporation (MPTC), the transport group of the Metro Pacific conglomerate, since 2009 and the Manila North Tollways Corporation (MNTC) since 2014. She chairs the audit committees of both companies.

She is currently a member of the Professional Regulatory Commission's Board of Accountancy. She has been in practice for more than 35 years, with her field of competence being in audit and management consultancy. Dr. Villanueva is also involved in accreditation, performance evaluation, strategic planning and development, as well as forecasting and budgeting projects for academic institutions, being exposed to the academe for over 30 years.

In June 2014, she concluded her eight-year term as President of the Holy Angel University, which she had served for 33 years. Before she was appointed as University President in August 2006, she served as Dean and full professor of the College of Business & Accountancy for 25 years, and of the Graduate School for 10 years.

Dr. Villanueva was admitted as a Fellow of the Institute of Corporate Directors in August 2014.

She has held various positions at the Philippine Institute of Certified Public Accountants (PICPA), both at the local and national levels. She was President of the Philippine Association of Collegiate Schools of Business (PACSB) in 2005 and 2006. She is also a member of the Association of Certified Public Accountants in Education, the Management Association of the Philippines, the Philippine Marketing Association, and the International Council on Hotel, Restaurant and Institutional Education - Asia Chapter.

Dr. Villanueva was awarded the Most Outstanding President of PICPA in 2004.

Dr. Villanueva obtained her Accounting degree (BSC) from Holy Angel University in Angeles City in 1977 and passed the CPA licensure examinations in 1978. She pursued her studies and took her Master's Degree in Business Management from the Ateneo Graduate School of Business in 1982. She took her Doctorate Degree in Business Administration from De La Salle Graduate School of Business where she graduated in 2003 "With Distinction". In 2011, she pursued her post-doctorate studies and completed the Advance Management Program, a program designed for top executives from all over the world, at the Harvard Business School (AMP181) in Boston, Massachusetts; and in December 2014, she completed the one-year Challenges of Leadership Programme: Crafting Reflective Leaders at the Insead Business School in Fontainebleau, France

Christopher H. Young is 62 years old and is a British citizen. He was elected as a member of the Board of Directors on May 13, 2015 and as a member of the Audit & Risk Committee on August 19, 2015.

Mr. Young is the Executive Director and Chief Financial Officer of First Pacific Company Limited in Hong Kong. He is currently a Director of Metro Pacific Investments Corporation, Goodman Fielder Pty Limited, PacificLight Power Pte. Ltd., and FPM Power Holdings Limited. He is also a member of the Advisory Board of PLDT, Inc. Mr. Young is also a Commissioner of PT Indofood Sukses Makmur Tbk and a Trustee of IdeaSpace Foundation, Inc.

He worked for PricewaterhouseCoopers in London and Hong Kong from 1979 until 1987, at which time he joined First Pacific as Group Financial Controller. Mr. Young moved to Metro Pacific Corporation in 1995 as Finance Director until November 1998 when he became the Chief Financial Advisor of PLDT. He returned to First Pacific as Chief Financial Officer in 2015 and as a member of the Board in August 2017.

Mr. Young graduated at the Waid Academy at Fife, Scotland. He finished his Master of Arts in Economics with Honors at St. Andrews University. He has been a member of the Institute of Chartered Accountants in England and Wales since 1982.

The directors hold office for one (1) year from election until their successors are elected and qualified.

The members of the Board attended seminars on Corporate Governance in compliance with SEC rules and regulations.

Board of Advisors

Senen C. Bacani is 74 years old and is a Filipino. He was formerly a member of the Board of Directors and was elected as a member of the Board of Advisors on December 11, 2013. Mr. Bacani is the President of Ultrex Management & Investments Corp.; Chairman & President of La Frutera, Inc.; Chairman of Trully Natural Food Corporation; a Director of Swift Foods, Inc.; a Private Sector Representative of APEC Policy Partnership on Food Security, ABAC Philippines; Director of the Philippine Chamber of Agriculture & Food, Inc., Icebox Logistics Services, Inc., Franklin Baker Co. of the Philippines; and a Member of the Board of Advisors of East-West Seed Philippines, Inc. and of the National Competitiveness Council.

He is also a member of the Board of Trustees of the Philippine Rice Research Institute, and the Vice-Chairman of the Technical Advisory Committee of the PCARRD (DOST). Mr. Bacani is also involved in various non-government and people's organizations.
He obtained his degree in Bachelor of Science in Commerce at the De La Salle University, graduating Summa Cum Laude and Class Valedictorian, and his Masters in Business Administration at the University of Hawaii, USA. He passed the CPA Board Exams in 1966

Vicente S. Pérez is 61 years old and is a Filipino. He was elected as a member of the Board of Advisors on March 25, 2009. Mr. Pérez is an avid environment advocate and renewable energy investor. He is CEO of Alternergy, a wind and mini-hydro power developer, and Chairman of Merritt Partners, an energy advisory firm, and Chairman of Solar Pacific, an off-grid island solar PV developer.

He has been an independent director of regional companies in Australia, the Philippines and Singapore. He is an independent director of ST Telemedia, the Temasek holding company for telecom, data centers and mobile technology, and is an Independent Board Adviser of Banco de Oro, the Philippines' largest commercial bank. He is a member of the Advisory Boards of Coca-Cola FEMSA Philippines, Geneva-based Pictet Clean Energy Fund, and the Yale Center for Business and Environment. His philanthropy involvements are focused on the environment. Mr. Pérez is chairman of the National Advisory Council of WWF-Philippines and treasurer of the WWF-International Board, and a trustee/adviser of the Asian Conservation Foundation, Bhutan Foundation, Solar Energie Foundation and Solar Car Challenge Foundation. Mr. Pérez was Philippine Energy Minister from 2001 to 2005. He boosted energy self-sufficiency, promoted clean indigenous energy, and crafted an ambitious renewable policy framework. He served briefly in early 2001 as Deputy Minister for Trade and Industry.

Prior to 2001, Mr. Pérez had 17 years' experience first in Latin American debt restructuring at Mellon Bank in Pittsburgh, and later in debt trading, capital markets, and private equity in emerging countries at Lazard in London, New York and Singapore. At 35, he became General Partner at New York investment bank Lazard Frères as head of its Emerging Markets Group. He was Managing Director of Lazard Asia in Singapore from 1995 until 1997.

Mr. Pérez founded Next Century Partners in 1997, a private equity firm based in Singapore. In 2000, he founded Asian Conservation Company that acquired El Nido Resorts, an award- winning eco-tourism destination in Palawan. In 2006, he invested in Northwind Power, the first commercial wind farm in Southeast Asia.

He has consulted for the Asian Development Bank (ADB), International Finance Corporation (IFC) and numerous firms on renewable energy. With his various involvements, the media has dubbed him as the Philippines' "renewable czar".

Mr. Pérez obtained an MBA from the Wharton Business School of the University of Pennsylvania in 1983 and a Bachelor's Degree in Business Economics from the University of the Philippines in 1979. He was a 2005 World Fellow at Yale University, where he lectured an MBA class on renewable power in emerging countries.

The directors hold office for one (1) year from election until their successors are elected and qualified.

The members of the Board attended seminars on Corporate Governance in compliance with SEC rules and regulations.

Corporate Officers.

Pedro E. Roxas (See above)

Manuel V. Pangilinan (See above)

Hubert D. Tubio (See above)

Cynthia L. Dela Paz is 56 years old and is a Filipino. She has been the Corporate Secretary of the Group since February 15, 2017. Atty. de la Paz is a senior partner at Picazo Buyco Tan Fider & Santos. She has been in the practice of corporate law and taxation for the last 27 years. She has been a Director of Tax Management Association of the Philippines (TMAP) for the last 10 years. Atty. de la Paz holds a law degree from the University of the Philippines and graduated from the same university with a degree in Psychology.

Celso T. Dimarucut is 58 years old and is a Filipino. He was appointed as EVP-CFO and Group Head of Finance effective December 1, 2015. Mr. Dimarucut, prior to joining the company, served as Senior Executive Vice President and Chief Finance Officer of Landco Pacific Corporation and its subsidiaries, Senior Vice President and Group Chief Finance Officer of Mediaquest Holdings, Inc. and

its subsidiaries, Senior Vice President and Group Chief Finance Officer of ePLDT, Inc. and Subsidiaries, First Vice President and Group Controller of PLDT Group, First Vice-President and Group Financial Controller for domestic subsidiaries of Metropolitan Bank & Trust Company and Finance Head of Pilipino Telephone Corporation (Piltel). Mr Dimarucut has more than 10 years of professional audit and business advisory experience gained from SyCip, Gorres Velayo & Co. and Prasetio Utomo & Co. (Jakarta, Indonesia). He graduated Cum Laude at the Polytechnic University of the Philippines with a degree of BS Commerce Major in Accounting. He is a Certified Public Accountant (CPA).

Arcadio S. Lozada, Jr. is 65 years old and is a Filipino. He is currently the Executive Vice-President/COO – Sugar Business Unit, having joined the Group on January 1, 2014. He was formerly the Vice-President for Manufacturing of Victorias Milling Company, Inc., a Technical Manager of Bronzeoak Philippines, Inc., and an Engineering Manager at the Central Azucarera de Tarlac, among others. Mr. Lozada is a licensed Mechanical Engineer and has completed a short course in raw sugar manufacturing at the Nicholls State University in Louisiana, USA.

Jose B. Villanueva III is 49 years old and is a Filipino. He was appointed VP/Chief Manufacturing Officer of Alcohol SBU on July 2, 2018 and as VP/CMO of San Carlos Bioenergy, Inc. (SCBI) and Central Azucarera Don Pedro, Inc. (CADPI) effective August 1, 2019. Mr. Villanueva graduated with a degree in Mechanical Engineering at the De La Salle University. Mr. Villanueva has over 23 yeas of work experience spanning, among others, the areas of Operations, Supply Chain, Human Resources and Project Management. He is currently an Industry Advisior to the Mechanical Engineeing Department of De La Salle University in Taft, Manila. He spent eight (8) years in Mondelez International (formerly Kraft Food Phils., Inc.) where he held various roles such as Site Manager, Category Operations & Developmen Manager, Maintenance Manager & Manufacturing Business Development Manager. He was a former Reliability Manager of Lafarge Cement, looking after five (5) Plants across the country. He also worked at Sanko Systems Servies and as Engineering Manager at Avon Products Manufacturing, Inc. He spent 10 years with the foods group of Unilever Philippines, handling leadership roles across Operations and Human Resources. He was also part of th team that built a world-class manufacturing facility.

Pilipino T. Cayetano is 50 years old and is a Filipino. He was appointed as Vice President/Chief Manufacturing Officer of Central Azucarera de la Carlota, Inc. (CACI) on May 3, 2019 and as VP/CMO of CACI and Roxol Bioenergy Corporation (RBC) effective August 1, 2019.

Mr. Cayetano was a consistent academic scholar who graduated with a Bachelor of Science degree in Electronics and Communications Engineering at the Polytechnic University of the Philippines. He is a registered Electronics and Communications Engineer.

He has 25 years of experience in the fast moving consumer goods industry, covering the end-to-end process of supply chain. He has strong foundation in Continuous Improvement and Operational Excellence. He had received several awards as a leader for consistently exceeding business key performance targets in quality, productivity and cost.

Mr. Cayetano served as Processing Operations Director of Cargill Joy Meat Products, Inc. (C-Joy), a joint venture between Jollibee and Cargill from 2016 to 2019. He spent over 20 years at Coca Cola Bottlers Philippines, Inc. (CCBPI) as plant head of major operating units: Sta. Rosa 1 and 2; Davao; and San Fernando, Pampanga. He also served as Manufacturing Director at Zenith Foods Corporation, a subsidiary of Jollibee Foods Corp. He also worked as Senior Operations Manager at B/E Aerospace BV - Philippine Branch and as Plant Operations Manager at San Miguel Packaging Specialist, Inc. in San Fernando, Pampanga.

Jose Manuel L. Mapa is 52 years old and is a Filipino. He was appointed as VP-General Manager of RHI Agri-business Development Corporation on January 8, 2018. Mr. Mapa obtained his MBA with High Academic Honors from the University of St. La Salle Graaduate School in Bacolod and holds a Bachelor degree in Agribusiness Management from the University of the Philippines Los Baños in

Laguna. Mr. Mapa served 2GO Group, Inc. for 20 years where he made major contribution as EVP for Key Accounts and Supply Chain Solutions (2015-2017) and EVP for Freight Sales and Operations – Luzon (2011-2014). Prior to that, he also worked as EVP for Corporate Sales at Negros Navigation Co., and as Operations Manager at Waterman Bacolod, Inc. He also manages a sugarcane farm in Talisay, Negros Occidental.

Julius G. Rugas is 43 years old and is a Filipino. He was appointed as VP-Manufacturing Operations Head of Central Azucarera Don Pedro, Inc. on July 1, 2019. Mr. Rugas has over 21 years of experience working in various leadership and technical roles in plant operations. Prior to joing the RHI Group, Mr. Rugas was with URC Branded Consumer Foods group. He headed some of URC's major plants such as the Cavite and Canlubang operations. He also worked for RFM Meat Division where he performed the roles of Plant Manager and QA Manager. He started his career in Unilver where he was involved in quality assurance and food solutions. He is a BS Food Technology graduate of the University of Santo Tomas.

Frederick E. Reyes is 58 years old and is a Filipino. He was appointed as AVP & Deputy Head of Human Resources on February 1, 2014 and was promoted to VP & Deputy Head of Human Resources on January 5, 2015. Mr. Reyes was formerly the Director for Human Resources Services of Manila Water Company Inc. He has decades of experience in HR Operations having been in Vitarich in charge of Training, QC & Employee Relations. He joined Globe Telecom during its transition to become a "wireless" telephone company in charge of Training and Development from 1990 thru 1997, and also in Manila Water during its "privatization" years in 1997 thru 2012. Mr. Reyes obtained his degree in Industrial Engineering from the University of Sto. Tomas and is a licensed Industrial Engineer.

Jaynel R. Sulangi is 44 years old and is a Filipino. He was appointed VP/Head of Information & Communications Technology on March 21, 2018. Mr. Sulangi graduated Cum Laude with Bachelor of Science in Industrial Engineering degree at the University of the Philippines. Mr. Sulangi was VP for SAP Project Management at Deutsche Bank group before joining Roxas Holdings, Inc. He also worked at PLDT and Smart Communications, Inc. For seven years as Senior Manager, IT-Resource Planning (ERP) and later, as Solutions Architect, Program Management Office. He also worked at SAP, SSIP and Business Applications and Network Technologies. He is a Certified SAP Consultant in Planning Production Planning since 1997.

Veronica C. Cortez is 40 years old and is a Filipino. She was appointed AVP of Finance on February 10, 2016. She has over 10 years of experience in external auditing. She worked with SyCip Gorres Velayo & Co. (SGV) as Senior Director from September 2009 to 2015. She started her career with SGV as an Associate and moved to become Senior Associate, Associate Director and then Director. She also worked as a Senior Associate in the Resource Sharing Program of Ernst & Young Houston, Texas Office. Ms. Cortez graduated with a degree in BS Accountancy from San Sebastian College Recoletos de Cavite and is a Certified Public Accountant (CPA).

Daisy Perpetua A. Bo is 56 years old and is a Filipino. She was appointed as AVP for QA/Safety/EMS/IE on May 11, 2016. Effective January 1, 2017, Ms. Bo handles QA/Safety/IE. Ms. Bo was formerly a QA Manager at Alaska Milk Corporation. She also worked previously at Coca Cola Export Corporation as Area Quality Manager for the Visayas and Mega Manila and as Concentrate Plant QA Manager. She was also a former Product Support Business Team Leader at Avon Products Manufacturing. She graduated with a degree in BS Chemistry from the University of Santo Tomas, and took some MBA units at the De La Salle University. She is a licensed chemist since 1987.

Ma. Hazel L. Rabara-Retardo is 39 years old and is a Filipino. She was appointed as AVP for Corporate Governance and Deputy Compliance Officer on September 20, 2016. She is currently the OIC- Group Head of Legal and Corporate Affairs. Prior to joining RHI, Atty. Rabara-Retardo was Vice President for Legal & Administrative Affairs/Corporate Secretary of Advanced Merchant Payments Lending Corporation, an affiliate of Amplifi Capital (HK) Ltd. and AMP Credit Technologies, Ltd, where she likewise provided support in legal and contracts management and other roles for the AMP Group which has operations in Hong Kong, Singapore and the United Kingdom. She also worked as Court

Attorney V at the Office of the Presiding Justice Ernesto Acosta of the Court of Tax Appeals. Atty. Rabara-Retardo also worked as an associate in the Tan Venturanza Valdez Law Office where she was assigned as Corporate Secretary of various private and publicly-listed companies. She obtained her Bachelor of Laws degree and Bachelor of Arts Major in Political Science at the University of the Philippines- Diliman, Quezon City.

Jaypee V. Jimenez is 35 years old and is a Filipino. He was appointed AVP/Head of Procurement & Materials Management of February 15, 2018. Mr. Jimenez graduated with a B.S. mechanical Engineering degree at the Polytechnic University of the Philippines and later took up Masters in Business Administration at the De La Salle University. He is affiliated with the Philippine Society of Mechanical Engineers and Philippine Institute of Supply Management. Mr. Jimenez was Senior Manager of Procurement at Roxas Holdings, Inc. from June 2016 to February 2018, serving both the sugar and bioethanol units. Prior to that, he was Manager for MRO Procurement at Aboitiz Power Corporation. He also served as Supervisor for Procurement at AP Renewables, Inc., as Procurement Engineer at Bilfal Heavy Industries at the Kingdom of Saudi Arabia, and as Engineering Buyer at the Asian Terminals Incorporated.

Josephine M. Logroño is 44 years old and is a Filipino. She was appointed as AVP and Group Head of Internal Audit on February 1, 2018. Ms. Logroño graduated with a degree in BS Accountancy from the University of Sto. Tomas. She is a Certified Public Accountant (CPA) and a Certified Internal Auditor. Ms. Logroño was formerly Audit Manager at Arthaland Corporation (2016-2017) and Shang Properties Inc. (2013-2016). She has over 16 years of experience in both internal and external auditing. She worked with Holcim Philippines, Inc. as Finance - Process Solution Officer and as an Internal Auditor from 2003 to 2010. She also served as an Associate Auditor at Sycip, Gorres, Velayo (SGV) & Co. from 1999 to 2003.

Anna G. Yu is 50 years old and is a Filipino. She was appointed as AVP for Treasury and Chief Risk and Credit Officer of the Company on February 4, 2019. She was previously AVP for Treasury at Rustan Supercenters, Inc. Her past roles included working as Transactions & Treasury Manager for the Asia Pacific Accounting Center of Emerson Electric Asia Ltd., as Finance Manager of Verifone Global Development Center Philippines, Inc.; Head of Finance at I-Zone Technologies Philippines Corp.; as Treasury Manager at Generali Pilipinas Life Assurance Co, Inc. and at De La Salle Brothers, Inc.; and as Senior Auditor at Joaquin Cunanan & Co. She graduated Cum Laude with Bachelor of Science in Commerce, Major in Accounting, at St. Scholastica's College in Manila. Ms. Yu was previously awarded for Excellence in Accountancy by the Philippine Institute of Certified Public Accountants. She also served as President of the Junior Philippine Institute of Accountants and was a Representative of the Student Council of St. Scholastica's College.

Significant Employees

The Group is not highly dependent on the services of an employee who is not an Executive Officer so as to be a key in the business.

Family Relationships

There are no incumbent directors and officers related to each other within the fourth degree of consanguinity or affinity.

Legal Proceedings

The Group is not aware of any legal proceeding/s during the last five (5) years up to the present, involving the members of its Board of Directors, Executive Officers or their property before any court of law or administrative body in the Philippines or elsewhere. Moreover, the company is not in possession of any information indicating that the members of its Board of Directors or Executive

Officers have been convicted by final judgment of any offense punishable under the laws of the Philippines or of any other country.

g) Certain Relationships and Related Transactions.

Mr. Manuel V. Pangilinan, Atty. Ray C. Espinosa and Mr. Christopher H. Young hold the positions of CEO and Managing Director, Associate Director and Chief Financial Officer, respectively of First Pacific Company Limited. The First Pacific Group, through First Pacific Natural Resources Holdings BV (FPNRHBV) and First Agri Holdings Corp., owns 50.90% of the outstanding capital stock of the company as of 31 December 2015. Mr. Pedro E. Roxas is also the Executive Chairman and the President & CEO of Roxas and Company, Inc. (RCI). RCI owns 20.58% of the outstanding capital stock of the company as of 31 December 2019.

There is no transaction or proposed transaction during the last two (2) fiscal years to which the company was or is to be a party in relation to any director, any nominee for election as director, any security holder of certain record or beneficial owner or management or any member of the immediate families of the directors.

h) Disagreement with the Company.

No director has declined to stand for re-election to the Board of Directors since the date of the last meeting of shareholders because of a disagreement with the company on any matter relating to its operations, policies and practices.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

b) Directors.

Art. 19 of the By-Laws of the company provides that the Board of Directors shall be given 6% of the net income of the corporation before tax to be distributed as fees in the following manner: 2% to the Executive Committee and 4% to the Board of Directors. Each member of the Board of Directors and the Board of Advisors receives a per diem of ₱25,000 for every meeting attended. Likewise, each member of the Executive Committee, Audit Committee, Executive Compensation Committee and Corporate Governance Committee receives a per diem of ₱25,000 for every meeting attended.

* Fees and remuneration of the members of the Board of Directors and Board of Advisors.

b) Executive Officers.

Compensation of Executive Officers

Name and Principal position	Fiscal Year	Salary	Bonus	Other Annual Compensation
The CEO and four most highly compensated Executive Officers: • Hubert D. Tubio - President and CEO • Celso T. Dimarucut - EVP and CFO • Arcadio S. Lozada - EVP-COO, Sugar Business Unit • Jose B. Villanueva – VP, Chief Manufacturing Officer (CADPI and SCBI) • Pilipino T. Cayetano – VP, Chief Manufacturing Officer – Negros	2020	₱53,243,628.00	₱8,847,218.00	₱–
All other officers and directors as a group unnamed*		₱42,077,832.00	₱6,919,452.00	–

Name and Principal position	Fiscal Year	Salary	Bonus	Other Annual Compensation
The CEO and four most highly compensated Executive Officers: • Hubert D. Tubio - President and CEO • Celso T. Dimarucut - EVP and CFO • Arcadio S. Lozada - EVP-COO, Sugar Business Unit • Jose B. Villanueva – VP, Chief Manufacturing Officer (CADPI and SCBI) • Pilipino T. Cayetano – VP, Chief Manufacturing Officer – Negros	2019	₱53,083,308	₱8,847,218	₱–
All other officers and directors as a group unnamed*		41,868,180	6,978,030	–
The CEO and four most highly compensated Executive Officers: • Hubert D. Tubio - President and CEO • Celso T. Dimarucut - EVP and CFO • Arcadio S. Lozada - EVP-COO, Sugar Business Unit • George T. Cheung – SVP, Commercial Operations • Bernard Jose S. Lachica – VP, Chief Manufacturing Officer – Sugar Business Unit	2018	₱52,029,288	₱8,671,548	₱–
All other officers and directors as a group unnamed*		33,766,056	5,627,676	–
The CEO and four most highly compensated Executive Officers: • Hubert D. Tubio - President and CEO • Celso T. Dimarucut - EVP and CFO • Arcadio S. Lozada - EVP-COO, Sugar Business Unit • Luis O. Villa-Abrille - EVP-COO, Alcohol Business Unit • Florencio M. Mamauag, Jr. - VP-Legal, Compliance Officer and Chief Information Officer	2017	₱52,271,928	₱6,413,994	₱720,000
All other officers and directors as a group unnamed*		29,680,332	2,473,361	960,000

ELECTION OF EXTERNAL AUDITORS

The Audit Committee recommends the re-election of the Auditing Firm of SyCip Gorres Velayo & Company as external auditors for fiscal year 2019-2020. The auditing firm was elected as external auditors during the annual meeting of the company's shareholders on \February 15, 2017. Representatives of the firm are expected to be present at the annual meeting of stockholders on March 18, 2020. They will be given the opportunity to make a statement and are expected to be available to respond to appropriate questions. Ms. Aileen L. Saringan is the Partner assigned to handle the company's account.

External Audit Fees and Services.

	Audit & Related Fees	Tax Fees	Other Fees
Aggregate fees billed by Auditors for the last two (2) Fiscal Years	Php5,940,957.00	Php2,778,600.00	Not Applicable

Policies and Procedures.

The Audit Committee (the Committee) confers with the external auditors at the beginning of every fiscal year to discuss the audit plans and programs for the year. After the audit plans and programs are approved, the Committee then determines the reasonableness of the fees proposed by the external auditors for audit and other related services. The Committee approves the quarterly financial statements of the company before they are presented for the approval of the Board of Directors and thereafter submitted to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) as part of the company's compliance with the requirements of the Revised Securities Regulation Code (SRC). The Committee also approves the yearly audited financial statements of the company before they are submitted for the consideration and approval of the Board of Directors and thereafter submitted to the Bureau of Internal Revenue (BIR), the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) as part of the company's compliance with the requirements of the Philippine Internal Revenue Code and the Revised Securities Regulation Code (SRC).

The Committee is tasked under its revised Charter to a) develop and maintain free and open means of communication with the Board, the independent auditors, the internal auditors, and the financial and general management of the company; b) to perform any other activities as the Committee deems appropriate, or as requested by the Board, consistent with its Charter, the company's By-laws and other applicable laws; c) to maintain and update, as appropriate, its Charter; and d) to report regularly to the Board and to update the Board on any significant issues that arise with respect to financial reporting and disclosures and other material issues. Additionally, the Committee provides oversight on financial reporting and disclosures, oversight on risk management, oversight on internal audit function and internal controls and oversight on external audit.

There has been no disagreement with the external auditor, Sycip Gorres Velayo & Co., on accounting, financial concerns, and any disclosures in the Consolidated Financial Statements since its first election as external auditors of the company on February 15, 2017.

Financial Statements and other Reports.

The financial statements and other financial disclosures for the fiscal year ending September 30, 2019 and First Quarter ending December 31, 2019 are contained in the company's Consolidated Financial Statements with corresponding Management's Discussion and Analysis or Plan of Operations for the same periods. These are attached as Annex "A" – SEC Form 17-A Annual Report for the Fiscal Year ending September 30, 2019.

Annual Meeting of Stockholders dated April 30, 2019

The stockholders voted for the adoption of the matters raised in the meeting through raising of hands. Counting of votes was made by representatives of Banco de Oro - Trust & Investments Group, the company's stock transfer agent, and Atty. Ma. Hazel Rabara-Retardo in her capacity as Assistant Corporate Secretary.

The stockholders were given the opportunity to ask questions after the discussion of each agenda submitted for their approval. During the meeting, none of the stockholders asked questions about the agendas presented.

The following were the matters discussed and the voting results for each item:

Resolution	Approving	Dissenting	Abstaining
1. Approval of the Minutes of the Previous Meeting of the Stockholders held on April 11, 2018	1,333,215,140 shares or 86.13% of the total issued and outstanding shares of stock	NONE	NONE
2. Approval of the Annual Report of the Company	1,333,215,140 shares or 86.13% of the total issued	NONE	NONE

	for Crop Year ending September 30, 2018	and outstanding shares of stock		
3.	Ratification of all Acts, Proceedings and Resolutions of the Board of Directors and Management since the last annual meeting	1,333,215,140 shares or 86.13% of the total issued and outstanding shares of stock	NONE	NONE
4.	Election of the Board of Directors	1,333,215,140 shares or 86.13% of the total issued and outstanding shares of stock	NONE	NONE
5.	Election of External Auditors	1,333,215,140 shares or 86.13% of the total issued and outstanding shares of stock	NONE	NONE

The following were the Board of Directors present during the meeting:

1. Pedro E. Roxas
2. Mr. Manuel V. Pangilinan
3. Mr. Hubert D. Tubio
4. Atty. Ray C. Espinosa
5. Mr. Christopher H. Young
6. Atty. Alex Erlito S. Fider
7. Mr. Oscar J. Hilado (Independent Director)
8. Ms. Arlyn S. Villanueva (Independent Director)
9. Atty. Santiago T. Gabionza, Jr. (Independent Director)

The following were the Officers present during the meeting:

1. Mr. Pedro E. Roxas - Chairman of the Board of Directors
2. Mr. Manuel V. Pangilinan - Vice-Chairman of the Board of Directors
3. Mr. Hubert D. Tubio - President & Chief Executive Officer
4. Atty. Cynthia Y. Ligeralde- Dela Paz - Corporate Secretary
5. Mr. Celso T. Dimarucut - EVP/Chief Finance Officer
6. Mr. Arcadio S. Lozada, Jr. - EVP/COO, Sugar Business Unit
7. Mr. George T. Cheung - SVP, Commercial Operations
8. Mr. Jose B. Villanueva III - VP-Chief Manufacturing Officer, Alcohol
9. Mr. Jose Manuel L. Mapa - VP-GM, RHI-ADC
10. Mr. Frederick E. Reyes - VP, Human Resources
11. Mr. Jaynel Sulangi - VP, Information & Communications Technology
12. Ms. Anna G. Yu - AVP, Treasury; Chief Risk & Credit Officer
13. Ms. Veronica C. Cortez - AVP, Finance Head
14. Ms. Daisy Perpetua A. Bo - AVP, QA/Safety/EMS/IE
15. Atty. Ma. Hazel L. Rabara-Retardo Asst. Corporate Secretary; AVP Governance & Deputy Compliance Officer; Data Protection Officer
16. Ms. Josephine M. Logroño - AVP, Internal Audit
17. Mr. Jaypee V. Jimenez - AVP, Procurement and Materials Management

Stockholders with a total of 1,333,215,140 shares or 86.13% of the total issued and outstanding shares of stock were present during the meeting.

Material information on the Current Stockholders and their voting rights

The number of shares outstanding and entitled to vote at the stockholders' meeting is 1,547,935,799 common shares which was determined as of the record date of December 31, 2019.

The Stockholders are entitled to a cumulative voting in the election of directors. Section 23 of the Revised Corporation Code of the Philippines provides that every stockholder entitled to vote shall have the right to vote, in person or by proxy, the number of shares of stock standing, at the time fixed in the by-laws, in his own name in the stock books of the corporation, or where the by-laws are silent, at the time of the election and the stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them, on the same principle, among as many candidates as he shall see fit.

For all other matters to be acted upon, each share is entitled to one (1) vote.

Appraisals and performance report for the board and the criteria and procedure for assessment

The Audit Committee oversees and makes sure that all members of the Board of Directors answer a self-assessment questionnaire. The results thereof will be validated by the Compliance Officer and reported to the Board of Directors for discussion and approval.

The performance of the individual members of the Board of Directors are assessed according to the functions stated in the Board Charter and in the committee charters. The self-assessment questionnaire also takes into consideration the parameters set by the SEC such as Memorandum Circular 4, Series of 2012.

The performance report is discussed in the Annual Meeting of the Stockholders for feedback.

Director Disclosure on Self-dealing and Related Party Transactions

There are no Directors involved in self-dealing and related party transactions.

Items for Ratification: All Acts and Resolutions of the Board of Directors

Material actions or resolutions submitted for ratification are summarized below.

April 30, 2019 - Results of Annual Shareholders' Meeting:

1. Approval of the Annual report with accompanying Financial Statements for fiscal-year ending September 30, 2018;

2. Ratification of all acts, proceedings and resolutions by the Board and Management since the last annual meeting of February 12, 2019.

Results of Organizational Meeting of the Board of Directors:

The Board of Directors of Roxas Holdings, Inc., in its organizational meeting held on April 30, 2019, elected the following officers:

Name		Position
Mr. Pedro E. Roxas	-	Chairman of the Board of Directors
Mr. Manuel V. Pangilinan	-	Vice-Chairman of the Board of Directors
Mr. Hubert D. Tubio	-	President & Chief Executive Officer
Atty. Cynthia Y. Ligeralde- Dela Paz	-	Corporate Secretary
Mr. Celso T. Dimarucut	-	EVP/Chief Finance Officer
Mr. Arcadio S. Lozada, Jr.	-	EVP/COO, Sugar Business Unit

Mr. George T. Cheung	-	SVP, Commercial Operations
Mr. Jose B. Villanueva III	-	VP-Chief Manufacturing Officer, Alcohol Mr.
Esteban H. Coscolluela	-	VP-GM, CACI
Mr. Jose Manuel L. Mapa	-	VP-GM, RHI-ADC
Mr. Frederick E. Reyes	-	VP, Human Resources
Mr. Jaynel Sulangi	-	VP, Information & Communications Technology
Ms. Anna G. Yu	-	AVP, Treasury; Chief Risk & Credit Officer
Ms. Veronica C. Cortez	-	AVP, Finance Head
Ms. Daisy Perpetua A. Bo	-	AVP, QA/Safety/EMS/IE
Atty. Ma. Hazel L. Rabara-Retardo	-	Asst. Corporate Secretary; AVP Governance & Deputy Compliance Officer; Data Protection Officer
Ms. Josephine M. Logroño	-	AVP, Internal Audit
Mr. Jaypee V. Jimenez	-	AVP, Procurement and Materials Management

The Board of Directors also elected the following Directors to the standing Committees of RHI as follows:

Executive Committee:

Mr. Pedro E. Roxas	-	Chairman
Mr. Manuel V. Pangilinan	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Audit Committee:

Ms. Arlyn S. Villanueva	-	Chairman (Independent Director)
Mr. Christopher H. Young	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Corporate Governance Committee (formerly, Governance, Nomination & Election Committee):

Mr. Oscar J. Hilado	-	Chairman (Independent Director)
Mr. Pedro E. Roxas	-	Member
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)

Compensation Committee:

Mr. Manuel V. Pangilinan	-	Chairman
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)
Mr. Oscar J. Hilado	-	Member (Independent Director)

Mr. Oscar J. Hilado was likewise elected as Lead Independent Director of the Company.

May 2, 2019 - Appointment of Mr. Pilipino T. Cayetano as Vice President - Chief Manufacturing Officer (CMO)

May 9, 2019 - Results of the Regular Board Meeting of the RHI Board of Directors:

1. Approved RHI's Interim Financial Statements and Management Discussion and Analysis for the Second Quarter of Fiscal Year ending 30 September 2019 and press release; and,

2. Confirmed the appointment of Mr. Pilipino T. Cayetano as RHI's Vice-President, Chief Manufacturing Officer.

May 30, 2019 – Resignation of Mr. George T. Cheung, Senior Vice President – Commercial Operations of Roxas Holdings, Inc., effective 02 June 2019.

June 4, 2019 – Appointment of Mr. Elvi Manuel G. Bayle as Vice President – Commercial Operations effective June 4, 2019.

July 3, 2019 – Appointment of the following officers:

1. Mr. Julius Rugas as Vice President – Manufacturing Operations Head - CADPI
2. Mr. Gil M. Morales as Assistant Vice President for Project Management - CACI effective July 1, 2019.

August 1, 2019 - Results of the Board Meeting of the RHI Board of Directors

1. Approved RHI's Interim Financial Statements and Management Discussion and Analysis for the Third Quarter of Fiscal Year ending 30 September 2019 and the accompanying Press Release; and,

2. Confirmed the appointments of the following officers:

   a. Mr. Elvi Manuel G. Bayle as VP-Group Head, Commercial Operations to replace Mr. George T. Cheung;

   b. Mr. Julius G. Rugas as VP- Manufacturing Operations Head, Central Azucarera Don Pedro, Inc. (CADPI), to replace the former VP-General Manager Ferdinand Corpuz; and,

   c. Mr. Gil M. Morales as AVP for Project Management, Central Azucarera de la Carlota, Inc. (CACI)

September 13, 2019 – Resignation of Mr. Elvi Manuel G. Bayle, Vice President & Group Head – Commercial Operations of Roxas Holdings, Inc., effective 14 September 2019.

October 1, 2019 – Change in Officers:

1. Appointment of Mr. Alexander A. Pino as AVP and Factory Operations Head of San Carlos Bioenergy Inc., a subsidiary of Roxas Holdings, Inc. effective October 1, 2019.

2. Retirement of Mr. Simon P. Turno III as AVP- Factory Operations Head of CADPI effective October 1, 2019.

October 15, 2019 – Appointment of Mr. Edward R. Villanueva as AVP and Factory Operations Head of Central Azucarera Don Pedro, Inc., a subsidiary of Roxas Holdings, Inc. effective October 15, 2019.

VOTING PROCEDURES

(a) The vote required for approval or election.

(1) Minutes of Previous Stockholders' Meeting - majority of the shares represented at the meeting
(2) Chairman's and President's Report - majority of the shares represented at the meeting
(3) Audited Financial Statements - majority of the shares represented at the meeting
(4) Ratification of All Acts and Resolutions of the Board of Directors - majority of the shares represented at the meeting
(5) Election of Directors - plurality of vote of the stockholders owning or representing a majority of the outstanding shares

(6) Election of External Auditors - plurality of the shares represented at the meeting

(b) The method by which votes will be counted.

Subject to cumulative voting in the election of Directors, each stockholder shall have one vote for each share of stock entitled to vote and registered in his name at record date. Counting of votes will be done by representatives of Banco de Oro - Trust & Investments Group, the company's stock transfer agent, and Atty. Ma. Hazel Rabara-Retardo in her capacity as Assistant Corporate Secretary, all of whom shall serve as members of the election committee. Voting shall be done through raising of hands.

THE COMPANY UNDERTAKES TO PROVIDE WITHOUT CHARGE A COPY OF ITS ANNUAL REPORT FOR THE FISCAL YEAR ENDED 30 SEPTEMBER 2019 ON SEC FORM 17-A.

PLEASE ADDRESS ALL REQUESTS FOR COPIES OF THE AFORESAID REPORTS TO ATTY. MA. HAZEL L. RABARA-RETARDO, 14F, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila.

SIGNATURE

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 hereunto duly authorized.

ROXAS HOLDINGS, INC.

By:

MA. HAZEL L. RABARA-RETARDO
Asst Corporate Secretary

February 7, 2020

_____
Number of Shares Represented

P R O X Y

KNOW ALL MEN BY THESE PRESENTS:

That I, the undersigned, a stockholder of Roxas Holdings, Inc., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, do hereby name, constitute and appoint _____, or in his absence, the Chairman of the Meeting, as my continuing proxy, with right of substitution and revocation, to represent me and vote all shares registered in my name in the books of Roxas Holdings, Inc. or owned by me, at the annual meeting of stockholders to be held on March 18, 2020 and any adjournment/s thereof, upon the following:

(1) Call to Order
(2) Certification of Notice and Quorum
(3) Approval of the Minutes of the Annual Meeting of Stockholders held on April 30, 2019
(4) Presentation and Approval of the Annual Report to Stockholders
(5) Ratification of All Acts and Resolutions of the Board of Directors and Management
(6) Election of the Board of Directors
(7) Appointment of External Auditors
(8) Other Matters
(9) Adjournment

as fully to all intents and purposes as I might do if present and acting in person, with this proxy being suspended in every instance where I personally attend and formally register my presence at the meeting. This proxy revokes any and all proxies which I may have previously executed in favor of a person or persons other than the person named above. This proxy shall remain in full force and effect until specifically revoked by me through notice in writing lodged with the Corporate Secretary of Roxas Holdings, Inc. before the scheduled time of the meeting.

IN WITNESS WHEREOF, I have hereto set my hand this ___ day of _____ 2020 at _____.

_____
Signature Over Printed Name

_____
Address of Stockholder

(N.B. If a Proxy is issued by a corporation, it should be in the form of a Board Resolution certified by the Corporate Secretary or, in lieu thereof, please attach the Secretary's Certificate quoting the Board Resolution authorizing the Corporate Officer to execute the Proxy.)

COVER SHEET

PW-15A

SEC Registration Number

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

14th Floor, Net One Center, 26th cor.
3rd Avenue, Bonifacio Global City,
Taguig, Metro Manila

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

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.roxasholdings.com	(02) 8771-7800	–

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
2,084	February 18	September 30

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number	Mobile Number
Ma. Hazel L. Rabara-Retardo	hazel.rabara@rhi.com.ph	(02) 8810-8901	–

Contact Person's Address

14th Floor, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended: September 30, 2019

2. SEC Identification Number: 15-A ..... 3. BIR Tax Identification No.: 000-290-538

4. Exact name of issuer as specified in its charter: **ROXAS HOLDINGS, INC.**

5. Republic of the Philippines
Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code:

7. 14th Floor, Net One Center, 26th corner 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila
Address of principal office

1634
Postal Code

8. (02) 8771-7800
Issuer'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, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	1,547,935,799

11. Are any or all of these securities listed on a Stock Exchange.

Yes [x] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange, Inc. Common Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the 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 that the registrant was required to file such reports);

Yes [x] No [ ]

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

Yes [x] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

    Assuming that the number of shares held by non-affiliates as of November 28, 2019 is 254,546,187 and assuming further that the closing trading price as of the same date is ₱1.91 per share then the aggregate value of voting shares held by non-affiliates as of the said date is ₱486,183,217.17.

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

    Yes [ ] No [ ] Not Applicable [x]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

    (a) Any annual report to security holders;

    (b) Any information statement filed pursuant to SRC Rule 20;

    (c) Any prospectus filed pursuant to SRC Rule 8.1.

TABLE OF CONTENTS

		Page
PART I - BUSINESS AND GENERAL INFORMATION		
Item 1.	Business	1
Item 2.	Property	10
Item 3.	Legal Proceedings	11
Item 4.	Submission of Matters to a Vote of Security Holders	11
PART II - OPERATIONAL AND FINANCIAL INFORMATION		
Item 5.	Market for Issuer's Common Equity and Related Stockholder Matters	11
Item 6	Management's Discussion and Analysis or Plan of Operation	13
Item 7.	Financial Statements	20
Item 8.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosures	20
PART III - CONTROL AND COMPENSATION INFORMATION		
Item 9.	Directors and Executive Officers of the Issuer	20
Item 10.	Executive Compensation	29
Item 11.	Security Ownership of Certain Beneficial Owners and Management	30
Item 12.	Certain Relationships and Related Transactions	31
PART IV - CORPORATE GOVERNANCE		
Item 13.	Corporate Governance	31
PART V - EXHIBITS AND SCHEDULES		
Item 14.	Exhibits and Reports on SEC Form 17-C	32

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

Roxas Holdings, Inc. (RHI or the Parent Company), doing business under the name and style of CADP Group, was organized in the Philippines and registered with the Securities and Exchange Commission (SEC) on October 30, 1930 for the purpose of holding and investing in corporations engaged in the business of manufacturing sugar and allied products.

In July 1996, the Parent Company offered its shares to the public through an initial public offering. On August 8, 1996, the shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE) as "ROX".

Through the years, RHI became an integrated sugar company that has expanded its business interests to include bioethanol and co-generation. RHI has the following subsidiaries:

	Percentage of Ownership			Noncontrolling Interest				
	2019	2018	2017	2019	2018	2017	Nature of Business	Principal Place of Business
Central Azucarera Don Pedro, Inc. (CADPI)	100.00%	100.00%	100.00%	–	–	–	Production and selling of raw and refined sugar, molasses and related products	Taguig City and Nasugbu, Batangas
Central Azucarera de la Carlota, Inc. (CACI)	100.00%	100.00%	100.00%	–	–	–	Production and selling of raw sugar and molasses	Taguig City and Negros Occidental
CADP Insurance Agency, Inc. (CIAI)	100.00%	100.00%	100.00%	–	–	–	Insurance agency	Makati City
Roxol Bioenergy Corp. (RBC)[1]	100.00%	100.00%	100.00%	–	–	–	Production and selling of bioethanol fuel and trading of goods such as sugar and related products	Negros Occidental
CADP Port Services, Inc. (CPSI)	100.00%	100.00%	100.00%	–	–	–	Providing ancillary services	Makati City
RHI Agri-Business Development Corporation (RABDC)[2]	100.00%	100.00%	100.00%	–	–	–	Agricultural business	Makati City
Roxas Pacific Bioenergy Corporation (RPBC)	100.00%	100.00%	100.00%	–	–	–	Holding company for bioethanol investments	Negros Occidental
RHI Pacific Commercial Corp. (RHIPCC)[2]	100.00%	100.00%	100.00%	–	–	–	Selling arm of products of RHI Group	Makati City
San Carlos Bioenergy, Inc. (SCBI)[3]	93.35%	93.35%	93.35%	6.65%	6.65%	6.65%	Production and selling of bioethanol fuel	Negros Occidental
Najalin Agri Ventures, Inc. (NAVI)	95.82%	95.82%	95.82%	4.18%	4.18%	4.18%	Agricultural and industrial development	Negros Occidental
Roxas Power Corporation (RPC)	50.00%	50.00%	50.00%	50%	50%	50%	Sale of electricity	Nasugbu, Batangas
Northeastern Port Storage Corporation (NPSC)[4]	100.00%	100.00%	100.00%	–	–	–	Owning the depot and storage facilities used by SCBI	Negros Occidental

(1) *Direct ownership of 20.53% and Indirect ownership through CADPI of 79.47%.*
(2) *As at September 30, 2019 , RHIPCC has not yet started commercial operations.*
(3) *Acquired in April 2015 through RPBC.*
(4) *Indirect ownership through RPBC.*

As at fiscal year-end September 30, 2019, RHI also holds a 45.09% equity investment in HPCO, a sugar company located in Silay City, Negros Occidental. Subsequently, however, in November 2019, RHI divested its entire equity investment in HPCO.

RHI and subsidiaries, together with its affiliate, Hawaiian-Philippine Company (HPCO)[1], collectively referred herein as "the Group", is one of the biggest raw sugar producers in the country with a combined capacity of thirty six thousand five hundred (36,500) metric tons cane per day. The Group

[1] For purposes of presenting the Annual Report for Fiscal Year end September 30, 2019, HPCo is still included in the RHI Group, as may be applicable.

also owns the second largest sugar refinery with a capacity of eighteen thousand (18,000) Lkg. per day and the two biggest ethanol producers in the country with a combined daily production capacity of two hundred thirty-three thousand (233,000) liters.

Amid the challenges that come with the ASEAN integration, RHI thrives in a strong and young domestic market and is gradually setting its sights in the region.

Changes in Corporate Structure

As at September 30, 2013, the Parent Company is 66% owned by Roxas and Company, Inc. (RCI), a publicly-listed company incorporated and domiciled in the Philippines. On November 29, 2013, RCI sold its 27% equity interest in the Parent Company to First Pacific Natural Resources Holdings BVI Limited (FPNRHBV), a subsidiary of First Pacific Company, Ltd. (First Pacific), a Hong Kong-based company. RCI remained the major shareholder of the Parent Company with 35% equity.

On February 28, 2015, First Pacific Agri Holdings Corporation (FPAHC), a Philippine affiliate of FPNRHBV, acquired 241,780,709 treasury shares of the Company amounting to ₱1.7 billion representing 24% interest in the Company. As a result, equity interest of RCI in the Parent Company was further diluted from 35% to 28%.

On May 2016, the Parent Company completed its stock rights offering for 266,753,974 outstanding common shares of RHI, with par value of ₱1.00 each, on a pre-emptive basis to holders of common shares of the capital stock of RHI as of May 4, 2016 (the "Record Date") at an offer price of ₱4.19 per Rights Share (the "Offer Price").

On June 8, 2016, the SEC approved the amendment in the Parent Company's articles of incorporation to change the registered address to 14F, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila from 6th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City.

On February 1, 2017, the BOD approved the issuance of convertible debt securities amounting to ₱523,750,000 to FPNRHBV, convertible to 125,000,000 million common shares of RHI at the option of the holder and bears annual interest at 3%.

On February 15, 2017, the shareholders approved the amendment of the Parent Company's articles of incorporation to increase the authorized capital stock from 1,500,000,000 to 2,000,000,000 divided into 2,000,000,000 with par value of ₱1.00 per share. On February 17, 2017, FPNRHBV exercised its conversion rights in respect of the convertible debt securities to be issued out of the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share, or a total of 125,000,000 new common shares.

On July 14, 2017, the Parent Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription was approved by SEC.

Business Description

RHI is the largest integrated sugar business and the biggest ethanol producer in the Philippines. At the forefront of the Philippine sugar and ethanol industries, it is a trusted brand recognized for its contributions and legacy in the areas of sugar and bio-ethanol production.

With a history that is close to a century, RHI owns and operates the largest milling operations in the Philippines as well as the second largest sugar refiner, and two of the country's pioneering bioethanol plants. Together, the complementary locations of the sugar mills and ethanol plants enable RHI to serve customers throughout the Philippines.

(a) Principal Products, Markets and Relative Contribution to Consolidated Revenue

RHI has reorganized its four subsidiaries to form two Strategic Business Units (SBUs) defined along its two core product lines: sugar and bioethanol, offering the following principal products and services:

1. ***Sugar.*** The Group produces raw and refined sugar in different grades. Big industrial users, including food and beverage, and pharmaceutical companies, prefer the Group's premium raw sugar for blending in their own products. Customers with unique product specifications, such as packaging and delivery, also rely on the Group to provide them with customized sugar solutions.

2. ***Bioethanol.*** The Group, through its subsidiaries, RBC and SCBI, produces ethanol for local oil companies in compliance with the Biofuels Act of 2006 which mandates the blending of 10% ethanol in gasoline.

3. ***Tolling/Refining.*** The Group, through CADPI, offers tolling or refining services to raw sugar owners.

The relative contribution of each principal product and service to consolidated revenue for the years ended September 30, 2019, 2018 and 2017 follow:

	Fiscal Year Ended September 30		
	2019	2018	2017
Refined sugar	26.1%	47.2%	38.3%
Bioethanol	29.9%	27.5%	32.9%
Raw sugar	26.3%	19.4%	21.8%
Milling revenue	11.8%	–	–
Others	5.9%	5.9%	7.0%
	100.0%	100.0%	100.0%

CADPI and CACI sell sugar mainly to the domestic market but cater to foreign buyers when opportunity arises. On the other hand, molasses is sold by CADPI and CACI only to the domestic market. RBC and SCBI sell anhydrous alcohol directly to domestic oil companies.

(b) Distribution Methods

Distribution is through direct selling to various traders and industrial users. They are not dependent on specific entities for the distribution of their products.

RBC and SCBI sell bioethanol fuel to the domestic market directly to oil companies. Majority of the major oil companies purchase their ethanol requirements from the Group.

(c) Competition

Over the years, RHI has developed solid relationships with high quality, tier one customers. Through its excellent level of service and reliability, and quality products, RHI has established a long-term relationship with its customers, which include multinational food and beverage, and pharmaceutical companies.

CADPI and CACI supply sugar to entities engaged in pharmaceutical, food, and beverage businesses, among others. Raw sugar is also supplied to households and small and medium-sized enterprises through wholesalers and retailers.

Raw sugar producers in the country include URC-Balayan in Batangas and Victorias Milling Company, Inc., Binalbagan-Isabela Sugar Company, HPCO and Lopez Sugar Corporation in Negros. The main competitors of CADPI's refined sugar production are Victorias Milling Company, Inc., Lopez Sugar Corporation, and Central Azucarera de Tarlac in Central Luzon.

RBC and SCBI supply bioethanol fuel to oil companies. Some of its competitors are Green Futures Innovations, Inc., Leyte Agri Corp., and Cavite Biofuels Producers Inc.

(d) Sources and Availability of Raw Materials

CADPI and CACI source its sugar cane requirements from planters and traders in Batangas and Negros, respectively. RBC sources its molasses requirements from CACI and from various planters and traders in Negros. SCBI also sources its sugar cane and molasses requirements from RBC, planters and traders in San Carlos City, Negros Occidental.

Sourcing of cane has been challenging in previous crop years. As such, the management created RHI-ADC to assist in cane sourcing requirements of the Group. RHI-ADC aims to improve farm productivity in the milling districts, increase the volume of canes delivered to RHI mills and create new revenue streams.

The Group's principal suppliers are (i) All Asian Bioethanol Corporation (ii) Crystal Sugar Company, Inc. (iii) Phoenix Petroleum Philippines, Inc. (iv) C-Prime Corporation (v) Schuurmans & Van Ginneken Phils., Inc. (vi) Hawaiian Philippine Company (vii) First Farmers Holding Corporation (viii) Fugelman Services Providers, Inc. and (ix) Lopez Sugar Corporation.

The Group's main contracts with principal suppliers are as follows:

1. Hauling Services Contracts

   The Group has agreements with various service providers for hauling services for the transport of sugarcane from the plantations to milling facilities. Hauling expenses are recorded as part of the cost of raw and refined sugar sold.

2. Manpower Supply Contract

   The Group has various agreements with service providers for the supply of manpower for the upkeep, maintenance and continuous operation of the Group's sugar mills.

3. Milling Contracts

   The Group has milling contracts with the planters, which provide for a 35% and 65% sharing between the Mills and the planters, respectively, of sugar, molasses and other sugar cane by-products, excluding bagasse, produced every crop year.

   In December 2017, milling contracts of CADPI with the planters were revised to provide for a 32% and 68% sharing between CADPI and the planters, respectively. This agreement is effective until crop year 2021 to 2022. Renewal is upon mutual consent of both parties thereafter.

(e) Dependence to Single or a Few Customers

The Group has established long-term relationships with various customers and is not dependent on a single or a few customers to generate revenue. Most of these customer relationships have been in place for as long as 15 years, with some companies sourcing sugar from RHI since its inception. Furthermore, with its wide network of customers, the Group enjoys customer diversification and is not reliant on only a select group of clients.

(f) Transactions with and/or Dependence on Related Parties

Please refer to Note 19, *Related Party Transactions and Balances* to the consolidated financial statements.

(g) Patents, Trademarks and Copyrights

RHI, CADPI, CACI and Roxol have the following registered trademarks:

Company	Trademarks
Roxas Holdings, Inc.	RHI doing business as CADP Group and Device
Central Azucarera Don Pedro, Inc.	Central Azucarera Don Pedro, Inc. and Device Nature Sweet (Stylized) Don Pedro Emblem G Special Raw Sugar
Central Azucarera de La Carlota, Inc.	Central Azucarera de La Carlota, Inc. Cane Best Primeraw Special Raw Sugar
Roxol Bioenergy Corporation	Roxol Bioenergy Corporation and Device

(h) Need for government approvals of principal products

The Group's sugar business principally regulated by Republic Act No. 10659, otherwise known as the Sugarcane Industry Development Act of 2015, and the policies and the rules and regulations of the Philippine Sugar Regulatory Administration ("SRA") while its bioethanol business is principally regulated by RA 9367, otherwise known as the Biofuels Act of 2006, and the rules and regulations issued by the Philippine Department of Energy ("DOE").

(i) Effect of existing or probable governmental regulations on the business

Republic Act No. 10963 – Tax Reform for Acceleration and Inclusion (TRAIN)

The law imposes an excise tax of six pesos (Php 6.00) per liter on sugar sweetened beverages and twelve pesos (Php 12.00) per liter on sweetened beverages using high fructose corn syrup, among others. It tasked the Food and Drug Administration to require manufacturers and importers of sweetened beverages to indicate the type of sweetener used in the label, and the equivalent volume of liter per serving if the beverage is in powder form. The law resulted to a decrease in the use and importation of high fructose corn syrup domestically, and the resurgence of the use of sugar by manufacturers of sweetened beverages.

Sugar Industry Development Act

Republic Act No. 10659, otherwise known as the Sugar Industry Development Act of 2015 ("SIDA") was enacted to law on 27 March 2015. The SIDA was passed to promote the competitiveness of the sugarcane industry by providing for the establishment of various government-led program which aim to maximize the utilization of sugarcane resources, and increase the incomes of farmers through improved productivity, product diversification, job generation, and increased efficiency of sugar mills. On 4 August 2015, the Implementing Rules and Regulation of the SIDA (the "SIDA IRR") were approved.

The Productivity Improvement Programs under the SIDA include the Block Farm Program wherein small farms can consolidate to be able to take advantage of the economies of scale in the production of sugarcane. Those who will not qualify for the Block Farm Program, can avail of the Farm Support Program which will include the provision of socialized credit, farm management and technical assistance, and professional services. On the other hand, the Farm Mechanization Program focuses on encouraging and training farmers to utilize appropriate agricultural machineries and equipment necessary for the efficient planting, cultivation, care and maintenance, harvesting and handling of sugarcane. Finally, to facilitate the transport of sugarcane to mills and distilleries and enhance the marketing and export of sugar and other products derived from sugarcane, farm-to-mill roads and irrigation facilities shall be provided.

The SRA under the Department of Agriculture is the main agency overseeing the sugar industry. With the enactment of the SIDA, the regulatory functions of the SRA as provided for in Executive Order No. 18 s. 1986 were significantly increased.

First, the SRA established a supply chain monitoring system from sugarcane to sugar at the retail level to ensure sufficiency and safety of sugar. In line with this objective, certain individuals and entities are now required to register with the SRA. Second, the SRA was tasked to classify imported sugar according to its appropriate classification when imported at a time that domestic production is sufficient to meet domestic sugar requirements. Third, it now provides for extension services such as technical assistance and advice, conduct of tests, propagation, and dissemination of high yielding varieties, and operation of demonstration farms. Lastly, in coordination with the DOST, it intensified research and development in this area.

Laws Related to Sugar Trade

In August 1987, the SRA issued Sugar Order No.1 which served as the basis for the annual sugar allocation for sugar produced in the Philippines. The said order allocated the country's total domestic sugar into the following categories: "A" for export to the US, "B" for domestic sugar, "C" for reserve sugar, and "D" for export to other foreign markets. These allocations are determined by the SRA Board at the beginning of every crop year. These same allocations affect the total amount of raw sugar available for domestic refineries. The SRA releases Sugar Orders all throughout every year after its creation. As part of the US sugar import quota system, the Philippines is also given annual sugar export allocations which vary for every crop year. Early 2017, the SRA issued Sugar Order No. 3 and Sugar Order No.3-A, regulating and providing the guidelines in importing High-Fructose Corn Syrup (HFCS) and Purely Chemical Fructose, which products are commonly used by beverage companies as sugar substitute.

On 17 June 1997, Executive Order No. 420 was issued which modified the rates of duty on sugar as provided under the Tariff and Customs Code of 1978, as amended, in order to implement the ASEAN preferential rates of duty on cane sugar and beet sugar, among others. Under the Order, the tariff on these products was placed at 65% from 1997 up to 1998; after which, sugar could be placed under the sensitive list allowing the gradual phase-down of tariffs. Additionally, it provided that the margins of preference (MOP) accorded under the ASEAN Preferential Trading Arrangements (PTA) will no longer be extended to any of the products covered under the same Order.

On 9 January 2004, Executive Order No. 268 was issued, which modified the rates of duty on other sugars under Section 104 of the Tariff and Customs Code of 1978, as amended, in order to implement the commitment to reduce the tariff rates on sixty percent (60%) of the products in the inclusion list to zero percent (0%) under the Common Effective Preferential Tariff (CEPT) scheme for the Asean Free Trade Area (AFTA).

On 3 March 2004, Executive Order No. 295 was issued, which provided that sugar which are entered and withdrawn from warehouses in the Philippines for consumption shall be levied the MFN (Most Favored Nation) rates of duty therein prescribed. Moreover, the Order provides that sugar which are entered and withdrawn from warehouses in the Philippines for consumption shall be imposed the ASEAN CEPT rates of duty therein prescribed subject to qualification under the Rules of Origin as provided for in the Agreement on the CEPT Scheme for the ASEAN Free Trade Area.

Biofuels Act of 2006

Republic Act No. 9367, also known as "The Biofuels Act of 2006", aims to reduce the dependence of the transport sector on imported fuel with due regard to the protection of public health, the environment and natural ecosystems consistent with the country's sustainable economic growth that would expand opportunities for livelihood by mandating the use of biofuels as a measure to develop and utilize indigenous and sustainably-sourced clean energy sources, and to mitigate toxic and greenhouse gas (GHG) emissions, increase rural employment and income and ensure the availability of alternative fuels.

The law provides that all liquid fuels for motors and engines sold in the Philippines shall contain locally sourced biofuels components. It further provides that within two (2) years from the effectivity of the law, at least 5% bioethanol shall comprise the annual total volume of gasoline fuel actually sold and distributed by each and every oil company in the country, subject to the requirement that all bioethanol blended gasoline shall contain a minimum of 5% bioethanol fuel by volume. Further, the law mandated that all gasoline fuel sold by every oil company in the Philippines should contain a minimum 10% blend of bioethanol starting August 6, 2011.

Department Circular No. DC 2007-05-006 was issued by the DOE on 17 May 2007 to implement the Biofuels Act of 2006. It covers the production, blending, storage, handling, transportation, distribution, use, and sale of biofuels, biofuel-blends and biofuel feedstock in the Philippines.

In 2008, a Joint Administrative Order known as the "Guidelines Governing the Biofuel Feedstock Production and Biofuels and Biofuel Blends Production, Distribution and Sale" (the "Guidelines") was issued by various Philippine government agencies. The Guidelines were issued to govern the biofuel feedstock production and biofuels and biofuel blends production, distribution and sale of biofuels. The objectives of the Guidelines are to develop and utilize indigenous renewable and sustainably-sourced clean green energy sources to reduce dependence on imported oil, to mitigate toxic and GHG emissions, to increase rural employment and income, to promote the development of the biofuel industry in the country and to encourage private sector participation and to institute mechanisms which will fast track investments in the biofuel industry and to promote biofuel workers' welfare and protection, among others.

Other laws and regulations related to the business:

Foreign Investment Act of 1991

The Foreign Investment Act of 1991 ("FIA") liberalized the entry of foreign investment into the Philippines. Under the FIA, foreigners can own as much as 100% equity of domestic market enterprises, except in areas specified in the Foreign Investment Negative List. This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. The oil refining and distribution business is not found in the latest 9th Negative List of the FIA.

In connection with the ownership of private land, however, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

For the purpose of complying with nationality laws, the term "Philippine National" is defined under the FIA as any of the following:

(a) a citizen of the Philippines;

(b) a domestic partnership or association wholly-owned by citizens of the Philippines;

(c) a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines;

(d) a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or

(e) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

For as long as the percentage of Filipino ownership of the capital stock of the corporation is at least 60% of the total shares outstanding and voting, the corporation shall be considered as a 100% Filipino-owned corporation. A corporation with more than 40% foreign equity may be allowed to lease private land for a period of 25 years, renewable for another 25 years.

Local Government Code

The Local Government Code ("LGC") establishes the system and powers of provincial, city, municipal, and *barangay* governments in the country. The LGC general welfare clause states that every local government unit ("LGU") shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, through its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

Environmental Laws

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate (the "ECC") prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau (the "EMB"), determines whether a project is environmentally critical or located in an environmentally critical area and processes all applications for an ECC. As a requirement for the issuance of an ECC, an environmentally critical project must submit an Environment Impact Statement ("EIS") to the EMB while a non-environmentally critical project in an environmentally critical area is generally required to submit an Initial Environmental Examination (the "IEE") to the proper EMB regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the scoping agreement identifying critical issues and concerns as validated by the EMB, environmental risk assessment if determined necessary by EMB during the scoping, environmental management program, direct and indirect consequences to human welfare and the ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Philippine government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System; and that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the project's abandonment phase.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents that

prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund when an ECC is eventually issued. In any case, the establishment of an Environmental Monitoring Fund must not occur later than the initial construction phase of the project. The Environmental Monitoring Fund must be used to support the activities of a multi-partite monitoring team, which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

Philippine Clean Water Act of 2004

In 2004, Republic Act No. 9275, or the "Philippine Clean Water Act", was enacted to streamline processes and procedures in the prevention, control, and abatement of pollution in the country's water resources and provide for a comprehensive water pollution management program focused on pollution prevention. The law primarily applies to the abatement and control of water pollution from land based sources. The EMB, in partnership with other Philippine government agencies and the respective local government units, is tasked by the Implementing Rules of the Philippine Clean Water Act to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law.

(j) Research and Development

CADPI and CACI contribute ₱2.00 per Lkg. of sugar produced to the Philippine Sugar Research Institute Foundation, Inc. (PHILSURIN) in compliance with SRA Sugar Order No. 2, Series of 1995.

CADPI was the first sugar factory in the country which volunteered in the Industrial Environmental Management Project (IEMP) funded by the United States Agency for Industrial Development (US-AID) under the supervision of the DENR. IEMP advocates waste minimization through Pollution Management Appraisals (PMA).

(k) Cost and Effects of Compliance with Environmental Laws

The Group is subject to various environmental laws related to clean air and water quality, proper handling and disposal of solid, hazardous and chemical wastes, DOE's Renewable Energy Safety, Health and Environment Rules and Regulations (RESHERR). All subsidiary plants, CADPI, CACI, RBC, and SCBI are covered by Environmental Compliance Certificates issued by Environmental Management Bureau DENR. All plants also have valid wastewater Discharge permits issued by EMB DENR.

Following are the significant environmental programs implemented to comply with various requirements:

1. Installation of wastewater treatment and impounding facilities prior to disposal as land fertilizer or for irrigation.
2. Installation of air pollution control devices for equipment emitting regulated air pollutants, i.e., wet gas scrubbers
3. Regular sampling and testing of air and water samples based on regulatory requirements and secure permit to operate from responsible government agencies.
4. Implement solid waste management program that includes waste segregation and construction of material recovery facility (MRF), proper disposal to accredited sanitary landfill and reuse of solid waste as fertilizers.
5. Implement hazardous waste management program that includes proper segregation, storage, disposal and inventory of materials categorized as hazardous waste.
6. Implement an environmental management system that is aligned with ISO 14001:2015 standards. This system helps the company to identify, manage, monitor and control the environmental issues in a holistic manner.

(l) *Total number of employees and number of full-time employees*

As at September 30, 2019, the Company has the following number of employees:

	No. of Employees
Executive	21
Managers	291
PT/MRF/DRF	865
Total	**1,177**

CADPI has a standing Collective Bargaining Agreement (CBA) with the Batangas Labor Union (BLU) for a period of five years from July 1, 2016 to June 30, 2021. For the past three years, the labor union of CADPI has not staged a strike.

CACI has a CBA with the Mag-Isa Mag-Ugyon Asosasyon Sang Mamumugon Sa Central Azucarera de la Carlota (MAMCAC) for a period of five years from June 1, 2015 to May 30, 2020. For the past three years, the labor union of CACI has not staged a strike.

RBC employees formed a union known as RBC Workers Union, and entered into a CBA with the Company for a period of five years, from May 10, 2017 up to May 9, 2022.

RHI and SCBI are not unionized.

Item 2. Properties

The Parent Company owns of a parcel of land located in Nasugbu, Batangas valued at ₱3,422.9 million as at September 30, 2019. The land is currently the subject of an Asset Purchase Agreement with a buyer. The consummation of the Proposed Sale Transaction is subject to the parties being able to secure the requisite regulatory approvals, corporate approvals, and other third party consents. On February 12, 2019, the PCC issued a decision disapproving the Proposed Sale Transaction. Nonetheless, the Group remains committed to sell the assets in Batangas and is currently negotiating with the prospective buyer. The Group has assessed that the subject assets are available for immediate sale in their present condition and sale is highly probable as of September 30, 2019.

The Parent Company likewise invested in properties in Bacolod City, Negros Occidental and in Barrio Emanente, Nasugbu Batangas with net book value of ₱33.3 million as at September 30, 2019.

CADPI is the owner of sugar milling and refining facilities, machineries and furniture and fixtures, transportation equipment and tools located in Nasugbu, Batangas. As at September 30, 2019, these properties are valued, net of depreciation, at ₱3,257.4 million. The properties amounting to ₱3,175.9 are currently classified as assets held for sale.

CACI is the owner of sugar milling facilities including parcels of land located in Barangay Consuelo, La Carlota City and in the Municipalities of La Castellana and Pontevedra in Negros Occidental as well as improvements, machineries, furniture and fixtures, transportation equipment and tools. As at September 30, 2019, these properties are valued, net of depreciation, at ₱4,088.1 million. These properties are presently mortgaged with banking institutions to secure certain loan obligations.

RBC is the owner of a bioethanol plant and of parcels of land located in Brgys. La Granja, Esperanza and Cubay, La Carlota City, Negros Occidental, and of improvements, machineries, fixtures and transportation equipment. As at September 30, 2019, these properties are valued, net of depreciation, at ₱1,574.9 million. These properties are presently mortgaged to banking institutions to secure certain loan obligations.

SCBI is the owner of a bioethanol plant as well as parcels of land and machineries, fixtures and transportation equipment located in Brgys. Punao and Palampas, San Carlos City, Negros Occidental. As at September 30, 2019, these properties are valued, net of depreciation at ₱2,794.3 million.

NAVI is the owner of a parcel of land in Brgy. Nagasi, La Carlota City, Negros Occidental, including various buildings, improvements, machinery and other equipment. As at September 30, 2019, the properties are valued, net of depreciation, at ₱199.6 million.

Item 3. Legal Proceedings

In the ordinary course of its business, the Parent Company and its subsidiaries are engaged in litigations either as complainant or defendant. In the opinion of the Group, these cases do not have any material adverse effect on its financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of security holders, through solicitation of proxies or otherwise, during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market information

The Company's common shares are listed in the Philippine Stock Exchange. The high and low prices of ROX shares for each quarter of fiscal years 2019, 2018 and 2017, as reported by the PSE, are shown below:

	FY2019		FY2018		FY2017	
Quarter	High	Low	High	Low	High	Low
1	1.87	1.83	4.13	4.00	3.04	2.98
2	1.83	1.77	3.42	3.28	3.00	2.87
3	1.72	1.69	2.86	2.82	3.83	3.67
4	1.58	1.52	2.19	2.14	4.19	4.10

As of November 28, 2019, the closing price of RHI's shares is ₱1.91 per share.

Stockholders

There were about 2,084 holders of the company's common shares as of September 30, 2019. The top twenty (20) holders of the common shares as of said date were:

	Stockholder	Nationality	Total No. of Shares	%
1.	PCD Nominee Corporation	Filipino	902,826,302	58.32
2.	PCD Nominee Corporation	Non-Filipino	523,912,039	33.85
3.	Roxas and Company, Inc.	Filipino	99,624,995	6.44
4.	Insular Life Assurance Co., Ltd.	Filipino	1,198,520	0.08
5.	Jose A. Manzano Jr.	Filipino	1,029,007	0.07
6.	Gilbert Liu	Filipino	1,014,000	0.07
7.	Emilio Pantoja	Filipino	785,078	0.05
8.	Armando M. Medina	Filipino	770,640	0.05
9.	Leonardo T. Siguion Reyna	Filipino	608,400	0.04
10.	Raul S. Roco	Filipino	486,720	0.03
11.	O. Ledesma & Co., Inc.	Filipino	446,160	0.03
12.	BMI Holdings Corporation	Filipino	431,964	0.03
13.	Antonio G. Nieto	Filipino	367,450	0.02
14.	Corona Realty &	Filipino	365,040	0.02

	Stockholder	Nationality	Total No. of Shares	%
	Development Corporation			
15.	Lorna Perez Laurel	Filipino	354,900	0.02
16.	Abel Z. Silva III	Filipino	354,900	0.02
17.	Elaine Villar Rivilla	Filipino	346,788	0.02
18.	Rodolfo W. Antonino	Filipino	338,000	0.02
19.	Emma Lopez	Filipino	324,804	0.02
20.	Evelina M. Boongaling	Filipino	321,214	0.02
	Subtotal		**1,535,906,921**	**99.13**
	Other Shareholders		12,028,878	0.78
	Grand Total		**1,547,935,799**	**100%**

Dividends

a) History of dividends paid:

Declaration Date	Record Date	Type and Amount of Dividends
28 June 2006	14 July 2006	Cash - ₱0.06 per share
27 September 2006	12 October 2006	Cash - ₱0.06 per share
20 June 2007	13 July 2007	Cash - ₱0.06 per share
19 September 2007	15 October 2007	Cash - ₱0.05 per share
25 June 2008	15 July 2008	Cash - ₱0.06 per share
3 October 2008	15 October 2008	Cash - ₱0.06 per share
24 June 2009	15 July 2009	Cash - ₱0.06 per share
17 September 2012	01 October 2012	Cash - ₱0.06 per share
12 December 2012	28 December 2012	Cash - ₱0.04 per share
07 August 2013	30 August 2013	Cash - ₱0.06 per share
06 November 2013	20 November 2013	Cash - ₱0.06 per share
06 August 2014	22 August 2014	Cash - ₱0.12 per share
05 December 2014	22 December 2014	Cash - ₱0.12 per share
19 August 2015	04 September 2015	Cash - ₱0.12 per share

The Parent Company's ability to declare and pay dividends on its common equity is generally limited by the Corporation Code of the Philippines such as the prohibition on capital impairment and the limitation on the discretion of the Board of Directors to declare dividends based on their fiduciary duty, among others. The Parent Company's policy is to declare a minimum of 35% of its annual earnings as cash or stock dividend payable out of its unrestricted retained earnings.

Recent Sales of Unregistered Securities

a) Securities Sold

A Stock Rights Offering of 266,753,974 Common Shares was conducted by the Company and sold during the Offer Period of May 12-18, 2016 to its stockholders of record as of May 4, 2016. The Offer Price is ₱4.19 per Rights Share at an entitlement ratio of 1 Rights Share for 4.33 Common Shares held as of record date. After the Offer Period, all shares were fully subscribed. These shares were likewise listed with the Philippine Stock Exchange (PSE).

On February 1, 2017, the BOD approved the issuance of convertible debt securities amounting to ₱523,750,000 to FPNRHBV, convertible to 125,000,000 million common shares of RHI at the option of the holder and bears annual interest at 3%.

On February 15, 2017, the shareholders approved the amendment of the Parent Company's articles of incorporation to increase the authorized capital stock from 1,500,000,000 to 2,000,000,000 divided into 2,000,000,000 with par value of ₱1.00 per share. On February 17, 2017, FPNRHBV exercised its conversion rights in respect of the convertible debt securities to be issued out of the increase in authorized capital stock at a conversion rate of ₱4.19 for every

common share, or a total of 125,000,000 new common shares.

On July 14, 2017, the Parent Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription was approved by SEC. On November 9, 2017, the PSE approved the listing of these newly-subscribed 125,000,000 common shares.

b) Exemption from Registration Claimed

On July 12, 2013, the Securities and Exchange Commission (SEC) issued a Resolution exempting the issuance of Thirty Five Million (35,000,000) common shares for the Group's Employee Stock Option Plan 1 (ESOP 1) from the registration requirement of the Commission.

Also, on May 6, 2014, the SEC issued a Resolution exempting the issuance of Thirty Million (30,000,000) common shares for the Group's ESOP 2 from the registration requirement of the SEC.

On March 30, 2016, the SEC approved the Parent Company's Request for Confirmation of Exemption from Registration of 266,753,974 Common Shares from the registration requirements under the SRC Rules. These shares were subject of the Stock Rights Offering as described above.

On July 14, 2017, the Parent Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription, was approved by SEC, together with a confirmation of exemption from registration of these 125,000,000 common shares.

c) Description of Registrant's Securities

The authorized capital stock of the company is Two Billion Pesos (₱2,000,000,000.00), Philippine currency, consisting of Two Billion (2,000,000,000) common shares with par value of One Peso (₱1.00) per share. As of September 30, 2019, the company's total outstanding capital stock is 1,547,935,799 shares. Shares in treasury total 17,643,480 common shares.

The shareholders do not have pre-emptive rights to subscribe to issues or disposition of the shares of stock of the company of any class unless the Board of Directors decides otherwise. There are no provisions in its Charter or By-laws, which would delay, defer or prevent a change in the control of the company.

Item 6. Management's Discussion and Analysis or Plan of Operation

FULL FISCAL YEAR 2018-2019

The Group entered into an Asset Sale and Purchase Agreement with a buyer for the sale of the Group's sugar milling and refining operations in Batangas. The consummation of the Proposed Sale Transaction is subject to the parties being able to secure the requisite regulatory approvals, corporate approvals, and other third party consents. On February 12, 2019, the PCC issued a decision disapproving the Proposed Sale Transaction. Nonetheless, the Group remains committed to sell the assets in Batangas and is currently negotiating with the prospective buyer. The Group has assessed that the subject assets are available for immediate sale in their present condition and sale is highly probable as of September 30, 2019.

Financial Highlights and Key Performance Indicators

Amounts in Thousands except Closing Price per Shares	September 30 2019 (Audited)	2018 (Audited)	Increase (Decrease) Amount	%
Balance Sheet				
Fixed assets	**₱15,075,768**	₱15,614,626	(₱538,858)	(3%)
Goodwill	**1,079,615**	1,079,615	–	–
Total assets	**21,917,434**	25,763,131	(3,845,697)	(15%)
Shareholders' equity	**9,164,335**	10,908,705	(1,744,370)	(16%)
Net debt [(1)]	**9,848,593**	10,728,821	(880,228)	(8%)
Equity ratio	**41.8%**	42.3%	(0.5)	(1%)
Net debt as % of equity	**1.07x**	0.98x	0.09	9%
Shares				
Market capitalization	**3,699,567**	4,643,807	(944,240)	(20%)
Total shares issued	**1,547,936**	1,547,936	–	–
Closing price per share	**2.39**	3.00	(0.61)	(20%)

Amounts in Thousands except Operational Data	Years Ended September 30 2019	2018	Increase (Decrease) Amount	%
Revenues and Earnings				
Revenues	**₱12,919,513**	₱11,811,289	₱1,108,224	9%
Gross profit	**307,660**	1,254,437	(946,777)	(75%)
Depreciation and amortization	**566,516**	773,473	(206,957)	(27%)
Operating expenses	**1,127,198**	930,531	196,667	21%
Interest	**704,157**	502,073	202,084	40%
Net income (loss)	**(1,888,936)**	55,503	(1,944,439)	(3503%)
Core net income	**(1,312,711)**	55,503	(1,368,214)	(2465%)
Return on equity	**(20.61%)**	0.51%	(21.1%)	(4142%)
Earnings per share	**(1.22)**	0.04	(1.26)	(3150%)
Cash Flow and Investments				
Cash flow from (used in) operations	**1,786,112**	1,214,309	571,803	47%
Investment in fixed assets	**268,999**	1,185,332	(916,333)	(77%)
Operational Data *(volume in thousands)*				
Tons cane milled	**2,402**	2,991	(589)	(20%)
Production:				
Raw sugar (Lkg)	**4,652**	5,269	(617)	(12%)
Refined sugar (Lkg)	**1,724**	2,977	(1,253)	(42%)
Ethanol (liters)	**76,311**	74,354	1,957	3%

(1) Net debt is derived by deducting cash and cash equivalents from total debt (short-term borrowings and long-term debt, including current portion).

The Group's financial performance is determined to a large extent by the following key results:

1. Raw sugar production - a principal determinant of consolidated revenue and computed as the gross amount of raw sugar output of CADPI and CACI as consolidated subsidiaries. It pertains to production capacity, ability to source sugar canes, efficiencies and the productivity of manufacturing facilities.

2. Refined sugar production - the most important determinant of revenue and computed as the gross volume of refined sugar produced by the CADPI refinery both as direct sales to industrial customers and traders or as tolling manufacturing service, limited by production capacity and by the ability of the Group to market its services to both types of customers.

3. Ethanol production - a measure of ethanol production yield compared to unit and cost of input and is computed as ethanol produced (in liters) from each ton of feedstock undergoing fermentation, distillation and dehydration processes.

4. Return on Equity - denotes the capability of the Group to generate returns on the shareholders' fund computed as a percentage of net income to total equity.

Results of Operations

Revenue

	Years Ended September 30				Increase (Decrease)	
	2019					
Amounts in Thousands	Continuing	Discontinued	Total	2018	Amount	%
Refined sugar	₱–	₱3,370,338	₱3,370,338	₱5,574,509	(₱2,204,171)	(40%)
Raw sugar	1,776,217	1,627,339	3,403,556	2,291,905	1,111,651	49%
Milling revenue	683,959	836,428	1,520,387	–	1,520,387	100%
Molasses	184,192	306,366	490,558	544,389	(53,831)	(10%)
Tolling fees	–	214,915	214,915	97,712	117,203	120%
	2,644,368	6,355,386	8,999,754	8,508,515	491,239	6%
Alcohol	3,861,260	–	3,861,260	3,244,918	616,342	19%
Power	19,443	9,523	28,966	29,564	(598)	(2%)
Farm services	17,759	–	17,759	18,436	(677)	(4%)
Carbon dioxide	11,774	–	11,774	9,856	1,918	19%
	₱6,554,604	₱6,364,909	₱12,919,513	₱11,811,289	₱1,108,224	9%

Consolidated revenue amounted to ₱12,919.5 million in 2019, an increase of ₱1,108.2 million or 9% versus ₱11,811.3 million in 2018. The increase is due to increase in volume sold, particularly, raw sugar and recognition of revenue from milling services arising from adoption of new accounting standards. Sugar operations contributed ₱9,000.0 million or 70% of total revenue in 2019, while ₱3,861.3 million or 30% of total revenue came from alcohol operations.

Sugar. Revenue from sugar operations increased by ₱491.2 million or 6% against last year's revenue of ₱8,508.5 million, primarily due to increase in volume sold of raw sugar and recognition of revenue from milling services. Raw sugar sales volume increased by 557 Lkg or 32% this year from 1,718 Lkg in 2018 while refined sugar sales volume decreased by 1,169 Lkg or 41% versus last year's sales volume of 2,868 Lkg. Average selling prices per Lkg of raw and refined sugar in 2019 amounted to ₱1,496 and ₱1,984, respectively, from ₱1,334 and ₱1,944, respectively in 2018.

Alcohol. Revenue from alcohol operations amounted to ₱3,861.3 million and ₱3,244.9 million in 2019 and 2018, respectively. The increase is primarily due to higher average selling price in 2019 by ₱9/liter.

Gross Income

Consolidated gross income in 2019 decreased by ₱940.0 million or 75% from ₱1,254.4 million last fiscal year and gross profit rate declined from 10.6% in 2018 to 2.4% in 2019. The decreased gross profit is attributable to increase in manufacturing cost caused by decrease in ton canes milled arising from changing weather patterns and intense cane competition and lower feedstock margin caused by increased molasses cost with relatively stable sugar price. Total TCM in 2019 and 2018 amounted to 2,402 and 2,991 metric tons (MT), respectively.

Operating Expenses

	Years Ended September 30					
	2019				Increase (Decrease)	
Amounts in Thousands	Continuing	Discontinued	Total	2018	Amount	%
Salaries, wages and other employee benefits	₱373,664	₱66,771	₱440,435	₱440,722	(₱287)	(0%)
Outside services	80,290	67,298	147,588	141,119	6,469	5%
Provision for probable losses	70,000	50,000	120,000	–	120,000	100%
Taxes and licenses	92,315	22,089	114,404	103,235	11,169	11%
Selling expenses	15,203	48,511	63,714	93,815	(30,101)	(32%)

(Forward)

	Years Ended September 30					
	2019				Increase (Decrease)	
Amounts in Thousands	Continuing	Discontinued	Total	2018	Amount	%
Depreciation and amortization	₱60,005	₱--	₱60,005	₱53,949	₱6,056	11%
Rent	22,955	–	22,955	21,429	1,526	7%
Communication, light and water	20,179	480	20,659	20,538	121	1%
Travel and transportation	17,498	2,323	19,821	22,408	(2,587)	(12%)
Repairs and maintenance	9,729	2,014	11,743	16,488	(4,745)	(29%)
Materials and consumables	7,346	2,296	9,642	5,179	4,463	86%
Representation and entertainment	6,919	619	7,538	6,987	551	8%
Corporate social responsibility	4,637	2,860	7,497	6,679	818	12%
Provision for (reversal of) impairment losses on receivables	4,068	795	4,863	14,801	(9,938)	(67%)
Others	65,355	10,979	76,334	76,998	(664)	(1%)
	₱850,163	₱277,035	₱1,127,198	₱1,024,347	₱102,850	10%

Operating expenses increased by ₱102.9 million or 10% from ₱1,024.3 million in 2018 to ₱1,127.2 million in 2019.

Interest
Interest expense for the current fiscal year amounted to ₱704.2 million versus ₱502.1 million in 2018, attributed to availment of short-term loans and increase in interest rates in 2019.

Share in Net Earnings of an Associate
Due to lower net income of HPCo arising from the decrease in market price of raw sugar, the Company's share in the latter's earnings decreased to ₱41.3 million in 2019 from ₱55.9 million in 2018.

Net Income
Consolidated net income after tax decreased by ₱1,943.6 million versus ₱54.7 million in 2018, due to lower gross income and increase in operating and interest expense in 2019.

Financial Position

Consolidated total assets as at September 30, 2019 amounted to ₱21,917.4 million against ₱25,530.5 million as at September 30, 2018. This decrease is due to the movements in the following accounts:

a) decrease in inventory
b) decrease in accounts receivables; and
c) derecognition of deferred tax assets

Consolidated total liabilities as at September 30, 2019 amounted to ₱12,753.1 million, lower by ₱2,015.0 million than last year's balance of ₱14,767.6 million.

Book value per share decreased to ₱5.92 as at September 30, 2019 from ₱6.95 as at September 30, 2018.

Off-Balance Sheet Arrangements

The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

The Group entered into an Asset Sale and Purchase Agreement with URC for the sale of the Group's sugar milling and refining operations in Batangas. The consummation of the Proposed Sale Transaction is subject to the parties being able to secure the requisite regulatory approvals, corporate approvals, and other third party consents. As of January 14, 2019, the Proposed Sale Transaction is still under review by the PCC. The PCC review is customary for similar transactions. However, management is committed to the Proposed Sale Transaction and expects it to be completed after PCC approval is secured.

Financial Highlights and Key Performance Indicators

	September 30		Increase (Decrease)	
Amounts in Thousands except Closing Price per Shares	**2018 (Audited)**	2017 (Audited)	Amount	%
Balance Sheet				
Fixed assets	**₱15,614,626**	₱15,398,735	₱215,891	1%
Goodwill	**1,079,615**	1,079,615	–	–%
Total assets	**25,763,131**	23,896,173	1,866,958	8%
Shareholders' equity	**10,908,705**	10,544,108	364,957	3%
Net debt [1]	**10,728,821**	10,092,317	636,504	6%
Equity ratio	**42.3%**	44.1%	(1.8)	(4%)
Net debt as % of equity	**0.98x**	0.96x	0.02	2%
Shares				
Market capitalization	**4,643,807**	6,806,605	(2,162,798)	(32%)
Total shares issued	**1,547,936**	1,546,956	980	0%
Closing price per share	**3.00**	4.40	(1.4)	32%

	Years Ended September 30		Increase (Decrease)	
Amounts in Thousands except Operational Data	**2018**	2017	Amount	%
Revenues and Earnings				
Revenues	**₱11,811,289**	₱10,947,533	₱863,756	8%
Gross profit	**1,254,437**	1,414,283	(159,846)	(11%)
Depreciation and amortization	**773,473**	950,839	(177,366)	(19%)
Operating expenses	**930,531**	1,065,806	(135,275)	(13%)
Interest	**502,073**	444,257	57,816	13%
Net income	**55,503**	120,040	(64,537)	(54%)
Core net income	**55,503**	240,221	(184,718)	(77%)
Return on equity	**0.51%**	1.14%	(0.63%)	(55%)
Earnings per share	**0.04**	0.08	(0.04)	(50%)
Cash Flow and Investments				
Cash flow from used in operations	**1,214,658**	(624,153)	1,838,811	295%
Investment in fixed assets	**1,185,332**	1,140,984	44,348	4%
Operational Data *(volume in thousands)*				
Tons cane milled	**2,991**	3,461	(470)	(14%)
Production:				
Raw sugar (Lkg)	**5,269**	6,497	1,228	(19%)
Refined sugar (Lkg)	**2,977**	3,507	(530)	(15%)
Ethanol (liters)	**74,354**	69,540	4,814	7%

(1) Net debt is derived by deducting cash and cash equivalents from total debt (short-term borrowings and long-term debt, including current portion).

The Group's financial performance is determined to a large extent by the following key results:

1. Raw sugar production - a principal determinant of consolidated revenue and computed as the gross amount of raw sugar output of CADPI and CACI as consolidated subsidiaries. It pertains to production capacity, ability to source sugar canes, efficiencies and the productivity of

manufacturing facilities.

2. Refined sugar production - the most important determinant of revenue and computed as the gross volume of refined sugar produced by the CADPI refinery both as direct sales to industrial customers and traders or as tolling manufacturing service, limited by production capacity and by the ability of the Group to market its services to both types of customers.

3. Ethanol production - a measure of ethanol production yield compared to unit and cost of input and is computed as ethanol produced (in liters) from each ton of feedstock undergoing fermentation, distillation and dehydration processes.

4. Return on Equity - denotes the capability of the Group to generate returns on the shareholders' fund computed as a percentage of net income to total equity.

Results of Operations

Revenue

	Years Ended September 30				Increase (Decrease)	
	2018					
Amounts in Thousands	Continuing	Discontinued	Total	2017	Amount	%
Refined sugar	₱1,469,426	₱4,105,083	₱5,574,509	₱4,192,991	₱1,381,518	33%
Raw sugar	117,376	2,174,529	2,291,905	2,384,628	(34,723)	(4%)
Molasses	7,703	536,686	544,389	474,805	69,584	15%
Tolling fees	498	97,214	97,712	243,546	(145,834)	(60%)
	1,595,003	6,913,512	8,508,515	7,295,970	1,212,545	17%
Alcohol	3,244,918	–	3,244,918	3,602,242	(357,324)	(10%)
Power	29,564	–	29,564	16,366	13,198	81%
Farm services	18,436	–	18,436	20,844	(2,408)	(12%)
Carbon dioxide	9,856	–	9,856	12,111	(2,255)	(19%)
	₱4,897,777	₱6,913,512	₱11,811,289	₱10,947,533	₱863,756	8%

Consolidated revenue amounted to ₱11,811.3 million in 2018, an increase of ₱863.8 million or 8% versus ₱10,947.5 million in 2017. The increase is due to increase in average selling prices and volume sold of refined sugar. Sugar operations contributed ₱8,566.4 million or 73% of total revenue in 2018, while ₱3,244.9 million or 27% of total revenue came from alcohol operations.

Sugar. Revenue from sugar operations increased by ₱1,212.5 million or 17% against last year's revenue of ₱7,296.0 million, primarily due to increase in volume sold and average selling prices of raw and refined sugar. Raw sugar sales volume decreased by 58 Lkg or 3% this year from 1,776 Lkg in 2017 while refined sugar sales volume increased by 655 Lkg or 30% versus last year's sales volume of 2,213 Lkg. Average selling prices per Lkg of raw and refined sugar in 2018 amounted to ₱1,334 and ₱1,944, respectively, from ₱1,343 and ₱1,895, respectively in 2017.

Alcohol. Revenue from alcohol operations amounted to ₱3,244.9 million and ₱3,602.2 million in 2018 and 2017, respectively. The decrease is due to lower volume sold and average selling price in 2018 by 3,059 liters and ₱3/liter.

Gross Income

Consolidated gross income in 2018 decreased by ₱159.9 million or 11% from ₱1,414.3 million last fiscal year and gross profit rate declined from 12.9% in 2017 to 10.6% in 2018. The decreased gross profit is attributable to sugar operations' higher manufacturing cost resulting from decreased production volume due to decreased ton canes milled and factory breakdowns. Total TCM in 2018 and 2017 amounted to 2,991 and 3,461 metric tons (MT), respectively.

Operating Expenses

	Years Ended September 30					
	2018				Increase (Decrease)	
Amounts in Thousands	Continuing	Discontinued	Total	2017	Amount	%
Salaries, wages and other employee benefits	₱395,236	₱45,486	₱440,722	₱399,888	₱40,834	10%
Outside services	61,275	79,844	141,119	113,797	27,322	24%
Taxes and licenses	70,692	32,543	103,235	117,571	(14,336)	(12%)
Selling expenses	20,802	73,013	93,815	57,858	35,957	62%
Provision for probable losses	–	–	–	74,572	(74,572)	(100%)
Depreciation and amortization	47,455	6,494	53,949	71,753	(17,804)	(25%)
Travel and transportation	16,638	5,770	22,408	22,545	(137)	(1%)
Rent	21,345	84	21,429	27,951	(6,522)	(23%)
Communication, light and water	20,538	–	20,538	20,809	(271)	(1%)
Repairs and maintenance	6,811	9,677	16,488	14,566	1,922	13%
Provision for (reversal of) impairment losses on receivables	6,272	8,529	14,801	(9,257)	24,058	260%
Representation and entertainment	6,662	325	6,987	3,860	3,127	81%
Corporate social responsibility	3,857	2,822	6,679	5,161	1,518	29%
Materials and consumables	3,020	2,159	5,179	6,029	(850)	(14%)
Others	75,203	1,795	76,998	96,099	(19,101)	(20%)
	₱755,806	₱268,541	₱1,024,347	₱1,023,202	₱1,145	(0.1%)

Operating expenses decreased by ₱1,145 or 0.1% from ₱1,023.2 million in 2017 to ₱1,024.3 million in 2018.

Interest

Interest expense for the current fiscal year amounted to ₱502.1 million versus ₱444.3 million in 2017, attributed to availment of short-term loans and increase in interest rates in 2018.

Share in Net Earnings of an Associate

Due to lower net income of HPCo arising from the decrease in market price of raw sugar, the Company's share in the latter's earnings decreased to ₱55.9 million in 2018 from ₱67.8 million in 2017.

Net Income

Consolidated net income after tax decreased by ₱64.5 million or 54% versus ₱120.0 million in 2017, due to lower gross income and increase in interest expense in 2018.

Financial Position

Consolidated total assets as at September 30, 2018 amounted to ₱25,530.5 million against ₱23,896.2 million as at September 30, 2017. This increase is due to the movements in the following accounts:

a) increase in refined sugar inventory
b) increase in accounts receivables
c) increase in materials and supplies inventory due to purchases of spares for plant maintenance activities;
d) acquisitions of property, plant and equipment carried at cost; and
e) appraisal increase on property, plant and equipment at appraised values.

Consolidated total liabilities as at September 30, 2018 amounted to ₱14,767.6 million, higher by ₱1,415.5 million than last year's balance of ₱13,352.1million.

Book value per share increased to ₱6.95 as at September 30, 2018 from ₱6.82 as at September 30, 2017.

Off-Balance Sheet Arrangements

The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

Item 7. Financial Statements

Refer to the attached Audited Consolidated Financial Statements.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

There has been no disagreement with the external auditor, Sycip Gorres Velayo & Co., on accounting, financial concerns, and disclosures in the Consolidated Financial Statements, attached herein.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Directors and Executive Officers of the Issuer

Board of Directors & Corporate Secretary

Pedro E. Roxas is 63 years old and is a Filipino. He has been a member of the Board of Directors since year 1982. Mr. Roxas is the Chairman of the Board of Directors and is the Chairman of the Executive Committee and a member of the Corporate Governance Committee. He was elected as Acting President & Chief Executive Officer of the company on October 23, 2015. He is also the Chairman of the operating subsidiaries of the company, namely: Central Azucarera Don Pedro, Inc. (CADPI), Central Azucarera de la Carlota, Inc. (CACI), Roxol Bioenergy Corporation (RBC), San Carlos Bioenergy, Inc.(SCBI), and RHI Agri-Business Development Corporation (RHI-ADC).

Mr. Roxas is likewise the Executive Chairman of Roxas & Co., Inc. (RCI) and was the company's President and CEO until 2016; the Chairman of the Philippine Sugar Millers Association (PSMA); the Vice Chairman of the Asean Sugar Alliance; the President of Club Punta Fuego Inc. and of Fundación Santiago; an Independent Director of listed companies: Philippine Long Distance Telephone Company (PLDT) and Manila Electric Company (Meralco) and of non-listed firms: Banco de Oro (BDO) Private Bank, CEMEX Holdings, Philippines, Inc. and MAPFRE Insular; a Director of Brightnote Assets Corporation; a Trustee of Philippine Business for Social Progress (PBSP) and of Roxas Foundation, Inc. (RFI); and a Member of the Equestrian Directorate of Manila Polo Club.

Mr. Roxas was educated at Portsmouth Abbey School, Rhode Island, USA, and at the University of Notre Dame in Indiana, USA where he obtained his degree in Business Administration.

Manuel V. Pangilinan is 73 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013 and is the Vice-Chairman of the Board of Directors, a member of the Executive Committee and the Chairman of the Compensation Committee. Mr. Pangilinan founded First Pacific Company Limited in 1981 and served as its Managing Director until 1999. He was appointed Executive Chairman until June 2003 when he was named as CEO and Managing Director. He holds the position of President Commissioner of P. T. Indofood Sukses Makmur Tbk, the largest food company in Indonesia.

In the Philippines, Mr. Pangilinan is the Chairman, President & CEO of PLDT, Inc. (PLDT). He is also the Chairman of Smart Communications, Inc. (Smart), Metro Pacific Investments Corporation (MPIC), Manila Electric Comany (Meralco), ePLDT, Inc., PLDT Communications and Energy Ventures, Inc. (formerly Pilipino Telephone Corporation, Maynilad Water Services, Inc., Metro Pacific Tollways

Corporation), Philex Mining Corporation, PXP Energy Corporation, Landco Pacific Corporation, Medical Doctors, Inc. (Makati Medical Center), Davao Doctors, Inc. and Colinas Verdes Corporation (Cardinal Santos Medical Center), Mediaquest Holdings, Inc. and Associated Broadcasting Corporation (TV5).

He was formerly Chairman of the Board of Trustees of the Ateneo de Manila Univerity and was a member of the Board of Overseers of the Wharton School. In civic duties, Mr. Pangilinan sits as Chairman of the Philippine Business for Social Progress (PBSP), PLDT-Smart Foundation Inc., One Meralco Foundation, Inc., and Co-Chairman of the Philippine Disaster Resilience Foundation (PDRF), and is a Director of the Philippine Business for Education (PBED). He is Chairman of the Board of Trustees of San Beda College, Co-Chairperson of the Board of Trustees of Stratbase Albert de Rosario Institute and Co-Chairman of the U.S.-Philippine Society.

In sports, Mr. Pangilinan is Chairman of the MVP Sports Foundation Inc., Chairman Emeritus of the Samahang Basketbol ng Pilipinas and Chairman of the Amateur Boxing Association of the Philippines (ABAP).

Mr. Pangilinan has received numerous prestigious awards including Ten Outstanding Young Men of the Philippines (TOYM) Award for *International Finance* (1983), The Presidential Pamana ng Pilipino Award by the Office of the President of the Philippines (1996), Best CEO in the Philippines by the *Institutional Investor* (2004), CEO of the Year (Philippines) by *Biz News Asia* (2004), People of the Year by *People Asia Magazine* (2004), Distinguished World Class Businessman Award by the Association of Makati Industries, Inc. (2005), Management Man of the Year by the Management Association of the Philippines (2005), and Order of Lakandula (Rank of Komandante) by the Office of the President of the Philippines (2006).

He was voted as Corporate Executive Officer of the Year (Philippines) and Best Executive (Philippines) at the 2007 and 2008 Best-Managed Companies and Corporate Governance Polls conducted by *Asia Money*. Mr. Pangilinan also received the Best CEO award from *Finance Asia Magazine* (2012) and the Executive of the Year Award from the Philippine Sports Writers Association (PSA) (2014). In July 2015, Jaycees Philippines and the Asian Institute of Management (AIM) conferred him the 2015 Ramon V. del Rosario (RVR) Lifetime Achievement Award for his outstanding contributions to nation-building and exemplary corporate citizenship.

Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts degree in Economics. He received his MBA degree from the Wharton School at the University of Pennsylvania. He was awarded the First Honorary Doctorates Degree in Management by the Asian Institute of Management in 2016, Honorary Doctorates in Science by the Far Eastern University in 2010, and in Humanities by the Holy Angel University in 2008, by Xavier University in 2007 and by San Beda College in 2002 in the Philippines.

Hubert D. Tubio is 65 years old and is a Filipino. He was elected as a member of the Board of Directors on December 16, 2015 and as President and Chief Executive Officer of the Group effective January 1, 2016. He is a member of the Board of Trustees of the Philippine Sugar Research Institute (Philsurin) and the Philippine Sugar Millers Association (PSMA); and a member of the Board of Directors of Negros College, Inc. Mr. Tubio has an extensive and varied career occupying senior leadership roles in sugar, telecommunications, airlines, trading, and international accounting/auditing industries. He was the Chairman of the Board of Directors of Bioeq Energy Holdings, Inc., a vertically integrated bioenergy company. He served as President and Chief Operating Officer of Victorias Milling Co., Inc. from 2009 to 2014; President of Philsurin; Member of the Board of Directors of Globe Telecom; President of Consultancy by Technicus Corporation - a subsidiary of Deutsche Telekom A.G. of Germany; Consultant of PAL Holdings, Inc.; and Vice-President of Jardine Davies, Inc.

Mr. Tubio is a Certified Public Accountant (CPA). A consistent university scholar, he graduated Cum Laude with a degree in Bachelor of Science in Business Administration (BSBA), Major in Accounting, from the University of the East.. He ranked 10th in the Philippine CPA Board Examinations conducted in October 1975. He is also recognized as the "Most Exalted Alphan" of Tau Alpha Sigma – an exclusive fraternity for Accounting Honors at the University of the East Manila in 1972. He also belongs to the Top 10% of the 36th Management Development Program of the Asian Institute of

Management in 1991 with Superior Performance Award.

Mr. Tubio is also an Awardee of the University of the East — Business Management's Diamond Jubilee Alumni Achievers' Award in 2006. He attended the Deutsche Telekom Global Event in Bonn, Germany in January 2002; and served as JDI Corporate Observation Group Leader for the team that visited the Louisiana Sugar Industry, at Lafayette, Patouville and New Orleans, Louisiana, and Hawaiian Sugar Industry in Maui, Hawaii, USA in November 1997. He also attended the International Society of Sugar Cane Technologists (ISSCT) Congress in Cali and Cartagena, Colombia, South America in September 1995; and the Sugar Production and Processes Hands-On Technical Training of Moreton Sugar Company, Ltd. (Bundaberg Sugar Group) in Queensland, Australia from July to August 1993.

Christopher H. Young is 62 years old and is a British citizen. He was elected as a member of the Board of Directors on May 13, 2015 and as a member of the Audit & Risk Committee on August 19, 2015.

Mr. Young is the Executive Director and Chief Financial Officer of First Pacific Company Limited in Hong Kong. He is currently a Director of Metro Pacific Investments Corporation, Goodman Fielder Pty Limited, PacificLight Power Pte. Ltd., and FPM Power Holdings Limited. He is also a member of the Advisory Board of PLDT, Inc. Mr. Young is also a Commissioner of PT Indofood Sukses Makmur Tbk and a Trustee of IdeaSpace Foundation, Inc.

He worked for PricewaterhouseCoopers in London and Hong Kong from 1979 until 1987, at which time he joined First Pacific as Group Financial Controller. Mr. Young moved to Metro Pacific Corporation in 1995 as Finance Director until November 1998 when he became the Chief Financial Advisor of PLDT. He returned to First Pacific as Chief Financial Officer in 2015 and as a member of the Board in August 2017.

Mr. Young graduated at the Waid Academy at Fife, Scotland. He finished his Master of Arts in Economics with Honors at St. Andrews University. He has been a member of the Institute of Chartered Accountants in England and Wales since 1982.

Ray C. Espinosa is 63 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013. Atty. Espinosa is an Associate Director of First Pacific Company Limited. He is a Director of PLDT Inc., Smart Communications, Inc., Manila Electric Company (Meralco), Metro Pacific Investments Corporation, Meralco PowerGen Corporation, First Agri Holdings Corporation and First Coconut Manufacturing Inc. He also serves as an Independent Director of Lepanto Consolidated Mining Company (Lepanto) and Maybank Philippines, Inc. (Maybank Philippines). He is the Chairman of the Audit Committee and Nomination Committee of Lepanto and the Risk Management Committee of Maybank Philippines.

Atty. Espinosa is the President and Chief Executive of Meralco, the Chief Corporate Services Officer of PLDT and Smart, and Head of PLDT's Regulatory and Strategic Affairs Office. He is also a Trustee of the Beneficial Trust Fund of PLDT. He is the Chairman of PhilStar Daily, Inc. and BusinessWorld Publishing, Inc. He is the Vice Chairman of First Agri Holdings, Inc. and First Coconut Manufacturing, Inc. He is also the President and Chief Executive Officer of Mediaquest Holdings, Inc.

He joined First Pacific in 2013. He is currently First Pacific Group's Head of Government and Regulatory Affairs and Head of Communications Bureau for the Philippines. Prior to joining the PLDT Group in 2000, Atty. Espinosa was a law partner at SyCip Salazar Hernandez & Gatmaitan, the largest law firm in the Philippines, until June 2000 and was a member of the firm's Executive Committee. He was a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and in 1989. After finishing his Master of Laws degree, he worked as a foreign associate in Covington & Burling, the largest law firm in Washington, D.C., USA, from September 1987 to August 1988.

He is a member of the Integrated Bar of the Philippines, Philippine Bar Association, and Inter-Pacific Bar Association. He is also a member of the Executive Committee of LAWASIA Energy Section. *Asia Law & Practice*, *Euromoney* and *The Asia Pacific Legal 500* named Atty. Espinosa as one of the

leading capital market lawyers, and among the leading project finance lawyers, in the Philippines from 1996 to 2002.

Atty. Espinosa finished his Bachelor of Laws degree at the Ateneo de Manila University, graduating Salutatorian, and his Master of Laws degree at the University of Michigan Law School. He took up Bachelor of Science in Pre-Medicine at the University of Santo Tomas. Atty. Espinosa placed first in the Philippine Bar Examinations of 1982, and was a Fellow of the University of Michigan Law School's Clyde Alton Dewitt Scholarship Foundation.

Alex Erlito S. Fider is 66 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013. His legal experience spans 30 years of involvement in corporate transactions and projects. His legal work extends to an array of corporate and financial matters to companies involved in public infrastructure, water, and power utilities, telecommunications, mass media, banking and finance, real estate development, and agriculture. He is a specialist in the various fields of commercial, civil, telecommunications and public utilities law. Atty. Fider is a Director and Corporate Secretary of several Philippine corporations, including Metro Pacific Tollways Corporation, Metro Pacific Tollways Development Corporation, Manila North Tollways Corporation, Tollways Management Corporation, Smart Communications, Inc. and Maynilad Water Services, Inc. He is actively involved in the Financial Executives Institute of the Philippines (FINEX) and Institute of Corporate Directors of which he is a Fellow. He is a member of the Board of Trustees of non-profit organizations like the Metropolitan Manila Cathedral Basilica Foundation and TV 5 Alagang Kapatid Foundation.

Atty. Fider graduated from the University of the Philippines with degrees in Economics and Law. He was admitted to the Philippine Bar in 1985 and undertook specialized courses in Strategic Economics and Corporate Governance in the Philippines and Australia, respectively.

Oscar J. Hilado is 82 years old and is a Filipino. He has been a member of the Board of Directors since May 11, 2016. Mr. Hilado is the Lead Independent Director and is the Chairman of the Corporate Governance Committee. He is also a member of the Executive, Audit and Compensation Committees.

He is the Chairman of the Board of Philippine Investment Management (PHINMA), Inc.; Phinma Corp.; Phinma Energy Corporation; Phinma Property Holdings Corp.; and Union Galvasteel Corporation.

Mr. Hilado is also the Vice Chairman of Trans Asia Power Generation Corporation and Trans-Asia Petroleum Corporation.

He is the Chairman of the Executive Committee of Phinma Corp.

He is also a director of A. Soriano Corporation; First Philippine Holdings Corporation; Philex Mining Corporation; United Pulp and Paper Co., Inc.; Beacon Property Ventures, Inc.; Manila Cordage Company; Smart Communications, Inc.; Digital Telecommunications Philippines, Inc. (DIGITEL); Pueblo de Oro Development Corporation; Seven Seas Resorts and Leisure, Inc.; Asian Eye Institute; Rockwell Land Corporation; Araullo University, Inc.; Cagayan de Oro College, Inc.; University of Iloilo, Inc.; University of Pangasinan, Inc.; Southwestern University; PEN Holdings, Inc.; Microtel Inns & Suites (Pilipinas), Inc.; and Trans Asia Renewable Energy Corporation. Mr. Hilado is an Honorary Consul of Ecuador. He was awarded the MAP Management Man of the Year in 1991.

Mr. Hilado was a Smith Mundt/Fullbright scholar at the Harvard Graduate School of Business where he obtained his Master's Degree in Business Administration in 1962. He is a Certified Public Accountant (CPA) with a Bachelor of Science in Commerce degree from the De La Salle College in Bacolod in 1958. He earned his Doctorate in Business Management, Honoris Causa, from the De La Salle University in 1992 and in 2003, attained his Doctorate of Law, Honoris Causa, from the University of St. La Salle.

Santiago T. Gabionza, Jr. is 62 years old and is a Filipino. He was elected as an Independent Director to the Board of Directors on April 30, 2019 and as a member of the Corporate Governance

and Compensation Committees.

Atty. Gabionza is a founding partner of Villanueva Gabionza and Dy Law Offices; a Fellow at the Institute of Corporate Directors; and a member of the Board of Directors of various corporations. He is a member of the Asia Pacific Lawyers Association, Philippine Lawyers Literary Club, Inc., ASEAN Law Association of the Philippines, Philippine Trial Lawyers Association, and Philippine Bar Association. He is also a member of Club Filipino, Quezon City Sports Club, Mimosa Golf and Country Club, Tagaytay Highlands Country Club, The Tower Club and The Celebrity Club.

He was a former Director of the Legal Management Council of the Philippines and past Grand Master, Grand Lodge of Free and Accepted Masons of the Philippines.

He also served in various capacities, as: Legal Consultant for then Ministry of Human Settlements; Senior Associate Lawyer at Balgos & Perez Law Offices; former President of the Northern Power Development Corporation; Corporate Secretary/Rehabilitation Counsel of Victorias Milling Company, Inc.; Rehabilitation Receiver of Steel Corporation of the Philippines; former Consultant to the Secretary of the Department of National Defense; former Consultant of the Committee on Justice at the House of Representatives; former OIC-President, Member of the Board of Directors and Chairman of the Audit Committee of Maynilad Water Services, Inc. He was also a College Instructor at The Catanduanes College; a Professorial Lecturer at the Philippine School of Business Administration; a Lecturer at Business Law Journal; a staff of the Ateneo Law Journal; Associate Editor of The Lance - the official organ of Letran College; a past President of the Catandungan Foundation, Inc. and a former President of the Integrated Bar of the Philippines - Makati Chapter.

Atty. Gabionza graduated Summa Cum Laude with a Bachelor of Arts degree, major in Economics at Colegio de San Juan de Letran. He finished Second Honors with Bachelor of Laws at the Ateneo de Manila College of Law. He passed the Philippine Bar examinations in 1981.

Arlyn S. Villanueva is 63 years old and is a Filipino. She was elected as an Independent Director to the Board of Directors on April 30, 2019 and as Chairman of the Audit Committee. Dr. Villanueva is a partner of accounting firm Sicangco Menor Villanueva CPAs (SMV). She sits as an independent director of the Metro Pacific Transport Corporation (MPTC), the transport group of the Metro Pacific conglomerate, since 2009 and the Manila North Tollways Corporation (MNTC) since 2014. She chairs the audit committees of both companies.

She is currently a member of the Professional Regulatory Commission's Board of Accountancy. She has been in practice for more than 35 years, with her field of competence being in audit and management consultancy. Dr. Villanueva is also involved in accreditation, performance evaluation, strategic planning and development, as well as forecasting and budgeting projects for academic institutions, being exposed to the academe for over 30 years.

In June 2014, she concluded her eight-year term as President of the Holy Angel University, which she had served for 33 years. Before she was appointed as University President in August 2006, she served as Dean and full professor of the College of Business & Accountancy for 25 years, and of the Graduate School for 10 years.

Dr. Villanueva was admitted as a Fellow of the Institute of Corporate Directors in August 2014.

She has held various positions at the Philippine Institute of Certified Public Accountants (PICPA), both at the local and national levels. She was President of the Philippine Association of Collegiate Schools of Business (PACSB) in 2005 and 2006. She is also a member of the Association of Certified Public Accountants in Education, the Management Association of the Philippines, the Philippine Marketing Association, and the International Council on Hotel, Restaurant and Institutional Education - Asia Chapter.

Dr. Villanueva was awarded the Most Outstanding President of PICPA in 2004.

Dr. Villanueva obtained her Accounting degree (BSC) from Holy Angel University in Angeles City in 1977 and passed the CPA licensure examinations in 1978. She pursued her studies and took her Master's Degree in Business Management from the Ateneo Graduate School of Business in 1982.

She took her Doctorate Degree in Business Administration from De La Salle Graduate School of Business where she graduated in 2003 "With Distinction". In 2011, she pursued her post-doctorate studies and completed the Advance Management Program, a program designed for top executives from all over the world, at the Harvard Business School (AMP181) in Boston, Massachusetts; and in December 2014, she completed the one-year Challenges of Leadership Programme: Crafting Reflective Leaders at the Insead Business School in Fontainebleau, France

The directors hold office for one (1) year from election until their successors are elected and qualified.

The members of the Board attended seminars on Corporate Governance in compliance with SEC rules and regulations.

Board of Advisors

Senen C. Bacani is 74 years old and is a Filipino. He was formerly a member of the Board of Directors and was elected as a member of the Board of Advisors on December 11, 2013. Mr. Bacani is the President of Ultrex Management & Investments Corp.; Chairman & President of La Frutera, Inc.; Chairman of Trully Natural Food Corporation; a Director of Swift Foods, Inc.; a Private Sector Representative of APEC Policy Partnership on Food Security, ABAC Philippines; Director of the Philippine Chamber of Agriculture & Food, Inc., Icebox Logistics Services, Inc., Franklin Baker Co. of the Philippines; and a Member of the Board of Advisors of East-West Seed Philippines, Inc. and of the National Competitiveness Council.

He is also a member of the Board of Trustees of the Philippine Rice Research Institute, and the Vice-Chairman of the Technical Advisory Committee of the PCARRD (DOST). Mr. Bacani is also involved in various non-government and people's organizations.

He obtained his degree in Bachelor of Science in Commerce at the De La Salle University, graduating Summa Cum Laude and Class Valedictorian, and his Masters in Business Administration at the University of Hawaii, USA. He passed the CPA Board Exams in 1966

Vicente S. Pérez is 61 years old and is a Filipino. He was elected as a member of the Board of Advisors on March 25, 2009. Mr. Pérez is an avid environment advocate and renewable energy investor. He is CEO of Alternergy, a wind and mini-hydro power developer, and Chairman of Merritt Partners, an energy advisory firm, and Chairman of Solar Pacific, an off-grid island solar PV developer.

He has been an independent director of regional companies in Australia, the Philippines and Singapore. He is an independent director of ST Telemedia, the Temasek holding company for telecom, data centers and mobile technology, and is an Independent Board Adviser of Banco de Oro, the Philippines' largest commercial bank. He is a member of the Advisory Boards of Coca-Cola FEMSA Philippines, Geneva-based Pictet Clean Energy Fund, and the Yale Center for Business and Environment. His philanthropy involvements are focused on the environment. Mr. Pérez is chairman of the National Advisory Council of WWF-Philippines and treasurer of the WWF-International Board, and a trustee/adviser of the Asian Conservation Foundation, Bhutan Foundation, Solar Energie Foundation and Solar Car Challenge Foundation. Mr. Pérez was Philippine Energy Minister from 2001 to 2005. He boosted energy self- sufficiency, promoted clean indigenous energy, and crafted an ambitious renewable policy framework. He served briefly in early 2001 as Deputy Minister for Trade and Industry.

Prior to 2001, Mr. Pérez had 17 years' experience first in Latin American debt restructuring at Mellon Bank in Pittsburgh, and later in debt trading, capital markets, and private equity in emerging countries at Lazard in London, New York and Singapore. At 35, he became General Partner at New York investment bank Lazard Frères as head of its Emerging Markets Group. He was Managing Director of Lazard Asia in Singapore from 1995 until 1997.
Mr. Pérez founded Next Century Partners in 1997, a private equity firm based in Singapore. In 2000, he founded Asian Conservation Company that acquired El Nido Resorts, an award- winning eco-tourism destination in Palawan. In 2006, he invested in Northwind Power, the first commercial wind farm in Southeast Asia.

He has consulted for the Asian Development Bank (ADB), International Finance Corporation (IFC) and numerous firms on renewable energy. With his various involvements, the media has dubbed him as the Philippines' "renewable czar".

Mr. Pérez obtained an MBA from the Wharton Business School of the University of Pennsylvania in 1983 and a Bachelor's Degree in Business Economics from the University of the Philippines in 1979. He was a 2005 World Fellow at Yale University, where he lectured an MBA class on renewable power in emerging countries.

Corporate Officers

Pedro E. Roxas (See above.)

Manuel V. Pangilinan (See above.)

Hubert D. Tubio (See above.)

Cynthia L. Dela Paz is 57 years old and is a Filipino. She has been the Corporate Secretary of the Group since February 15, 2017. Atty de la Paz has been a practicing corporate lawyer for the last twenty-seven (27) years, and is a senior partner at Picazo Buyco Tan Fider & Santos. She presently serves as corporate secretary or assistant corporate secretary of various Philippine companies. Her practice areas include project financing, debt capital market transactions, mergers and acquisitions and investments. She also has special practice in taxation and directly participates in tax reform initiatives and other advocacies relating to tax administration and practice through the professional tax organization, Tax Management Association of the Philippines (TMAP), of which she has been a director for the last ten (10) years.

Celso T. Dimarucut is 58 years old and is a Filipino. He was appointed as EVP-CFO and Group Head of Finance effective December 1, 2015. Mr. Dimarucut, prior to joining the company, served as Senior Executive Vice President and Chief Finance Officer of Landco Pacific Corporation and its subsidiaries, Senior Vice President and Group Chief Finance Officer of Mediaquest Holdings, Inc. and its subsidiaries, Senior Vice President and Group Chief Finance Officer of ePLDT, Inc. and Subsidiaries, First Vice President and Group Controller of PLDT Group, First Vice-President and Group Financial Controller for domestic subsidiaries of Metropolitan Bank & Trust Company and Finance Head of Pilipino Telephone Corporation (Piltel). Mr Dimarucut has more than 10 years of professional audit and business advisory experience gained from SyCip, Gorres Velayo & Co. and Prasetio Utomo & Co. (Jakarta, Indonesia). He graduated Cum Laude at the Polytechnic University of the Philippines with a degree of BS Commerce Major in Accounting. He is a Certified Public Accountant (CPA).

Arcadio S. Lozada, Jr. is 65 years old and is a Filipino. He is currently the Executive Vice-President/COO – Sugar Business Unit, having joined the Group on January 1, 2014. He was formerly the Vice-President for Manufacturing of Victorias Milling Company, Inc., a Technical Manager of Bronzeoak Philippines, Inc., and an Engineering Manager at the Central Azucarera de Tarlac, among others. Mr. Lozada is a licensed Mechanical Engineer and has completed a short course in raw sugar manufacturing at the Nicholls State University in Louisiana, USA.

Jose B. Villanueva III is 49 years old and is a Filipino. He was appointed VP/Chief Manufacturing Officer of Alcohol SBU on July 2, 2018 and as VP/CMO of San Carlos Bioenergy, Inc. (SCBI) and Central Azucarera Don Pedro, Inc. (CADPI) effective August 1, 2019. Mr. Villanueva graduated with a degree in Mechanical Engineering at the De La Salle University. Mr. Villanueva has over 23 yeas of work experience spanning, among others, the areas of Operations, Supply Chain, Human Resources and Project Management. He is currently an Industry Advisior to the Mechanical Engineeing Department of De La Salle University in Taft, Manila. He spent eight (8) years in Mondelez International (formerly Kraft Food Phils., Inc.) where he held various roles such as Site Manager, Category Operations & Developmen Manager, Maintenance Manager & Manufacturing Business Development Manager. He was a former Reliability Manager of Lafarge Cement, looking after five (5) Plants across the country. He also worked at Sanko Systems Servies and as Engineering Manager at Avon Products Manufacturing, Inc. He spent 10 years with the foods group of Unilever Philippines,

handling leadership roles across Operations and Human Resources. He was also part of th team that built a world-class manufacturing facility.

Pilipino T. Cayetano is 50 years old and is a Filipino. He was appointed as Vice President/Chief Manufacturing Officer of Central Azucarera de la Carlota, Inc. (CACI) on May 3, 2019 and as VP/CMO of CACI and Roxol Bioenergy Corporation (RBC) effective August 1, 2019.

Mr. Cayetano was a consistent academic scholar who graduated with a Bachelor of Science degree in Electronics and Communications Engineering at the Polytechnic University of the Philippines. He is a registered Electronics and Communications Engineer.

He has 25 years of experience in the fast moving consumer goods industry, covering the end-to-end process of supply chain. He has strong foundation in Continuous Improvement and Operational Excellence. He had received several awards as a leader for consistently exceeding business key performance targets in quality, productivity and cost.

Mr. Cayetano served as Processing Operations Director of Cargill Joy Meat Products, Inc. (C-Joy), a joint venture between Jollibee and Cargill from 2016 to 2019. He spent over 20 years at Coca Cola Bottlers Philippines, Inc. (CCBPI) as plant head of major operating units: Sta. Rosa 1 and 2; Davao; and San Fernando, Pampanga. He also served as Manufacturing Director at Zenith Foods Corporation, a subsidiary of Jollibee Foods Corp. He also worked as Senior Operations Manager at B/E Aerospace BV - Philippine Branch and as Plant Operations Manager at San Miguel Packaging Specialist, Inc. in San Fernando, Pampanga.

Jose Manuel L. Mapa is 52 years old and is a Filipino. He was appointed as VP-General Manager of RHI Agri-business Development Corporation on January 8, 2018. Mr. Mapa obtained his MBA with High Academic Honors from the University of St. La Salle Graaduate School in Bacolod and holds a Bachelor degree in Agribusiness Management from the University of the Philippines Los Baños in Laguna. Mr. Mapa served 2GO Group, Inc. for 20 years where he made major contribution as EVP for Key Accounts and Supply Chain Solutions (2015-2017) and EVP for Freight Sales and Operations – Luzon (2011-2014). Prior to that, he also worked as EVP for Corporate Sales at Negros Navigation Co., and as Operations Manager at Waterman Bacolod, Inc. He also manages a sugarcane farm in Talisay, Negros Occidental.

Julius G. Rugas is 43 years old and is a Filipino. He was appointed as VP-Manufacturing Operations Head of Central Azucarera Don Pedro, Inc. on July 1, 2019. Mr. Rugas has over 21 years of experience working in various leadership and technical roles in plant operations. Prior to joing the RHI Group, Mr. Rugas was with URC Branded Consumer Foods group. He headed some of URC's major plants such as the Cavite and Canlubang operations. He also worked for RFM Meat Division where he performed the roles of Plant Manager and QA Manager. He started his career in Unilver where he was involved in quality assurance and food solutions. He is a BS Food Technology graduate of the University of Santo Tomas.

Frederick E. Reyes is 58 years old and is a Filipino. He was appointed as AVP & Deputy Head of Human Resources on February 1, 2014 and was promoted to VP & Deputy Head of Human Resources on January 5, 2015. Mr. Reyes was formerly the Director for Human Resources Services of Manila Water Company Inc. He has decades of experience in HR Operations having been in Vitarich in charge of Training, QC & Employee Relations. He joined Globe Telecom during its transition to become a "wireless" telephone company in charge of Training and Development from 1990 thru 1997, and also in Manila Water during its "privatization" years in 1997 thru 2012. Mr. Reyes obtained his degree in Industrial Engineering from the University of Sto. Tomas and is a licensed Industrial Engineer.

Jaynel R. Sulangi is 44 years old and is a Filipino. He was appointed VP/Head of Information & Communications Technology on March 21, 2018. Mr. Sulangi graduated Cum Laude with Bachelor of Science in Industrial Engineering degree at the University of the Philippines. Mr. Sulangi was VP for SAP Project Management at Deutsche Bank group before joining Roxas Holdings, Inc. He also worked at PLDT and Smart Communications, Inc. For seven years as Senior Manager, IT-Resource Planning (ERP) and later, as Solutions Architect, Program Management Office. He also worked at

SAP, SSIP and Business Applications and Network Technologies. He is a Certified SAP Consultant in Planning Production Planning since 1997.

Veronica C. Cortez is 40 years old and is a Filipino. She was appointed AVP of Finance on February 10, 2016. She has over 10 years of experience in external auditing. She worked with SyCip Gorres Velayo & Co. (SGV) as Senior Director from September 2009 to 2015. She started her career with SGV as an Associate and moved to become Senior Associate, Associate Director and then Director. She also worked as a Senior Associate in the Resource Sharing Program of Ernst & Young Houston, Texas Office. Ms. Cortez graduated with a degree in BS Accountancy from San Sebastian College Recoletos de Cavite and is a Certified Public Accountant (CPA).

Daisy Perpetua A. Bo is 56 years old and is a Filipino. She was appointed as AVP for QA/Safety/EMS/IE on May 11, 2016. Effective January 1, 2017, Ms. Bo handles QA/Safety/IE. Ms. Bo was formerly a QA Manager at Alaska Milk Corporation. She also worked previously at Coca Cola Export Corporation as Area Quality Manager for the Visayas and Mega Manila and as Concentrate Plant QA Manager. She was also a former Product Support Business Team Leader at Avon Products Manufacturing. She graduated with a degree in BS Chemistry from the University of Santo Tomas, and took some MBA units at the De La Salle University. She is a licensed chemist since 1987.

Ma. Hazel L. Rabara-Retardo is 39 years old and is a Filipino. She was appointed as AVP for Corporate Governance and Deputy Compliance Officer on September 20, 2016. She is currently the OIC- Group Head of Legal and Corporate Affairs. Prior to joining RHI, Atty. Rabara-Retardo was Vice President for Legal & Administrative Affairs/Corporate Secretary of Advanced Merchant Payments Lending Corporation, an affiliate of Amplifi Capital (HK) Ltd. and AMP Credit Technologies, Ltd, where she likewise provided support in legal and contracts management and other roles for the AMP Group which has operations in Hong Kong, Singapore and the United Kingdom. She also worked as Court Attorney V at the Office of the Presiding Justice Ernesto Acosta of the Court of Tax Appeals. Atty. Rabara-Retardo also worked as an associate in the Tan Venturanza Valdez Law Office where she was assigned as Corporate Secretary of various private and publicly-listed companies. She obtained her Bachelor of Laws degree and Bachelor of Arts Major in Political Science at the University of the Philippines- Diliman, Quezon City.

Jaypee V. Jimenez is 35 years old and is a Filipino. He was appointed AVP/Head of Procurement & Materials Management of February 15, 2018. Mr. Jimenez graduated with a B.S. mechanical Engineering degree at the Polytechnic University of the Philippines and later took up Masters in Business Administration at the De La Salle University. He is affiliated with the Philippine Society of Mechanical Engineers and Philippine Institute of Supply Management. Mr. Jimenez was Senior Manager of Procurement at Roxas Holdings, Inc. from June 2016 to February 2018, serving both the sugar and bioethanol units. Prior to that, he was Manager for MRO Procurement at Aboitiz Power Corporation. He also served as Supervisor for Procurement at AP Renewables, Inc., as Procurement Engineer at Bilfal Heavy Industries at the Kingdom of Saudi Arabia, and as Engineering Buyer at the Asian Terminals Incorporated.

Josephine M. Logroño is 44 years old and is a Filipino. She was appointed as AVP and Group Head of Internal Audit on February 1, 2018. Ms. Logroño graduated with a degree in BS Accountancy from the University of Sto. Tomas. She is a Certified Public Accountant (CPA) and a Certified Internal Auditor. Ms. Logroño was formerly Audit Manager at Arthaland Corporation (2016-2017) and Shang Properties Inc. (2013-2016). She has over 16 years of experience in both internal and external auditing. She worked with Holcim Philippines, Inc. as Finance - Process Solution Officer and as an Internal Auditor from 2003 to 2010. She also served as an Associate Auditor at Sycip, Gorres, Velayo (SGV) & Co. from 1999 to 2003.

Anna G. Yu is 50 years old and is a Filipino. She was appointed as AVP for Treasury and Chief Risk and Credit Officer of the Company on February 4, 2019. She was previously AVP for Treausry at Rustan Supercenters, Inc. Her past roles included working as Transactions & Treasury Manager for the Asia Pacific Accounting Center of Emerson Electric Asia Ltd., as Finance Manager of Verifone Global Development Center Philippines, Inc.; Head of Finance at I-Zone Technologies Philippines Corp.; as Treasury Manager at Generali Pilipinas Life Assurance Co, Inc. and at De La Salle Brothers, Inc.; and as Senior Auditor at Joaquin Cunanan & Co. She graduated Cum Laude with Bachelor of

Science in Commerce, Major in Accounting, at St. Scholastica's College in Manila. Ms. Yu was previously awarded for Excellence in Accountancy by the Philippine Institute of Certified Public Accountants. She also served as President of the Junior Philippine Institute of Accountants and was a Representative of the Student Council of St. Scholastica's College.

Significant Employees

The Group is not highly dependent on the services of an employee who is not an Executive Officer so as to be a key in the business.

Family Relationships

Messrs. Pedro E. Roxas and Santiago R. Elizalde are relatives within the fourth degree of consanguinity.

Legal Proceedings

The Group is not aware of any legal proceeding/s during the last five (5) years up to the present, involving the members of its Board of Directors, Executive Officers or their property before any court of law or administrative body in the Philippines or elsewhere. Moreover, the company is not in possession of any information indicating that the members of its Board of Directors or Executive Officers have been convicted by final judgment of any offense punishable under the laws of the Philippines or of any other country.

Item 10. Executive Compensation

Compensation of Executive Officers

Name and Principal position	Fiscal Year	Salary	Bonus	Other Annual Compensation
The CEO and four most highly compensated Executive Officers: • Hubert D. Tubio - President and CEO • Celso T. Dimarucut - EVP and CFO • Arcadio S. Lozada - EVP-COO, Sugar Business Unit • Jose B. Villanueva – VP, Chief Manufacturing Officer (CADPI and SCBI) • Pilipino T. Cayetano – VP, Chief Manufacturing Officer – Negros	2019	₱53,083,308	₱8,847,218	₱–
All other officers and directors as a group unnamed*		41,868,180	6,978,030	–
The CEO and four most highly compensated Executive Officers: • Hubert D. Tubio - President and CEO • Celso T. Dimarucut - EVP and CFO • Arcadio S. Lozada - EVP-COO, Sugar Business Unit • George T. Cheung – SVP, Commercial Operations • Bernard Jose S. Lachica – VP, Chief Manufacturing Officer – Sugar Business Unit	2018	₱52,029,288	₱8,671,548	₱–
All other officers and directors as a group unnamed*		33,766,056	5,627,676	–
The CEO and four most highly compensated Executive Officers: • Hubert D. Tubio - President and CEO • Celso T. Dimarucut - EVP and CFO • Arcadio S. Lozada - EVP-COO, Sugar	2017	₱52,271,928	₱6,413,994	₱720,000

Name and Principal position	Fiscal Year	Salary	Bonus	Other Annual Compensation
Business Unit • Luis O. Villa-Abrille - EVP-COO, Alcohol Business Unit • Florencio M. Mamauag, Jr. - VP-Legal, Compliance Officer and Chief Information Officer				
All other officers and directors as a group unnamed*		29,680,332	2,473,361	960,000

Compensation of Directors

Article 19 of the By-Laws of the Parent Company provides that the Board of Directors shall be given 6% of the net income of the corporation before tax to be distributed as fees in the following manner: 2% to the Executive Committee and 4% to the Board of Directors. Each member of the Board of Directors and of the Board of Advisors receives a per diem of ₱25,000.00 for every meeting attended. Each member of the Audit & Risk Committee, Compensation Committee, and Nomination, Election & Governance Committee, receives a per diem of ₱25,000.00 for every meeting attended. Except for the Chairman, the members of the Executive Committee receive a per diem of ₱25,000.00 for every meeting attended.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

The table below shows persons of groups known to the Group as of November 30, 2019 to be directly or indirectly the record or beneficial owner of more than 5% of the Parent Company's voting securities:

Title of Class	Name and Address of Owner	Number and Nature of Ownership (Indicate Record and/or Beneficial)		Percent of Class
Common	Roxas & Company, Inc. 7/F CG Building, 101 Aguirre St., Legaspi Village, Makati City (Shareholder)	318,341,705	Record and Beneficial	20.56%
Common	First Pacific Natural Resources Holdings BV Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands (Shareholder)	505,667,566	Beneficial	32.67%
Common	First Agri Holdings Corp. 10th Floor MGO Building Dela Rosa cor Legaspi Sts. Makati City (Shareholder)	467,854,834	Beneficial	30.22%
Common	PCD Nominee Corp 37F Tower 1 Enterprise Center Makati City (Shareholder)	234,498,275	Beneficial	15.15%

The members of the Board of Directors of Roxas & Co., Inc. (RCI) are Antonio J. Roxas, Pedro E. Roxas, Carlos R. Elizalde, Francisco Jose R. Elizalde, Fernando L. Gaspar, Guillermo D. Luchangco, and Corazon De La Paz-Bernardo. Collectively, they have the power to decide how the shareholdings of RCI in RHI shall be voted. Pedro E. Roxas is authorized to vote the shares of RCI in the annual meeting.

Security Ownership of Management as of November 30, 2019

The following are the number of shares owned of record by the Directors and the President & Chief Executive Officer (PCEO) and the percentage of shareholdings of each:

Title of Class	*Name of Beneficial Owner*	*Citizenship*	*Number and Nature of Ownership*	*Percent of Class*
Common	Pedro E. Roxas Chairman of the Board	Filipino	1,026,640 (r & b)	0.0004 %
Common	Manuel V. Pangilinan Vice-Chairman of the Board	Filipino	61,547 (r)	0.0000 %
Common	Hubert D. Tubio President/CEO	Filipino	83,395 (r &b)	0.0000%
Common	Ray C. Espinosa Director	Filipino	430,831 (r & b)	0.0002 %
Common	Alex Erlito S. Fider Director	Filipino	50,000 (r)	0.0000 %
Common	Santiago T. Gabionza Independent Director	Filipino	50,000 (r)	0.0000 %
Common	Christopher H. Young Director	British	61,547 (r)	0.0000 %
Common	Oscar J. Hilado Independent Director	Filipino	50,000 (r)	0.0000 %
Common	Arlyn S. Villanueva Independent Director	Filipino	50,000 (r)	0.0000 %
	TOTAL		1,863,960 (r & b)	0.0006%

Item 12. Certain Relationships and Related Transactions

Mr. Manuel V. Pangilinan, Atty. Ray C. Espinosa and Mr. Christopher H. Young hold the positions of CEO and Managing Director, Associate Director and Executive Director and Chief Financial Officer, respectively of First Pacific Company Limited. The First Pacific Group, through First Pacific Natural Resources Holdings BV (FPNRHBV) and First Agri Holdings Corp., owns 62.93% of the outstanding capital stock of the company as of November 30, 2019. Mr. Pedro E. Roxas is also the Executive Chairman and the President & CEO of Roxas and Company, Inc. (RCI). RCI owns 20.57% of the outstanding capital stock of the company as of November 30, 2019.

There is no transaction or proposed transaction during the last two fiscal years to which the Group was or is to be a party in relation to any director, any nominee for election as director, any security holder of certain record or beneficial owner or management or any member of the immediate families of the directors.

PART IV - CORPORATE GOVERNANCE

Item 13. Corporate Governance

In compliance with SEC Memorandum Circular No. 2 dated April 5, 2002, the Group submitted its Manual on Corporate Governance on August 30, 2002. Since its effectivity on January 1, 2003, the company complied with the principles contained in the Manual insofar as they may be relevant to its businesses. It likewise established an evaluation system to measure or determine the level of compliance of its Board of Directors and top-level management with the Manual. Measures are also being undertaken by the company to ensure full compliance with the leading practices it has adopted in the Manual such as the constitution of the Executive Committee, Audit & Risk Committee, Executive Compensation Committee and the Nomination, Election & Governance Committee, the election of the required number of independent directors to its Board of Directors and the amendment of Article 13 of its By-Laws on the qualifications and disqualifications of its directors in order to adopt the provisions of the Manual. The company has not deviated from or violated the provisions of the Manual and it will improve on its corporate governance as may be required by law or the exigency of business. A revised Manual on Corporate Governance was submitted on May 25, 2017 to comply with the directive of Memorandum Circular No. 19, series of 2016 of the SEC.

Insider Trading Policy

The Company has an Insider Trading Policy which prohibits the purchase, sale, or trading in securities of the Company or another corporation while in possession of material non-public information. The Policy likewise prohibits the giving of material non-public information, directly or indirectly, to anyone. A violation of the Policy subjects the member of the Board of Directors, Board of Advisors, officer, or employee to disciplinary action in addition to possible civil and criminal actions.

Whistle Blowing Policy

The Group has a public interest disclosure or a whistle blowing policy whereby all employees have the right and moral responsibility to report improper actions and omissions. A workplace culture is developed in which employees who act in good faith and in compliance with the law are protected from interference in or retaliation for reporting improper actions and cooperating with subsequent investigations and proceedings. Public Interest Disclosure is required when employees, in good faith, believe superiors or colleagues are engaged in an improper course of illegal or unethical conduct, and they must be able to disclose such conduct free from fear or intimidation or reprisal.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibits

(1) Audited Consolidated Financial Statements for the years ended September 30, 2019, 2018 and 2017
- Statement of Management's Responsibility for Consolidated Financial Statements
- Independent Auditor's Report
- Consolidated Statements of Financial Position
- Consolidated Statements of Income
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Notes to the Consolidated Financial Statements
- Supplementary Schedule of Adoption of Effective Accounting Standards and Interpretations

(2) Supplementary Schedules
- Required by SRC Rule 68.1, As Amended
  - Schedule A. Financial Asset
  - Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
  - Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
  - Schedule D. Intangible Assets – Other Assets
  - Schedule E. Long-term Debt
  - Schedule F. Indebtedness to Related Parties
  - Schedule G. Guarantee of Securities of Other Issuers
  - Schedule H. Capital Stock
- Schedule of Financial Soundness Indicators
- Corporate Structure

Reports on SEC Form 17-C

Material actions or resolutions are summarized below.

2018-2019

November 7, 2018 – Certificate of Attendance of the following Officers for the Annual Mandatory Corporate Governance Seminar:

1. Mr. Arcadio S. Lozada, Jr.
2. Ms. Josephine M. Logrono

December 12, 2018 – Certificate of Attendance of the following Officers for the Annual Mandatory Corporate Governance Seminar:

3. Mr. Hubert D. Tubio
4. Mr. Frederick E. Reyes
5. Mr. Jaynel R. Sulangi
6. Mr. Bernard Jose S. Lachica
7. Mr. Jaypee V. Jimenez

December 17, 2018 – Resignation of Mr. Fernando H. Corpuz Vice-President and General Manager of Central Azucarera Don Pedro, Inc., a subsidiary of Roxas Holdings, Inc., has resigned from RHI effective 15 December 2018.

February 12, 2019 – Results of the Regular Board Meeting of the RHI Board of Directors:

1. Approved RHI's Financial Statements and Management Discussion and Analysis for the first quarter ending December 31, 2018;

2. Approved the holding of the Annual Stockholders Meeting on 3 April 2019 to be held at the Manila Polo Club, and setting the Record Date for the said Meeting on 28 February 2019;

3. Approved the Press release on the First Quarter of Operations for Fiscal Year 2018-2019; and,

4. Confirmed the appointment of Ms. Anna Gonzales-Yu as AVP- Head, Treasury to replace Ms. Kathrina Estrella L. Sebastian who tendered her resignation.

February 12, 2019 – Press Release on the Results of Operations for the First Quarter ending December 31, 2018 of Fiscal Year 2018-2019

February 15, 2019 – Resignation of Mr. David L. Balangue as Independent Director of Roxas Holdings, Inc. effective 15 February 2019.

March 15, 2019 – Resignation of Mr. Bernard Jose S. Lachica as Vice President and Chief Manufacturing Officer (CMO) of Sugar SBU

April 30, 2019 – Results of Annual Shareholders' Meeting:

1. Approval of the Annual report with accompanying Financial Statements for fiscal-year ending September 30, 2018;

2. Ratification of all acts, proceedings and resolutions by the Board and Management since the last annual meeting of February 12, 2019.

Results of Organizational Meeting of the Board of Directors:

The Board of Directors of Roxas Holdings, Inc., in its organizational meeting held on, April 30, 2019, elected the following officers:

Name		Position
Mr. Pedro E. Roxas	-	Chairman of the Board of Directors
Mr. Manuel V. Pangilinan	-	Vice-Chairman of the Board of Directors
Mr. Hubert D. Tubio	-	President & Chief Executive Officer
Atty. Cynthia Y. Ligeralde- Dela Paz	-	Corporate Secretary
Mr. Celso T. Dimarucut	-	EVP/Chief Finance Officer
Mr. Arcadio S. Lozada, Jr.	-	EVP/COO, Sugar Business Unit
Mr. George T. Cheung	-	SVP, Commercial Operations
Mr. Jose B. Villanueva III	-	VP-Chief Manufacturing Officer, Alcohol Mr.
Esteban H. Coscolluela	-	VP-GM, CACI
Mr. Jose Manuel L. Mapa	-	VP-GM, RHI-ADC
Mr. Frederick E. Reyes	-	VP, Human Resources
Mr. Jaynel Sulangi	-	VP, Information & Communications Technology
Ms. Anna G. Yu	-	AVP, Treasury; Chief Risk & Credit Officer
Ms. Veronica C. Cortez	-	AVP, Finance Head
Ms. Daisy Perpetua A. Bo	-	AVP, QA/Safety/EMS/IE
Atty. Ma. Hazel L. Rabara-Retardo	-	Asst. Corporate Secretary; AVP Governance & Deputy Compliance Officer; Data Protection Officer
Ms. Josephine M. Logroño	-	AVP, Internal Audit
Mr. Jaypee V. Jimenez	-	AVP, Procurement and Materials Management

The Board of Directors also elected the following Directors to the standing Committees of RHI as follows:

Executive Committee:

Mr. Pedro E. Roxas	-	Chairman
Mr. Manuel V. Pangilinan	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Audit Committee:

Ms. Arlyn S. Villanueva	-	Chairman (Independent Director)
Mr. Christopher H. Young	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Corporate Governance Committee (formerly, Governance, Nomination & Election Committee):

Mr. Oscar J. Hilado	-	Chairman (Independent Director)
Mr. Pedro E. Roxas	-	Member
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)

Compensation Committee:

Mr. Manuel V. Pangilinan	-	Chairman
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)
Mr. Oscar J. Hilado	-	Member (Independent Director)

Mr. Oscar J. Hilado was likewise elected as Lead Independent Director of the Company.

May 2, 2019 - Appointment of Mr. Pilipino T. Cayetano as Vice President - Chief Manufacturing Officer (CMO)

May 9, 2019 - Results of the Regular Board Meeting of the RHI Board of Directors:

1. Approved RHI's Interim Financial Statements and Management Discussion and Analysis for the Second Quarter of Fiscal Year ending 30 September 2019 and press release; and,

2. Confirmed the appointment of Mr. Pilipino T. Cayetano as RHI's Vice-President, Chief Manufacturing Officer.

May 30, 2019 – Resignation of Mr. George T. Cheung, Senior Vice President – Commercial Operations of Roxas Holdings, Inc., effective 02 June 2019.

June 4, 2019 – Appointment of Mr. Elvi Manuel G. Bayle as Vice President – Commercial Operations effective June 4, 2019.

July 3, 2019 – Appointment of the following officers:

1. Mr. Julius Rugas as Vice President – Manufacturing Operations Head - CADPI
2. Mr. Gil M. Morales as Assistant Vice President for Project Management - CACI effective July 1, 2019.

August 1, 2019 - Results of the Board Meeting of the RHI Board of Directors

1. Approved RHI's Interim Financial Statements and Management Discussion and Analysis for the Third Quarter of Fiscal Year ending 30 September 2019 and the accompanying Press Release; and,

2. Confirmed the appointments of the following officers:

    a. Mr. Elvi Manuel G. Bayle as VP-Group Head, Commercial Operations to replace Mr. George T. Cheung;

    b. Mr. Julius G. Rugas as VP- Manufacturing Operations Head, Central Azucarera Don Pedro, Inc. (CADPI), to replace the former VP-General Manager Ferdinand Corpuz; and,

    c. Mr. Gil M. Morales as AVP for Project Management, Central Azucarera de la Carlota, Inc. (CACI)

September 13, 2019 – Resignation of Mr. Elvi Manuel G. Bayle, Vice President & Group Head – Commercial Operations of Roxas Holdings, Inc., effective 14 September 2019.

October 1, 2019 – Change in Officers:

1. Appointment of Mr. Alexander A. Pino as AVP and Factory Operations Head of San Carlos Bioenergy Inc., a subsidiary of Roxas Holdings, Inc. effective October 1, 2019.

2. Retirement of Mr. Simon P. Turno III as AVP- Factory Operations Head of CADPI effective October 1, 2019.

October 15, 2019 – Appointment of Mr. Edward R. Villanueva as AVP and Factory Operations Head of Central Azucarera Don Pedro, Inc., a subsidiary of Roxas Holdings, Inc. effective October 15, 2019.

2017-2018

October 27, 2017 – Resignation of Mr. Paul Edwin Lazaro as Assistant Vice President – Internal Audit

December 6, 2017 – Board Actions:

1. Approved RHI's Audited Financial Statements and Management Discussion and Analysis for the fiscal year ending 30 September 2017; and,

2. Approved the holding of the Annual Stockholders Meeting on 21 February 2018 to be held at the Manila Polo Club, and setting the Record Date for the said Meeting on 29 December 2017.

January 8, 2018 – Appointment of Mr. Jose Manuel L. Mapa as Vice-President and General Manager of Agribusiness Development Corporation (ADC)

January 10, 2018 – Resignation of Earl Eric Nestor H. Ferrer as Vice President - Information and Communication Technology

January 23, 2018 – Appointment of Jhoel P. Raquedan as Vice President – Group Head, Legal & Corporate Affairs

February 1, 2018 – Appointment of Ms. Josephine M. Logroño as Assistant Vice President and Group Head of Internal Audit

February 7, 2018 – Board Approvals:

1. Approved RHI's Interim Financial Statements and Management Discussion and Analysis for the First Quarter ending 31 December 2017;

2. Approved the Press Release of the Corporation;

3. Approved the postponement of the Annual Stockholders Meeting from 21 February 2018 to 26 March 2018 still to be held at the Turf Room, Manila Polo Club, McKinley Road, Forbes Park, Makati City;

4. Confirmed the appointment of the following officers to the positions as stated:

    a. Jose Manuel V. Mapa as Vice-President/General Manager, RHI Agri-Business Development Corporation;
    b. Atty. Jhoel P. Raquedan as Assistant Corporate Secretary/ Vice-President, Group Head – Legal and Corporate Affairs/ Compliance Officer;
    c. Josephine M. Logroño as AVP- Group Head, Internal Audit; and,
    d. Atty. Ma. Hazel L. Rabara-Retardo as Data Protection Officer, in addition to her role as AVP – Governance and Compliance/Assistant Corporate Secretary/Deputy Compliance Officer; and,

5. Approved the amendment of Article 8 of the By-Laws of the Corporation, changing the date of the annual shareholders' meeting to every second Wednesday of March of each fiscal year.

February 15, 2018 – Promotion of existing officers of the RHI Group to Executive-rank positions

Jaypee V. Jimenez as AVP – Head Procurement and Materials Management, RHI;
Simon P. Turno, III as AVP – Factory Operations Head, CADPI;
Genaro B. Bernabe as AVP – Factory Operations Head, CACI; and
Damaso T. Agudeo as AVP – Factory Operations Head, SCBI

March 2, 2018 – Postponement of Annual Shareholders' Meeting previously scheduled on March 26, 2018 to April 11, 2018.

March 21, 2018 – Appointment of Mr. Jaynel Sulangi as Vice-President - Information & Communications Technology Head

April 11, 2018 – Results of the Organizational Board Meeting of Roxas Holdings, Inc.

2016-2017

December 1, 2016 – Board Actions:

1. Approved RHI's Audited Financial Statements and Management Discussion and Analysis for the fiscal year ending 30 September 2016;

2. Approved the holding of the Annual Stockholders Meeting on 15 February 2017 to be held at the Turf Room, Manila Polo Club, McKinley Road, Forbes Park, Makati City and setting the Record Date for the said Meeting on 28 December 2016;

3. Approved the Increase in Authorized Capital Stock of RHI from One Billion Five Hundred Million Pesos (Php1,500,000,000.00) to Two Billion Pesos (Php2,000,000,000.00) divided into Two Billion Common Shares with par value of One Peso (Php 1.00) per share;

4. Approved the Issuance of at least Twenty Five Percent (25%) common shares out of the above Increase in Authorized Capital Stock (the "Initial Shares) through private placement of existing majority shareholder or shareholders and submit for approval of the RHI Shareholders' the following matters in the next Annual Stockholders' Meeting:

    a. Delegation of the authority to determine the terms and conditions of the Initial Shares, including the offer price, of the private placement to the Board of Directors;

    b. Waiver of any public offering requirement over the Initial Shares; and,

    c. c. Approval to list the Initial Shares with the Philippine Stock Exchange;

5. Approval of the recommendation of the Audit Committee to appoint and thereafter, submit for the approval of the Shareholders,' the change in the external auditor of RHI from Reyes, Tacandong and Company to SyCip Gorres Velayo & Co. as RHI's external auditors for the fiscal year 1 October 2016 - 30 September 2017; and,

6. Confirmed the appointment of Ms. Ma. Hazel L. Rabara-Retardo as AVP, Governance and Deputy Compliance Officer.

December 6, 2016 – Resignation of Ms. Jesselyn P. Panis as SVP-Deputy Sugar Business Unit Head

January 3, 2017 – Appointment of Servillaro Jose I. Dunglao as VP for Administrative Services

February 1, 2017 – Board Actions:

2. Approved RHI's Interim Financial Statements and Management Discussion and Analysis for the First Quarter ending December 31, 2016, of the current fiscal year;

3. Authorized the Company to enter into a Convertible Note Instrument with an affiliate, First Pacific Natural Resources Holdings BV, for an estimated principal value of Five Hundred Twenty Three Million Seven Hundred Fifty Thousand Pesos (Php523,750,000.00) convertible into equity, upon the submission and approval of the increase in authorized capital stock of RHI to its shareholders and the Securities and Exchange Commission; and,

4. Confirmed the appointment of Mr. Servillano Jose I. Dunglao as RHI's Vice-President, Administrative Services.

February 16, 2017: Results of Annual Shareholders' Meeting:

1. The shareholders approved the Consolidated Financial Report of RHI to the shareholders for the fiscal year ended September 30, 2016.

2. The shareholders approved the amendment of Article VII of the Articles of Incorporation of RHI to increase the authorized capital stock from One Billion Five Hundred Million Pesos

(Php 1,500,000,000.00) divided into One Billion Five Hundred common shares to Two Billion Pesos (Php 2,000,000,000.00) divided into Two Billion common shares, still with a par value of One Peso (Php1.00) per share, and in connection therewith, approved the below actions:

a. Conversion into equity of the Convertible Note to be issued to First Pacific Natural Resources Holdings, B.V., in the principal amount of Five Hundred Twenty Three Million Seven Hundred Fifty Thousand Pesos (PhP523,750,000.00) at a conversion rate of Four Pesos and Nineteen Centavos (Php 4.19) of the value of Convertible Note, for every One (1) common share, or a total of One Hundred Twenty Five Million new common shares out of the increase in authorized capital stock ("Converted Shares"); and,

b. Listing of the Converted Shares with the Philippine Stock Exchange.

Results of Organizational Meeting of the Board of Directors:

The Board of Directors of Roxas Holdings, Inc., in its organizational meeting held on, February 15, 2017, elected the following officers:

Name		Position
Mr. Pedro E. Roxas	-	Chairman of the Board of Directors
Mr. Manuel V. Pangilinan	-	Vice-Chairman of the Board of Directors
Mr. Hubert D. Tubio	-	President & Chief Executive Officer
Atty. Cynthia Y. Ligeralde- Dela Paz	-	Corporate Secretary
Mr. Celso T. Dimarucut	-	EVP/Chief Finance Officer
Mr. Arcadio S. Lozada, Jr.	-	EVP/COO, Sugar Business Unit
Mr. Luis O. Villa-Abrille	-	EVP/COO, Ethanol Business Unit
Mr. George T. Cheung	-	SVP, Commercial Operations
Atty. Florencio M. Mamauag, Jr.	-	Asst. Corporate Secretary; VP, Legal & Corporate Affairs; Compliance Officer; Chief Information Officer
Mr. Fernando H. Corpuz	-	VP/GM, CADPI
Mr. Esteban H. Coscolluela	-	VP/GM, CACI
Mr. Minrado A. Roño	-	VP/GM, ADC/Plantation
Mr. Jose Rojo G. Alisla	-	VP/, Agro-Industrial Research and Development/Farm Operations
Mr. Frederick E. Reyes	-	VP, Human Resources
Mr. Servillano A. Dunglao	-	VP, Administrative Services
Mr. Paul Edwin V. Lazaro	-	AVP, Internal Audit
Ms. Kathrina Estrella L. Sebastian	-	AVP, Treasury; Chief Risk & Credit Officer
Ms. Veronica Canela-Cortez	-	AVP, Finance Head
Ms. Daisy Perpetua A. Bo	-	AVP, QA/Safety/EMS/IE
Atty. Ma. Hazel L. Rabara-Retardo	-	Asst. Corporate Secretary; AVP Governance & Deputy Compliance Officer

The Board of Directors also elected the following Directors to the standing Committees of RHI as follows:

Executive Committee:

Mr. Pedro E. Roxas	-	Chairman
Mr. Manuel V. Pangilinan	-	Member
Mr. David L. Balangue	-	Member (Independent Director)

Audit Committee:

Mr. David L. Balangue	-	Chairman (Independent Director)
Mr. Christopher H. Young	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Corporate Governance Committee (formerly, Governance, Nomination & Election Committee):

Mr. Oscar J. Hilado	-	Chairman (Independent Director)
Mr. Pedro E. Roxas	-	Member
Mr. David L. Balangue	-	Member (Independent Director)

Compensation Committee:

Mr. Manuel V. Pangilinan	-	Chairman
Mr. Santiago R. Elizalde	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Mr. David L. Balangue was likewise elected as Lead Independent Director of the Company.

April 17, 2017 – The Company has appointed Mr. Earl Eric Nestor H. Ferrer as Vice- President – Information and Communication Technology, effective April 17, 2017.

May 2, 2017 – Resignation of Mr. Servillano Jose I. Dunglao as VP- Administrative Services (Administration/Security/CSR/Corporate Safety)

May 11, 2017 – Board Actions:

1. Approved **RHI's Interim Financial Statements and Management Discussion and Analysis** for the **Second Quarter** of Fiscal Year ending **September 30, 2017**;

2. Approved the **Revised Manual on Corporate Governance** in compliance with SEC Memorandum Circular No. 19, series of 2016; and,

3. Confirmed the appointment of **Mr. Earl Eric Nestor H. Ferrer** as RHI's Vice-President, Information and Communication Technology.

August 10, 2017 - The Board of Directors of Roxas Holdings, Inc. approved RHI's Interim Financial Statements and Management Discussion and Analysis for the Third Quarter (ending June 30, 2017) of Fiscal Year ending September 30, 2017

September 29, 2017 - Resignation of Mr. Jose Rojo G. Alisla as VP/GM, RHI Agri-business Development Corporation

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 Taguig on DEC 27 2019.

By:

PEDRO E. ROXAS
Chairman of the Board

HUBERT D. TUBIO
President and Chief Executive Officer

CELSO T. DIMARUCUT
EVP and Chief Finance Officer

MA. HAZEL L. RABARA - RETARDO
AVP, Governance and Deputy Compliance Officer, Asst. Corporate Secretary

VERONICA C. CORTEZ
AVP-Finance

SUBSCRIBED AND SWORN to before me this DEC 27 2019 day of _____ 2019 affiants exhibiting to me their government-issued IDs, as follows:

Names	ID No.	Date of Issue	Place of Issue
Pedro E. Roxas	N11-77-003593	March 19, 2018	LTO Makati
Hubert D. Tubio	P0169013A	September 6, 2016	DFA Manila
Celso T. Dimarucut	P5791534A	January 27, 2018	DFA Manila
Ma. Hazel L. Rabara-Retardo	214216562	–	–
Veronica C. Cortez	N03-05-010126	September 23, 2019	LTO Imus, Cavite

Doc No. 94
Page No. 20
Book No. 169
Series of 2019.

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-92 / MAKATI CITY
UNTIL DECEMBER 31, 2020
PTR No. 7333128 / 01-3-2019 / MAKATI CITY
IBP No. 055800 / 11-27-2018 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL No. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
San. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

ROXAS HOLDINGS, INC. AND SUBSIDIARIES
Index to the Consolidated Financial Statements
As at and For the Year Ended September 30, 2019

Schedule I : Supplementary schedules required by Annex 68-E

Schedule	Description
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements
D	Intangible Assets – Other Assets
E	Long-term Borrowings
F	Indebtedness to Related Parties (Long-term Loans from Related Companies) - N/A
G	Guarantees of Securities of Other Issuers - N/A
H	Capital Stock

Schedule II : Supplementary schedules of financial soundness indicators

Schedule III : Schedule of all effective standards and interpretation (Part 1, 4J)

Schedule IV : Map of the relationships of the companies within the group

Schedule V : Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 4C, Annex 68-C)

N/A – Not applicable

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE A
FINANCIAL ASSETS
SEPTEMBER 30, 2019
(Amounts in Thousands)

Description	Carrying Value	Fair Value
Cash on hand	₱5,077	₱5,077
Loans and receivables:		
Cash in banks	433,191	433,191
Trade receivables*	1,046,118	1,046,118
Due from employees*	53,015	53,015
Due from related parties	100,066	100,066
Others*	56,571	56,571
	₱1,694,038	₱1,694,038

**Net of related allowance for impairment losses totaling to ₱95.7 million.*

SCHEDULE I

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE B

AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

SEPTEMBER 30, 2019

(Amounts in Thousands)

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Various employees (educational loans/advances)	₱58,046	₱75,707	(₱78,524)	₱–	₱55,229	₱–	₱55,229

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE C

AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Amounts in Thousands)

Debtor	Name and designation of creditor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Intercompany trade transactions								
Roxas Holdings, Inc. (RHI)	Central Azucarera Don Pedro, Inc. (CADPI)	₱15	₱187	(₱202)	₱–	₱–	₱–	₱–
CADPI	RHI	49,999	52,335	(52,335)	–	49,999	–	49,999
	Central Azucarera De La Carlota, Inc. (CACI)	5,468	585,550	(228,109)	–	362,909	–	362,909
	RHI-Agribusiness Development Corp. (RHIADC)	1	2,446	(2,446)	–	1	–	1
CACI	CADPI	569	129,693	(130,099)	–	163	–	163
	RHIADC	569	13,179	(13,179)	–	569	–	569
	Najalin Agri-Ventures, Inc.	358	–	–	–	358	–	358
Roxol Bioenergy Corp. (RBC)	CADPI	2,648	227,970	(218,074)	–	12,544	–	12,544
	CACI	136,499	668,561	(584,182)	–	220,878	–	220,878
	San Carlos Bioenergy, Corp (SCBI)	–	350	(4)	–	346	–	346
SCBI	CADPI	15	21,981	(21,996)	–	–	–	–
	R8C	685,978	980,563	(416,578)	–	1,249,963	–	1,249,963
	RHIADC	55	245	(90)	–	210	–	210
RHIADC	CADPI	15	140	(155)	–	–	–	–
		882,189	2,683,200	(1,667,449)	–	1,897,939	–	1,897,939
Intercompany non-trade transactions								
RHI	CADPI	48,514	–	(48,514)	–	–	–	–
	Roxas Power Corporation (RPC)	389	–	–	–	389	–	389

(Forward)

Debtor	Name and designation of creditor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
CADPI	RHI	₱–	₱4,133,850	₱ (2,517,105)	₱–	₱1,616,745	₱–	₱1,616,745
CACI	RHI	857,771	1,194,797	(1,959,888)	–	92,680	–	92,680
SCBI	Roxas Pacific Bioenergy, Inc. (RPBC)	1,088,313	–	(187,500)	–	900,813	–	900,813
	RHI	995,294	666,935	(1,535,321)	–	126,908	–	126,908
RBC	RHI	1,208,201	856,127	(1,325,955)	–	738,373	–	738,373
RPBC	RHI	2,370,494	259	–	–	2,370,753	–	2,370,753
RHIADC	RHI	275,242	71,073	(2,615)	–	343,700	–	343,700
	SCBI	7	–	(7)	–	–	–	–
CADPI Insurance Agency, Inc.(CADPIAI)	RHI	621	–	–	–	621	–	621
CADPI Port Services, Inc. (CADPSI)	RHI	397	–	–	–	397	–	397
NAVI	RHI	69,829	–	(4,207)	–	65,622	–	65,622
Northeastern Port and Storage Corporation	RHI	–	91	–	–	91	–	91
		6,915,072	6,923,132	(7,581,112)	–	6,257,092	–	6,257,092
		₱7,797,261	₱9,606,332	(₱9,248,561)	₱–	₱8,155,031	₱–	₱8,155,031

SCHEDULE I

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE D

INTANGIBLE ASSETS – OTHER ASSETS

SEPTEMBER 30, 2019

(Amounts in Thousands)

Description	Beginning balance	Additions at cost	Amortization	Charged to other accounts	Other changes additions (deductions)	Ending balance
Goodwill	₱1,079,615	₱–	₱–	₱–	₱–	₱1,079,615

SCHEDULE I

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E
LONG-TERM BORROWINGS
SEPTEMBER 30, 2019
(Amounts in Thousands)

Date Availed	Terms	Amount shown under "Current portion of long-term borrowings" account in the consolidated statement of financial position	Amount shown under "Noncurrent portion of long-term borrowings" account in the consolidated statement of financial position*
Sept 10, 2014	Payable quarterly starting Sept 10, 2017	₱196,000	₱588,352
Dec 1, 2016	Payable quarterly starting Dec 1, 2017	266,672	598,337
Aug 5, 2014	Payable quarterly starting Nov 5, 2016	330,625	1,318,986
May 27, 2014	Payable quarterly starting Dec 10, 2017	54,264	216,799
June 17, 2011	Payable quarterly	15	11
		₱847,576	₱2,722,485

**Net of transaction cost*

Details are discussed in Note 15 to consolidated financial statements.

SCHEDULE I

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE H
CAPITAL STOCK
SEPTEMBER 30, 2019

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under "capital stock" account in the consolidated statement of financial position	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors and officers	Others
Common shares - "Class A" at ₱1 par value	2,000,000,000	1,547,935,799	65,000,000	1,291,864,105	1,525,507	254,546,187

SCHEDULE II

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

SEPTEMBER 30, 2019 and 2018

	2019	2018
Financial Ratios required under Loan Covenants		
Debt to Equity Ratio (not more than 2.33)	1.39	1.37
Debt Service Coverage Ratio (at least 1.25)	(0.07)	0.80
Others		
Return on Equity	(20.61%)	0.98%
Return on Asset	(8.62%)	0.41%
Asset-to-Equity Ratio	2.39	2.37
Current Ratio	1.23	1.03
Book Value per Share	₱5.92	₱6.95

SCHEDULE III

ROXAS HOLDINGS, INC.AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS

SEPTEMBER 30, 2019

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2019		Adopted	Not Early Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRS Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
	Amendments to PFRS 2: Definition of Vesting Condition	✓		
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions		✓	
PFRS 3 (Revised)	Business Combinations	✓		
	Amendments to PFRS 3 : Accounting for Contingent Consideration in a Business Combination	✓		
	Amendments to PFRS 3 : Scope Exceptions for Joint Arrangements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2019		Adopted	Not Early Adopted	Not Applicable
PFRS 4	Insurance Contracts		✓	
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts		✓	
	Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments*, with PFRS 4		✓	
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Changes in Method of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements	✓		
	Amendments to PFRS 7: Servicing Contracts			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8 : Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Asset	✓		
PFRS 9	Financial Instruments	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2019		Adopted	Not Early Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	Clarification of the Scope of the Standard		✓	
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13 : Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
PFRS 16	Leases		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1, Disclosure Initiative	✓		
PAS 2	Inventories	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2019		Adopted	Not Early Adopted	Not Applicable
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative		✓	
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 : Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses		✓	
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16 and 38: Proportionate Restatement of Accumulated Amortization			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
	Regional Market Issue Regarding Discount Rate			✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2019		Adopted	Not Early Adopted	Not Applicable
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendment: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Disclosure of Information 'Elsewhere in the Interim Financial Report'	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		

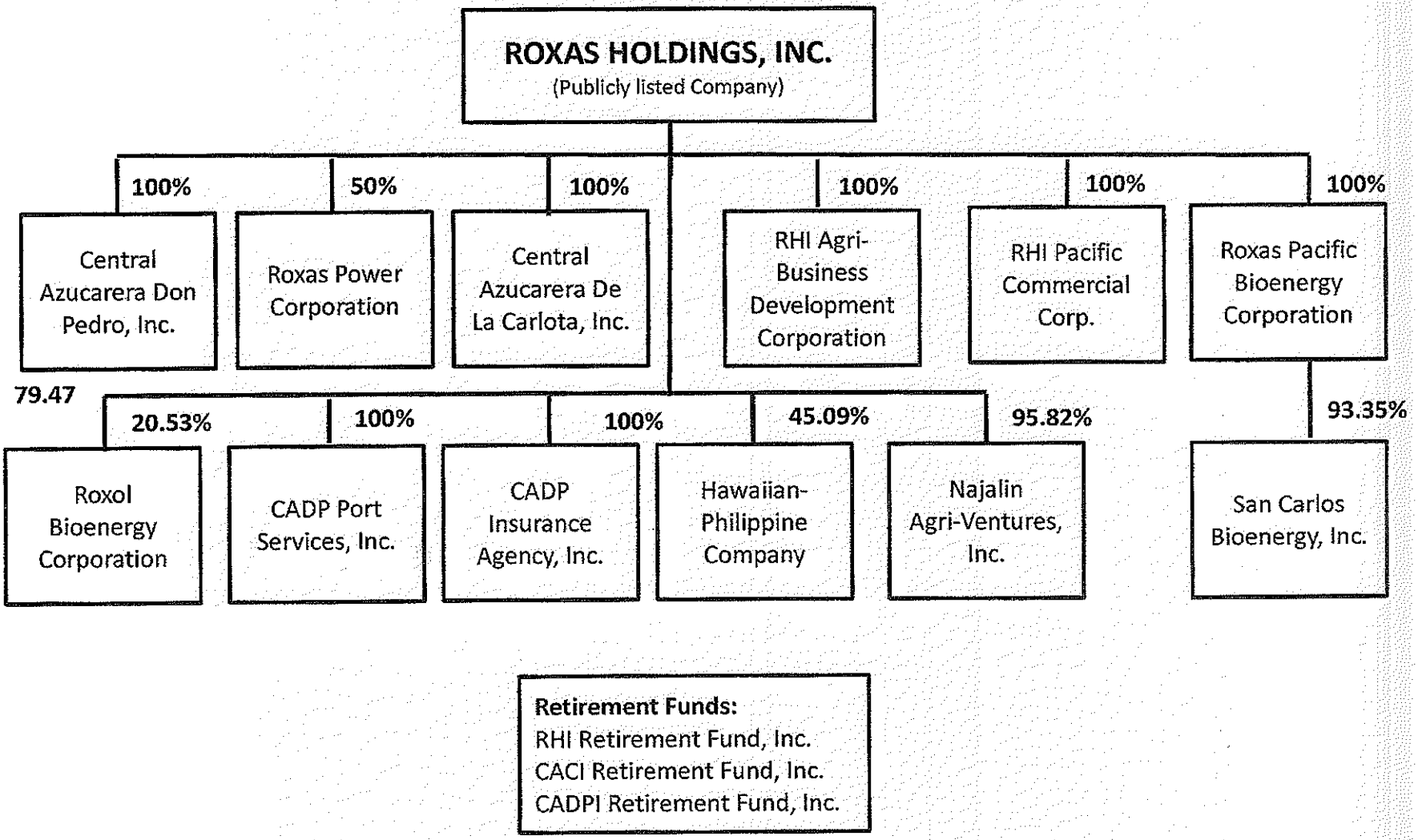
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2019		Adopted	Not Early Adopted	Not Applicable
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Interrelationship between PFRS 3 and PAS 40	✓		
	Amendments to PAS 40: Transfers of Investment Property		✓	
PAS 41	Agriculture	✓		
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2019		Adopted	Not Early Adopted	Not Applicable
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC - 9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
IFRIC 22	Foreign Currency Transactions and Advance Consideration		✓	
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2019		Adopted	Not Early Adopted	Not Applicable
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs	✓		

SCHEDULE IV

ROXAS HOLDINGS, INC. AND SUBSIDIARIES
CORPORATE STRUCTURE
September 30, 2018



SCHEDULE V

ROXAS HOLDINGS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

AS OF SEPTEMBER 30, 2019

Retained earnings, beginning	₱4,346,735,035
Cumulative unrealized fair value gain on investment properties, net of tax, beginning	(1,444,371,018)
Revaluation increment on land transferred to retained earnings on deemed cost adjustment, net of tax	(958,591,519)
Treasury stock	(52,290,236)
Deferred income tax assets, beginning	(23,254,186)
Retained earnings available for dividend declaration, beginning	1,868,228,076
Net income earned during the year	284,577,413
Deduct unrealized income:	
Unrealized fair value gain on investment properties, net of tax	34,124
Increase in deferred income tax assets	23,254,186
Unappropriated retained earnings available for dividend declaration at end of year	₱2,176,093,799

Reconciliation:	
Retained earnings at year end as shown in the separate financial statements	₱4,631,312,448
Unrealized fair value gain on investment properties, net of tax	(1,444,336,894)
Revaluation increment on land transferred to retained earnings on deemed cost adjustment, net of tax	(958,591,519)
Treasury stock	(52,290,236)
Deferred income tax assets	–
	₱2,176,093,799

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	-	1	5	A					

COMPANY NAME

R	O	X	A	S		H	O	L	D	I	N	G	S	,		I	N	C	.		A	N	D							
S	U	B	S	I	D	I	A	R	I	E	S																			

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

1	4	t	h		F	l	o	o	r	,		N	e	t		O	n	e		C	e	n	t	e	r	,			
2	6	t	h		c	o	r	.		3	r	d		A	v	e	n	u	e	,										
B	o	n	i	f	a	c	i	o		G	l	o	b	a	l		C	i	t	y	,		T	a	g	u	i	g	,	
M	e	t	r	o		M	a	n	i	l	a																			

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A C F S	C R M D	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.roxasholdings. com	(02) 8771-7800	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,084	February 18	September 30

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ma. Hazel L. Rabara-Retardo	hazel.rabara@rhi.com.ph	(02) 8810-8901	–

CONTACT PERSON's ADDRESS

14th Floor, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila

NOTE 1 In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

ROXAS HOLDINGS, INC.

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS"

The management of **Roxas Holdings, Inc. and Subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended September 30, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

PEDRO E. ROXAS	HUBERT D. TUBIO	CELSO T. DIMARUCUT
Chairman of the Board	President	Chief Financial Officer

DEC 27 2019

SUBSCRIBED AND SWORN to before me this ____ day of December, 2019 affiant(s) exhibiting to me their government IDs as follows:

Names	ID No.	Date of Issue	Place of Issue
Pedro E. Roxas	N11-77-003593	March 19, 2018	LTO Makati
Hubert D. Tubio	P0169013A	September 6, 2016	DFA Manila
Celso T. Dimarucut	P5791534A	January 27, 2018	DFA Manila

Doc No. 93
Page No. 20
Book No. 169
Series of 2019

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-92 / MAKATI CITY
UNTIL DECEMBER 31, 2020
PTR No. 7333128 / 01-3-2019 / MAKATI CITY
IBP No. 055600 / 11-27-2018 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL No. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

December 4, 2019

SGV
Building a better working world

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Roxas Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at September 30, 2019 and 2018, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in period ended September 30, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended September 30, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for Completeness of Quedan

The Group's raw sugar business follows the quedan system, which is unique to the Philippine sugar industry. A quedan is a warehouse receipt document which shows ownership of a specified amount of raw sugar in a warehouse or sugar central. Accordingly, the Group's physical possession or delivery of raw sugar may not necessarily indicate ownership, or sales or purchase transaction, respectively. We considered accounting for quedan as a key audit matter due to the volume of the transactions covered by this unique system, which impacts sales and inventory accounts which are material and significant to the consolidated financial statements.

The disclosures about quedan accounting are included in Notes 9 and 28 to the consolidated financial statements.

Audit Response

We have confirmed our understanding of the Group's quedanning system and tested the relevant controls on the information system and manual processes. We observed the inventory count procedures of the Group to establish the physical existence of raw sugar as of count date and reviewed the rollforward procedures to arrive at the physical quantity as of reporting date. We reviewed the reconciliation of the physical quantity and quedan accountability report to test the quantity reported, which are supported by quedans, as the Group's inventory and those which are held in trust for the planters and traders.

Impairment Testing of Goodwill

Under PFRSs, the Group is required to test the goodwill annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As at September 30, 2019, the Group's goodwill is attributable to its investment in San Carlos Bioenergy, Inc., the cash generating unit (CGU). The goodwill amounted to ₱1.08 billion, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires estimation of value-in-use based on the expected future cash flows of the CGU. Such process involves significant management judgment about future market conditions and estimation based on assumptions, specifically sales growth, terminal growth rate, alcohol selling price, feedstock yield, manufacturing cost ratio, operating expenses ratio, and discount rate.

The disclosures about goodwill are included in Notes 5 and 6 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodology and the assumptions used. These assumptions include sales growth, terminal growth rate, alcohol selling price, feedstock yield, manufacturing cost ratio, operating expenses ratio, and discount rate. We compared the key assumptions

used, such as sales growth, alcohol selling price and feedstock yield against the CGU's historical performance, current industry outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We obtained and evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions. We performed our own independent sensitivity calculations to quantify the downside changes to management's models required which will result in impairment. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Valuation of Land Stated at Fair Value

The Group carries its parcels of land, which are accounted for as property, plant and equipment at revaluation method and investment properties at fair value method in its consolidated financial statements as of reporting date. As of September 30, 2019, the carrying value of land amounted to ₱1.80 billion, representing 8% of the Group's consolidated assets. Management obtains the services of external appraisers to determine the land values whose calculations involve certain assumptions such as sales prices of similar properties and adjustments to sales price based on internal and external factors. In addition, this requires significant management judgment and estimates. Thus, we considered this as key audit matter.

The disclosures relating to these parcels of land are included in Notes 12 and 13 to the consolidated financial statements.

Audit Response

We compared the property-related data in the appraisal reports against the Group's records. We reviewed the scope, methodology and the assumptions used by the Group's external appraisers. We evaluated the competence, capabilities and qualifications of the external appraisers by considering their qualifications, experience and reporting responsibilities. We compared the assumptions used, specifically the sales price of comparable properties, against relevant external information. We also discussed with the external appraisers the nature and magnitude of the adjustment factors. We also reviewed the Group's disclosures with respect to the fair values of the land under property, plant and equipment and investment properties.

Assessment of Contingent Liabilities and Estimation of Provisions from Claims

The Group is involved in certain claims by regulatory bodies and other parties. The inherent uncertainty over the outcome of these claims is brought about by the difference in the interpretations and implementation of the relevant regulations. The assessment of whether the provision should be recognized and the estimation of the potential liability resulting from these assessments require significant judgment by management. As of September 30, 2019, total provisions recognized by the Group amounted to ₱149.6 million.

The disclosures on management judgment on assessment of contingent liabilities and estimation of provisions and amounts recognized are included in Notes 5, 16 and 28, respectively, to the consolidated financial statements.

Audit Response

We inquired of the Group's legal counsels and management about the status and potential exposures of the significant claims and obtained legal opinion from the legal counsels, including their assessment of the likely outcome, and representation from the Group management. We also inspected relevant correspondences with the regulatory bodies and other relevant parties, and reviewed the minutes of meetings of the Board of Directors and Audit Committee. We involved our internal specialist in the evaluation of management's assessment on whether provision should be recognized and the estimation of such amount.

Adoption of PFRS 15, Revenue from Contracts with Customers

Effective October 1, 2018, the Group adopted the new revenue recognition standard, PFRS 15, *Revenue from Contracts with Customers*, under the modified retrospective approach. The adoption of PFRS 15 resulted in changes in the Group's revenue recognition policies, processes and procedures.

The adoption of PFRS 15 is significant to our audit because this involves application of significant management judgment and estimation in: determining whether the criteria for the recognition of revenue from sale of goods and sale of services, including recognition of milling revenue, are met; determining whether there are other promises in the contract that are separate performance obligations; and determining the timing of satisfaction of performance obligation.

The disclosures related to the adoption of PFRS 15 are included in Notes 3, 4, 5 and 21 to the consolidated financial statements.

Audit Response

We have confirmed our understanding of the Group's revenue streams through inspection and analysis of the Group's contracts with customers. We obtained the Group's contracts with customers which comprise of sales agreements, tolling agreements and milling agreements. We reviewed whether the accounting policies appropriately considered the five-step model and cost requirements of PFRS 15.

We reviewed sample sales agreements, tolling agreements and milling agreements and checked whether the revenue from sale of goods and services meet the criteria for recognition as revenue from contracts with customers and whether the performance obligations within the contracts have been identified. We checked whether the Group's timing of revenue recognition is based on (1) endorsement and transfer of quedans for quedan-based sales and shipment or delivery and acceptance by the customers for physical raw sugar sales, (2) shipment or delivery and acceptance by the customers for sales of refined sugar and alcohol, (3) transfer of molasses warehouse receipts for sales of molasses and (4) completion of services rendered under tolling and milling agreements.

We reviewed the accuracy and completeness of all revenue streams, in accordance with PFRS 15 requirements, including milling revenue, a new revenue stream arising from sugar milling operation under an output sharing agreement.

We reviewed the application of the Group's revenue recognition policies in relation to the adoption of the new standard. We also reviewed the disclosures related to the transition based on the requirements of PFRS 15.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended September 30, 2019 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended September 30, 2019, which is expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Aileen L. Saringan.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan

Aileen L. Saringan
Partner
CPA Certificate No. 72557
SEC Accreditation No. 0096-AR-5 (Group A),
July 25, 2019, valid until July 24, 2022
Tax Identification No. 102-089-397
BIR Accreditation No. 08-001998-58-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 7332610, January 3, 2019, Makati City

December 4, 2019

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	Note	September 30 2019	2018
ASSETS			
Current Assets			
Cash and cash equivalents	7	**₱438,268**	₱295,149
Trade and other receivables	8	**1,355,546**	3,040,355
Inventories	9	**1,205,848**	2,646,085
Other current assets	10	**1,285,418**	1,204,288
		4,285,080	7,185,877
Assets Held for Sale	11 and 12	**7,254,738**	6,525,072
		11,539,818	13,710,949
Noncurrent Assets			
Investment in an associate	11	**–**	642,690
Property, plant and equipment:	12		
At cost		**7,199,292**	7,595,865
At revalued amount		**1,287,002**	1,376,627
Investment properties	13	**513,561**	347,591
Goodwill	6	**1,079,615**	1,079,615
Retirement assets - net	17	**18,610**	44,938
Deferred tax assets - net	26	**–**	440,817
Other noncurrent assets	10	**279,536**	291,423
		10,377,616	11,819,566
		₱21,917,434	₱25,530,515
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term borrowings	14	**₱6,716,800**	₱6,210,857
Current portion of long-term borrowings	15	**847,576**	4,813,113
Trade and other payables	16	**1,175,248**	2,279,766
Income tax payable		**1,427**	2,350
		8,741,051	13,306,086
Liability directly associated with the assets held for sale	12	**616,096**	1,024,465
		9,357,147	14,330,551
Noncurrent Liabilities			
Long-term borrowings - net of current portion	15	**2,722,485**	–
Retirement liabilities - net	17	**407,259**	249,953
Deferred tax liabilities - net	26	**264,908**	185,793
Other noncurrent liabilities		**1,300**	1,300
		3,395,952	437,046
Total Liabilities		**12,753,099**	14,767,597

(Forward)

	Note	September 30 2019	2018
Equity Attributable to the Equity Holders of the Parent Company			
Capital stock	18	**₱1,565,579**	₱1,565,579
Additional paid-in capital		**2,842,183**	2,840,370
Treasury stock	18	**(52,290)**	(52,290)
Revaluation increment on land under assets held for sale	12	**2,806,661**	2,390,419
Cumulative share in revaluation increment on land of an associate held for sale	18	**285,600**	–
Cumulative share in remeasurement loss on retirement liability of an associate held for sale	18	**(7,664)**	–
Other equity items and reserves	18	**771,953**	1,177,585
Retained earnings		**897,392**	2,781,402
		9,109,414	10,703,065
Non-controlling Interests		**54,921**	59,853
		9,164,335	10,762,918
		₱21,917,434	₱25,530,515

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, except Basic and Diluted Earnings per Share)

		Years Ended September 30		
	Note	**2019**	2018	2017
CONTINUING OPERATIONS				
REVENUE	21			
Revenue from contracts with customers	3	**₱6,554,604**	₱–	₱–
Sale of goods		**–**	4,849,279	5,470,843
Sale of services		**–**	48,498	38,795
		6,554,604	4,897,777	5,509,638
COST OF SALES AND SERVICES	22	**(6,434,087)**	(4,090,338)	(4,893,958)
GROSS INCOME		**120,517**	807,439	615,680
GENERAL AND ADMINISTRATIVE EXPENSES	23	**(834,960)**	(735,003)	(760,596)
SELLING EXPENSES	23	**(15,203)**	(20,801)	(8,608)
INTEREST EXPENSE	14, 15	**(474,082)**	(200,721)	(173,297)
SHARE IN NET EARNINGS OF AN ASSOCIATE	11	**41,333**	55,834	67,777
OTHER INCOME	25	**40,381**	70,161	47,250
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS		**(1,122,014)**	(23,091)	(211,794)
INCOME TAX BENEFIT (EXPENSE)	26			
Current		**109,835**	180,629	129,671
Deferred		**(144,757)**	(52,486)	319
		(34,922)	128,143	129,990
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**(1,156,936)**	105,048	(81,804)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	12	**(732,000)**	(50,380)	201,844
		(₱1,888,936)	₱54,668	₱120,040
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(₱1,884,113)**	₱47,664	₱119,777
Non-controlling interests		**(4,823)**	7,004	263
		(₱1,888,936)	₱54,668	₱120,040
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	27			
Basic		**(₱1.22)**	₱0.03	₱0.08
Diluted		**(1.22)**	0.03	0.08
EARNINGS (LOSS) PER SHARE FOR CONTINUING OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	27			
Basic		**(₱0.75)**	₱0.07	(₱0.06)
Diluted		**(0.75)**	0.07	(0.06)

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

		Years Ended September 30		
	Note	**2019**	2018	2017
NET INCOME (LOSS)		**(₱1,888,936)**	₱54,668	₱120,040
OTHER COMPREHENSIVE INCOME (LOSS)	18			
Items not to be reclassified to profit or loss				
Effect of change in effective tax rate on revaluation increment of assets held for sale	18	**410,731**	–	–
Reversal of deferred tax assets on remeasurement losses on retirement assets and liabilities	18	**(96,589)**	–	–
Remeasurement gains (losses) on retirement assets and liabilities [net of tax effect of ₱38.7 million in 2019, ₱34.4 million in 2018 and ₱9.8 million in 2017]	17	**(90,374)**	80,249	22,876
Appraisal increase on land (net of tax effect of ₱18.6 million in 2019, ₱4.6 million in 2018 and ₱50.0 million in 2017)	12	**43,374**	10,782	116,561
Share in appraisal increase on land of an associate (net of tax effect of ₱9.1 million in 2019 and ₱24.3 million in 2018)	11	**21,295**	56,813	–
Share in remeasurement gain (loss) on retirement liability of an associate [net of tax effect of nil in 2019, ₱0.6 million in 2018 and ₱0.02 million in 2017]	11	–	1,501	40
TOTAL COMPREHENSIVE INCOME (LOSS)		**(₱1,600,499)**	₱204,013	₱259,517
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(₱1,595,567)**	₱196,520	₱257,489
Non-controlling interests		**(4,932)**	7,493	2,028
		(₱1,600,499)	₱204,013	₱259,517

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

		Equity Attributable to the Equity Holders of the Parent Company								
	Note	Capital Stock (Note 18)	Additional Paid-in Capital	Treasury Stock (Note 18)	Other Equity Items and Reserves (Note 18)	Revaluation Increment on Land Under Assets Held for Sale (Note 12)	Retained Earnings	Total	Non-controlling Interests	Total Equity
Balances as at October 1, 2018, as previously reported		₱1,565,579	₱2,840,370	(₱52,290)	₱1,177,585	₱2,390,419	₱2,781,402	₱10,703,065	₱59,853	₱10,762,918
Opening adjustment on PFRS 15 adoption		–	–	–	–	–	103	103	–	103
Balances as at October 1, 2018, as restated		₱1,565,579	₱2,840,370	(₱52,290)	₱1,177,585	₱2,390,419	₱2,781,505	₱10,703,168	₱59,853	₱10,763,021
Net loss:										
Continuing operations		–	–	–	–	–	(1,152,113)	(1,152,113)	(4,823)	(1,156,936)
Discontinued operations	12	–	–	–	–	–	(732,000)	(732,000)	–	(732,000)
Appraisal increase on land, net of tax	18	–	–	–	43,374	–	–	43,374	–	43,374
Remeasurement gain on retirement assets and liabilities, net of tax	17	–	–	–	(90,265)	–	–	(90,265)	(109)	(90,374)
Effect of change in effective tax rate on revaluation increment of assets held for sale	18	–	–	–	–	410,731	–	410,731	–	410,731
Reversal of remeasurement gains (losses) on retirement assets and liabilities	18	–	–	–	(96,589)	–	–	(96,589)	–	(96,589)
Share in remeasurement gain on retirement liability of an associate, net of tax	11	–	–	–	–	–	–	–	–	–
Share in appraisal increase on land of an associate, net of tax	11	–	–	–	21,295	–	–	21,295	–	21,295
Total comprehensive income (loss)		–	–	–	(122,185)	410,731	(1,884,113)	(1,595,567)	(4,932)	(1,600,499)
Reclassification of revaluation increment on land under assets held for sale		–	–	–	(5,511)	5,511	–	–	–	–
Exercise of employee stock option	20	–	1,813	–	–	–	–	1,813	–	1,813
Balances as at September 30, 2019		₱1,565,579	₱2,842,183	(₱52,290)	₱1,049,889	₱2,806,661	₱897,392	₱9,109,414	₱54,921	₱9,164,335
Balances as at September 30, 2017		₱1,564,599	₱2,826,554	(₱52,290)	₱3,419,148	₱–	₱2,733,738	₱10,491,749	₱52,360	₱10,544,109
Net income (loss):										
Continuing operations		–	–	–		–	98,044	98,044	7,004	105,048
Discontinued operations	12	–	–	–	–	–	(50,380)	(50,380)	–	(50,380)
Appraisal increase on land, net of tax	18	–	–	–	10,422	–	–	10,422	360	10,782
Remeasurement gain on retirement assets and liabilities, net of tax	17	–	–	–	80,120	–	–	80,120	129	80,249
Share in remeasurement gain on retirement liability of an associate, net of tax	11	–	–	–	1,501	–	–	1,501	–	1,501
Share in appraisal increase on land of an associate, net of tax	11	–	–	–	56,813	–	–	56,813	–	56,813
Total comprehensive income		–	–	–	148,856	–	47,664	196,520	7,493	204,013
Reclassification of revaluation increment on land under assets held for sale		–	–	–	(2,390,419)	2,390,419	–	–	–	–
Employee stock option	20	–	12,356	–	–	–	–	12,356	–	12,356
Exercise of employee stock option	20	980	1,460	–	–	–	–	2,440	–	2,440
Balances as at September 30, 2018		₱1,565,579	₱2,840,370	(₱52,290)	₱1,177,585	₱2,390,419	₱2,781,402	₱10,703,065	₱59,853	₱10,762,918

(Forward)

		Equity Attributable to the Equity Holders of the Parent Company								
	Note	Capital Stock (Note 18)	Additional Paid-in Capital	Treasury Stock (Note 18)	Other Equity Items and Reserves (Note 18)	Revaluation Increment on Land Under Assets Held for Sale (Note 12)	Retained Earnings	Total	Non-controlling Interests	Total Equity
Balances as at September 30, 2016		**₱1,439,442**	**₱2,425,550**	**(₱52,290)**	**₱3,281,436**	**₱–**	**₱2,613,961**	**₱9,708,099**	**₱65,520**	**₱9,773,619**
Net income (loss):										
Continuing operations		–	–	–	–	–	(82,067)	(82,067)	263	(81,804)
Discontinued operations	12	–	–	–	–	–	201,844	201,844	–	201,844
Appraisal increase on land, net of tax	18	–	–	–	114,842	–	–	114,842	1,719	116,561
Remeasurement gain on retirement assets and liabilities, net of tax	17	–	–	–	22,830	–	–	22,830	46	22,876
Share in remeasurement gain on retirement liability of an associate, net of tax	11	–	–	–	40	–	–	40	–	40
Total comprehensive income		–	–	–	137,712	–	119,777	257,489	2,028	259,517
Issuances of shares from conversion of debt securities	18	125,000	398,750	–	–	–	–	523,750	–	523,750
Acquisition of non-controlling interest		–	–	–	–	–	–	–	(15,188)	(15,188)
Employee stock option	20	–	2,020	–	–	–	–	2,020	–	2,020
Exercise of employee stock option	20	157	234	–	–	–	–	391	–	391
Balances as at September 30, 2017		**₱1,564,599**	**₱2,826,554**	**(₱52,290)**	**₱3,419,148**	**₱–**	**₱2,733,738**	**₱10,491,749**	**₱52,360**	**₱10,544,109**

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Note	Years Ended September 30 2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax from continuing operations		**(₱1,122,014)**	(₱23,091)	(₱211,794)
Income (loss) before income tax from discontinued operations	12	**(290,782)**	(67,870)	320,190
Adjustments for:				
Depreciation and amortization	12	**566,516**	775,308	950,839
Interest expense	14, 15	**704,156**	502,073	444,257
Retirement benefits	17	**55,910**	64,777	65,951
Share in net earnings of an associate	11	**(41,333)**	(55,834)	(67,777)
Unrealized gain on fair value adjustment on investment properties	13	**(21,680)**	(27,531)	(13,406)
Interest income	25	**(4,013)**	(2,600)	(3,384)
Employee stock option	20	**1,813**	12,356	2,020
Net unrealized foreign exchange gains	25	**–**	(1)	(187)
Loss (gain) from disposal of property, plant and equipment		**4,719**	38	(18)
Operating income (loss) before changes in working capital		**(146,708)**	1,177,625	1,486,691
Decrease (increase) in:				
Trade and other receivables		**1,684,806**	(782,272)	(1,029,549)
Inventories		**1,440,344**	(106,559)	(937,709)
Other current assets		**(89,931)**	(127,261)	(230,042)
Increase (decrease) in trade and other payables		**(1,084,447)**	1,083,076	118,185
Net cash generated from (used in) operations		**1,804,064**	1,244,609	(592,424)
Income taxes paid, including final taxes		**(21,435)**	(32,550)	(34,921)
Interest received		**4,013**	2,600	3,385
Retirement benefits paid	17	**(530)**	(350)	(193)
Net cash flows provided by (used in) operating activities		**1,786,112**	1,214,309	(624,153)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment, including additions to assets held for sale	12, 31	**(268,999)**	(1,185,332)	(1,140,984)
Proceeds from:				
Dividends received	11	**49,419**	78,226	212,408
Disposal of property and equipment		**4,988**	7,117	9,448
Increase (decrease) in other noncurrent assets		**6,032**	(258,999)	17,752
Acquisition of non-controlling interest	4	**–**	–	(15,188)
Net cash flows used in investing activities		**(208,560)**	(1,358,988)	(916,564)

(Forward)

	Note	Years Ended September 30 2019	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES	31			
Net availments of short-term borrowings		**₱505,943**	₱1,602,498	₱1,694,020
Payments of:				
Long-term borrowings	15	**(1,243,052)**	(1,242,222)	(380,185)
Interest		**(697,324)**	(494,266)	(430,591)
Proceeds from:				
Exercise of stock option	20	**–**	2,440	391
Convertible debt securities		**–**	–	523,750
Net cash flows provided by (used in) financing activities		**(1,434,433)**	(131,550)	1,407,385
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**143,119**	(276,229)	(133,332)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**–**	1	187
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**295,149**	571,377	704,522
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	**₱438,268**	₱295,149	₱571,377

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Roxas Holdings, Inc. (RHI or the Parent Company), doing business under the name and style of CADP Group, was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 30, 1930 for the purpose of operating mill and refinery facilities to manufacture sugar and allied products.

In July 1996, the Parent Company offered its shares to the public through an initial public offering. On August 8, 1996, the shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE).

On February 1, 2017, the Board of Directors (BOD) approved the issuance of convertible debt securities amounting to ₱523,750,000 to FPNRH, convertible to 125,000,000 common shares of RHI at the option of the holder and bears annual interest at 3%.

On February 15, 2017, the shareholders approved the amendment of the Parent Company's articles of incorporation to increase the authorized capital stock from ₱1,500,000,000 to ₱2,000,000,000 divided into 2,000,000,000 with par value of ₱1.00 per share. On the same day, the shareholders approved the subsequent application of the convertible note as subscription to 125,000,000 common shares arising from the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share.

On July 14, 2017, the SEC approved the Parent Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription. Accordingly, FPNRH interest on the Parent Company increased from 27% to 32%.

The corporate office of the Parent Company is located at the 14th Floor, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila while the manufacturing plants of its operating subsidiaries are in Barrio Lumbangan, Nasugbu, Batangas; Barrio Consuelo, La Carlota City, Negros Occidental and San Carlos Ecozone, San Carlos City, Negros Occidental.

Approval of the Consolidated Financial Statements

The consolidated financial statements of RHI and subsidiaries, collectively referred to herein as "the Group", as at September 30, 2019 and 2018 and for each of the three years in the period ended September 30, 2019, as reviewed and recommended for approval by the Group's Audit and Risk Committee on December 4, 2019, were approved and authorized for issue by the Parent Company's BOD on December 4, 2019.

2. Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for land under property, plant and equipment which is measured at revalued amount and investment properties and retirement assets that are measured at fair value. The consolidated financial statements have been presented in Philippine Peso, which is the functional currency of the

Parent Company and its subsidiaries. All amounts are rounded to the nearest thousands, except for number of shares and unless otherwise indicated.

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the Philippine SEC, including the SEC provisions.

The financial reporting framework includes the PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), including the SEC pronouncements.

3. Summary of Changes in Accounting Policies

The accounting policies adapted are consistent with those of the previous financial year except for the adoption of the following amendments to PFRS which are effective for annual periods beginning January 1, 2018 (October 1, 2018 for the Group):

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. Entities are required to apply the amendments to: (1) share-based payment transactions that are unvested or vested but unexercised as of January 1, 2018, (2) share-based payment transactions granted on or after January 1, 2018 and to (3) modifications of share-based payments that occurred on or after January 1, 2018. Retrospective application is permitted if elected for all three amendments and if it is possible to do so without hindsight.

  The Group's accounting policy for cash-settled share-based payments is consistent with the approach clarified in the amendments. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Group's consolidated financial statements.

- Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

- Amendments to PAS 28, *Investments in Associates and Joint Ventures, Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. Retrospective application is required.

  The amendments are not applicable to the Group since the Group has reclassified its investment in an associate into an asset held for sale as of September 30, 2019.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Retrospective application of the amendments is not required and is only permitted if this is possible without the use of hindsight.

  Since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements upon adoption of these amendments.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. Retrospective application of this interpretation is not required.

  The interpretation did not have any significant impact on the Group's consolidated financial statements.

- PFRS 9, *Financial Instruments*

  PFRS 9 replaces Philippine Accounting Standards (PAS) 39, *Financial Instruments: Recognition and Measurement,* for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

  The Group has applied PFRS 9 using the modified retrospective approach, with the initial application date of October 1, 2018. The Group has not restated the comparative information, which continues to be reported under PAS 39, *Financial Instruments: Recognition and Measurement*.

  The effects of adopting PFRS 9 as at October 1, 2018 are as follows:

  (a) Classification and measurement
  Under PFRS 9, debt instruments are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest (SPPI)" on the principal amount outstanding.

  The assessment of the Group's business model was made as of the date of initial application, October 1, 2018, and then applied modified retrospectively to those financial assets that were not derecognized before October 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

  As of October 1, 2018, the Group has reviewed and assessed all of its existing financial assets. The classification and measurement requirements of PFRS 9 did not have a significant impact on the Group, except for cash and cash equivalents, trade receivables, due from employees, due from related parties, other receivables (excluding due from planters and cane haulers) and refundable deposits in "other current and noncurrent assets" which qualify for held to collect contractual cash flows and give rise to cash flows representing SPPI. These are now classified and measured as "Debt instrument at amortized cost".

  The Group does not have any debt and equity instruments at FVOCI and financial assets at FVPL. Also, the Group has not designated any financial liabilities as at FVPL. There are no changes in the classification and measurement for the Group's financial liabilities.

  (b) Impairment testing under expected credit loss (ECL) model
  The adoption of PFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the Group to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss contract assets.

  The adoption of PFRS 9 did not have any significant impact on the Group's allowance for impairment on its financial assets.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 supersedes PAS 11, *Construction Contracts*, PAS 18, *Revenue,* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new standard establishes a five-step model to account for revenue arising from contracts with customers.

  PFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

  The Group adopted PFRS 15 using the modified retrospective method of adoption with the date of initial application of October 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at October 1, 2018.

  Transition adjustment arising from the adoption of PFRS 15 has been assessed as immaterial as at October 1, 2018.

  The adoption of the Standard resulted to recognition of revenue from milling services, net of subsidies paid to planters, amounting to ₱684.0 million and ₱836.4 million, under continuing and discontinued operations, respectively, for the year ended September 30, 2019 (see Note 21). Subsidies paid to planters, which qualified as consideration payable to customers and are presented as contra-milling revenue, amounted to ₱582.8 million and ₱96.6 million, under continuing and discontinued operations, respectively, for the year ended September 30, 2019.

  In addition, the adoption of the standard resulted to reclassification of customers' deposits amounting to ₱8.2 million to contract liabilities as of October 1, 2018. These represent the Group's obligation to deliver goods and render services to counterparties for which the Group has already received a consideration.

  Set out on the next page are the amounts by which each financial statement line item is affected as at and for the year ended September 30, 2019 as a result of the adoption of PFRS 15. The first column shows amounts prepared under PFRS 15 and the second column shows what the amounts would have been had PFRS 15 not been adopted (amounts in thousands).

Consolidated statement of comprehensive income for the year ended September 30, 2019

	Amounts prepared under		Increase/
	PFRS 15	Previous PFRS	(Decrease)
Revenue from contracts with customers	₱6,554,604	₱–	₱6,554,604
Sale of goods	–	5,833,443	(5,833,443)
Sale of services	–	37,202	(37,202)
Loss before income tax	(1,122,014)	(1,129,173)	(7,159)
Provision for income tax - deferred	(144,757)	(142,609)	2,148

Consolidated statement of financial position as at September 30, 2019

	Amounts prepared under		Increase/
	PFRS 15	Previous PFRS	(Decrease)
Deferred income tax liabilities - net	₱264,908	₱267,056	(₱2,148)
Unappropriated retained earnings	897,392	902,403	(5,011)
Non-controlling interests	54,921	54,921	–

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements unless otherwise indicated. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2019 (October 1, 2019 for the Group)

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at FVOCI, provided that the contractual cash flows are SPPI on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group is currently assessing the impact of adopting PFRS 16 on its lease of office space and farm lands.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

  The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

  The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

  The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

  The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes,* and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

  The Group is currently assessing the impact of this interpretation.

- *Annual Improvements to PFRSs* 2015-2017 Cycle

  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

    The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

  An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments are not relevant to the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

  The Group does not expect any significant impact on its consolidated financial statements upon adoption of the amendments.

Effective beginning on or after January 1, 2020 (October 1, 2020 for the Group)

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021 (October 1, 2021 for the Group)

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or

contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, which it controls as at September 30 of each year. The Parent Company has control over the investee 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.

Presented below is the list of the subsidiaries.

	Percentage of Ownership			Noncontrolling Interest				Principal Place of
	2019	2018	2017	2019	2018	2017	Nature of Business	Business
Central Azucarera Don Pedro, Inc. (CADPI)	100.00%	100.00%	100.00%	–	–	–	Production and selling of raw and refined sugar, molasses and related products	Taguig City and Nasugbu, Batangas
Central Azucarera de la Carlota, Inc. (CACI)	100.00%	100.00%	100.00%	–	–	–	Production and selling of raw sugar and molasses	Taguig City and Negros Occidental
CADP Insurance Agency, Inc. (CIAI)	100.00%	100.00%	100.00%	–	–	–	Insurance agency	Makati City
Roxol Bioenergy Corp. (RBC) [1]	100.00%	100.00%	100.00%	–	–	–	Production and selling of bioethanol fuel and trading of goods such as sugar and related products	Negros Occidental
CADP Port Services, Inc. (CPSI)	100.00%	100.00%	100.00%	–	–	–	Providing ancillary services	Makati City
RHI Agri-Business Development Corporation (RABDC) [2]	100.00%	100.00%	100.00%	–	–	–	Agricultural business	Makati City
Roxas Pacific Bioenergy Corporation (RPBC)	100.00%	100.00%	100.00%	–	–	–	Holding company for bioethanol investments	Negros Occidental
RHI Pacific Commercial Corp. (RHIPCC) [2]	100.00%	100.00%	100.00%	–	–	–	Selling arm of products of RHI Group	Makati City
San Carlos Bioenergy, Inc. (SCBI) [3]	93.35%	93.35%	93.35%	6.65%	6.65%	6.65%	Production and selling of bioethanol fuel	Negros Occidental
Najalin Agri Ventures, Inc. (NAVI)	95.82%	95.82%	95.82%	4.18%	4.18%	4.18%	Agricultural and industrial development	Negros Occidental
Roxas Power Corporation (RPC)	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	Sale of electricity	Nasugbu, Batangas
Northeastern Port Storage Corporation (NPSC) [4]	100.00%	100.00%	100.00%	–	–	–	Owning the depot and storage facilities used by SCBI	Negros Occidental

[1] *Direct ownership of 20.53% and indirect ownership through CADPI of 79.47%*
[2] *As at September 30, 2019, RHIPCC has not yet started commercial operations*
[3] *Acquired in April 2015 through RPBC (see Note 6)*
[4] *Indirect ownership through RPBC (see Note 6)*

In March 2016, NAVI reacquired 63,248 common shares from the non-controlling shareholders for a total consideration of ₱19.0 million effectively reducing the non-controlling interest by ₱16.4 million, which represents 9.64% decrease in ownership of non-controlling shareholders in NAVI. Consequently, equity interest of the Parent Company in NAVI increased to 86.91%. The excess of the fair value of the consideration paid over the amount by which the non-controlling interest is reduced amounting to ₱2.6 million was recognized directly in equity attributable to the equity holders of the Parent Company.

In November 2016, NAVI reacquired 55,696 shares from non-controlling shareholders for a total consideration of ₱13.6 million. As at September 30, 2018, there are only 22,656 remaining shares from the non-controlling shareholders which represent 4.18% of the total shares.

On February 1, 2012, the BOD of RHI approved a resolution to shorten the corporate life of CPSI, CIAI and RPC effective September 30, 2012. On the same date, the BOD also approved the merger of CADP Consultancy Services, Inc. (CCSI), CADP Farm Services, Inc. (CFSI) and Jade Orient Management Services, Inc. (JOMSI), which are non-operating subsidiaries and collectively referred to as "Absorbed Companies", with CADPI. This decision was in line with the Group's move to rationalize its operations. On April 14, 2014, the SEC issued the Certificate of Filing of Articles and Plan of Merger approving the merger of CCSI, CFSI and JOMSI with CADPI, as the surviving entity. In 2015, management changed its intention and decided to continue the corporate existence of RPC and requested the cancellation of the application for its business closure from the Bureau of Internal Revenue. As at September 30, 2019, the applications for the cancellation of the business of CPSI and CIAI are still pending approval from the pertinent government agencies.

The Parent Company has control over RPC because it has the power to cast the majority of votes through its representatives in the BOD, has rights to variable returns from RPC and has the ability to affect those returns.

Each entity determines its own functional currency, which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity, and items included in the financial statements of each entity are measured using that functional currency.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company. The Group is using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany balances and transactions including inter-group unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Parent Company obtains control and continue to be consolidated until the date when such control ceases. The results of operations of the subsidiaries acquired or disposed of during the year are included in profit and loss from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the controlling equity ownership (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

Any excess or deficit of consideration paid over the carrying amount of the non-controlling interests is recognized in equity of the Group in transactions where the non-controlling interests are acquired or sold without loss of control. This is recognized as part of "Other equity items". If the Group loses control over a subsidiary, it: (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary; (b) derecognizes the carrying amount of any non-controlling interests; (c) derecognizes the cumulative translation differences recorded in equity; (d) recognizes the fair value of the consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in profit or loss; (g) reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests represent the portion of profit or loss and net assets of NAVI, RPC and SCBI not held by the Group, directly or indirectly, and are presented separately in the consolidated statements of comprehensive income and within the equity section of the consolidated statements of financial position and consolidated statements of changes in equity, separately from the Parent Company's equity. Total comprehensive income is attributed to the portion held by the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at its proportionate share in the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in general and administrative expenses. The excess of the cost of acquisition over the fair value of the Parent Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Parent Company's share of the net assets of the subsidiary acquired, the difference is recognized directly in profit or loss.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured. Subsequent settlement is accounted for within equity. In instance where the contingent consideration does not fall within the scope of PAS 39, it is measured in accordance with the appropriate PFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. If the initial accounting for business combination can be determined only provisionally by the end of the year by which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts the combination using provisional values. Adjustments to these provisional values as a result of completing the initial accounting should be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting should be calculated as if its fair value at the acquisition date had been recognized from that date and goodwill or any gain recognized should be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Common Control Transactions. Where there are business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent before and after the business combination and that the control is not transitory ("business combinations under common control"), the Group accounts such business combinations under the acquisition method of accounting, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the non-controlling interest, are being considered.

In cases where the business combination has no substance, the Parent Company accounts for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying amounts. The difference in the amount recognized and the fair value of the consideration given, is accounted for as an equity transaction (i.e., as either a contribution or distribution of equity). Further, when a subsidiary is transferred in a common control transaction, the difference in the amount recognized and the fair value of consideration received, is also accounted for as an equity transaction.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated balance sheets based on current or noncurrent classification.

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be settled within twelve months after the reporting period; or

- there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities and retirement benefits assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash and Cash Equivalents
Cash includes cash on hand and in banks that earn interest at the respective bank deposit rates. 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 from the date of acquisition and are subject to an insignificant risk of changes in value.

Financial Assets and Financial Liabilities
A financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

Accounting Policies Starting October 1, 2018

Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or which the Group has applied the practical expedient are measured at transaction price determined under PFRS 15. Refer to the *Accounting Policy in Section "Revenue Recognition".*

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)

- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

The Group has no financial assets at FVPL and financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments) and financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortized cost (debt instruments). This category is most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are closely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As of September 30, 2019, the Group's financial assets at amortized cost include cash and cash equivalents, trade receivables, due from employees, due from related parties, other receivables and refundable deposits presented in "other current assets".

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

In its ECL models, the Group relies on a broad range of forward looking information as economic updates such as inflation and gross national income.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For its due from related parties, the Group applies the general expected credit loss model. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group determines probability of default and loss-given default based on available data, adjusted for forward-looking factors specific to the debtors and the economic environment.

Accounting Policies Prior to October 1, 2018

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the market place.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at FVPL. Fair value is determined by reference to the transaction price or other market prices. If such market prices are not readily determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rate of interest for similar instruments with similar maturities.

Day 1 Difference. Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data observable from the market, the Group recognizes the difference between the transaction price and fair value (a day 1 difference) in profit or loss unless it qualifies for recognition as some other type of asset. For each transaction, the Group determines the appropriate method of recognizing a day 1 difference amount.

Classification and Measurement of Financial Instruments. Financial instruments are classified as liabilities 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 recognized as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

The Group classifies its financial assets in the following categories: FVPL financial assets, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. The Group classifies its financial liabilities as either financial liabilities at FVPL or other financial liabilities. The classification of financial instruments depends on the purpose for which these were acquired and

whether these are quoted in an active market. The Group determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Group does not have financial instruments classified as financial assets or liabilities at FVPL, HTM investments and AFS financial assets as at September 30, 2018.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market. These 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.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest method, less any impairment in value. Any interest earned on loans and receivables is recognized as part of "Interest income" recognized in profit or loss on an accrual basis. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The periodic amortization is also included as part of "Interest income" recognized in profit or loss. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

Classified as loans and receivables are cash in banks, trade and other receivables, except for advances to planters, as at September 30, 2018 (see Notes 7, 8, 10 and 19). Trade receivables with average credit terms of 15 to 120 days are recognized and carried at original invoice amount less any allowance for impairment losses.

Impairment of Financial Assets. The Group assesses at the end of each reporting year whether a financial asset or a group of financial assets is impaired.

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. Objective evidence includes observable data that comes to the attention of the Group about loss events such as, but not limited to, significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, or the increasing probability that the borrower will enter bankruptcy or other financial reorganization. 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 the group of financial assets with similar credit risk and 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 recognized are not included in a collective assessment of impairment. The impairment assessment is performed at the end of each reporting year. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past due status and term.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of 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 is reduced through the use of an allowance account. The amount of impairment loss is recognized in profit or loss.

Loans and receivables, together with the related allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized. 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. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

Accounting Policies Applicable to Both Periods Presented

Classification and measurement of other financial liabilities
This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., accounts payable and accrued expenses, excluding taxes payable to the government) or borrowings (e.g., long term-debt).

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

This category includes trade and other payables (excluding statutory liabilities and provision for probable losses), short-term borrowings and long-term borrowings as at September 30, 2019 and 2018 (see Notes 14, 15, 16 and 19).

Derecognition of Financial Assets and Financial Liabilities
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has 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 financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements 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. The Group assesses that it has currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default and in event of insolvency or bankruptcy of the Group and all of its counterparties.

Fair Value Measurement

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Further information about the assumptions made in measuring fair value is included in the following notes to the consolidated financial statements:

- Note 5, "Significant Judgments, Accounting Estimates and Assumptions - Determining the Revaluation Amount of Land and Determining the Fair Value of Investment Properties"
- Note 12, "Property, Plant and Equipment"
- Note 13, "Investment Properties"
- Note 30, "Fair Value Measurement"

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV).

Raw and Refined Sugar, Molasses and Alcohol. Cost is determined using the weighted average method. Production cost is allocated using the NRV of each of the joint products (i.e., raw sugar, refined sugar and molasses). The cost of alcohol includes direct materials and labor and a proportion of manufacturing overhead costs with unit cost determined using the moving average method. NRV is the estimated selling price in the ordinary course of business, less the estimated costs to complete the production and the estimated costs necessary to make the sale.

Materials and Supplies. Cost is determined using the moving average method. NRV is the current replacement cost.

Provision for inventory losses and obsolescence is provided for slow moving, obsolete, defective and damaged inventories based on physical inspection and management assessment.

Other Current Assets
This account consists of creditable withholding taxes (CWT), input value-added tax (VAT), advances to suppliers and prepayments.

CWT. CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

VAT. Revenue, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of VAT included. For sale or purchase of services, related VAT is deferred until the related receivable or payable from the transaction has been collected or paid.

The net amount of VAT recoverable from taxation authority is presented as part of "Other current and noncurrent assets" in the consolidated statements of financial position. The net amount of VAT payable to taxation authority is included in "Trade and other payables" in the consolidated statements of financial position.

Prepayments. Prepayments are expenses paid in advance and recorded as asset before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to appropriate expense accounts in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the financial reporting year are classified as current assets. Otherwise, these are classified as noncurrent assets.

Advances to suppliers represent prepayment to suppliers for goods or services to be delivered / rendered in the future. A reclassification is made to the appropriate account (e.g. supplies, inventory, property and equipment) once the supplier has fulfilled the performance obligation. The classification as to current or noncurrent is determined by the usage or realization of the asset to which the advances were paid for.

Investment in an Associate
Investment in an associate initially recognized at cost, is subsequently accounted for using the equity method.

An associate is an entity in which the Group has significant influence but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights of the entity.

The share of its associate's post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in equity. The Parent Company's share in net appraisal increase resulting from the revaluation of land of an associate is presented as "Share in revaluation increment on land of an associate," net of related deferred tax, in the consolidated statements of changes in equity as other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments in behalf of the associate. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial statements of the associate are prepared for the same reporting year of the Parent Company. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

Assets Held for Sale and Discontinued Operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

The Group discontinues the use of the equity method for its investment in associate from the date that the investment (or the portion of it) is classified as held for sale; instead, the associate or joint venture is then measured at the lower of its carrying amount and fair value less cost to sell.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;

- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as net income (loss) after tax from discontinued operations in the consolidated statements of income.

Additional disclosures are provided in Note 12. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

Property, Plant and Equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation, amortization and any impairment in value, except for land, which is stated at revalued amount.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes the cost of replacing part of such asset when the recognition criteria are met, and the estimated present value of the cost of dismantling and removing the asset and restoring the site. Borrowing costs incurred during the construction of a qualifying asset is likewise included in the initial cost of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged to profit or loss in the year incurred.

Construction in progress pertains to properties under construction and are stated at cost. Cost includes costs of construction, labor, borrowings and other direct costs. Construction in progress is depreciated only from such time as the relevant assets are completed and put into operational use. Construction in progress are reclassified to the appropriate fixed asset category upon completion.

The net appraisal increment resulting from the revaluation of land is presented as "Revaluation increment on land under assets held for sale" and as part of "Other equity items and reserves", net of related deferred tax, in the consolidated statements of changes in equity as part of other equity items and reserves. Any resulting decrease is directly charged against the related revaluation increment to the extent that the decrease does not exceed the amount of the revaluation in respect of the same asset. All other decreases are charged to profit or loss. Valuations are performed frequently enough to ensure that the fair value of land does not differ significantly from its carrying amount.

The portion of revaluation increment on land, net of related deferred tax, realized upon disposal of the property is transferred to retained earnings.

Depreciation and amortization are calculated using the straight-line method to allocate the cost over the estimated useful lives, as presented as follows:

	Number of Years	
Asset Category	**2019**	2018
Buildings and building improvements	**30**	30
Land improvements	**10 to 25**	10 to 25
Machinery and equipment:		
Factory machinery and installations	**17 to 28**	17 to 28
Safety equipment	**5**	5
Office furniture, fixtures and equipment	**3 to 5**	3 to 5
Depot and storage facilities	**15**	15
Transportation equipment	**3 to 6**	3 to 6

Depreciation and amortization commence when an asset is in its location or condition capable of being operated in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Major repairs and maintenance that qualified for capitalization are depreciated and amortized over the remaining useful life of the related asset.

The asset's estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Fully depreciated property and equipment are retained in the books until these are no longer in use.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment are derecognized. Gains and losses on retirement or disposal are determined by comparing the proceeds with carrying amount of the asset and are recognized in profit or loss.

Software Cost

Software cost, which is presented as part of "Other noncurrent assets," is initially measured at cost. Following initial recognition, software cost is carried at cost less accumulated amortization and any impairment losses. The software cost is amortized on a straight-line basis over its estimated economic useful life of three years and assessed for impairment whenever there is an indication that the software cost may be impaired. The amortization commences when the software cost is available for use. The period and the method of amortization for the software cost are reviewed at each financial year end.

Gains and losses arising from derecognition of software cost are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in fair value of investment properties are included in profit or loss in the year in which these arise.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction. Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale. The fair value of investment property should reflect market conditions at the end of the reporting year.

Derecognition of an investment property will be triggered by a change in use or by sale or disposal. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset, and is recognized in profit or loss.

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

Impairment of Nonfinancial Assets

The carrying amounts of investment in an associate, property, plant and equipment, and other nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, except for goodwill acquired in a business combination which is reviewed for impairment annually. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses are recognized in profit or loss under the expense category consistent with the function of the impaired asset. Impairment loss recognized during interim period in respect to goodwill or investment, cannot be reversed at year end.

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 and amortization, 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 an appraisal increase. After such a reversal, the depreciation and amortization are 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.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds. The excess of proceeds from issuance of shares over the par value of shares are credited to additional paid-in capital. The Parent Company also recognizes a corresponding increase in additional paid-in capital when services are rendered in an equity-settled share-based payment transaction.

Treasury Stock. Where the Parent Company purchases its own capital stock (treasury stock), the consideration paid, including any directly attributable incremental costs (net of related taxes), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related taxes, is included in equity attributable to the equity holders of the Parent Company.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of the changes in accounting policy and other capital adjustments.

Dividend Distribution. Dividend distribution to the Parent Company's and subsidiaries' stockholders and the non-controlling interests is recognized as a liability and deducted from equity in the year in which the dividends are declared as approved by the BOD of respective entities. Dividends that are approved after the reporting year are dealt with as an event after the reporting year.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) comprises items of income and expenses (including items previously presented as other equity reserves under the consolidated statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. These are presented as part of other equity reserves in the consolidated statements of changes in equity. Other comprehensive income (loss) includes revaluation increment on land, cumulative remeasurement loss on net retirement assets and liabilities and cumulative loss on remeasurement loss of retirement assets of an associate.

Employee Stock Option (ESOP)

Regular employees (including directors) receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value of the stock options at the date at which these are granted. The fair value of the stock options is determined using an option-pricing model, further details of which are presented in Note 20. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of RHI ("market conditions"), if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period until employees become fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of awards that will ultimately vest. The change or credit for a year represents the movement in cumulative expense recognized as at the beginning and end of that year.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, an expense, at a minimum, is recognized as if the terms had not been modified. An expense is recognized for any increase in the value of the transactions as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if these were modifications of the original award, as described in the previous paragraph.

The dilutive effect of outstanding stock option is reflected as additional share dilution in the computation of earnings per share (see Note 27).

Revenue Recognition

Accounting Policies Starting October 1, 2018

The Group is in the business of operating mill and refinery facilities to manufacture sugar and allied products in the Philippines in accordance with existing laws and government regulations. Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 5.

Sale of goods. Sale of goods, which encompasses sales of raw sugar, refined sugar, molasses and alcohol, is recognized at a point in time, i.e., when the control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

Revenue from Tolling Services. Tolling services is recognized over time, i.e., when the control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Revenue from Milling Contracts. The Group provides milling services to sugar cane planters through an output sharing agreement. Revenue arising from sugar milling operation under an output sharing agreement is recognized upon conversion of the Planter's canes into raw sugar based on the fair value of the raw sugar at the time of production. The Group recognizes revenue from milling services over time, using units of production method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. free storage periods).

In determining the transaction price for the sale of services, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (e.g. subsidies to planters). The Group has assessed that there is no significant impact arising from variable consideration, significant financing components and noncash consideration. Impact of subsidies paid to planters, which qualify as consideration payable to customers, is disclosed in Note 3.

(i) Variable consideration relating to revenue from milling contracts
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of services provide customers with a right to additional free-of-charge services (e.g. free storage periods). These additional free-of-charge services give rise to variable consideration.

To estimate the variable consideration for the expected future performance of free-of-charge services, the Group applies the "most likely amount" method for contracts using the relative stand-alone selling price of the services. The Group then applies the requirements on constraining estimates of variable consideration and recognizes a contract liability for the expected future performance of services.

(ii) Significant financing component
Generally, the Group receives customer deposits from its customers. Using the practical expedient in PFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. The Group then recognizes a contract liability for the customer deposits received.

(iii) Consideration payable to customer relating to revenue from milling contracts
The Group provides subsidies to planters in the form of cash subsidies for transportation and hauling cost of sugar cane from sugar cane farms to mill site. The consideration payable to customer is accounted for as a reduction in the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group.

Contract Balances
Contract assets. A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under Financial Assets and Financial Liabilities – Financial assets at amortized cost (debt instruments).

Contract liabilities. A contract liability is the obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers services to the customer, a contract liability

is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Accounting Policies Prior to October 1, 2018

Revenue comprises the fair value of the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of output VAT, returns and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow into the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

Sale of Raw Sugar. Sale of raw sugar is recognized upon (a) endorsement and transfer of quedans for quedan-based sales and (b) shipment or delivery and acceptance by the customers for physical sugar sales.

Sale of Refined Sugar and Alcohol. Sale of refined sugar and alcohol is recognized upon shipment or delivery and acceptance by the customers.

Sale of Molasses. Sale of molasses is recognized upon transfer of molasses warehouse receipts, which represents ownership title over the molasses inventories.

Revenue from Tolling Services. Revenue from tolling services is recognized when the equivalent refined sugar is produced from raw sugar owned by tollees.

Other Income. Other income is recognized when the earning process is complete and the flow of economic benefit is reasonably assured.

Accounting Policies Applicable to Both Periods Presented

Bill and Hold Sales. Bill and hold sales are recognized when all criteria are met:

a. It is probable that delivery will be made;
b. The item is on hand, identified and ready for delivery to the buyer at the time the sale is recognized;
c. The buyer specifically acknowledges the deferred delivery instructions; and
d. The usual payment terms apply.

Rental Income. Rental income from operating leases is recognized on a straight line basis over the lease term.

Interest Income. Interest income is recognized on a time proportion basis using the effective interest method.

Cost and Expense Recognition

Cost and expenses are recognized in profit or loss upon receipt of goods, utilization of services, or at the date the cost and expenses are incurred.

Cost of Sales. Cost of sales includes direct materials and labor costs, and those related indirect cost incurred upon processing of the Group's products and rendering of its tolling services. It is recognized as expense when related goods are sold or the related services are rendered.

Selling, General and Administrative Expenses. Selling expenses are costs incurred to sell or distribute goods. General and administrative expenses are costs of administering the business such as salaries and wages of administrative department, outside services, rental, utilities and general office expenses. These expenses are recognized when incurred.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction of a qualifying asset, which necessarily takes a substantial period of time to prepare for its intended use are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that these will result in future economic benefits to the Group and the costs can be measured reliably. Other borrowing costs are recognized as expense when incurred.

Capitalization of borrowing costs is suspended during extended period in which the Group suspends active development of a qualifying asset and ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. An asset is normally ready for its intended use when the physical construction of the asset is complete even though routine administrative work might still continue.

Leases

The determination of whether the arrangement is, or contains a lease is based on the substance of the arrangement at inception date of 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 reassessment is made after inception on the lease only if one of the following applies: (a) there is a change in 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 or extension was initially included in the lease term; (c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or (d) there is substantial change to the asset.

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

Operating Lease - The Group as a Lessee. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating leases are recognized as an expense on a straight-line basis over the lease term.

For income tax reporting purposes, operating lease payment under operating lease agreements is treated as deductible expense in accordance with the terms of the lease agreements.

Operating Lease - The Group as a Lessor. Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and amortized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the year in which these are earned.

Employee Benefits

Short-term Employee Benefits. The Group recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the reporting year. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefits liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The retirement benefits cost is determined using the projected unit credit method, which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The retirement benefits cost comprises of the service cost, net interest on the retirement liability or plan asset and remeasurements of retirement liability or plan asset.

The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and interest cost or income in profit or loss.

Net interest on the retirement liability or plan asset is the change during the year in the retirement liability or plan asset that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the retirement liability or plan asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in other comprehensive income in the year in which these arise. Remeasurements are not reclassified to profit or loss in subsequent years.

The plan assets are generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations. Plan assets are not available to the creditors of the Group, nor can be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement liability, the measurement of the resulting retirement plan asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The retirement liability or asset is the aggregate of the present value of the retirement liability and the fair value of plan assets on which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Termination Benefits. Termination benefits are payable when employment is terminated before the retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of reporting year are discounted to present value.

Foreign Currency-Denominated Transactions and Translations

Items included in the consolidated financial statements of each of the Group's entities are measured using the functional currency.

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of reporting year. Foreign exchange differences are credited or charged directly in profit or loss.

Income Taxes

Current Tax. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting year.

Deferred Tax. Deferred tax is provided on all temporary differences at the end of reporting year 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, including asset revaluations. Deferred tax liability is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss. However, deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

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

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

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

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

Provisions and Contingencies

Provision are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

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

Earnings (Loss) per Share

The Group presents basic and diluted earnings (loss) per share. Basic earnings (loss) per share is calculated by dividing the profit (loss) attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Parent Company and held as treasury shares. Diluted earnings per share is calculated in the same manner, adjusted for the effects of all the dilutive potential common shares.

Segment Reporting

For purposes of management reporting, the Group's operating businesses are organized and managed separately on a per company basis, but are grouped into strategic business units (SBU) defined along the Group's core main product lines, namely: sugar and alcohol.

Operating segments are components of the Group: (a) that engage in business activities from which these may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

Events after the Reporting Date

Post year-end events that provide additional information about the Group's financial position at the end of reporting year (adjusting events) are reflected in the consolidated financial statements when material. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

5. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires the Group to exercise judgment, make estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and related disclosures. The Group makes estimates and uses assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as these become reasonably determinable.

Judgments, estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group believes the following represent a summary of significant judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, as well as to the related revenues and expenses, within the next fiscal year, and related impact and associated risk in the consolidated financial statements.

Judgments

In the process of applying the Group's accounting policies, management exercised judgment on the following items, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue from contracts with customers effective October 1, 2018. The Group applied the following judgment that significantly affects the determination of the amount and timing of revenue from contracts with customers:

- *Identifying performance obligations.* The Group has contracts with customers that involve the promise to deliver goods and provide free storage periods to customers which qualify as distinct performance obligations and are therefore accounted for separately. The Group determined that these are capable of being distinct as the Group can sell these goods and services on a stand-alone basis which indicates that the customer can benefit from both goods and services independently on their own. The Group also determined that the promises to transfer the goods and services are distinct within the context of the contract. The goods and services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because

the presence of the goods and services together in this contract do not result in any additional or combined functionality and neither among the goods and services listed in the contract modify or customize the other. In addition, the services are not highly interdependent or highly interrelated because the Group would be able to transfer the goods and services even if the customer declined the other goods and services and would be able to provide the main goods in relation to products sold by other entities. Moreover, these goods and services can also be offered by other entities. Consequently, the Group allocated the transaction price to the performance obligations based on relative stand-alone selling prices. The Group has recognized milling revenue amounting to ₱684.0 million and ₱836.4 million, under continuing and discontinued operations, respectively, for the year ended September 30, 2019. The Group has assessed that the transaction price allocated to free storage periods is immaterial for the period ended September 30, 2019.

Classification of financial instruments. The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability, or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position (see Note 3).

Determining the Operating Segments. Determination of operating segments is based on the information about components of the Group that management uses to make decisions about operating matters. Operating segments use internal reports that are regularly reviewed by the Parent Company's chief operating decision maker, which is defined to be the Parent Company's BOD, in order to allocate resources to the segment and assess its performance. The Parent Company reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) its assets are 10% or more of the combined assets of all operating segments.

Management assessed that the Group's operating businesses are organized and managed separately according to core main product lines, namely: sugar and alcohol. Consequently, reportable operating segments as at and for the years ended September 30, 2019, 2018 and 2017 are sugar and alcohol (see Note 32).

Determining the Existence of Control in Investee Companies. Control is presumed to exist when the Parent Company owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. The Parent Company has the power to cast the majority of votes through its representatives in the BOD. Management has determined that despite having only 50% ownership in RPC and no equity ownership yet in NPSC, the Parent Company has control over RPC and NPSC by virtue of its rights to variable returns from the subsidiary and ability to affect those returns.

Determining the Classification of Lease Arrangements. Management exercises judgment in determining whether substantially all the significant risks and benefits of ownership of the assets held for lease are retained by the Group. Lease contracts in which the Group retains substantially all the risks and benefits incidental to ownership of the leased item are accounted for as operating leases. Otherwise, these are considered as finance leases.

- Operating Lease - The Group as a Lessee. The Group has various property being leased covering several heavy handling equipment, service vehicles and office space of RHI, where it has determined that the risks and benefits of ownership over these properties are retained with the lessors. Accordingly, these lease agreements are accounted for as operating leases (see Note 28).

  Rent expense amounted to ₱207.6 million, ₱218.6 million and ₱114.0 million, respectively, included in "Cost of goods sold" and "General and administrative expenses" accounts, in 2019, 2018 and 2017, respectively (see Notes 22, 23 and 28).

- Operating Lease - The Group as a Lessor. Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rent income is recognized on a straight-line basis over the lease term of the lease, as applicable (see Note 13).

  Rent income from the lease of agricultural land of NAVI amounted to ₱6.7 million, ₱5.4 million and ₱6.8 million in 2019, 2018 and 2017, respectively (see Note 13)

Determining the classification of assets held for sale and discontinued operations. On May 23, 2018, the Group has reached an agreement with a buyer for the sale of the Group's sugar milling and refining operations in Batangas (the "Proposed Sale Transaction"). Management believes that the assets subject to the Proposed Sale Transaction are available for immediate sale and can be sold to the buyer in its current condition as of September 30, 2018. Further, management believes that the PCC approval is required in relation to similar transactions. On February 12, 2019, the PCC issued a decision disapproving the Proposed Sale Transaction. Nonetheless, the Group remains committed to sell the assets in Batangas and is currently negotiating with a prospective buyer. The Group has assessed that the subject assets are available for immediate sale in their present condition and sale is highly probable as of September 30, 2019. The sale of sugar milling and refining operations represents a disposal of a separate major operating segment of the Group hence, the consolidated statements of income present its results of operations as discontinued operations.

Moreover, on August 1, 2019, the BOD authorized the evaluation and negotiation of terms and conditions of the sale of investment in Hawaiian-Philippine Company (HP Co.) comprising of 28,549,365 common shares. Accordingly, such investment has been classified as part of assets held for sale as of September 30, 2019. On November 5, 2019, the said investment in associate held for sale was sold.

As at September 30, 2019 and 2018, assets held for sale amounted to ₱7,254.7 million and ₱6,525.1 million, respectively (see Notes 11 and 12).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal years are discussed below.

Allowance for ECL on trade and other receivables and due from related parties (PFRS 9) - Effective October 1, 2018

- *Due from related parties using general approach*
  The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The Group used the general approach which considers the probability of its counterparty to default in its obligation and the expected loss at default after considering the effects of collateral, any potential value when realized, forward-looking estimates and time value of money.

  Under PFRS 9, additional judgments are also made in assessing a significant increase in credit risk in the case of financial assets measured using the general approach. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

  As of September 30, 2019, the Group's due from related parties amounted to ₱100.1 million (see Notes 8 and 19). Allowance for expected credited losses on due from related parties amounted to nil as at September 30, 2019 (see Note 8).

- *Trade and other receivables using simplified approach*
  For trade receivables, the Group applies a simplified approach in calculating ECLs, therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

  As of September 30, 2019, the Group's trade and other receivables (excluding due from related parties and due from planters and cane haulers) amounted to ₱1,155.7 million (see Note 8). Allowance for expected credited losses on trade and other receivables amounted to ₱45.2 million as at September 30, 2019 (see Note 8).

Estimating Impairment Losses on Receivables - Effective prior to October 1, 2018

The provision for impairment losses on receivables is estimated based on two methods: specific identification and collective assessment. The amounts calculated using each of these methods are combined to determine the total amount to be provided. First, specific accounts are evaluated based on information that certain customers may be unable to meet their financial obligations. In these cases, the Group applies judgment, in recording specific allowances against amounts due to reduce receivable amounts expected to be collected, based on the best available facts and circumstances, including but not limited to, the length of relationship with the customer and the customer's current credit status based on third party credit reports and known market factors. These specific allowances are re-evaluated and adjusted as additional information received impacts the amounts estimated. Second, a collective assessment of historical collection, write-off, experience and customer payment terms is determined. The amount and timing of recorded expenses for any year could therefore differ based on the judgments or estimates made. An increase in the Group's allowance for impairment of receivables would increase its general and administrative expenses and decrease its current assets.

As at September 30, 2018, trade and other receivables amounted to ₱3,040.4 million (see Note 8). Allowance for impairment losses of trade and other receivables amounted to ₱90.8 million as at September 30, 2018 (see Note 8).

Determining the NRV of Inventories. The Group's estimates of the NRV of inventories are based on the most reliable evidence available at the time the estimates are made of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

As at September 30, 2019 and 2018, the inventories carried at lower of cost and NRV amounted to ₱1,205.8 million and ₱2,646.1 million, respectively (see Note 9). Allowance for inventory losses and obsolescence amounted to ₱97.7 million and ₱57.8 million as at September 30, 2019 and 2018, respectively (see Note 9).

Allocating the Cost to Molasses Inventory. Management uses judgment to measure and allocate cost to the molasses inventory. When the costs of conversion of each product are not separately identifiable, these are allocated among the products on a rational and consistent basis. The allocation is based on the NRV of cane products at the completion of production.

As at September 30, 2019 and 2018, portion of molasses inventory amounting to ₱9.1 million and ₱68.6 million, respectively, pertains to allocated cost from the total production costs of milled raw and refined sugar (see Note 9).

Estimating the Provision for Unrecoverable Creditable Withholding Taxes. Provision for unrecoverable creditable withholding taxes is maintained at a level considered adequate to provide for potentially unrecoverable claims. The Group, on a continuing basis, makes a review of the status of the claims, designed to identify those to be provided with any impairment loss. In these cases, management uses judgment based on the best available facts and circumstances. The amount and timing of recorded loss for any period would differ based on the judgments or estimates made.

As at September 30, 2019 and 2018, the carrying amount of creditable withholding taxes (net of allowance amounting to ₱ 12.2 million as of both years) amounted to ₱ 970.1 million and ₱794.5 million, respectively, (see Note 10).

Determining the Revaluation Amount of Land. The land is carried at revalued amount, which approximates its fair value at the date of the revaluation. The valuation of land is performed by Philippine SEC accredited external appraisers. The fair value was arrived at using the Market Data Approach based on the gathered available market evidences. Revaluations are made on a regular basis to ensure that the fair value does not differ materially from its carrying value.

Land carried at revalued amount as at September 30, 2019 and 2018 amounted to ₱1,287.0 million and ₱ 1,376.6 million, respectively (see Note 12). Appraisal increase, net of tax, amounted to ₱43.4 million, ₱10.8 million and ₱116.6 million in 2019, 2018, and 2017, respectively.

Estimating Useful Lives of Property, Plant and Equipment. The useful life of each of the items of property, plant and equipment is estimated based on the year over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar

businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset 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 the changes in the factors mentioned in the foregoing. A change in the estimated useful life of any item of property, plant and equipment would impact the recorded cost and expenses and noncurrent assets.

In 2018, the Group's review indicated that the estimated useful life of buildings and improvements and machinery and equipment, mostly pertaining to the production plants, should be extended from 25 years to 30 years, and 18-25 years to 18-28 years, respectively, effective October 1, 2017. This is based on the Group's reassessment of the expected period over which the Group will benefit from the use of these assets. Management, with the involvement of its project engineers, performed internal technical evaluation, in determining the estimated useful life of these assets. There were no changes to the estimated useful lives of other items of property, plant and equipment.

The change in estimated useful life reduced the depreciation expense under continuing operations by ₱32.6 million in 2018.

The carrying amount of the depreciable property, plant and equipment as at September 30, 2019 and 2018 amounted to ₱6,817.9 million and ₱6,731.7 million, respectively (see Note 12).

Determining the Fair Value of Investment Properties. The fair value of the investment properties was determined by Philippine SEC accredited external appraisers using Market Data Approach based on gathered available market evidences. The latest appraisal reports were made on various dates in fiscal years 2019 and 2018.

Investment properties stated at fair value amounted to ₱513.6 million and ₱347.6 million as at September 30, 2019 and 2018, respectively (see Note 13). The unrealized gain on fair value adjustment of investment properties amounted to ₱21.7 million, ₱27.5 million and ₱13.4 million in 2019, 2018 and 2017, respectively, recorded under "Other income" in the consolidated statements of income (see Note 25).

Measurement of assets held for sale. The assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The determination of fair values requires estimates of economic conditions and other factors. The fair value was based on the appraisal values of the assets, while the cost to sell is primarily the documentary stamp tax related to the sale of assets. As at September 30, 2019 and 2018, assets held for sale are measured at its carrying amount of ₱7,254.7 million and ₱6,525.0 million, respectively, which is lower than its fair value less costs to sell.

Assessing Impairment of Nonfinancial Assets. The Group assesses at the end of each reporting year whether there is any indication that the nonfinancial assets listed below (except goodwill) may be impaired. If such indication exists for nonfinancial assets other than goodwill, the Group estimates the recoverable amount of the asset, which is the higher of an asset's fair value less costs to sell and its value-in-use. In determining fair value, an appropriate valuation model is used, which can be based on quoted prices or other available fair value indicators. Goodwill is tested for impairment at least on an annual basis or more frequently if events or changes in circumstances indicate that it may be impaired. For goodwill, annual impairment test requires estimation of value-in-use of the cash generating unit to which goodwill relates. In estimating the value-in-use, the Group is required to

make an estimate of the expected future cash flows from the cash generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amounts of the nonfinancial assets which involves the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially affect the consolidated financial statements. Future events could indicate that these nonfinancial assets and goodwill may be impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Group.

While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment changes.

Nonfinancial assets that are subject to impairment testing when impairment indicators are present such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenue or other external indicators, are as follows:

	Note	2019	2018
Property, plant and equipment	12	**₱7,199,292**	₱7,595,865
Investment in an associate	11	–	642,690

There are no indications of possible impairment on the nonfinancial assets. Accordingly, the Group has not recognized any impairment losses on nonfinancial assets in 2019, 2018 and 2017.

Goodwill relates to the excess of consideration of Group's acquisition of SCBI over the latter's identifiable assets and liabilities in 2015. Goodwill amounted to ₱ 1,079.6 million as of September 30, 2019 and 2018 (see Note 6).

The recoverable amount has been determined based on the value-in-use calculations using cash flow projections from financial budgets covering as approved by management a five-year period of projection. The projected cash flows were based on expectations on future outcomes taking into account past experiences, adjusted for anticipated revenue growth based on management's future plans. The key assumptions used in determining the recoverable amount as of September 30, 2019 and 2018 are as follows:

Sales growth (average of less than 12% year on year) - Management based the projected sales growth on the production capacity of its plant over the forecast period.

Terminal growth rate (4.0% and 2.2% in 2019 and 2018, respectively) - Cash flows beyond the five-year period are extrapolated growth rate using a 4.0% and 2.2% in 2019 and 2018, respectively, which is within the long-term average growth rate for bioethanol industry.

Alcohol selling price (average of less than 1% year on year) - Management based the unit price of bioethanol on the average historical experience in the market.

Feedstock yield (average of less than 1% year on year) - Management based the feedstock yield on the Group's historical experience in bioethanol produced over feedstock used.

Manufacturing costs ratio (averaging at 93% and 72% over the forecast period in 2019 and 2018, respectively) - Management based the ratio of production costs over feedstock margin on its historical experience.

Operating expenses ratio (averaging at 2% and 6% over the forecast period in 2019 and 2018, respectively) - Management based the ratio of operating expenses over feedstock margin on its historical experience.

Discount rate (11.35% and 11.45% in 2019 and 2018, respectively) - The discount rate applied to the cash flows is based on the risk free rate for 10-year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific Group operating company. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.

In determining the risk-adjusted discount rate, management has applied an adjustment for the systematic risk to the acquiree's operations determined using an average of the betas of comparable listed companies across the world. Management has used market risk premium that takes into consideration studies by independent economists.

Management believes that no reasonably possible change in any of the above assumptions would cause the carrying value of the goodwill to exceed the recoverable amount of the related cash generating unit.

Based on management's assessment, the recoverable amount of the goodwill is higher than the carrying value, thus no impairment loss was noted on the goodwill on SCBI with carrying amount of ₱1,079.6 million as of September 30, 2019 and 2018 (see Note 6).

Determining Retirement Benefits and Liability. The determination of the cost of retirement benefits and related retirement liability is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions, which include among others, discount rates and future salary increase rate are described in Note 17.

Actual results that differ from the assumptions are accumulated and are recognized as other comprehensive income and accumulated in equity. While management believes that the assumptions are reasonable and appropriate, significant differences in the Group's actual experience of significant changes in the assumptions may materially affect the retirement liability.

As at September 30, 2019 and 2018, net retirement assets amounted to ₱ 18.6 million and ₱ 44.9 million, respectively, while net retirement liabilities amounted to ₱ 407.3 million and ₱250.0 million as at September 30, 2019 and 2018, respectively (see Note 17). Net retirement benefits expense amounted to ₱55.9 million, ₱64.8 million and ₱66.0 million in 2019, 2018 and 2017, respectively (see Note 17).

Assessing Realizability of Deferred Tax Assets. The Group reviews the carrying amounts at the end of each reporting year and reduces the amount of deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Total deferred tax assets amounted to ₱108.6 million and ₱679.1 million as at September 30, 2019 and 2018, respectively (see Note 26).

Non-recoverable deferred tax assets were derecognized on deductible temporary differences and carryforward benefits of excess MCIT over RCIT with income tax effect amounting to ₱514.4 million as at September 30, 2019, (see Note 26). Management believes that it may not be probable that future taxable profit will be available in the near future against which the deferred tax assets can be utilized.

In 2019, the Parent Company changed its effective tax rate applicable on its temporary differences due to an intention to use Optional Standard Deduction (OSD) instead of itemized deduction. As such, deferred tax liability directly associated with the assets held for sale decreased from ₱1,024.5 million as of September 30, 2018 to ₱616.1 million as of September 30, 2019.

Evaluation of Provisions and Contingencies. The Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the end of reporting period, net of any estimated amount that may be reimbursed to the Group. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information.

The Group is involved in various other labor disputes, litigations, claims and tax assessments that are normal to its business. Based on the opinion of the Group's legal counsels on the progress and legal grounds of certain claims and assessments, the Group has recognized outstanding provision for probable losses amounting ₱149.6 million and ₱7.6 million as at September 30, 2019 and 2018, respectively (see Notes 16 and 28).

6. Business Combination

In April 2015, the Group entered into a Sale and Purchase Agreement (SPA) for the acquisition of 93.35% equity interest in SCBI through RPBC, a wholly owned subsidiary, for a total consideration of ₱1,737.6 million. The SPA also provides the transfer of assets of NPSC to RPBC, whether through merger with, acquisition of NPSC or direct asset sale, without additional consideration to the Group. Consequently, the Group effectively acquired the business of NPSC without holding equity interest yet. The assets of NPSC mainly include depot and storage facilities, which are included in the consolidated statements of financial position. In 2017, deeds of assignment covering the shares held by NPSC's previous stockholders were executed in favor of RPBC.

The total consideration includes the purchase of the receivable of the former stockholders of SCBI from NPSC amounting to ₱122.0 million. All closing conditions have been substantially met in May 2015. In 2016, after finalizing the purchase price allocation, total consideration was adjusted to ₱1,679.9 million and the fair value of the noncontrolling interest amounted to ₱34.9 million. The fair values of the identifiable assets and liabilities amounted to ₱635.2 million. Accordingly, goodwill recognized amounted to ₱1,079.6 million. The goodwill primarily relates to expected synergy arising from acquisition.

7. Cash and Cash Equivalents

This account consists of:

	2019	2018
Cash on hand	**₱5,077**	₱3,148
Cash in banks	**431,124**	289,988
Cash equivalents	**2,067**	2,013
	₱438,268	₱295,149

Cash in banks and cash equivalents earn interest at the respective bank deposit rates.

Interest income earned from cash in bank and cash equivalents amounted to ₱ 1.2 million, ₱0.7 million and ₱0.8 million in 2019, 2018, and 2017, respectively (see Note 25).

8. Trade and Other Receivables

This account consists of:

	Note	2019	2018
Trade		**₱1,080,287**	₱2,811,084
Due from:			
Planters and cane haulers	28	**150,190**	159,717
Employees		**55,229**	58,046
Related parties	19	**100,066**	37,369
Others		**65,429**	64,931
		1,451,201	3,131,147
Allowance for ECL/impairment losses		**(95,655)**	(90,792)
		₱1,355,546	₱3,040,355

Trade receivables are unsecured, noninterest-bearing with credit terms ranging from 15 to 120 days.

Due from planters and cane haulers pertain to interest-bearing cash advances, which will be settled in the form of raw sugar from the planters and through services to be rendered by the cane haulers, respectively. Interest income amounted to ₱1.6 million, ₱1.7 million and ₱2.4 million in 2019, 2018 and 2017, respectively (see Note 25).

Due from employees include housing and educational loans which are collected through salary deduction, and advances for business purposes subject to liquidation.

Other receivables mainly include claims from a former stockholder of SCBI which are noninterest-bearing and covered by an escrow agreement. The amount is expected to be collected within the next year.

Details and movements of allowance for ECL/impairment losses on trade and other receivables are presented in the following tables:

		2019				
	Note	Trade	Due from Planters and Cane Haulers	Due from Employees	Others	Total
Balance at beginning of year		₱33,119	₱46,731	₱2,084	₱8,858	₱90,792
Provision	23	1,050	3,683	130	–	4,863
Balance at end of year		₱34,169	₱50,414	₱2,214	₱8,858	₱95,655

		2018				
	Note	Trade	Due from Planters and Cane Haulers	Due from Employees	Others	Total
Balance at beginning of year		₱18,732	₱46,472	₱1,929	₱8,858	₱75,991
Provision	23	14,387	259	155	–	14,801
Balance at end of year		₱33,119	₱46,731	₱2,084	₱8,858	₱90,792

9. Inventories

This account consists of:

	2019	2018
At NRV:		
Materials and supplies	**₱553,820**	₱560,676
Alcohol	**198,058**	46,228
Molasses	**30,951**	–
At cost:		
Refined sugar	**375,485**	1,383,012
Molasses	**–**	488,319
Raw sugar	**29,203**	108,897
Others	**18,331**	58,953
	₱1,205,848	₱2,646,085

Raw sugar quantities reported as inventories are supported by quedans held by the Group. The Group also has raw sugar quantities, which are also supported by quedans, held in trust for third parties (see Note 28). A quedan is a warehouse receipt document which evidences the ownership of specified quantity in a warehouse or sugar central.

Cost of inventories valued at NRV is shown below:

	2019	2018
Materials and supplies	**₱597,745**	₱600,714
Alcohol	**231,890**	63,948
Molasses	**50,916**	–
	₱880,551	₱664,662

Details and movements of allowance for inventory losses and obsolescence are as follows:

	2019			
	Alcohol	Molasses	Materials and Supplies	Total
Balance at beginning of year	**₱17,720**	**₱–**	**₱40,038**	**₱57,758**
Provisions	**16,112**	**19,965**	**3,887**	**39,964**
Balance at end of year	**₱33,832**	**₱19,965**	**₱43,925**	**₱97,722**

	2018		
	Alcohol	Materials and Supplies	Total
Balance at beginning of year	₱74	₱30,037	₱30,111
Provisions	17,646	10,001	27,647
Balance at end of year	₱17,720	₱40,038	₱57,758

Provisions for inventory losses and obsolescence amounting to ₱40.0 million and ₱27.6 million, are presented as "Others" under Cost of goods sold in 2019 and 2018, respectively (see Note 22).

Cost of inventories recognized as expense and presented as "Direct materials used" under "Cost of sales" amounted to ₱3,552.5 million, ₱1,575.8 million and ₱2,086.7 million in 2019, 2018 and 2017, respectively (see Note 22). Cost of inventories recognized as expense included as part of "Cost of sales and services" of discontinued operations amounted to ₱5,533.4 million, ₱4,918.6 million and ₱3,108.0 million in 2019, 2018 and 2017, respectively (see Note 12).

10. Other Assets

Current portion of this account consists of:

	2019	2018
Creditable withholding taxes, net of allowance for probable losses of ₱12.2 million	**₱970,082**	₱794,453
Input VAT	**123,885**	37,550
Advances to suppliers	**83,883**	261,040
Prepayments	**63,471**	35,932
Refundable deposits	**14,671**	14,410
Others	**29,426**	60,903
	₱1,285,418	₱1,204,288

Input VAT, which includes deferred input VAT, arises from other purchases of capital goods and services for operations.

Current portion of advances to suppliers represents cash paid in advance for purchase of materials and supplies.

Noncurrent portion of other assets consist of:

	2019	2018
Input VAT	**₱269,185**	₱273,023
Advances to suppliers and contractors	**8,794**	–
Refundable deposits	**–**	16,842
Others	**1,557**	1,558
	₱279,536	₱291,423

Noncurrent portion of input VAT mostly arises from construction services relating to the Ethanol Plant.

Noncurrent portion of advances to suppliers and contractors represents cash paid in advance for purchase and/or construction of property, plant and equipment.

11. Investment in an Associate (part of assets held for sale in 2019)

The Parent Company has 45.09% ownership interest in HP Co., an entity incorporated in the Philippines, which is engaged in manufacturing and trading of raw and refined sugar, molasses and other sugar by-products.

Movements in investment in an associate are as follows:

	Note	2019	2018
Acquisition cost		**₱127,933**	₱127,933
Accumulated share in net earnings:			
Balance at beginning of year		**258,117**	280,509
Dividends declared		**(49,419)**	(78,226)
Share in net earnings		**41,333**	55,834
Balance at end of the year		**250,031**	258,117
Cumulative share on remeasurement loss on retirement liability:	18		
Balance at beginning of year		**(7,665)**	(9,166)
Share in remeasurement gain		**–**	1,501
Balance at end of the year		**(7,665)**	(7,665)
Share in revaluation increment of land:	18		
Balance at beginning of year		**264,305**	207,492
Share in revaluation increment		**21,295**	56,813
Balance at end of the year		**285,600**	264,305
Reclassification to assets held for sale	12	**(655,899)**	–
		₱–	₱642,690

On August 1, 2019, the BOD authorized the evaluation and negotiation of terms and conditions of the sale of investment in HP Co. comprising of 28,549,365 common shares. Accordingly, such investment has been classified as part of assets held for sale as of September 30, 2019. On November 5, 2019, the said investment was sold at a higher price than the investment's carrying amount (see Note 12).

Cash dividends declared by HP Co. are as follows:

Date Approved	Amount per Share	Total Amount	Stockholders of Record Date	Date Paid
May 30, 2019	₱0.50	₱7,664	May 31, 2019	June 20, 2019
February 7, 2019	1.61	101,939	February 28, 2019	April 11, 2019
March 1, 2018	2.74	173,528	February 28, 2018	April 12, 2018
February 10, 2017	3.85	243,768	February 28, 2017	April 6, 2017
September 29, 2016	3.59	227,306	October 31, 2016	November 10, 2016

Dividends declared attributable to the Parent Company amounted to ₱49.4 million and ₱78.2 million in 2019 and 2018, respectively.

The associate has no contingent liabilities or capital commitments as of September 30, 2019 and 2018.

Summarized financial information of HP Co. are as follows:

	2019	2018
Current assets	**₱790,431**	₱743,060
Noncurrent assets	**1,923,293**	1,360,903
Current liabilities	**(1,034,890)**	(887,343)
Noncurrent liabilities	**(256,596)**	(324,419)
Net assets	**1,422,238**	892,201
Revenue	**1,943,337**	2,314,515
Net income	**₱91,668**	₱100,520
Other comprehensive income – remeasurement loss on retirement benefit obligation	–	283

12. Property, Plant and Equipment, Assets Held for Sale and Discontinued Operations

Property, Plant and Equipment

Details and movements of property, plant and equipment, valued at cost, are shown below:

	2019						
	Buildings and Improvements	Machinery and Equipment	Office Furniture, Fixtures and Equipment	Depot and Storage Facilities	Transportation Equipment	Construction in Progress	Total
Cost							
Balances at beginning of year	₱2,249,166	₱11,041,223	₱663,261	₱189,007	₱185,045	₱864,199	₱15,191,901
Additions	43,618	20,649	–	–	2,376	119,723	186,366
Retirement and disposals	–	(17,922)	–	–	(5,477)	–	(23,399)
Reclassifications	54,415	503,072	17,381	–	30,067	(604,935)	–
Balances at end of year	2,347,199	11,547,022	678,232	189,007	212,011	381,397	15,354,868
Accumulated Depreciation and Amortization							
Balances at beginning of year	1,080,267	5,761,829	617,794	79,578	56,568	–	7,596,036
Depreciation and amortization	84,326	431,375	24,796	11,379	19,607	–	571,483
Retirement and disposals	–	(10,358)	–	–	(1,585)	–	(11,943)
Balances at end of year	1,164,593	6,182,846	642,590	90,957	74,590	–	8,155,576
Net Carrying Amount	₱1,182,606	₱5,364,176	₱35,642	₱98,050	₱137,421	₱381,397	₱7,199,292

	2018						
	Buildings and Improvements	Machinery and Equipment	Office Furniture, Fixtures and Equipment	Depot and Storage Facilities	Transportation Equipment	Construction in Progress	Total
Cost							
Balances at beginning of year	₱3,875,305	₱16,555,068	₱753,221	₱189,007	₱274,552	₱453,851	₱22,101,004
Additions	8,977	151,040	14,048	–	5,970	997,850	1,177,885
Retirement and disposals	–	–	–	–	(8,524)	–	(8,524)
Reclassifications	18,886	385,811	38,444	–	39,014	(482,155)	–

(Forward)

	2018						
	Buildings and Improvements	Machinery and Equipment	Office Furniture, Fixtures and Equipment	Depot and Storage Facilities	Transportation Equipment	Construction in Progress	Total
Reclassifications to asset held for sale	(₱1,654,002)	(₱6,050,696)	(₱142,452)	₱–	(₱125,967)	(₱105,347)	(₱8,078,464)
Balances at end of year	2,249,166	11,041,223	663,261	189,007	185,045	864,199	15,191,901
Accumulated Depreciation and Amortization							
Balances at beginning of year	2,079,402	8,834,351	662,274	68,199	153,357	–	11,797,583
Depreciation and amortization	106,718	598,801	33,868	11,379	18,916	–	769,682
Retirement and disposals	–	–	–	–	(1,445)	–	(1,445)
Reclassifications to asset held for sale	(1,105,853)	(3,671,323)	(78,348)	–	(114,260)	–	(4,969,784)
Balances at end of year	1,080,267	5,761,829	617,794	79,578	56,568	–	7,596,036
Net Carrying Amount	₱1,168,899	₱5,279,394	₱45,467	₱109,429	₱128,477	₱864,199	₱7,595,865

Construction in progress mainly pertains to the on-going plant improvements and milling and refinery equipment for inspection and installation, which are to be completed in 2020. As at September 30, 2019 and 2018, the Group has contractual commitment for the on-going construction projects amounting to ₱412.2 million and ₱798.5 million, respectively.

The Group has no borrowing cost capitalized in 2019 and 2018. Unamortized capitalized borrowing cost as at September 30, 2019 and 2018 amounted to ₱16.6 million and ₱208.8 million with corresponding deferred tax of ₱5.0 million and ₱62.6 million, respectively (see Note 26). The capitalized borrowing cost is amortized over the estimated useful lives of the qualifying assets to which it relates.

The amount of depreciation and amortization is allocated as follows:

	Note	**2019**	2018	2017
Cost of sales	22	**₱506,511**	₱448,828	₱538,636
General and administrative expenses	23	**60,005**	47,455	64,264
Discontinued operations		**–**	279,025	347,939
		₱566,516	₱775,308	₱950,839

Depreciation and amortization in 2019, 2018 and 2017 includes amortization of software cost of nil, ₱4.8 million and ₱24.8 million, respectively.

Land at appraised values and its related cost are as follows:

	Note	**2019**	2018
Balance at beginning of year		**₱1,376,627**	₱4,746,047
Reclassification from (to) investment properties	13	**(151,636)**	27,531
Appraisal increase	18	**62,011**	15,403
Reclassification to assets held for sale		**–**	(3,414,959)
Additions		**–**	2,605
Balance at end of year		**₱1,287,002**	₱1,376,627
At cost		**₱708,266**	₱769,617

As part of the Proposed Sale Transaction in 2018, the land where the Group's sugar and milling operations in Batangas are located were presented as held for sale as of September 30, 2018. In 2018, reclassification pertains to land previously held for lease and classified as investment property but was owner-occupied starting in 2018. In 2019, land previously classified as owner occupied has been reclassified as property held for capital appreciation.

As at September 30, 2019 and 2018, the revaluation of land is based on the appraised values using a market data approach, as determined by Philippine SEC accredited external appraisers. Market data approach considers the sales and listings and other market data of comparable properties registered within the vicinity of the property being valued. Factors such as location, size, shape of lot, highest and best use estimate were also taken into consideration in order to estimate the fair value of the property. The revalued amount has been categorized as level 2 (directly or indirectly observable inputs). The latest appraisal reports were made on various dates in 2019 and 2018.

Certain property, plant and equipment and assets held for sale with a carrying amount of ₱10,768.5 million as at September 30, 2019 and 2018 were mortgaged and used as collateral to secure the loan obligations with the local banks (see Note 15).

Assets held for sale and discontinued operations

On May 23, 2018, the Group entered into an Asset Purchase Agreement with a buyer for the sale of the Group's sugar milling and refining operations in Batangas. The consummation of the Proposed Sale Transaction was subject to the parties being able to secure the requisite regulatory approvals, corporate approvals, and other third party consents. On February 12, 2019, the PCC issued a decision disapproving the Proposed Sale Transaction. Nonetheless, the Group remains committed to sell the assets in Batangas and is currently negotiating with a prospective buyer. The Group has assessed that the subject assets are available for immediate sale in their present condition and sale is highly probable as of September 30, 2019.

The assets held for sale represent CADPI's operations (excluding working capital) which were included as part of the sugar operating segment. With CADPI's operations being classified as discontinued operations, these are no longer presented as part of sugar operating segment disclosures in Note 32.

On August 1, 2019, the BOD authorized the evaluation and negotiation of terms and conditions of the sale of investment in HP Co. comprising of 28,549,365 common shares. Accordingly, such investment has been classified as part of assets held for sale as of September 30, 2019. On November 5, 2019, the said shares of stock held as an investment were sold at a higher price than the investment's carrying amount (see Note 11).

Included in assets held for sale are as follows:

	Note	2019	2018
Land		**₱3,422,891**	₱3,414,959
Machinery and equipment		**2,468,869**	2,379,373
Buildings and improvements		**554,868**	548,149
Furniture fixture and other improvements		**75,040**	64,104
Construction in-progress		**63,508**	105,347
Transportation equipment		**12,230**	11,707
Investment properties		**1,433**	1,433
		₱6,598,839	₱6,525,072

Deferred tax liability directly associated with the assets held for sale amounted to ₱616.1 million and ₱1,024.5 million as of September 30, 2019 and 2018, respectively.

Revaluation increment on land held for sale amounted to ₱2,806.7 million and ₱2,390.4 million as of September 30, 2019 and 2018, respectively.

The results of operations of CADPI's sugar and milling operations are shown in the table below:

	2019	2018	2017
Revenue			
Revenue from contracts with customers	**₱6,364,909**	₱–	₱–
Sale of goods	**–**	6,816,298	5,194,349
Sale of services	**–**	97,214	243,546
	6,364,909	6,913,512	5,437,895
Cost of sales and services	**(6,177,766)**	(6,466,514)	(4,639,292)
Gross income	**187,143**	446,998	798,603
General and administrative expenses	**(228,524)**	(195,526)	(204,749)
Selling expense	**(48,511)**	(73,013)	(49,250)
Interest expense	**(230,075)**	(301,351)	(270,960)
Other income – net	**29,185**	55,022	46,546
Income (loss) before income tax	**(290,782)**	(67,870)	320,190
Income tax benefit (expense)	**(441,218)**	17,490	(118,346)
Net income (loss) from discontinued operations	**(₱732,000)**	(₱50,380)	₱201,844

Net increase (decrease) in cash provided by CADPI's discontinued operations follows:

	2019	2018	2017
Net cash provided by operating activities	**₱3,195,488**	₱1,925,360	₱737,336
Net cash used in investing activities	**(79,243)**	(292,430)	(223,318)
Net cash provided by (used in) financing activities	**(3,156,708)**	(1,255,482)	911,032

Earnings (loss) per share from discontinued operations follow (see Note 27):

	2019	2018	2017
Basic	**(₱0.47)**	(₱0.03)	₱0.14
Diluted	**(0.47)**	(0.03)	0.14

13. Investment Properties

Movements in investment properties are as follows:

	Note	2019	2018
At fair value:			
Balance at beginning of year		**₱347,591**	₱349,267
Fair value adjustment	25	**21,680**	27,531
Reclassifications from (to) property, plant and equipment	12	**151,636**	(27,531)
Reclassification to assets held for sale	12	**(7,932)**	(1,433)
Others		**586**	(243)
		₱513,561	₱347,591

Investment properties pertain to land of the Parent Company, NAVI, CADPI and SCBI held for rental and capital appreciation.

Rent income from the lease of agricultural land of NAVI amounted to ₱6.7 million, ₱5.4 million and ₱6.8 million in 2019, 2018 and 2017, respectively. Direct operating expenses amounted to ₱0.8 million, ₱0.8 million and ₱0.7 million in 2019, 2018 and 2017, respectively, which mainly pertain to real property taxes.

The fair value of investment properties is based on the appraised value of the property using a market data approach, as determined by SEC accredited external appraisers. Market data approach considers the sales and listings and other market data of comparable properties registered within the vicinity of the property being valued. Factors such as location, size, shape of lot, highest and best use estimate were also taken into consideration in order to estimate the fair value of the property. The fair value measurement for land has been categorized as Level 2 (directly or indirectly observable inputs). The latest appraisal reports were made on various dates in 2019 and 2018.

14. Short-term Borrowings

This account consists of unsecured short-term loans obtained from various local banks for the working capital requirements of the Group. The short-term borrowings are payable within 30 to 90 days and bear interest ranging from 4.15% to 7.5% in 2019 and from 3.75% to 7.00% in 2018. There are no debt covenants relating to these borrowings in 2019 and 2018.

Total interest expense arising from short-term borrowings amounted to ₱341.7 million, ₱120.9 million and ₱98.9 million in 2019, 2018 and 2017, respectively (see Note 15).

15. Long-term Borrowings

The Group obtained various loans from local banks. Outstanding long-term borrowings are presented below:

Facility	Terms	Collateral	Outstanding Balance 2019	2018
₱2,645.0 million dated August 5, 2014	Payable in equal quarterly amortization for seven years beginning November 2016 and bears fixed interest of 4.50% for three years subject to repricing thereafter	Suretyship agreement and mortgage trust indenture (MTI)	**₱1,653,125**	₱1,983,750
₱1,227.0 million dated September 10, 2014	Quarterly principal repayment amounting to ₱49.0 million starting September 2017 until June 2021 and a lump sum payment of the remaining balance on September 10, 2021 and bears fixed interest of 4.50% subject to change as agreed by the parties	Suretyship agreement and MTI	**786,000**	982,000
₱1,400.0 million dated December 1, 2016	Quarterly principal repayment amounting to ₱66.7 million starting December 2017 until December 2022 and bears floating interest	Clean loan	**866,656**	1,133,328
₱800.0 million dated August 12, 2016	Quarterly principal repayment amounting to ₱100.0 million starting November 2017 until August 2019 with one year grace period and bears fixed interest rate of 4.50% subject to change as agreed by the parties	Suretyship agreement	–	400,000

(Forward)

Facility	Terms	Collateral	Outstanding Balance 2019	2018
₱380.0 million dated May 27, 2014	Quarterly principal repayment amounting to ₱13.6 million starting December 2017 until June 2021 and a lump sum payment of the remaining balance on September 10, 2021 and bears fixed interest of 4.50% subject to change as agreed by the parties	Suretyship agreement and MTI	₱271,472	₱325,736
Others			26	41
			3,577,279	4,824,855
Unamortized transaction costs			(7,218)	(11,742)
			3,570,061	4,813,113
Current portion			(847,576)	(4,813,113)
Noncurrent portion			₱2,722,485	₱–

Suretyship Agreements and MTI

The Group entered into various suretyship agreements and MTI with local bank creditors that secure the Group's obligations in solidarity against all the properties of RHI, CADPI, CACI and RBC. Property, plant and equipment with a carrying amount of ₱10,768.5 million were mortgaged and used as collateral to secure the loan obligations with the local bank creditors (see Note 12).

Loan Covenants

The foregoing loan agreements are subject to certain covenants, such as but not limited to:

- maintenance of debt service coverage ratio (DSCR) of at least 1.25 times and debt-to-equity ratio of not more than 70:30;
- prohibition on purchase of additional equipment, except in pursuance of its sugar expansion and ethanol project, unless the required financial ratios are maintained;
- prohibition on any material change in ownership or control of its business or capital stock or in the composition of its top level management; and
- prohibition on declaration or payment of dividends or any other capital or other asset distribution to its stockholders, unless the required financial ratios are maintained.

The Group is required to maintain a maximum debt-to-equity ratio of 2.33:1 and minimum DSCR of 1.25:1 by its creditor banks.

As of September 30, 2019, the Group did not meet the minimum required DSCR. Approved bank waivers on minimum DSCR requirement as of September 30, 2019 were received before September 30, 2019. Accordingly, under PAS 1, the Group classified its long-term borrowings based on its agreed maturity dates into current and noncurrent portions on its consolidated statement of financial position as of September 30, 2019.

As of September 30, 2018, the Group did not also meet the minimum required DSCR. Approved bank waivers for minimum DSCR requirement as of September 30, 2018, however, were received on December 17, 2018, January 11, 2019 and January 14, 2019. Accordingly, under PAS 1, the Group classified its long-term borrowings as current liability on its consolidated statement of financial position as of September 30, 2018. However, the lender-banks have not called the loans.

The maturities of the long-term borrowings based on the original terms of the loan agreements are as follows:

	2019	2018
Less than one year	**₱847,576**	₱1,248,433
Between one to two years	**1,404,516**	1,405,576
Between two to five years	**1,325,187**	1,840,221
Between five to eight years	**–**	330,625
	₱3,577,279	₱4,824,855

Interest Expense

Interest ranges from 4.55% to 7.55%, 4.55% to 5.54% and 3.00% to 5.79% in 2019, 2018 and 2017, respectively. Interest expense arises from the following borrowings:

	Note	2019	2018	2017
Continuing operations:				
Long-term		**₱132,361**	₱79,797	₱67,921
Short-term	14	**341,721**	120,924	98,916
Convertible debt	18, 19	**–**	–	6,460
		₱474,082	₱200,721	₱173,297
Discontinued operations	12	**₱230,075**	₱301,351	₱270,960

16. Trade and Other Payables

This account consists of:

	Note	2019	2018
Trade		**₱604,055**	₱1,230,454
Due to:			
Related parties	19	**95,573**	96,295
Planters		**14,497**	5,936
Accruals for:			
Interest		**52,626**	45,794
Payroll and other employee benefits		**17,208**	30,643
Construction in progress		**6,553**	358,059
Sugar and molasses purchase		**–**	181,919
Others		**69,540**	100,194
Provision for probable losses	23, 28	**149,590**	7,550
Payable to government agencies for taxes and statutory contributions		**11,694**	73,293
Contract liabilities	21	**8,731**	–
Customers' deposits		**–**	8,163
Others		**145,181**	141,466
		₱1,175,248	₱2,279,766

Trade payables are noninterest-bearing and generally settled within 30 to 60 days.

Construction in progress represents the amount accrued based on capital expenditure budget.

Accruals for sugar and molasses purchase pertains to the purchases of sugar and molasses which invoice has not been received yet but the sugar and molasses were already delivered as part of the inventories.

Payables to government agencies contributions for taxes and statutory and other payables are noninterest-bearing and are normally settled in the next 12 months.

Contract liabilities pertain to customers' deposits which are noninterest-bearing cash deposits from customers, which will be applied against future deliveries of refined sugar.

Other payables include advances from previous related parties of SCBI to fund SCBI's working capital requirements totaling ₱128.9 million as at September 30, 2019 and 2018, which are noninterest-bearing, unsecured and payable on demand.

Rollforward of provision for probable losses as of September 30, 2019 and 2018 are as follows:

	Note	**2019**	2018
Beginning balance		**₱7,550**	₱96,572
Additions	23	**144,590**	–
Payments		**(2,550)**	(89,022)
Ending balance		**₱149,590**	₱7,550

17. Retirement Benefits

The Parent Company and its subsidiaries, namely: CACI, CADPI and SCBI, have individual and separate non-contributory defined benefit plan covering all qualified employees. RBC estimates its retirement benefits under Republic Act (R. A.) No. 7641, *Philippine Retirement Pay Law*. A defined benefit plan is a retirement plan that defines an amount of retirement benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The plans are generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations.

Retirement Benefits

Net retirement benefits expense recognized in the consolidated statements of income included in personnel costs under "Cost of sales and services" and "General and administrative expenses" accounts are as follows:

	2019	2018	2017
Current service cost	**₱39,530**	₱50,601	₱54,102
Net interest cost	**16,452**	14,229	11,849
Adjustment due to curtailment	**(72)**	(53)	–
	₱55,910	₱64,777	₱65,951

The remeasurement losses (gains) recognized in the consolidated statements of comprehensive income are as follows:

	2019	2018	2017
Remeasurement losses (gains) on:			
Defined benefit obligation due to:			
Changes in financial assumptions	**₱124,326**	(₱124,582)	(₱36,468)
Changes in demographic assumptions	**–**	(7,223)	2,221
Experience adjustments	**(10,442)**	(744)	(3,893)
	113,884	(132,549)	(38,140)
Return on plan assets	**14,369**	18,508	5,894
	128,253	(114,041)	(32,246)
Deferred tax	**(37,879)**	33,792	9,370
	₱90,374	(₱80,249)	(₱22,876)

Retirement Assets and Liabilities

Retirement assets and liabilities recognized in the consolidated statements of financial position are as follows:

	2019	2018
Net retirement liabilities [1]	**(₱407,259)**	(₱249,953)
Net retirement assets [2]	**18,610**	44,938
Net retirement liabilities	**(₱388,649)**	(₱205,015)

[1] Pertain to net retirement liabilities of CADPI, RBC and SCBI.
[2] Pertain to net retirement assets of the Parent Company and CACI.

Components of net retirement liabilities:

	2019	2018
Present value of defined benefit obligation	**(₱554,607)**	(₱448,205)
Fair value of plan assets	**165,958**	243,190
	(₱388,649)	(₱205,015)

The movements in net retirement assets (liabilities) are as follows:

	2019		2018	
	Net Retirement Assets	**Net Retirement Liabilities**	Net Retirement Assets	Net Retirement Liabilities
Balance at beginning of year	**₱44,938**	**(₱249,953)**	₱62,129	(₱316,758)
Reclassification	**(13,649)**	**13,649**	–	–
Remeasurement gain (loss) recognized in other comprehensive income	**(15,182)**	**(113,071)**	(9,692)	123,733
Retirement benefits expense	**2,503**	**(58,414)**	(7,849)	(56,928)
Benefits paid from Group funds	**–**	**530**	350	–
Balance at end of year	**₱18,610**	**(₱407,259)**	₱44,938	(₱249,953)

Changes in the Present Value of the Defined Benefit Obligation

	2019		2018	
	Net Retirement Assets	**Net Retirement Liabilities**	Net Retirement Assets	Net Retirement Liabilities
Balance at beginning of year	**₱72,526**	**₱375,679**	₱90,183	₱478,882
Current service cost	**5,378**	**34,152**	6,617	43,984
Remeasurement losses (gains) due to:				
Changes in financial assumptions	**26,879**	**97,447**	(23,868)	(100,714)
Experience adjustments	**1,744**	**(12,186)**	(1,648)	904
Changes in demographic assumptions	**–**	**–**	(1,987)	(5,236)
Benefits paid	**(2,294)**	**(80,664)**	(1,317)	(65,386)
Interest cost	**6,025**	**29,921**	4,546	23,245
Balance at end of year	**₱110,258**	**₱444,349**	₱72,526	₱375,679

Changes in the Fair Value of Retirement Plan Assets

	2019		2018	
	Net Retirement Assets	**Net Retirement Liabilities**	Net Retirement Assets	Net Retirement Liabilities
Balance at beginning of year	**₱119,766**	**₱123,424**	₱152,311	₱162,125
Remeasurements	**(16,751)**	**2,381**	(37,195)	18,687
Benefits paid	**(2,294)**	**(80,062)**	(967)	(65,332)
Interest income on plan assets	**9,620**	**9,874**	5,617	7,944
Balance at end of year	**₱110,341**	**₱55,617**	₱119,766	₱123,424

The expected return on plan assets were determined based on a reputable fund trustee's yield rate for risk portfolio similar to that of the fund with consideration to the funds' past performance.

The categories of the plan assets are as follows:

	2019	2018
Cash	**19.6%**	18.7%
Receivables	**63.1%**	62.9%
AFS financial assets	**17.3%**	18.3%
Investments in government securities	**0.0%**	0.1%
	100.0%	100.0%

As at September 30, 2019 and 2018, plan assets include investments in 27.4 million shares of stock of the Parent Company with a fair value amounting to ₱65.5 million and ₱82.0 million, respectively.

The principal assumptions used in determining the retirement assets and liabilities of the Group are shown below:

	Discount Rate, September 30		Discount Rate, October 1		Salary Increase Rate, September 30		Salary Increase Rate, October 1	
	2019	2018	**2018**	2017	**2019**	2018	**2018**	2017
RHI	**4.9%**	8.0%	**8.0%**	4.8%	**4.0%**	4.0%	**4.0%**	4.0%
CADPI	**4.9%**	8.0%	**8.0%**	4.2%	**4.0%**	4.0%	**4.0%**	4.0%
CACI	**4.9%**	8.0%	**8.0%**	4.3%	**4.0%**	4.0%	**4.0%**	4.0%
RBC	**5.0%**	8.7%	**8.7%**	4.8%	**4.0%**	4.0%	**4.0%**	4.0%
SCBI	**5.0%**	8.2%	**8.2%**	5.0%	**4.0%**	4.0%	**4.0%**	5.0%

The Group does not expect to contribute to their respective retirement funds in 2020.

The sensitivity analysis based on reasonably possible changes of the assumptions on the defined benefit obligation as at September 30, 2019 and 2018 is presented below.

		2019		2018	
	Change in Assumption	**Retirement Assets**	**Retirement Liabilities**	Retirement Assets	Retirement Liabilities
Discount rate	+1.0%	**–**	**(₱46,322)**	(₱8,373)	(₱23,133)
	-1.0%	**–**	**54,201**	9,653	26,331
Salary Rate	+1.0%	**–**	**54,147**	9,643	27,448
	-1.0%	**–**	**(47,114)**	(8,517)	(24,421)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement liability at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The corresponding change in the retirement liability was expressed as a percentage change from the base retirement liability.

The schedule of projection of benefit payments expected to be paid out of the retirement fund is as follows:

Period	**2019**	2018
Less than one year	**₱60,202**	₱59,657
Between one and five years	**204,111**	231,310
Over five years	**2,519,620**	2,509,220
	₱2,783,933	₱2,800,187

As at September 30, 2019 and 2018, the average duration of the defined benefit obligation at the end of reporting period is 16.0 years and 12.2 years, respectively.

18. Equity

a. Capital stock and treasury stock

Details of capital stock and treasury stock follow:

	2019		2018		2017	
	Number of Shares	Amount *(in Thousands)*	Number of Shares	Amount *(in Thousands)*	Number of Shares	Amount *(in Thousands)*
Authorized common shares "Capital A" at ₱1.0 par value						
Balance at beginning of year	2,000,000,000	₱2,000,000	2,000,000,000	₱2,000,000	1,500,000,000	₱1,500,000
Additions	–	–	–	–	500,000,000	500,000
Balance at end of year	2,000,000,000	₱2,000,000	2,000,000,000	₱2,000,000	2,000,000,000	₱2,000,000
Issued common shares "Class A"						
Balance at beginning of year	1,565,579,279	₱1,565,579	1,564,599,146	₱1,564,599	1,439,442,161	₱1,439,442
Issuances	–	–	980,133	980	125,156,985	125,157
Balance at end of year	1,565,579,279	1,565,579	1,565,579,279	1,565,579	1,564,599,146	1,564,599
Treasury stock	(17,643,480)	(52,290)	(17,643,480)	(52,290)	(17,643,480)	(52,290)
Issued and outstanding	1,547,935,799	₱1,513,289	1,547,935,799	₱1,513,289	1,546,955,666	₱1,512,309

On July 14, 2017, the Parent Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription was approved by SEC. On November 9, 2017, the PSE approved the listing of these newly subscribed 125,000,000 common shares.

b. Other equity items and reserves

Details follow:

	Note	2019	2018	2017
Equity reserves:				
Revaluation Increment on Land	12			
Balance at beginning of year		**₱392,370**	₱2,772,367	₱2,657,525
Reclassification of revaluation increment on land under held for sale		**(5,511)**	(2,390,419)	–
Appraisal increase, net of tax		**43,374**	10,422	114,842
Balance at end of year		**430,233**	392,370	2,772,367
Cumulative Remeasurement Loss on Net Retirement Assets and Liabilities	17			
Balance at beginning of year		**(93,141)**	(173,261)	(196,091)
Remeasurement gain (loss), net of tax		**(90,265)**	80,120	22,830
Reversal of other comprehensive income		**(96,589)**	–	–
Balance at end of year		**(279,995)**	(93,141)	(173,261)
Share in Revaluation Increment on Land of an Associate	11			
Balance at beginning of year		**264,305**	207,492	207,492
Reclassification		**(264,305)**	56,813	–
Balance at end of year		**–**	264,305	207,492
Cumulative Share in Remeasurement Loss on Retirement Liability of an Associate	11			
Balance at beginning of year		**(7,664)**	(9,165)	(9,205)
Reclassification		**7,664**	1,501	40
Balance at end of year		**–**	(7,664)	(9,165)
Total equity reserves		**150,238**	555,870	2,797,433

(Forward)

	Note	2019	2018	2017
Other equity items				
Excess of Consideration Received over Carrying Amount of Net Assets of a Subsidiary Transferred to the Parent Company		₱577,148	₱577,148	₱577,148
Effect of Change in equity Interest in Subsidiaries		44,567	44,567	44,567
Total other equity items		621,715	621,715	621,715
Total other equity items and reserves		₱771,953	₱1,177,585	₱3,419,148
Revaluation increment on land under assets held for sale (see Note 12)				
Balance at beginning of year		₱2,390,419	₱–	₱–
Reversal of deferred tax liability due to change in effective tax rate		410,731	–	–
Reclassification of revaluation increment on land under held for sale		5,511	2,390,419	–
Balance at end of year		₱2,806,661	₱2,390,419	–
Share in revaluation increment on land of an associate held for sale	11			
Balance at beginning of year		₱–	₱–	₱–
Reclassification from other equity items and reserves		264,305	–	–
Remeasurement gain, net of tax		21,295	–	–
Balance at end of year		₱285,600	₱–	₱–
Cumulative share in remeasurement loss on retirement liability of an associate held for sale	11			
Balance at beginning of year		₱–	₱–	₱–
Reclassification from other equity items and reserves		(7,664)	–	–
Balance at end of year		(₱7,664)	₱–	₱–

Following the Reorganization Program as approved by the SEC on December 11, 2001, RHI was transformed into a diversified holding and investment corporation, while its subsidiary, CADP Group Corporation (CADPGC), emerged as a holding and investment company with specific focus on sugar milling and refining business. In 2008, RHI increased its equity ownership in CADPGC from 89.28% to 89.36% when CADPGC re-acquired portion of its shares of stock. On December 11, 2008, RHI acquired CADPGC's sugar-related operating subsidiaries (CADPI, CACI, CADPI, CFSI, CCSI, JOMSI, NAVI) and an associate (HP Co.), including certain assets and liabilities of CADPGC. On January 23, 2009, RHI sold its investment in CADPGC to Roxas & Company, Inc. Effective June 29, 2009, upon approval by the SEC on June 23, 2009, CADPGC, as the surviving entity, merged with Roxas & Company, Inc. through a share swap, wherein 11.71 CADPGC's shares of stock were exchanged for every share of stock of Roxas & Company, Inc. On the same date, the SEC approved the change in corporate name of CADPGC to RCI.

The acquisition by RHI on December 11, 2008 of the sugar-related operating subsidiaries and an associate from CADPGC was made for a total consideration of ₱3,838.0 million, which represents the cost of CADPGC's investments in subsidiaries and an associate amounting to ₱ 4,101.0 million, reduced by the net liabilities transferred by CADPGC amounting to ₱263.0 million. As a result, RHI increased its effective equity ownership in the sugar-related operating subsidiaries and recognized the effect of the change in equity ownership in subsidiaries and an associate in view of the reduction of non-controlling interests in subsidiaries of ₱44.6 million and presented as a separate component of the total consolidated equity.

On January 23, 2009, following the acquisition of the sugar-related operating subsidiaries and an associate from CADPGC, RHI sold its investment in CADPGC to RCI for a total consideration of ₱3,927.3 million. The excess of consideration received from RCI over the carrying amounts of net assets of CADPGC amounted to ₱577.1 million. This is presented as a separate component of equity under "Other equity reserves".

In 2019, the Parent Company's management used OSD in its income tax filing with the Bureau of Internal Revenue (BIR). The Parent Company's management believes it will continue to elect the use of OSD in 2020. As such, effective tax rate on the computation of deferred tax liability on the revaluation increment of the Parent Company's land held for sale as of September 30, 2019 changed from 30% to 18%.

c. Track record of registration

On March 16, 1994, the Parent Company registered with the SEC its 1,000,000,000 shares, consisting of 600,000,000 Class "A" shares and 400,000,000 Class "B" shares at a par value of ₱1.0 a share equivalent to ₱1,000,000,000, and representing the entire capital stock of the Parent Company. Moreover, the SEC licensed the sale or offer for sale of the Parent Company's 477,750,000 shares (inclusive of its present subscribed capital stock of 382,200,000 shares), out of which 95,550,000 shares were sold at ₱3.0 a share.

On September 4, 1995, the SEC licensed the sale or offer for sale of 174,400,000 shares in an initial public offering at an offer price between ₱5.0 to ₱8.0 a share. The said shares consist of 100.0 million shares from the Parent Company's registered but unlicensed and unissued capital stock for primary offering and 74,400,000 shares owned by selling shareholders for secondary offering.

On January 28, 1997, the Parent Company declared stock dividend at the rate of 30% payable to stockholders of record as at February 28, 1997.

On November 24, 1999 and December 15, 1999, the Parent Company declared stock dividend at the rate of 30%, consisting of 225,322,500 common shares at ₱1.0 a share, payable to stockholders of record as at February 15, 2000.

On January 30, 2003, the SEC approved the Parent Company's increase in authorized capital stock from ₱1,000,000,000 to ₱1,500,000,000, divided into 1,500,000,000 common shares. Of the total increase in authorized capital stock, 192,779,459 common shares at par value of ₱1.0 a share or total of 192,779,459 common shares, were fully paid through the declaration of stock dividend at the rate of 20% to stockholders of record as at February 28, 2003.

On April 3, 2003, the PSE approved the listing of additional 192,779,459 common shares, at a par value of ₱281.0 a share, representing the 20% stock dividend declaration discussed in the foregoing. Moreover, the Parent Company's listed shares were reduced by 188 common shares representing fractional shares arising from the 30% stock dividend declared in 1997 and 30% stock dividends declared in 2000, which were paid for in cash.

On February 15, 2017, the shareholders approved the amendment of the Parent Company's articles of incorporation to increase the authorized capital stock from ₱1,500,000,000 to ₱2,000,000,000 divided into 2,000,000,000 with par value of ₱1.0 per share. On the same day,

the shareholders approved the subsequent conversion of the convertible note to be issued out of the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share, or a total of 125,000,000 new common shares.

On July 14, 2017, the Parent Company's application for increase in authorized capital stock was approved by SEC. On November 9, 2017, the PSE approved the listing of these newly subscribed 125,000,000 common shares.

d. Retained earnings

Portion of retained earnings not available for dividend declaration

	Note	2019	2018
Deferred tax assets	26	**₱108,619**	₱619,301
Accumulated earnings of subsidiaries		**744,740**	710,341
Cumulative unrealized gain on changes in fair value of investment properties, net of tax	26	**185,620**	185,596
Treasury stock		**52,290**	52,290
		₱1,091,269	₱1,567,528

Accumulated earnings of the subsidiaries are not yet available for dividend distribution to the Parent Company's stockholders, unless received as cash dividends from the subsidiaries and an associate.

e. Share prices

The principal market for the Parent Company's shares of stock is the PSE. The high and low trading prices of the Parent Company's shares of stock for each quarter within the three fiscal years are presented in the table below.

Quarter	High	Low
October 1, 2018 through September 30, 2019		
First	₱1.87	₱1.83
Second	1.83	1.77
Third	1.72	1.69
Fourth	1.58	1.52
October 1, 2017 through September 30, 2018		
First	4.13	4.00
Second	3.42	3.28
Third	2.86	2.82
Fourth	2.19	2.14
October 1, 2016 through September 30, 2017		
First	3.04	2.98
Second	3.00	2.87
Third	3.83	3.67
Fourth	4.19	4.10

19. Related Party Transactions and Balances

In the normal course of business, the Group has transactions with related parties as follows:

Related Party	Relationship	Nature of Transaction	Year	Transactions during the Year	Trade Payables (Note 16)	Net Amount Due from Related Parties (see Note 8)	Net Amount Due to Related Parties (see Note 16)
CADP Retirement Fund, Inc. (CADPRFI)	Retirement Fund of CADPI	Noninterest-bearing advances payable on demand	2019	₱62,697	₱–	₱99,670	₱13,149
			2018	–	–	36,973	13,149
RHI Retirement Fund, Inc. (RHIRFI)	Retirement Fund of RHI	Noninterest-bearing advances payable on demand	2019	–	–	6	55,000
			2018	–	–	6	55,000
CACI Retirement Fund, Inc. (CACIRFI)	Retirement Fund of CACI	Noninterest-bearing advances payable on demand	2019	724	–	138	27,424
			2018	–	–	138	28,146
Roxas Foundation, Inc.	Other related party*	Noninterest-bearing advances payable on demand	2019	–	–	252	–
			2018	–	–	252	–
HP Co	Associate	Sale of raw sugar	2019	–	–	–	–
			2018	113,004	–	–	–
		Purchase of raw sugar	2019	–	–	–	–
			2018	121,007	–	–	–
		Purchase of molasses	2019	92,514	20	–	–
			2018	46,126	–	–	–
		Purchase of bagasse	2019	31,422	108	–	–
			2018	44,063	1,603	–	–
		Dividend Income	2019	49,419	–	–	–
			2018	–	–	–	–
Total			2019		₱128	₱100,066	₱95,573
			2018		1,603	37,369	96,295

**Other related party pertains to an entity under common control of the RHI Group management*

a. The Group made advances to RHIRFI, CADPIRFI and CACIRFI for a portion of the retirement payments made to the Group's qualified retired employees under defined benefit plan. As at September 30, 2019 and 2018, advances to RHIRFI, CADPRFI and CACIRFI are included in "Trade and other receivables" account. The Group's retirement funds hold RHI shares amounting to ₱65.5 million and ₱82.0 million as of September 30, 2019 and 2018, respectively (see Note 17).

b. Due to related parties, which are presented as part of "Trade and other payables" account, represents noninterest-bearing payable arising from advances and rent of office space from CADPRFI.

c. As at September 30, 2019 and 2018, total amount of trade and non-trade receivables and payables with related parties eliminated during consolidation amounts to ₱8,243.5 million and ₱ 7,796.9 million, respectively, while revenue and expense eliminated amounts to ₱2,996.1 million, ₱3,042.9 million and ₱3,477.0 million as at September 30, 2019, 2018 and 2017, respectively.

Outstanding balances of transactions with related parties at yearend are unsecured and settlements are made in cash. The Group did not recognize any provision for impairment loss in 2019, 2018 and 2017. This assessment is undertaken each financial year by reviewing the financial position of the related party and the market in which the related party operates.

Key management personnel compensation:

	Note	2019	2018	2017
Salaries and wages and other short-term benefits		**₱110,777**	₱100,095	₱92,519
Retirement benefits		**21,959**	18,805	19,306
Employee stock option	20	**1,068**	1,642	1,917
		₱133,804	₱120,542	₱113,742

20. Employee Stock Option Plans (ESOP)

The BOD of the Parent Company approved the establishment of its first and second ESOP on May 8, 2013 and January 16, 2014, respectively. The ESOPs cover all employees of the Parent Company and its subsidiaries, namely: CACI, CADPI and RBC, who have rendered at least six months of service at the time of grant, subject for approval by the Senior Vice President, Human Resource, and the designated administrator. Employees are given the option to purchase the shares allocable to them over an exercise period of five years from the effectivity date of ESOP. The share options vest each year over the five-year term of ESOP. The offer price of the shares is based on the average quoted price during the 30-trading days prior to exercise date less a 15% discount. About 35.0 million and 30.0 million common shares of the Parent Company's unissued shares have been initially reserved under the first and second ESOP, respectively.

Movements of the number of share options for the first and second ESOP are as follows:

	First ESOP		Second ESOP	
	2019	2018	**2019**	2018
Balance at beginning of year	–	15,650,483	**16,703,856**	22,953,725
Forfeited or expired	–	(14,670,350)	**(16,703,856)**	(6,249,869)
Exercised	–	(980,133)	–	–
Balance at end of year	–	–	–	16,703,856
Exercisable at end of year	–	–	–	13,363,085

In 2018, the Parent Company issued 980,133 common shares pertaining to the exercise of stock option of employees under First ESOP amounting to ₱2.4 million (see Note 18). The weighted-average share price at the date of exercise for share options under the First ESOP was ₱3.44.

The fair value of the First and Second ESOP was estimated at the date of grant using Black Scholes-Merton model with inputs summarized below.

First ESOP

	Options Vesting After				
	Year One	Year Two	Year Three	Year Four	Year Five
Spot price	₱2.80	₱2.80	₱2.80	₱2.80	₱2.80
Strike price	₱2.49	₱2.49	₱2.49	₱2.49	₱2.49
Expected volatility	38.83%	39.10%	36.59%	39.61%	42.46%
Risk-free rate	2.71%	2.98%	3.29%	3.60%	3.36%
Dividend rate as a percentage of spot price	0.00%	0.00%	0.00%	0.00%	0.00%

Second ESOP

	Options Vesting After				
	Year One	Year Two	Year Three	Year Four	Year Five
Spot price	₱6.90	₱6.90	₱6.90	₱6.90	₱6.90
Strike price	₱5.32	₱5.32	₱5.32	₱5.32	₱5.32
Expected volatility	33.46%	39.77%	39.71%	37.65%	39.95%
Risk-free rate	2.86%	2.82%	3.15%	3.90%	3.38%
Dividend rate as a percentage of spot price	0.00%	0.00%	0.00%	0.00%	0.00%

The weighted average fair value of the share options granted in 2013 (First ESOP) and 2014 (Second ESOP) amounted to ₱0.9 and ₱3.0, respectively. The volatility rate is determined as the historical volatility of the returns on the stock over a period similar to the vesting period of the option.

The weighted average remaining contractual life of the outstanding stock options is nil and 0.58 years as at September 30, 2019 and 2018, respectively.

The employee stock option expense recognized for employee services received amounted to ₱1.8 million, ₱7.8 million and ₱5.3 million in 2019, 2018 and 2017, respectively, presented as part of "Personnel costs" account (see Note 24).

21. Revenue

a. The components of revenue are as follows:

	2019	2018	2017
Sale of goods:			
Alcohol	**₱3,861,260**	₱3,244,918	₱3,602,242
Raw sugar	**1,776,217**	1,469,426	1,695,517
Molasses	**184,192**	117,376	155,010
Carbon dioxide	**11,774**	9,856	10,526
Refined sugar	**–**	7,703	7,548
	5,833,443	4,849,279	5,470,843
Sale of services:			
Milling (Note 3)	**₱683,959**	₱–	₱–
Power	**19,443**	29,564	16,366
Farm services	**17,759**	18,436	22,429
Tolling fees	**–**	498	–
	721,161	48,498	38,795
	₱6,554,604	₱4,897,777	₱5,509,638

b. Contract Balances

The Company's trade and other receivables amounted to ₱1,255.8 million and ₱2,927.4 million as at September 30, 2019 and October 1, 2018, respectively (see Note 8).

The Company has no contract assets as at September 30, 2019 and October 1, 2018.

Contract liabilities mainly result from customers' deposits on sale of goods which is generally recognized at a point in time and sale of services for which revenue is generally recognized over time. Contract liabilities will be recognized as revenue when the related goods are delivered and services are rendered. As at September 30, 2019, contract liabilities amounted to ₱8.7 million and these will be recognized as revenue in the following year (see Note 16). Contract liabilities as of October 1, 2018 amounting to ₱8.2 million were recognized as revenue in 2019.

c. Performance Obligations

The performance obligations on the sale of goods and services are satisfied when the related goods are delivered and services are rendered. Payment is generally due within 15 to 120 days from performance.

22. Cost of Sales and Services

	Note	2019	2018	2017
Direct materials used	9	**₱3,552,467**	₱1,575,808	₱2,086,688
Milling cost		**676,800**	–	–
Depreciation and amortization	12	**506,511**	448,828	538,636
Fuel and oil		**388,170**	358,664	400,294
Repairs and maintenance		**239,454**	217,312	299,300
Personnel costs	24	**226,996**	233,449	196,185
Communication, light and water		**184,990**	109,711	72,782
Rent	28	**184,605**	197,222	86,400
Productivity assistance and other subsidies		**100,406**	569,964	801,984
Taxes and licenses		**92,040**	84,542	81,121
Outside services		**90,081**	73,218	88,175
Materials and consumables		**52,797**	127,118	122,828
Others	9	**138,770**	94,502	119,565
		₱6,434,087	₱4,090,338	₱4,893,958

23. Operating Expenses

General and Administrative Expenses

The components of general and administrative expenses are as follows:

	Note	2019	2018	2017
Personnel costs	24	**₱373,664**	₱395,236	₱363,056
Taxes and licenses		**92,315**	70,692	95,790
Outside services		**80,290**	61,275	46,188
Provision for probable losses	16, 28	**70,000**	–	20,770
Depreciation and amortization	12	**60,005**	47,455	64,264
Professional fees		**30,956**	24,164	32,514
Rent	28	**22,955**	21,345	27,582
Communication, light and water		**20,179**	21,067	22,169
Travel and transportation		**17,498**	16,638	18,342
Organizational activities		**10,024**	9,881	9,571
Repairs and maintenance		**9,729**	6,811	8,962
Materials and consumables		**7,346**	3,020	3,695
Entertainment, amusement and recreation		**6,919**	6,662	3,296
Corporate social responsibility		**4,637**	3,857	3,177
Provision for impairment losses on receivables	8	**4,068**	6,272	67
Others		**24,375**	40,628	41,153
		₱834,960	₱735,003	₱760,596

Others mainly pertain to training and development, transfer cost and bank charges.

Selling Expenses

Selling expenses, representing mandatory fees paid to various regulatory agencies prior to sale of sugar, mainly pertains to delivery charges, sugar liens and dues and monitoring fees totaling ₱15.2 million, ₱20.8 million and ₱8.6 million in 2019, 2018 and 2017, respectively.

24. Personnel Costs

Personnel costs include:

	Note	2019	2018	2017
Salaries, wages, allowances and other employee benefits		**₱549,780**	₱580,125	₱511,081
Retirement benefits	17	**49,067**	40,800	42,903
Employee stock option	20	**1,813**	7,760	5,257
		₱600,660	₱628,685	₱559,241

The amount of personnel costs are allocated as follows:

	Note	2019	2018	2017
Cost of sales	22	**₱226,996**	₱233,449	₱196,185
General and administrative expenses	23	**373,664**	395,236	363,056
		₱600,660	₱628,685	₱559,241

25. Other Income - net

This account consists of:

	Note	2019	2018	2017
Fair value adjustment of investment properties	13	**₱21,680**	₱27,531	₱13,406
Sales of scrap		**10,021**	8,846	15,047
Storage, handling and insurance fees		**2,818**	23,545	23,013
Interest income	7, 8	**2,749**	2,437	3,182
Others		**3,113**	7,802	(7,398)
		₱40,381	₱70,161	₱47,250

Others mainly pertain to income from conversion rights, woodchips and reversals of various accruals.

26. Income Taxes

a. The components of the recognized net deferred tax assets and liabilities represent the tax effects of the following temporary differences:

	Note	2019 Net Deferred Tax Assets[1]	2019 Net Deferred Tax Liabilities[2]	2018 Net Deferred Tax Assets[3]	2018 Net Deferred Tax Liabilities[4]
Deferred tax assets recognized in profit or loss:					
Retirement liabilities	17	₱35,419	₱1,461	₱89,328	₱–
Various accruals		12,194	15,283	86,064	15,495
NOLCO		–	8,989	282,158	8,123
Unamortized past service cost		16,053	–	23,782	–
Excess MCIT		–	6,608	47,946	6,602
Allowances for:					
Impairment losses of receivables	8	280	–	28,121	–
Inventory losses and obsolescence	9	4,206	841	10,885	–
Impairment losses of CWT		–	841	–	–
Employee stock option		–	4,534	13,794	4,973
Customer's deposits		1,754	156	2,030	–
		69,906	38,713	584,108	35,193
Deferred tax asset recognized in other comprehensive income - cumulative remeasurement losses on retirement asset		–	–	18,518	40,946
		69,906	38,713	602,626	76,139
Deferred tax liabilities recognized in profit or loss					
Unamortized capitalized interest	12	(₱67,526)	(₱5,092)	(₱62,648)	(₱4,678)
Revaluation increment on land and depreciable assets		–	(206,820)	–	(204,914)
Unamortized transaction cost		(2,380)	(882)	(3,179)	(344)
Unrealized fair value gain on investment properties		–	(4,969)		
Retirement assets	17	–	(2,884)	(22,847)	(50,627)
Deferred milling costs		–	(3,751)	–	(1,692)
		(69,906)	(224,398)	(88,674)	(262,255)
Deferred tax liabilities recognized in other comprehensive income:					
Cumulative remeasurement losses on retirement asset		–	(9,167)	(18,225)	–
Revaluation increment on land		–	(70,056)	(54,910)	–
		(69,906)	(303,621)	(161,809)	(262,255)
Net deferred tax assets (liabilities)		₱–	(₱264,908)	₱440,817	(₱185,793)

[1] Recognized net deferred tax assets of CADPI and ADC
[2] Recognized net deferred tax liabilities of RHI, CACI, RBC, SCBI, NAVI and NPSC
[3] Recognized net deferred tax assets of CADPI, CACI, and ADC
[4] Recognized net deferred tax liabilities of RHI, RBC, SCBI, NAVI and NPSC

Details of other deductible temporary differences for which no deferred tax assets were recognized as management believes that it may not be probable that sufficient future taxable profits will be available against which the other deductible temporary differences can be utilized are presented as follows:

	2019	2018
NOLCO	**₱1,499,442**	₱25,852
Excess MCIT	**51,076**	–
Allowance for impairment losses of receivables	**25,580**	3,679
Provision for inventory losses and obsolescence	**7,845**	3,752
	₱1,583,943	₱33,283

b. Details of carry forward benefits arising from NOLCO and excess MCIT are as follows:

NOLCO

Year Incurred	Balance as at September 30, 2018	Additions	Applied	Expired	Balance as at September 30, 2019	Available Until
Recognized:						
September 30, 2019	₱–	₱927,928	₱–	₱–	₱927,928	September 30, 2022
September 30, 2018	554,585	–	–	–	554,585	September 30, 2021
September 30, 2017	46,892	–	–	–	46,892	September 30, 2020
September 30, 2016	391,980	–	–	(391,980)	–	September 30, 2019
	₱993,457	₱927,928	₱–	(₱391,980)	₱1,529,405	

Excess MCIT

Year Incurred	Balance as at September 30, 2018	Additions	Applied	Expired	Balance as at September 30, 2019	Available Until
Recognized:						
September 30, 2018	₱21,102	₱4,735	₱–	₱–	₱25,837	September 30, 2021
September 30, 2017	31,847	–	–	–	31,847	September 30, 2020
September 30, 2016	1,599	–	–	(1,599)	–	September 30, 2019
	₱54,548	₱4,735	₱–	(₱1,599)	₱57,684	

c. The reconciliation between the income tax benefit (expense) computed at the applicable statutory tax rate and income tax benefit (expense) presented in the consolidated statements of income is as follows:

	2019	2018	2017
Income tax benefit (expense) at statutory tax rate	**(₱423,839)**	₱26,932	(₱32,519)
Tax effects of:			
Nondeductible expenses	**116,333**	(26,232)	(16,864)
Adjustments resulting from derecognition of deferred tax assets	**59,309**	(8,700)	(8,604)
Effect of 5% statutory tax rate of SCBI	**18,617**	28,453	(1,704)
Unallowable interest expense	**₱4,247**	(₱21)	(₱68)
Interest subject to final tax	**(538)**	146	1,015
(Forward)			

	2019	2018	2017
Net income subject to income tax holiday (ITH)	**(3,444)**	117,086	58,482
Share in net earnings of an associate	**(27,226)**	16,750	20,333
Effect of change in tax rate	**(231,206)**	–	–
Others	**11,607**	(8,781)	(8,427)
	(₱476,140)	₱145,633	₱11,644

The current income tax expense of the Group in 2019, 2018 and 2017 pertains to RCIT, or MCIT, whichever is higher, except for RBC and SCBI, which are entitled to ITH and 5% gross income tax, respectively.

d. Registration with the Board of Investments (BOI) of RBC

On October 24, 2008, the BOI approved the registration of RBC as a New Producer of Bioethanol (Anhydrous) and Potable (Hydrous) Ethanol on a Pioneer and Non-Pioneer Status under the Omnibus Investments Code of 1987 or Executive Order (E.O.) No.226

On October 22, 2014, the BOI approved the amendment of registration of RBC from a New Producer of Bioethanol (Anhydrous) under E.O. No. 226 to Renewable Energy (R.E.) Developer of Biomass Resources under the R. A. No. 9513. The registration as a New Producer of Potable Ethanol is maintained under E.O. No. 226.

As a registered enterprise, RBC is entitled to certain tax incentives, which include, among others:

- ITH for the first seven years from December 3, 2013 until December 3, 2020;
- Duty-free importation of machinery, equipment and materials including control and communication equipment within the first ten years from the issuance of the BOI certificate of registration until October 23, 2018;
- Realty and other taxes on civil works, equipment, machinery, and other improvements actually and exclusively used for R. E. facilities shall not exceed one and a half (1.5%) of the original cost less accumulated depreciation or net book value;
- NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from gross income for the next seven consecutive taxable years immediately following the year of such loss is unused;
- Corporate tax rate of 10% on its net taxable income after seven years of ITH;
- If RBC did not avail of the ITH, the plant, machinery and equipment that are reasonably needed and actually used for the exploration, development and utilization of R. E. resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed; and
- Zero percent value-added tax rate on its purchase of local supply of goods, properties and services needed for the development, construction and installation of its plant facilities.

Total tax incentives availed of amounted to ₱36.8 million, ₱31.8 million and ₱18.5 million in 2019, 2018 and 2017, respectively.

e. Income Tax Regime of SCBI

SCBI is registered with the Philippine Economic Zone Authority (PEZA) as an Agro-industrial Ecozone Enterprise under Registration Certificate No.09-01-AI dated September 23, 2009.

The following are the mutual covenants and undertaking of SCBI pursuant to Registration Agreement with the PEZA:

i. The registration as an Agro-Industrial Ecozone Enterprise entitles SCBI to conduct and operate its business inside the San Carlos Ecozone.

ii. The scope of SCBI's registered activity is limited to the production of bioethanol fuel and its by-products, power/electricity, carbon dioxide, and carbon emission reduction (known as carbon credits) and importation of raw materials, machinery, equipment, tools, goods, wares, articles or merchandise directly used in its registered operations at the San Carlos Ecozone.

iii. SCBI is not entitled to a separate ITH incentive. The incentives entitlement of SCBI is the remaining ITH period granted in its registration with the BOI until December 2014. Upon expiry of the ITH under BOI registration, SCBI is entitled to the 5% Gross Income Tax (GIT) incentive, in lieu of paying of all local and national internal revenue taxes, and other incentives under Article 77, Book VI of E.O. No. 226.

The PEZA approved SCBI's amendment in its registered activity to include the production of syrup from sugarcane, which will be subjected to 5% gross income tax, until October 1, 2015. The results of operations from said registered product thereafter is subjected to national taxes.

27. Earnings per Share

Earnings per share is computed as follows:

	2019		2018		2017	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net income (loss) attributable to the equity holders of the Parent Company (a)	**(₱1,884,113)**	**(₱1,884,113)**	₱47,664	₱47,664	₱119,777	₱119,777
Weighted average number of common shares outstanding for basic EPS	**1,547,936**	**1,547,936**	1,565,337	1,565,337	1,449,038	1,449,038
Average incremental number of shares under ESOP	–	–	–	–	–	29,867
Weighted average number of common shares adjusted for effect of dilution (b)	**1,547,936**	**1,547,936**	1,565,337	1,565,337	1,449,038	1,478,905
Earnings (loss) per share (a/b)	**(₱1.22)**	**(₱1.22)**	₱0.03	₱0.03	₱0.08	₱0.08

Earnings per share for discontinued operations (Note 12) is computed as follows:

	2019		2018		2017	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net income (loss) attributable to equity holders of the Parent Company from discontinued operations (a)	(₱732,000)	(₱732,000)	(₱50,380)	(₱50,380)	₱201,844	₱201,844
Weighted average number of common shares outstanding for basic EPS	1,547,936	1,547,936	1,565,337	1,565,337	1,449,038	1,449,038
Average incremental number of shares under ESOP	–	–	–	–	–	29,867
Weighted average number of common shares adjusted for effect of dilution (b)	1,547,936	1,547,936	1,565,337	1,565,337	1,449,038	1,478,905
Earnings (loss) per share (a/b)	(₱0.47)	(₱0.47)	(₱0.03)	(₱0.03)	₱0.14	₱0.14

28. Commitments and Contingencies

a. Milling Contracts

CACI and CADPI (the "Mills") have milling contracts with the planters, which provide for a 35% and 65% sharing between the Mills and the planters, respectively, of sugar, molasses and other sugar cane by-products, excluding bagasse, produced every crop year.

In December 2017, milling contracts of CADPI with the planters were revised to provide for a 32% and 68% sharing between CADPI and the planters, respectively. This agreement is effective until crop year 2017 to 2018. Renewal is upon mutual consent of both parties thereafter.

b. The Group has in its custody the following raw and refined sugar owned by third parties:

	2019		2018	
	Total Volume *(in Thousands) (LKg*)*	Estimated Market Value *(Amounts in Millions)*	Total Volume *(in Thousands) (LKg*)*	Estimated Market Value *(Amounts in Millions)*
Raw sugar	**158**	**₱237**	185	₱299
Refined sugar	**484**	**934**	333	727

**Equivalent to 50 kilogram bag unit.*

The foregoing volume of sugar is not reflected in the consolidated statements of financial position since these are not considered as assets of the Group. These raw sugar held on behalf of the third parties are also supported by quedans. The Group is accountable to the third parties for the value of trusted sugar or their sales proceeds.

c. Sales Contracts

CADPI, RBC and SCBI entered into various sales contracts with its major customers for the sale of raw sugar, refined sugar and molasses. Outstanding sales contracts for refined sugar amounted to ₱467.8 million for 198,681 lkg bags, ₱1,407.4 million for 672,344 lkg bags and ₱765.0 million for 335,773 lkg bags as at September 30, 2019, 2018 and 2017, respectively, and ₱315.3 million for 5,323,499 liters, ₱415.0 million for 7,511,654 liters and ₱897.8 million for 19,240,000 liters for anhydrous alcohol as at September 30, 2019, 2018 and 2017, respectively.

d. Crop Loan and Contract Growing Agreements

RADC entered into crop loan and contract growing agreements with various planters for the scheduled delivery of sugar cane for the crop year 2017 to 2018. Advances made to planters related to these agreements as at September 30, 2019 and 2018 amounted to ₱26.3 million and ₱34.4 million, respectively, which are included as part of "Due from planters and cane haulers" under "Trade and other receivables" account (see Note 8).

e. Leases

The Group has various lease agreements for a period of one year covering heavy loading equipment and service vehicles with various trucking and heavy equipment service companies, which are used in transloading, hauling and other milling operations. The lease agreements are renewable annually upon mutual consent of both parties.

Moreover, the Group, as a lessee, leases its office space from a third party for a period of five years until May 31, 2021, which is renewable upon mutual agreement of the parties.

Future minimum lease payments on its office space as at September 30, 2019 and 2018 are as follow:

	2019	2018
Within one year	**₱18,592**	₱17,215
After one year but not more than five years	**13,038**	31,630
	₱31,630	₱48,845

Total rent expense from the related contracts amounted to ₱207.6 million, ₱218.6 million and ₱114.0 million in 2019, 2018 and 2017, respectively.

f. Hauling Services Contracts

The Group has an agreement for hauling services for the transport of sugarcane from the plantations to milling facilities. Related hauling expenses, which are presented as part of "Planters' subsidy and productivity assistance" account under "Cost of goods sold", amounted to ₱ 683.2 million, ₱ 758.2 million and ₱ 1,034.0 million in 2019, 2018 and 2017, respectively (see Note 22).

g. Emission Reduction Purchase Agreement (ERPA)

On January 14, 2009, RBC and World Bank Group signed a $3.2 million ERPA for the purchase of carbon emission credits under the Clean Development Mechanism of the Kyoto Protocol. The ERPA will also avoid at least 50,000 metric tons of carbon dioxide each year with a crediting period of 10 years starting 2010. As part of the ERPA, portion of the revenue for the purchase of the credits will be used to finance the RBC's community development projects.

h. Fuel Ethanol Supply Agreement (FESA)

SCBI has an existing FESA with Petron Corporation, wherein SCBI will exclusively supply fuel ethanol from the integrated ethanol distillery to Petron Corporation for a period of 10 years until 2018. The pricing, delivery, acceptance and payment terms are set out in the FESA.

i. Unused Credit Lines

The Group has unused lines of credit with various local banks amounting to nil and ₱310.7 million as at September 30, 2019 and 2018, respectively.

j. Contingencies

The Group has several pending claims and assessments, the expected ultimate outcome of which is based on management's judgment in consultation with its legal counsel. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position. Thus, as allowed by PAS 37, only general disclosures were provided.

Outstanding provision for losses for disputed claims and assessments amounted to ₱149.6 million and ₱7.6 million as at September 30, 2019 and 2018, respectively, presented under "Trade and other payables" account (see Note 16).

29. Financial Instruments

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash, trade and other receivables, and trade and other payables, which arise directly from its operations, and short and long-term borrowings. The Group has other financial instruments such as restricted cash and dividends payable.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Group monitors the market price risk arising from all financial instruments. The Group's operations are also exposed to commodity price risk, particularly from sugar prices. Risk management is carried out by senior management under the guidance and direction of the BOD of the Parent Company.

Liquidity risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet or settle its obligations or at a reasonable price.

The Group's objective is to maintain continuity of funding. The Group's policy is to maximize the use of suppliers' credit for all its major purchases and limit major capital expenditures at a reasonable level. The Group monitors its risk to a shortage of funds through monitoring of financial investments and financial assets and projected cash flows from operations. The Group's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The Group monitors its cash position by a system of cash forecasting. All expected collections, check disbursements and other payments are determined on a weekly basis to arrive at the projected cash position to cover its obligations.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The tables below summarize the maturity profile of the Group's loans and receivables held for managing liquidity and other financial liabilities based on contractual undiscounted payments.

	September 30, 2019				
	On demand	Less than one year	Over 1 year but less than 2 year	Over 2 year	Total
Financial assets:					
Cash and cash equivalents	₱438,268	₱–	₱–	₱–	₱438,268
Trade receivables***	120,094	926,025	–	–	1,046,119
Due from employees***	53,015	–	–	–	53,015
Due from related parties	100,066	–	–	–	100,066
Other receivables***	56,571	–	–	–	56,571
	768,014	926,025	–	–	1,694,039
Financial liabilities					
Trade and other payables**	165,533	848,431	–	–	1,013,964
Short-term borrowings*	–	7,186,976	–	–	7,186,976
Current portion of long term borrowings*	–	1,036,218	–	–	1,036,218
Noncurrent portion of long term borrowings*	–	–	1,540,622	1,411,386	2,952,008
	165,533	9,071,625	1,540,622	1,411,386	12,189,166
Liquidity gap	₱602,481	(₱8,145,600)	(₱1,540,622)	(₱1,411,386)	(₱10,495,127)

*Includes expected future interest payments for short-term and long-term borrowings amounting to ₱470.2 million and ₱418.1 million, respectively.
** Excludes payables to government agencies amounting to ₱11.7 million and provision for losses amounting to ₱125.0 million.
***Net of related allowances for impairment losses totaling ₱45.2 million.

	September 30, 2018				
	On demand	Less than one year	Over 1 year but less than 2 year	Over 2 year	Total
Financial assets:					
Cash and cash equivalents	₱295,149	₱–	₱–	₱–	₱295,149
Trade receivables***	440,516	2,337,450	–	–	2,777,966
Due from employees***	55,962	–	–	–	55,962
Due from related parties	37,369	–	–	–	37,369
Other receivables***	56,073	–	–	–	56,073
	885,069	2,337,450	–	–	3,222,519
Financial liabilities:					
Trade and other payables**	78,366	2,120,555	–	–	2,198,921
Short-term borrowings*	6,583,508	–	–	–	6,583,508
Current portion of long term borrowings*	–	1,447,850	–	–	1,447,850
Noncurrent portion of long term borrowings*	–	–	990,883	2,939,754	3,930,637
	6,661,874	3,568,405	990,883	2,939,754	14,160,916
Liquidity gap	(₱5,776,805)	(₱1,230,955)	(₱990,883)	(₱2,939,754)	(₱10,938,397)

*Includes expected future interest payments for short-term and long-term borrowings amounting to ₱372.7 million and ₱546.6 million, respectively.
** Excludes payables to government agencies amounting to ₱73.3 million and provision for losses amounting to ₱7.6 million.
***Net of related allowances for impairment losses totaling ₱44.1 million.

As of September 30, 2018, the long term loans are presented as part of current liabilities due to breach of a loan covenant (Note 15). However, the Group received waiver subsequent to report date, and the bank has not called the loan in default. Thus, the contractual undiscounted payments are based on the original terms of the loan agreements.

Credit Risk

Credit risk is the risk that the Group incurs a loss because its customers, clients or counterparties failed to discharge their contractual obligation. To mitigate this risk, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which includes evaluation of the customers' financial standing and determination of allowable credit limit

and credit terms. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The Group does not have significant concentrations of credit risk as the Group's customers and dealers are dispersed throughout the country.

To reduce the Group's exposure to bad debts, the Group took a conservative approach in its credit risk management. A policy has been developed to ensure that processes and risk-aversion are carefully observed to eliminate dealings with business entities that may pose collection issues in the future. This policy reinforces the Group's procedures for identifying and managing exposures to credit risk. Since the Group trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from other financial assets of the Group which consist of cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no collaterals or other credit enhancements held over these assets.

a. Risk concentrations of the maximum exposure to credit risk

   There is a significant concentration of credit risk within the Group given that the Group has limited creditors, stockholders and local banks.

   With respect to credit risk arising from the Group's financial assets, which comprise cash and receivables, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

b. As at September 30, 2019 and 2018, the analysis of financial assets follows:

	2019			
	Neither Past Due nor Impaired	Past Due but not Impaired	ECL	Net of allowance for doubtful accounts
Loans and receivables:				
Cash and cash equivalents*	₱433,191	₱–	₱–	₱433,191
Trade and other receivables				
Trade receivables	980,551	99,736	(34,169)	1,046,118
Due from employees	53,015	2,214	(2,214)	53,015
Due from related parties	100,066	–	–	100,066
Other receivables	–	65,429	(8,858)	56,571
Refundable deposits	14,671	–	–	14,671
	₱1,581,494	₱167,379	(₱45,241)	₱1,703,632

**Excluding cash on hand amounting to 5.1 million.*

	2018			
	Neither Past Due nor Impaired	Past Due but not Impaired	Past Due and Impaired	Net of allowance for doubtful accounts
Loans and receivables:				
Cash and cash equivalents*	₱292,001	₱–	₱–	₱292,001
Trade and other receivables				
Trade receivables	2,730,463	47,503	33,118	2,811,084
Due from employees	55,962	–	2,084	58,046
Due from related parties	37,369	–	–	37,369
Other receivables	–	56,073	8,858	64,931
Refundable deposits	31,252	–	–	31,252
	₱3,147,047	₱103,576	₱44,060	₱3,294,683

**Excluding cash on hand amounting to 3.1 million.*

The Group's neither past due nor impaired receivables are high grade receivables which, based on experience, are highly collectible and exposure to bad debt is not significant.

As at September 30, 2019 and 2018, the age of the entire Group's past due but not impaired receivables is over 60 days (see Note 8).

Trade Receivables

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are determined based on the Group's historical observed default rates analyzed in accordance to days past due by grouping of customers based on customer type and channels. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factors affecting each customer segment. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as of September 30, 2019.

		Days past due				
	Current	<30 days	30-60 days	61 to 90 days	> 90 days	Total
Estimated credit loss rate	2%	5%	22%	32%	43%	
Estimated total gross carrying amount at default	₱944,627	₱122,712	₱1,790	₱28	₱11,130	₱1,080,287
Expected credit loss	22,606	6,401	399	9	4,754	34,169

c. Impairment analysis

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For due from related parties, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type or by payors). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, due from related parties are written-off if the account is at least one year past due and are deemed uncollectible after subjecting to all possible collection effort activities. No ECL was recognized on due from related parties as of September 30, 2019 and 2018.

Commodity price risk

The Group is exposed to commodity price risk from conventional physical sales and purchase of sugar and alcohol managed through volume, timing and relationship strategies. The Group does not enter into commodity derivatives.

The Group's sales commitments are contracted at fixed prices, and thus have no impact on the consolidated cash flows in the next 12 months.

Interest rate risk

The primary source of the Group's interest rate risk relates to interest-bearing financial liabilities. The interest rates on these liabilities are disclosed in Notes 14 and 15.

The loans amounting to ₱866.7 million and ₱1,133 million as at September 30, 2019 and 2018, respectively, bear floating interest and expose the Group to interest rate risk.

The following table demonstrates the sensitivity analysis to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact of floating rate borrowings) and equity in 2019 and 2018. The estimates are based on the outstanding interest-bearing liabilities of the Group with floating interest rate as at September 30, 2019 and 2018.

	2019		2018	
Increase (Decrease)	**Effect on Income before Tax**	**Effect on Equity**	Effect on Income before Tax	Effect on Equity
0.25%	**(₱2,167)**	**(₱1,517)**	(₱2,833)	(₱1,983)
(0.25%)	**2,167**	**1,517**	2,833	(1,983)

Interest on financial liabilities with fixed interest rate is fixed until the maturity of the instrument (see Notes 14 and 15).

The other financial instruments of the Group that are not included in the foregoing tables are noninterest-bearing and are therefore not subject to interest rate risk.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Group's dividend declaration is dependent on availability of earnings and operating requirements. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to

shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended September 30, 2019 and 2018.

Management considers the total consolidated equity (excluding noncontrolling interest) amounting to ₱9,109.4 million and ₱10,703.1 million as of September 30, 2019 and 2018, respectively, reflected in the consolidated statements of financial position as its capital. The Group monitors its use of capital using leverage ratios, specifically, debt-to-equity ratio. It also monitors its DSCR to ensure that there would be sufficient amount of cash flow available to meet annual interest and principal payments on debt.

30. Fair Value Measurement

The Group has assets and liabilities that are measured at fair value on a recurring basis in the consolidated statements of financial position after initial recognition. Recurring fair value measurements are those that another PFRS requires or permits to be recognized in the consolidated statements of financial position at the end of each reporting period. These include investment properties and land under property and equipment at revalued amount.

The Group does not have nonrecurring fair value measurements in the consolidated financial statements. The Group's management determines the policies and procedures for recurring fair value measurement.

External valuers are involved for valuation of investment properties and land under property and equipment. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussion with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

The carrying amounts of the Group's financial assets and liabilities approximate their fair values due to their short-term nature or the interest rates that they carry approximate the interest rate on comparable instruments in the market. For the long term loans, these are subject to both fixed and floating rates.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash, trade receivables, due to and from related parties, due from employees, other receivables, trade and other payable and short-term borrowings. The carrying amounts of these instruments approximate fair values due to their short-term maturities.

Long-term borrowings. The carrying value of long-term borrowings as at September 30, 2019 and 2018 approximates its fair value as they carry interest rates of comparable instruments in the market.

The following tables present fair value hierarchy of the Group's financial liabilities, investment properties and land under property, plant and equipment:

Date of valuation: various dates in 2019	Carrying Value	Fair Value based on significant observable inputs (Level 2)
Assets measured at fair value		
Land under property, plant and equipment (see Note 12)	**₱1,287,002**	**₱1,287,002**
Investment properties (see Note 13)	**513,561**	**513,561**
Liabilities for which fair value is disclosed		
Fixed interest rate loan (see Note 15)	**1,057,472**	**1,131,495**

Date of valuation: various dates in 2018	Carrying Value	Fair Value based on significant observable inputs (Level 2)
Assets measured at fair value		
Land under property, plant and equipment (see Note 12)	₱1,376,627	₱1,376,627
Investment properties (see Note 13)	347,591	347,591
Liabilities for which fair value is disclosed		
Fixed interest rate loan (see Note 15)	1,707,736	1,738,612

31. Notes to Statements of Cash Flows

a. Additions to property and equipment, which were purchased on account, amounted to ₱30.7 million in 2019 and nil in both 2018 and 2017. Noncash activities of the Company pertain to the adjustment to cost of property and equipment due to final billing of certain project contracts.

b. Changes in liabilities arising from financing activities are as follows:

2019					
	Beginning Balance	Cash Flows	Interest Expense	Amortization of Transaction Costs	Ending Balance
Current interest-bearing loans and borrowings	**₱6,210,857**	**₱505,943**	**₱–**	**₱–**	**₱6,716,800**
Noncurrent interest-bearing loans and borrowings	**4,813,113**	**(1,243,052)**	**–**	**–**	**3,570,061**
Interest on loans and borrowings	**45,794**	**(697,324)**	**699,633**	**4,523**	**52,626**
Total liabilities from financing activities	**₱11,069,764**	**(₱1,434,433)**	**₱699,633**	**₱4,523**	**₱10,339,487**

2018					
	Beginning Balance	Cash Flows	Interest Expense	Amortization of Transaction Costs	Ending Balance
Current interest-bearing loans and borrowings	₱4,608,359	₱1,602,498	₱–	₱–	₱6,210,857
Noncurrent interest-bearing loans and borrowings	6,055,335	(1,242,222)	–	–	4,813,113
Interest on loans and borrowings	37,987	(494,266)	494,266	7,807	45,794
Total liabilities from financing activities	₱10,701,681	(₱133,990)	₱494,266	₱7,807	₱11,069,764

32. Segment Reporting

The Group has two reportable segments: sugar and alcohol. The Group's sugar segment consists of four operating subsidiaries: CADPI, CACI, NAVI and RABDC that manufacture and sell raw and refined sugar, molasses and provides tolling and farm operations services. The alcohol segment consists of two operating subsidiaries: RBC and SCBI that manufactures and sells bio-ethanol fuel.

The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives principally its revenue from domestic operations. Thus, geographical business information is not required.

The Group's senior management regularly reviews the operating results of the business units to make decisions on resource allocation and assess performance. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statements of income.

In 2019, 2018 and 2017, ₱4,095.7 million (29%), ₱2,628.0 million (or 35%) and ₱3,132.7 million (or 37%), respectively, of the Group's total revenue were derived from two customers.

The following tables present information about the Group's operating segments:

	2019			
	Sugar	Alcohol	Eliminations	Consolidated
Revenue:				
External customers	₱2,572,275	₱3,982,329	₱–	₱6,554,604
Inter-segment	1,117,461	1,109,559	(2,227,020)	–
Cost of goods sold:				
Direct materials used	2,420,279	3,727,584	(2,595,396)	3,552,467
Planters' subsidy and productivity assistance	65,930	34,476	–	100,406
Fuel and oil	5,076	383,094	–	388,170
Depreciation and amortization	330,734	175,777	–	506,511
Interest expense	409,903	64,179	–	474,082
Segment profit (loss)	(1,395,617)	(60,115)	(433,204)	(1,888,936)
Other disclosures:				
Capital expenditures	233,264	29,920	–	263,184
Investment in associate	655,899	–	–	655,899

	2018			
	Sugar	Alcohol	Eliminations	Consolidated
Revenue:				
External customers	₱1,505,790	₱3,391,987	₱–	₱4,897,777
Inter-segment	1,430,501	1,146,120	(2,576,621)	–
Cost of goods sold:				
Direct materials used	1,279,512	2,873,499	(2,577,203)	1,575,808
Planters' subsidy and productivity assistance	533,163	36,801	–	569,964
Fuel and oil	44,112	314,552	–	358,664
Depreciation and amortization	273,349	175,479	–	448,828
Interest expense	200,719	2	–	200,721
Segment profit (loss)	(424,492)	505,757	(26,597)	54,668
Other disclosures:				
Capital expenditures	863,041	322,290	–	1,185,332
Investment in associate	642,690	–	–	642,690

	2017			
	Sugar (As restated, Note 12)	Alcohol	Eliminations	Consolidated (As restated, Note 12)
Revenue:				
External customers	₱1,781,884	₱3,727,754	₱–	₱5,509,638
Inter-segment	2,155,054	845,996	(3,001,050)	–
Cost of goods sold:				
Direct materials used	1,819,126	3,241,005	(2,973,443)	2,086,688
Planters' subsidy and productivity assistance	741,962	60,022	–	801,984
Fuel and oil	57,546	342,748	–	400,294
Depreciation and amortization	300,181	238,455	–	538,636
Interest expense	231,345	4,329	(62,377)	173,297
Segment profit (loss)	80,919	181,652	(142,531)	120,040
Other disclosures:				
Capital expenditures	868,920	272,064	–	1,140,984
Investment in associate	606,768	–	–	606,768

SGV
Building a better working world

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Roxas Holdings, Inc. and subsidiaries as at and for the years ended September 30, 2019 and 2018, included in this Form 17-A, and have issued our report thereon dated December 4, 2019. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated 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 Rule 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 financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan
Partner
CPA Certificate No. 72557
SEC Accreditation No. 0096-AR-5 (Group A),
July 25, 2019, valid until July 24, 2022
Tax Identification No. 102-089-397
BIR Accreditation No. 08-001998-58-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 7332610, January 3, 2019, Makati City

December 4, 2019

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	-	1	5	A					

COMPANY NAME

R	O	X	A	S		H	O	L	D	I	N	G	S	,		I	N	C	.		A	N	D							
S	U	B	S	I	D	I	A	R	I	E	S																			

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

1	4	t	h		F	l	o	o	r	,		N	e	t		O	n	e		C	e	n	t	e	r	,			
2	6	t	h		c	o	r	.		3	r	d		A	v	e	n	u	e	,										
B	o	n	i	f	a	c	i	o		G	l	o	b	a	l		C	i	t	y	,		T	a	g	u	i	g	,	
M	e	t	r	o		M	a	n	i	l	a																			

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - Q		N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.roxasholdings. com	(02) 8771-7800	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,082	February 18	September 30

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ma. Hazel L. Rabara-Retardo	hazel.rabara@rhi.com.ph	(02) 8810-8901	–

CONTACT PERSON's ADDRESS

14th Floor, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila

NOTE 1 In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SEC Number PW 15
File _____

ROXAS HOLDINGS, INC. (formerly CENTRAL AZUCARERA DON PEDRO)

(Company's Full Name)

**14th Floor, Net One Center, 26th corner 3rd Avenue,
Bonifacio Global City, Taguig, Metro Manila**

(Company's Address)

(632) 8771-7800

(Company's Telephone Number)

September 30, 2020

(Fiscal Year Ending)

SEC Form 17-Q

(Form Type)

Amended Designation (If Applicable)

December 31, 2019

Period Ended Date

(Secondary License Type and File Number)

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 quarter ended: **31 December 2019**

2. Commission Identification Number **15A**

3. BIR Tax Identification No. **000-290-538**

4. Exact name of registrant as specified in its charter **ROXAS HOLDINGS, INC. (FORMERLY CENTRAL AZUCARERA DON PEDRO)**

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

6. Industry Classification Code:

7. Address of principal office — Postal Code
14th Floor, Net One Center, 26th corner 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila — **1634**

8. Registrant's telephone number, including area code
(632) 8771-7800

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

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares and Amount of Debt Outstanding
Authorized Capital Stock:	2,000,000,000
No. of common shares issued and outstanding	1,547,935,799
No. of preferred shares issued and outstanding	-

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

Yes [X] No [ ]

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 11 of the Securities Revised Code (SRC) and SRC Rule 11(a)-1 there under 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 [X] No [ ]

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

Yes [X] No [ ]

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION 1

Item 1. Unaudited Interim Condensed Consolidated Financial Statements 1

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition 34

Financial Highlights and Key Performance Indicators 34

Company Overview 35

Results of Operations 36

Financial Condition 37

Off-Balance Sheet Arrangements 38

PART II – OTHER INFORMATION 39

SIGNATURES 40

ANNEXES

ANNEX A. Aging of Trade and Other Receivables

ANNEX B. Financial Soundness Indicators

ROXAS HOLDINGS, INC.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

Unaudited Interim Condensed Consolidated Financial Statements
December 31, 2019 (With Comparative Audited Figures as at September 30, 2019)
and for the Three-Month Periods Ended December 31, 2019 and 2018

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019

(With Comparative Audited Balances as at September 30, 2019)

(Amounts in Thousands)

	Note	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	3	₱467,054	₱438,268
Trade and other receivables	4	948,970	1,355,546
Inventories	5	1,248,249	1,205,848
Other current assets	6	1,519,127	1,285,418
		4,183,400	4,285,080
Assets Held for Sale	8	6,598,839	7,254,738
		10,782,239	11,539,818
Noncurrent Assets			
Property, plant and equipment:	8		
At cost		7,141,267	7,199,292
At revalued amount		1,302,448	1,287,002
Investment properties	9	522,566	513,561
Goodwill		1,079,615	1,079,615
Retirement assets – net		18,610	18,610
Other noncurrent assets		293,897	279,536
		10,358,403	10,377,616
		₱21,140,642	₱21,917,434
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term borrowings	10	₱6,716,800	₱6,716,800
Current portion of long-term borrowings	11	211,894	847,576
Trade and other payables	12	1,275,806	1,175,248
Income tax payable		1,427	1,427
		8,205,927	8,741,051
Liability directly associated with the assets held for sale		616,096	616,096
		8,822,023	9,357,147
Noncurrent Liabilities			
Long-term borrowings - net of current portion	11	2,492,225	2,722,485
Retirement liabilities -net		422,544	407,259
Deferred tax liabilities - net		219,960	264,908
Other noncurrent liabilities		1,300	1,300
		3,136,029	3,395,952
Total Liabilities		11,958,052	12,753,099

(Forward)

	Note	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
Equity Attributable to the Equity Holders of the Parent Company	13		
Capital stock		**₱1,565,579**	₱1,565,579
Additional paid-in capital		**2,842,183**	2,842,183
Treasury stock		**(52,290)**	(52,290)
Revaluation increment on land under assets held for sale		**2,806,661**	2,806,661
Other equity items and reserves		**791,104**	1,049,889
Retained earnings		**1,175,349**	897,392
		9,128,586	9,109,414
Non-controlling Interests		**54,004**	54,921
		9,182,590	9,164,335
		₱21,140,642	₱21,917,434

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTH PERIODS ENDED
DECEMBER 31, 2019 AND 2018
(Amounts in Thousands, except Basic and Diluted Earnings per Share Data)

	Notes	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
REVENUE	15		
Revenue from contracts with customers	2	₱1,299,316	₱–
Sale of goods		–	1,539,399
Sale of services		–	411,065
		1,299,316	1,950,464
COST OF SALES	16	(1,279,300)	(1,934,724)
GROSS INCOME		20,016	15,740
OPERATING EXPENSES	17	(181,406)	(186,453)
INTEREST EXPENSE		(123,668)	(55,708)
SHARE IN NET EARNINGS OF AN ASSOCIATE		2,193	16,000
OTHER INCOME (EXPENSE) – Net	19	281,274	(2,894)
LOSS BEFORE INCOME TAX		(1,591)	(213,315)
INCOME TAX BENEFIT			
Current		(1,431)	1,690
Deferred		30,397	102,538
		28,966	104,228
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		27,375	(109,087)
NET LOSS FROM DISCONTINUED OPERATIONS	8	(23,654)	(88,279)
NET INCOME (LOSS)		₱3,721	(₱197,366)
Net income (loss) attributable to:			
Equity holders of the Parent Company		₱5,357	(₱196,824)
Non-controlling interests		(1,636)	(542)
		₱3,721	(₱197,366)
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Basic		₱0.00	(₱0.13)
Diluted		₱0.00	(₱0.13)

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED
DECEMBER 31, 2019 AND 2018
(Amounts in Thousands)

	Notes	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
NET INCOME (LOSS)		**₱3,721**	(₱197,366)
OTHER COMPREHENSIVE INCOME			
Appraisal increase on land, net of tax		**10,812**	–
Deferred tax asset on retirement actuarial losses		**9,057**	–
Share in remeasurement loss on retirement liability of an associate, net of tax	7	**(5,335)**	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱18,255**	(₱197,366)
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company		**₱19,172**	(₱196,824)
Non-controlling interests		**(917)**	(542)
		₱18,255	(₱197,366)

See accompanying Notes to Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIODS ENDED
DECEMBER 31, 2019 AND 2018
(Amounts in Thousands)

	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
CAPITAL STOCK	**₱1,565,579**	₱1,565,579
ADDITIONAL PAID-IN CAPITAL	**2,842,183**	2,840,370
TREASURY STOCK	**(52,290)**	(52,290)
REVALUATION INCREMENT ON LAND UNDER ASSETS HELD FOR SALE	**2,806,661**	2,390,419
OTHER EQUITY RESERVES		
Beginning balance	**1,049,889**	1,177,585
Reclassification of investment in associates' other comprehensive income to profit and loss	**(272,600)**	–
Appraisal increase on land, net of tax	**10,093**	–
Deferred tax asset on retirement actuarial losses	**9,057**	–
Share in remeasurement gain on retirement liability of an associate, net of tax	**(5,335)**	–
	791,104	1,177,585
RETAINED EARNINGS		
Balance at beginning of the period:		
As previously reported	**897,392**	2,781,402
Prior period adjustment	**–**	72
As restated	**897,392**	2,781,474
Reclassification of investment in associates' other comprehensive income to profit and loss	**272,600**	–
Net income (loss) attributable to equity holders of the Parent Company	**5,357**	(196,824)
	1,175,349	2,584,650
NON-CONTROLLING INTERESTS		
Beginning balance	**54,921**	59,853
Net loss attributable to non-controlling interests	**(1,636)**	(542)
Appraisal increase on land, net of tax	**719**	–
	54,004	59,311
TOTAL EQUITY	**₱9,182,590**	₱10,565,624

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED
DECEMBER 31, 2019 AND 2018
(Amounts in Thousands)

	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax from continuing operations	(₱1,591)	(₱213,315)
Loss before income tax from discontinued operations	(33,756)	(113,256)
Adjustments for:		
Gain on sale of investment in associate	(247,491)	–
Depreciation and amortization	180,290	219,179
Interest expense	164,610	144,781
Retirement expense	15,322	15,727
Unrealized fair value gain on investment properties	(9,005)	–
Share in net earnings of associate	(2,193)	(16,000)
Interest income	(1,311)	(1,055)
Operating income before changes in working capital	64,875	36,061
Decrease (increase) in:		
Trade and other receivables	407,996	(35,074)
Inventories	(42,401)	634,413
Other current assets	(251,785)	(231,902)
Increase (decrease) in trade and other payables	100,824	(392,826)
Net cash generated from operating activities	279,509	10,672
Income taxes paid	(1,455)	–
Interest received	1,308	1,055
Net cash flows provided by operating activities	279,362	11,727
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment in associate	859,994	–
Additions to property, plant and equipment	(90,844)	(132,078)
Proceeds from dividends received	40,255	–
Increase in other noncurrent assets	(23,155)	(555)
Net cash flows provided by (used in) investing activities	786,250	(132,633)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Long-term borrowings	(865,942)	(311,437)
Interest	(170,884)	(144,998)
Net availments of short-term borrowings	–	832,654
Net cash flows provided by (used in) financing activities	(1,036,826)	376,219
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,786	255,313
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	438,268	295,149
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱467,054	₱550,462

See accompanying Notes to Financial Statements.

1. Corporate Information

Roxas Holdings, Inc. (RHI or the Parent Company), doing business under the name and style of CADP Group, was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 30, 1930 for the purpose of operating mill and refinery facilities to manufacture sugar and allied products.

In July 1996, the Parent Company offered its shares to the public through an initial public offering. On August 8, 1996, the shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE).

On February 1, 2017, the Board of Directors (BOD) approved the issuance of convertible debt securities amounting to ₱523,750,000 to FPNRH, convertible to 125,000,000 million common shares of RHI at the option of the holder and bears annual interest at 3%.

On February 15, 2017, the shareholders approved the amendment of the Parent Company's articles of incorporation to increase the authorized capital stock from ₱1,500,000,000 to ₱2,000,000,000 divided into 2,000,000,000 with par value of ₱1.00 per share. On the same day, the shareholders approved the subsequent application of the convertible note as subscription to 125,000,000 common shares arising from the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share.

On July 14, 2017, the SEC approved the Parent Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription. Accordingly, FPNRH interest on the Parent Company increased from 27% to 32%.

The corporate office of the Parent Company is located at the 14th Floor, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila while the manufacturing plants of its operating subsidiaries are in Barrio Lumbangan, Nasugbu, Batangas, Barrio Consuelo, La Carlota City, Negros Occidental and San Carlos Ecozone, San Carlos City, Negros Occidental.

The interim condensed consolidated financial statements of the Parent Company and its subsidiaries (collectively, the Group) for the three-month period ended December 31, 2019 were authorized for issue in accordance with a resolution of the Board of Directors on February 4, 2020.

2. Basis of Preparation and Basis of Consolidation

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for land and investment properties that are measured at fair value. The consolidated financial statements have been presented in Philippine Peso, which is the functional currency of the Group. All amounts are rounded to the nearest thousands, except for number of shares and unless otherwise indicated.

The interim condensed financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, Interim Financial Reporting.

The unaudited interim condensed financial statements do not include all the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Company's annual audited financial statements as at and for the year ended September 30, 2019, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Adoption of New and Revised PFRS

The Group adopted the following amendments and improvements to PFRS effective October 1, 2018 as summarized below.

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. Entities are required to apply the amendments to: (1) share-based payment transactions that are unvested or vested but unexercised as of January 1, 2018, (2) share-based payment transactions granted on or after January 1, 2018 and to (3) modifications of share-based payments that occurred on or after January 1, 2018. Retrospective application is permitted if elected for all three amendments and if it is possible to do so without hindsight.

  The Group's accounting policy for cash-settled share-based payments is consistent with the approach clarified in the amendments. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Group's interim consolidated financial statements.

- Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

  The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

- Amendments to PAS 28, *Investments in Associates and Joint Ventures, Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. Retrospective application is required.

  The amendments are not applicable to the Group since the Group has reclassified its investment in an associate into an asset held for sale as of September 30, 2019 and sold it on November 5, 2019.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Retrospective application of the amendments is not required and is only permitted if this is possible without the use of hindsight.

  Since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its interim consolidated financial statements upon adoption of these amendments.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. Retrospective application of this interpretation is not required.

  The interpretation did not have any significant impact on the Group's interim consolidated financial statements.

- PFRS 9, *Financial Instruments*

  PFRS 9 replaces Philippine Accounting Standards (PAS) 39, *Financial Instruments: Recognition and Measurement,* for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

  The Group has applied PFRS 9 using the modified retrospective approach, with the initial application date of October 1, 2018. The Group has not restated the comparative information, which continues to be reported under PAS 39, *Financial Instruments: Recognition and Measurement.*

  The effects of adopting PFRS 9 as at October 1, 2018 are as follows:

  (a) Classification and measurement

  Under PFRS 9, debt instruments are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest (SPPI)" on the principal amount outstanding.

  The assessment of the Group's business model was made as of the date of initial application, October 1, 2018, and then applied modified retrospectively to those financial assets that were not derecognized before October 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

  As of October 1, 2018, the Group has reviewed and assessed all of its existing financial assets. The classification and measurement requirements of PFRS 9 did not have a significant impact on the Group, except for cash and cash equivalents, trade receivables, due from employees, due from related parties, other receivables (excluding due from planters and cane haulers) and refundable deposits in "other current and noncurrent assets" which qualify for held to collect contractual cash flows and give rise to cash flows representing SPPI. These are now classified and measured as "Debt instrument at amortized cost".

  The Group does not have any debt and equity instruments at FVOCI and financial assets at FVPL. Also, the Group has not designated any financial liabilities as at FVPL. There are no changes in the classification and measurement for the Group's financial liabilities.

  (b) Impairment testing under expected credit loss (ECL) model

  The adoption of PFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the Group to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss contract assets.

  The adoption of PFRS 9 did not have any significant impact on the Group's allowance for impairment on its financial assets.

- PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 supersedes PAS 11, *Construction Contracts*, PAS 18, *Revenue*, and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new standard establishes a five-step model to account for revenue arising from contracts with customers.

PFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted PFRS 15 using the modified retrospective method of adoption with the date of initial application of October 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at October 1, 2018.

Transition adjustment arising from the adoption of PFRS 15 has been assessed as immaterial as at October 1, 2018.

In addition, the adoption of the standard resulted to reclassification of customers' deposits amounting to ₱8.2 million to contract liabilities as of October 1, 2018. These represent the Group's obligation to deliver goods and render services to counterparties for which the Group has already received a consideration.

Set out below and on the next page are the amounts by which each financial statement line item is affected as at and for the year ended September 30, 2019 as a result of the adoption of PFRS 15. The first column shows amounts prepared under PFRS 15 and the second column shows what the amounts would have been had PFRS 15 not been adopted (amounts in thousands).

Consolidated statement of comprehensive income for the year ended September 30, 2019

	Amounts prepared under		Increase/
	PFRS 15	Previous PFRS	(Decrease)
Revenue from contracts with customers	₱6,554,604	₱–	₱6,554,604
Sale of goods	–	5,833,443	(5,833,443)
Sale of services	–	37,202	(37,202)
Loss before income tax	(1,122,014)	(1,129,173)	(7,159)
Provision for income tax - deferred	(144,757)	(142,609)	2,148

Consolidated statement of financial position as at September 30, 2019

	Amounts prepared under		Increase/
	PFRS 15	Previous PFRS	(Decrease)
Deferred income tax liabilities - net	₱264,908	₱267,056	(₱2,148)
Unappropriated retained earnings	897,392	902,403	(5,011)
Non-controlling interests	54,921	54,921	–

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on its interim consolidated financial statements unless otherwise indicated. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2019 (October 1, 2019 for the Group)

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at FVOCI, provided that the contractual cash flows are SPPI on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

  The Group is currently assessing the impact of adopting PFRS 16 on its lease of office space and farm lands.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan

amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its interim consolidated financial statements.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes,* and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities

- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The Group is currently assessing the impact of this interpretation.

- *Annual Improvements to PFRSs* 2015-2017 Cycle

  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

    The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

    A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

    The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.
    An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments are not relevant to the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

    The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

The Group does not expect any significant impact on its interim consolidated financial statements upon adoption of the amendments.

Effective beginning on or after January 1, 2020 (October 1, 2020 for the Group)

- Amendments to PFRS 3, *Definition of a Business*

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021 (October 1, 2021 for the Group)

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

- The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, which it controls as at September 30 of each year. The Parent Company has control over the investee 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.

Presented below is the list of the subsidiaries.

	Percentage of Ownership			Noncontrolling Interest				Principal Place of
	2019	2018	2017	2019	2018	2017	Nature of Business	Business
Central Azucarera Don Pedro, Inc. (CADPI)	100.00%	100.00%	100.00%	–	–	–	Production and selling of raw and refined sugar, molasses and related products	Taguig City and Nasugbu, Batangas
Central Azucarera de la Carlota, Inc. (CACI)	100.00%	100.00%	100.00%	–	–	–	Production and selling of raw sugar and molasses	Taguig City and Negros Occidental
CADP Insurance Agency, Inc. (CIAI)	100.00%	100.00%	100.00%	–	–	–	Insurance agency	Makati City
Roxol Bioenergy Corp. (RBC) [1]	100.00%	100.00%	100.00%	–	–	–	Production and selling of bioethanol fuel and trading of goods such as sugar and related products	Negros Occidental
CADP Port Services, Inc. (CPSI)	100.00%	100.00%	100.00%	–	–	–	Providing ancillary services	Makati City
RHI Agri-Business Development Corporation (RABDC) [2]	100.00%	100.00%	100.00%	–	–	–	Agricultural business	Makati City
Roxas Pacific Bioenergy Corporation (RPBC)	100.00%	100.00%	100.00%	–	–	–	Holding company for bioethanol investments	Negros Occidental
RHI Pacific Commercial Corp. (RHIPCC) [2]	100.00%	100.00%	100.00%	–	–	–	Selling arm of products of RHI Group	Makati City
(Forward)								
San Carlos Bioenergy, Inc. (SCBI) [3]	93.35%	93.35%	93.35%	6.65%	6.65%	6.65%	Production and selling of bioethanol fuel	Negros Occidental
Najalin Agri Ventures, Inc. (NAVI)	95.82%	95.82%	86.91%	4.18%	4.18%	13.09%	Agricultural and industrial development	Negros Occidental
Roxas Power Corporation (RPC)	50.00%	50.00%	50.00%	50%	50%	50%	Sale of electricity	Nasugbu, Batangas
Northeastern Port Storage Corporation (NPSC) [4]	100.00%	100.00%	–	–	–	–	Owning the depot and storage facilities used by SCBI	Negros Occidental

[1] *Direct ownership of 20.53% and Indirect ownership through CADPI of 79.47%.*
[2] *As at September 30, 2019, RHIPCC has not yet started commercial operations.*
[3] *Acquired in April 2015 through RPBC.*
[4] *Indirect ownership through RPBC.*

Non-controlling interests represent the portion of profit or loss and net assets of NAVI, RPC and SCBI not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section of the consolidated statement of financial position and consolidated statement of changes in equity, separately from the Parent Company's equity. Total comprehensive income is attributed to the portion held by the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit.

3. Cash and Cash Equivalents

This account consists of:

	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
Cash on hand	**₱2,408**	₱5,077
Cash in banks and cash equivalents	**464,646**	433,191
	₱467,054	₱438,268

Cash in banks earn interest at the respective bank deposit rates.

4. Trade and Other Receivables

This account consists of:

	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
Trade	**₱642,202**	₱1,080,287
Due from:		
Planters and cane haulers	**159,434**	150,190
Employees	**49,896**	55,229
Related parties	**127,729**	100,066
Others	**65,364**	65,429
	1,044,625	1,451,201
Allowance for impairment losses	**(95,655)**	(95,655)
	₱948,970	₱1,355,546

5. Inventories

This account consists of:

	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
At NRV:		
Materials and supplies	**₱623,598**	₱553,820
Alcohol	**223,770**	198,058
Molasses	**135,785**	30,951
At cost:		
Raw sugar	**147,253**	29,203
Refined sugar	**29,119**	375,485
Others	**88,724**	18,331
	₱1,248,249	₱1,205,848

Cost of inventories valued at NRV is shown below:

	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
Molasses	**₱667,523**	₱597,745
Materials and supplies	**256,061**	50,916
Alcohol	**155,790**	231,890
	₱1,079,374	₱880,551

6. Other Current Assets

This account consists of:

	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
Creditable withholding taxes, net of allowance for probable losses of ₱12.2 million	**₱978,007**	₱970,082
Deferred milling costs	**234,246**	28,533
Input VAT	**168,100**	123,885
Advances to suppliers	**68,979**	83,883
Prepayments	**54,796**	63,471
Refundable deposits	**14,157**	14,671
Others	**842**	893
	₱1,519,127	₱1,285,418

Input VAT, which includes deferred input VAT, mainly arises from purchases of capital goods and services for operations.

7. Investment in an Associate

The Parent Company has 45.09% ownership interest in Hawaiian-Philippine and Company (HPCo), an entity incorporated in the Philippines, which is engaged in manufacturing and trading of raw and refined sugar, molasses and other sugar by-products.

Movements in investment in an associate are as follows:

	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
Acquisition cost	**₱127,933**	₱127,933
Accumulated share in net earnings:		
Balance at beginning of period	**250,031**	258,117
Share in net earnings	**(40,255)**	(49,419)
Dividends declared	**2,193**	41,333
Balance at end of the period	**211,969**	250,031
Cumulative share in remeasurement loss on retirement liability		
Balance at beginning of period	**(7,665)**	(7,665)
Share in remeasurement loss	**(5,335)**	–
Balance at end of the period	**(13,000)**	(7,665)
Share in revaluation increment of land:		
Balance at beginning of period	**285,600**	264,305
Share in revaluation increment	**–**	21,295
Balance at end of the period	**285,600**	285,600
Reclassification to assets held for sale	**–**	(655,899)
Sale of investment	**(612,502)**	–
	₱–	₱–

On August 1, 2019, the BOD authorized the evaluation and negotiation of terms and conditions of the sale of investment in HP Co. comprising of 28,549,365 common shares. Accordingly, such investment has been classified as part of assets held for sale as of September 30, 2019. On November 5, 2019, the said investment was sold at a higher price than the investment's carrying amount (see Note 19).

8. Property, Plant and Equipment

Acquisitions and disposals
During the three months ended December 31, 2019, the Group acquired assets amounting to ₱90.8 million excluding property under construction.

The Group also started several capital expenditures. The projects with carrying amount of ₱518.6 million are expected to be completed within a year.

Certain property, plant and equipment with a carrying amount of ₱10,755.9 million were mortgaged and used as collateral to secure the loan obligations with the local banks (see Note 11).

Assets held for sale and discontinued operations

On May 23, 2018, the Group entered into an Asset Purchase Agreement with a buyer for the sale of the Group's sugar milling and refining operations in Batangas. The consummation of the Proposed Sale Transaction was subject to the parties being able to secure the requisite regulatory approvals, corporate approvals, and other third party consents. On February 12, 2019, the PCC issued a decision disapproving the Proposed Sale Transaction. Nonetheless, the Group remains committed to sell the assets in Batangas and is currently negotiating with a prospective buyer. The Group has assessed that the subject assets are available for immediate sale in their present condition and sale is highly probable as of September 30, 2019.

The assets held for sale represent CADPI's operations which are included as part of the sugar operating segment until December 31, 2019. With CADPI's operations being classified as discontinued operations, these are no longer presented as part of sugar operating segment disclosures in Note 21.

Assets held for sale as of December 31, 2019 are as follows:

Land	₱3,422,891
Machinery and equipment	2,468,869
Buildings and improvements	554,868
Furniture fixture and other improvements	75,040
Transportation equipment	63,508
Investment properties	12,230
Construction in-progress	1,433
	₱6,598,839

Deferred tax liability directly associated with the assets held for sale amounted to ₱616.1 million as of December 31, 2019 and September 30, 2019, respectively.

Revaluation increment on land held for sale amounted to ₱2,806.7 million as of December 31, 2019 and September 30, 2019, respectively.

The results of CADPI's sugar and milling operations are shown in the table below:

	December 31, 2019	December 31, 2018
Revenue from contracts with customers	**₱882,877**	₱1,941,674
Cost of sales and services	**(832,416)**	(1,907,038)
Gross income	**50,461**	34,636
Operating expenses	**(46,505)**	(54,109)
Interest expenses	**(40,942)**	(89,073)
Other income (expense) - net	**3,230**	(4,710)
Loss before income tax	**(33,756)**	(113,256)
Income tax benefit	**10,102**	24,977
Net loss from discontinued operations	**(₱23,654)**	(₱88,279)

9. Investment Properties

Movements in investment properties are as follows:

	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
At fair value:		
Balance at beginning of the year	**₱513,561**	₱347,591
Fair value adjustment	**9,005**	21,680
Reclassifications from (to)property, plant and equipment	–	151,636
Reclassification to assets held for sale	–	(7,932)
Others	–	586
	₱522,566	₱513,561

Investment properties pertain to land of the Parent Company, NAVI, CADPI and SCBI held for rental and capital appreciation.

The fair value of investment properties is based on the appraised value of the property using a market data approach, as determined by SEC accredited external appraisers. Market data approach considers the sales and listings and other market data of comparable properties registered within the vicinity of the property being valued. Factors such as location, size, shape of lot, highest and best use estimate were also taken into consideration in order to estimate the fair value of the property. The fair value measurement for land has been categorized as Level 2 (directly or indirectly observable inputs). The latest appraisal reports were made on various dates in 2019.

10. Short-term Borrowings

This account consists of unsecured short-term loans obtained from various local banks for working capital requirements of the Group. The short-term borrowings are payable within 30 to 90 days and bear interest ranging from 6.25% to 8.00% and 4.25% to 7.25% for the periods ended December 31, 2019 and September 30, 2019, respectively.

Total interest expense arising from short-term borrowings amounted to ₱86.9 million and ₱69.7 million for the three-month periods ended December 31, 2019 and 2018, respectively.

11. Long-term Borrowings

The Group obtained various loans from local banks. Total outstanding payable arising from loan agreements are as follows:

Facility	Terms	Collateral	Outstanding Balance December 31, 2019	Outstanding Balance September 30, 2019
₱2,645.0 million dated August 5, 2014	Payable in equal quarterly amortization for seven years beginning November 2016 and bears fixed interest of 4.50% for three years subject to repricing thereafter	Suretyship agreement and mortgage trust indenture (MTI)	₱1,303,243	₱1,653,125
₱1,227.0 million dated September 10, 2014	Quarterly principal repayment amounting to ₱49.0 million starting September 2017 until June 2021 and a lump sum payment of the remaining balance on September 10, 2021 and bears fixed interest of 4.50% subject to change as agreed by the parties	Suretyship agreement and MTI	590,000	786,000
₱1,400.0 million dated December 1, 2016	Quarterly principal repayment amounting to ₱66.7 million starting December 2017 until December 2022 and bears floating interest	Clean loan	599,984	866,656
₱380.0 million dated May 27, 2014	Quarterly principal repayment amounting to ₱13.6 million starting December 2017 until June 2021 and a lump sum payment of the remaining balance on September 10, 2021 and bears fixed interest of 4.50% subject to change as agreed by the parties	Suretyship agreement	217,208	271,472
Others			11	26
			2,710,446	3,577,279
Unamortized transaction costs			(6,327)	(7,218)
			2,704,119	3,570,061
Current portion			(211,894)	(847,576)
Noncurrent portion			₱2,492,225	₱2,722,485

Suretyship Agreement and Mortgage Trust Indenture

The Group entered into various suretyship agreements and MTI with local bank creditors that secure the Group's obligations in solidarity against all the properties of RHI, CADPI, CACI and RBC. Property, plant and equipment with a carrying amount of ₱10,755.9 million were mortgaged and used as collateral to secure the loan obligations with the local bank creditors.

Loan Covenants

The foregoing loan agreements, except for the Omnibus Loan and Security Agreement (OLSA) dated December 21, 2006, are subject to certain covenants, such as but not limited to:

- maintenance of debt service coverage ratio (DSCR) of at least 1.25 times and debt-to-equity ratio of not more than 70:30;
- prohibition on purchase of additional equipment, except in pursuance of its sugar expansion and ethanol project, unless the required financial ratios are maintained;

- prohibition on any material change in ownership or control of its business or capital stock or in the composition of its top level management, and
- prohibition on declaration or payment of dividends or any other capital or other asset distribution to its stockholders, unless the required financial ratios are maintained.

The Group is required to maintain a maximum debt-to-equity ratio of 2.33:1 and minimum DSCR of 1.25:1 by its creditor banks.

As of September 30, 2019, the Group did not meet the minimum required DSCR. Approved bank waivers on minimum DSCR requirement as of September 30, 2019 were received before September 30, 2019. Accordingly, under PAS 1, the Group classified its long-term borrowings based on its agreed maturity dates into current and noncurrent portions on its consolidated statements of financial position as of September 30, 2019.

As of September 30, 2018, the Group did not also meet the minimum required DSCR. Approved bank waivers for minimum DSCR requirement as of September 30, 2018, however, were received on December 17, 2018, January 11, 2019 and January 14, 2019. Accordingly, under PAS 1, the Group classified its long-term borrowings as current liability on its consolidated statement of financial position as of September 30, 2018. However, the lender-banks have not called the loans.

The maturities of the long-term borrowings are as follows:

	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
Less than one year	**₱211,894**	₱847,576
Between one to two years	**1,341,946**	1,404,516
Between two to five years	**1,156,606**	1,325,187
	₱2,710,446	₱3,577,279

12. Trade and Other Payables

This account consists of:

	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
Trade	**₱372,733**	₱604,055
Accruals for:		
Offseason costs	**133,817**	–
Sugar and molasses purchase	**115,988**	–
Interest	**46,351**	52,626
Payroll and other employee benefits	**7,716**	17,208
Construction in progress	**6,553**	6,553
Others	**97,246**	69,540
Due to:		
Related parties	**96,993**	95,573
Planters	**20,460**	14,497
Payable to government agencies for taxes and statutory contributions	**15,796**	11,694

(Forward)

	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
Contract liabilities	₱61,809	₱8,731
Provision for probable loss	149,590	149,590
Others	150,754	145,181
	₱1,275,806	₱1,175,248

13. Equity

Details of capital stock and treasury stock follow:

	December 31, 2019 (Unaudited)		September 30, 2019 (Audited)	
	Number of Shares	Amount *(in Thousands)*	Number of Shares	Amount *(in Thousands)*
Authorized – common shares "Class A" at ₱1.0 par value	**2,000,000,000**	**₱2,000,000**	2,000,000,000	₱2,000,000
Issued common shares "Class A"				
Balance at beginning of period	**1,564,599,146**	**₱1,564,599**	1,564,599,146	₱1,564,599
Issuances	**980,133**	**980**	980,133	980
Balance at end of period	**1,565,579,279**	**1,565,579**	1,565,579,279	1,565,579
Treasury stock	**(17,643,480)**	**(52,290)**	(17,643,480)	(52,290)
Issued and outstanding	**1,547,935,799**	**₱1,513,289**	1,547,935,799	₱1,513,289

On February 15, 2017, the shareholders approved the amendment of the Parent Company's articles of incorporation to increase the authorized capital stock from 1,500,000,000 to 2,000,000,000 divided into 2,000,000,000 with par value of ₱1.00 per share. On February 17, 2017, FPNRHBV exercised its conversion rights in respect of the convertible debt securities to be issued out of the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share, or a total of 125,000,000 new common shares.

On July 14, 2017, the Parent Company's application for increase in authorized capital stock was approved by SEC. On November 9, 2017, the PSE approved the listing of these newly subscribed 125,000,000 common shares.

14. Related Party Transactions and Balances

In the normal course of business, the Group has transactions with related parties as follows:

a. The Group made advances to RHIRFI, CADPIRFI and CACIRFI for a portion of the retirement payments made to the Group's qualified retired employees under defined benefit plan. Advances to RHIRFI, CADPRFI and CACIRFI are included in "Trade and other receivables" account.

b. Due to related parties, which are presented as part of "Trade and other payables" account, represents noninterest-bearing payable arising from advances and rent of office space from CADPRFI.

Outstanding balances of transactions with related parties are unsecured and settlements are made in cash. The Group did not recognize any provision for impairment for the three-month periods

ended December 31, 2019 and 2018. This assessment is undertaken each reporting period by reviewing the financial position of the related party and the market in which the related party operates.

15. Revenue

The components of revenue are as follows:

	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
Sale of goods:		
Alcohol	**₱517,409**	₱606,939
Raw sugar	**375,149**	915,822
Carbon dioxide	**1,183**	2,720
Molasses	**–**	13,918
	893,741	1,539,399
Sale of services:		
Milling revenue (see Note 2)	**401,137**	405,417
Farm services	**2,316**	2,322
Power	**2,122**	3,326
	405,575	411,065
	₱1,299,316	₱1,950,464

16. Cost of Sales

	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
Direct materials used	**₱677,774**	₱1,254,212
Depreciation and amortization	**167,617**	171,422
Planters' subsidy and productivity assistance	**22,837**	22,820
Fuel and oil	**95,279**	108,033
Repairs and maintenance	**83,776**	136,939
Personnel costs	**81,014**	77,839
Communication, light and water	**29,383**	33,082
Taxes and licenses	**26,124**	3,850
Rent	**23,206**	43,326
Outside services	**16,946**	20,148
Others	**55,344**	63,053
	₱1,279,300	₱1,934,724

17. Operating Expenses

	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
General and administrative expenses	**₱180,563**	₱177,744
Selling expenses	**843**	8,709
	₱181,406	₱186,453

General and Administrative Expenses

The components of general and administrative expenses are as follows:

	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
Personnel costs	**₱94,204**	₱92,364
Taxes and licenses	**20,354**	17,448
Outside services	**13,298**	22,341
Depreciation and amortization	**12,204**	8,788
Rent	**5,955**	4,105
Communication, light and water	**4,173**	3,785
Transportation and travel	**3,972**	4,016
Repairs and maintenance	**2,387**	3,731
Others	**24,016**	21,166
	₱180,563	₱177,744

Others mainly pertain to cost incurred for organizational activities, corporate social responsibility, office supplies among others.

Selling expenses mainly pertains to sugar liens and dues, delivery charges and monitoring fees paid to various regulatory agencies prior to sale of sugar.

18. Personnel Costs

The amount of personnel costs are allocated as follows:

	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
Costs of goods sold	**₱81,014**	₱77,839
General and administrative expenses	**94,204**	92,364
	₱175,218	₱170,203

19. Other Income (Expense) - Net

This account consists of:

	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
Gain on sale of investment in associate	**₱247,491**	₱–
Sales of scrap	**9,677**	26
Unrealized fair value gain	**9,005**	–
Storage, handling and insurance fees	**7,028**	–
Interest income	**1,189**	1,034
Others	**6,884**	(3,954)
	₱281,274	(₱2,894)

20. Financial Instruments

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash in banks, trade and other receivables, and trade and other payables, which arise directly from its operations, and short and long-term borrowings. The Group has other financial instruments such as dividends payable.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Group monitors the market price risk arising from all financial instruments. The Group's operations are also exposed to commodity price risk, particularly from sugar prices. Risk management is carried out by senior management under the guidance and direction of the BOD of the Parent Company.

Liquidity risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations.

The Group's objective is to maintain sufficient cash and cash in banks and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the Group aims to maintain flexibility in funding by keeping track of daily cash flows and maintaining committed credit lines available.

The tables below summarize the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and the related financial assets used for liquidity management.

December 31, 2019

	On demand	Less than one year	More than one year but less than 2 year	Over 2 year	Total
Financial assets:					
Cash and cash equivalents	₱467,054	₱–	₱–	₱–	₱467,054
Trade receivables***	162,558	422,291	23,184	–	608,033
Due from employees***	47,682	–	–	–	47,682
Due from related parties	127,729	–	–	–	127,729
Other receivables***	56,506	–	–	–	56,506
	861,529	422,291	23,184	–	1,307,004
Financial liabilities					
Trade and other payables**	157,639	952,781	–	–	1,110,420
Short-term borrowings*	–	7,176,638	–	–	7,176,638
Current portion of long term borrowings*	–	380,818	–	–	380,818
Noncurrent portion of long term borrowings*	–	–	1,452,373	1,226,064	2,678,437
	157,639	8,510,237	1,452,373	1,226,064	11,346,313
Liquidity gap	₱703,890	(₱8,087,946)	(₱1,429,189)	(₱1,226,064)	(₱10,039,309)

**Includes expected future interest payments for short-term and long-term borrowings amounting to ₱459.8 million and ₱355.1 million, respectively.*
*** Excludes payables to government agencies amounting to ₱15.8 million and provision for losses amounting to ₱149.6 million.*
****Net of related allowances for impairment losses totaling ₱45.2 million.*

September 30, 2019

	On demand	Less than one year	year but less than 2 year	Over 2 year	Total
Financial assets:					
Cash and cash equivalents	₱438,268	₱–	₱–	₱–	₱438,268
Trade receivables***	120,094	926,025	–	–	1,046,119
Due from employees***	53,015	–	–	–	53,015
Due from related parties	100,066	–	–	–	100,066
Other receivables***	56,571	–	–	–	56,571
	768,014	926,025	–	–	1,694,039

(Forward)

	September 30, 2019				
	On demand	Less than one year	year but less than 2 year	Over 2 year	Total
Financial liabilities					
Trade and other payables**	₱165,533	₱848,431	₱–	₱–	₱1,013,964
Short-term borrowings*	–	7,186,976	–	–	7,186,976
Current portion of long term borrowings*	–	1,036,218	–	–	1,036,218
Noncurrent portion of long term borrowings*	–	–	1,540,622	1,411,386	2,952,008
	165,533	9,071,625	1,540,622	1,411,386	12,189,166
Liquidity gap	₱602,481	(₱8,145,600)	(₱1,540,622)	(₱1,411,386)	(₱10,495,127)

*Includes expected future interest payments for short-term and long-term borrowings amounting to ₱470.2 million and ₱418.1 million, respectively.
** Excludes payables to government agencies amounting to ₱11.7 million and provision for losses amounting to ₱149.6 million.
***Net of related allowances for impairment losses totaling ₱45.2 million.

Credit risk

Credit risk is the risk that the Group incurs a loss because its customers, clients or counterparties failed to discharge their contractual obligation. To mitigate this risk, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which includes evaluation of the customers' financial standing and determination of allowable credit limit and credit terms. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The Group does not have significant concentrations of credit risk as the Group's customers and dealers are dispersed throughout the country.

To reduce the Group's exposure to bad debts, the Group took a conservative approach in its credit risk management. A policy has been developed to ensure that processes and risk-aversion are carefully observed to eliminate dealings with business entities that may pose collection issues in the future. This policy reinforces the Group's procedures for identifying and managing exposures to credit risk. Since the Group trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from other financial assets of the Group which consist of cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no collaterals or other credit enhancements held over these assets.

a. Risk concentrations of the maximum exposure to credit risk

   There is a significant concentration of credit risk within the Group given that the Group has limited creditors, stockholders and local banks.

   With respect to credit risk arising from the Group's financial assets, which comprise cash and receivables, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

b. As at December 31, 2019 and September 30, 2019, the analysis of financial assets follows:

	December 31, 2019			
	Neither Past Due nor Impaired	Past Due but not Impaired	ECL	Net of allowance for doubtful accounts
Loans and receivables:				
Cash and cash equivalents*	₱464,646	₱–	₱–	₱464,646
Trade and other receivables				
Trade receivables	480,917	161,285	(34,169)	608,033
Due from employees	47,682	2,214	(2,214)	47,682
Due from related parties	127,729	–	–	127,729
Other receivables	–	65,364	(8,858)	56,506
Refundable deposits	14,157	–	–	14,157
	₱1,135,131	₱228,863	(₱45,241)	₱1,318,753

**Excluding cash on hand amounting to ₱2.4 million.*

	September 30, 2019			
	Neither Past Due nor Impaired	Past Due but not Impaired	ECL	Net of allowance for doubtful accounts
Loans and receivables:				
Cash and cash equivalents*	₱433,191	₱–	₱–	₱433,191
Trade and other receivables				
Trade receivables	980,551	99,736	(34,169)	1,046,118
Due from employees	53,015	2,214	(2,214)	53,015
Due from related parties	100,066	–	–	100,066
Other receivables	–	65,429	(8,858)	56,571
Refundable deposits	14,671	–	–	14,671
	₱1,581,494	₱167,379	(₱45,241)	₱1,703,632

**Excluding cash on hand amounting to ₱5.1 million.*

The Group's neither past due nor impaired receivables are high grade receivables which, based on experience, are highly collectible and exposure to bad debt is not significant.

As at December 31, 2019 and September 30, 2019, the age of the entire Group's past due but not impaired receivables is over 60 days.

Trade Receivables

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are determined based on the Group's historical observed default rates analyzed in accordance to days past due by grouping of customers based on customer type and channels. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factors affecting each customer segment. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as of December 31, 2019.

		Days past due				
	Current	<30 days	30-60 days	61 to 90 days	> 90 days	Total
Estimated credit loss rate	5%	8%	2%	0%	10%	5%
Estimated total gross carrying amount at default	₱488,411	₱79,304	₱16,796	₱8,687	₱49,004	₱642,202
Expected credit loss	22,606	6,401	399	9	4,754	34,169

c. Impairment analysis

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For due from related parties, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type or by payors). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, due from related parties are written-off if the account is at least one year past due and are deemed uncollectible after subjecting to all possible collection effort activities. No ECL was recognized on due from related parties as of December 31, 2019 and September 30, 2019.

Commodity price risk

The Group is exposed to commodity price risk from conventional physical sales and purchase of sugar managed through volume, timing and relationship strategies. The Group does not enter into commodity derivatives.

The Group's sales commitments are contracted at fixed prices, and thus have no impact on the consolidated cash flows in the next 12 months.

Interest rate risk

The primary source of the Group's interest rate risk relates to interest-bearing financial liabilities. The interest rates on these liabilities are disclosed in Notes 9 and 10.

The loans amounting to ₱600.0 million and ₱866.7 million as at December 31, 2019 and September 30, 2019, respectively, bear floating interest and expose the group to interest rate risk.

Interest on financial liabilities with fixed interest rate is fixed until the maturity of the instrument.

The other financial instruments of the Group are noninterest-bearing and are therefore not subject to interest rate risk.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Group's dividend declaration is dependent on availability of earnings and operating requirements. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the periods ended December 31, 2019 and September 30, 2019.

Management considers the total consolidated equity reflected in the consolidated statement of financial position as its capital. The Group monitors its use of capital using leverage ratios, specifically, debt-to-equity ratio. It also monitors its DSCR to ensure that there would be sufficient amount of cash flow available to meet annual interest and principal payments on debt.

Fair Values

The carrying amounts of the Group's financial assets and liabilities approximate their fair values due to their short-term nature or the interest rates that they carry approximate the interest rate on comparable instruments in the market. For the long term loans, these are subject to both fixed and floating rates.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash and cash equivalents, trade receivables, due to and from related parties, due from employees, other receivables, trade and other payables, short-term borrowings, current portion of long-term borrowings and dividends payable. The carrying amounts of these instruments approximate fair values due to their short-term maturities.

Long-term borrowings. Fair values of long-term borrowings as at December 31, 2019 and September 30, 2019 were determined based on Level 2 in which the inputs are based on the discounted interest rate of the prevailing comparable instrument in the market.

21. Segment Reporting

The Group has two reportable segments: sugar and alcohol. The Group's sugar segment consists of four operating subsidiaries: CADPI, CACI, NAVI and RABDC that manufactures and sells raw and refined sugar, molasses and provides tolling and farm operations services. The alcohol segment consists of two operating subsidiaries: RBC and SCBI that manufactures and sells bioethanol fuel.

The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives principally its revenue from domestic operations. Thus, geographical business information not required.

The Group's senior management regularly reviews the operating results of the business units to make decisions on resource allocation and assess performance. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statements of income.

The following tables present information about the Group's operating segments:

	Three-Month Period Ended December 31, 2019 (Unaudited)			
	Sugar	Alcohol	Eliminations	Consolidated
Revenue:				
External customers	₱776,304	₱523,012	₱-	₱1,299,316
Inter-segment	295,730	68,265	(363,995)	-
Cost of goods sold:				
Direct materials used	613,603	423,816	(359,645)	677,774
Planters' subsidy and productivity assistance	20,841	1,996	-	22,837
Depreciation and amortization	138,816	28,801	-	167,617
Fuel and oil	34,308	60,971	-	95,279
Interest expense	107,404	16,264	-	123,668
Segment profit (loss)	79,877	(52,502)	-	27,375

	Three-Month Period Ended December 31, 2018 (Unaudited)			
	Sugar	Alcohol	Eliminations	Consolidated
Revenue:				
External customers	₱1,247,612	₱702,852	₱–	₱1,950,464
Inter-segment	279,610	164,248	(443,858)	–
Cost of goods sold:				
Direct materials used	1,129,162	566,751	(441,701)	1,254,212
Planters' subsidy and productivity assistance	16,564	6,256	–	22,820
Depreciation and amortization	135,179	36,243	–	171,422
Fuel and oil	3,732	104,301	–	108,033
Interest expense	49,520	6,188	–	55,708
Segment profit (loss)	(115,355)	6,268	–	(109,087)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following Management Discussion and Analysis should be read in connection with the submitted Unaudited Condensed Interim Consolidated Financial Statements as at and for three-month periods ended December 31, 2019 and 2018.

Financial Highlights and Key Performance Indicators

Amounts in Millions except Shares	**December 31, 2019 (Unaudited)**	September 30, 2019 (Audited)	Increase (Decrease) Amount	%
Balance Sheet				
Fixed assets	**₱15,033**	₱15,076	(43)	(0%)
Goodwill	**1,080**	1,080	–	–
Total assets	**21,141**	21,917	(776)	(4%)
Shareholders' equity	**9,183**	9,164	19	0%
Net debt [1]	**8,954**	9,849	(895)	(9%)
Equity ratio	**43.3%**	41.8%	1.5%	4%
Net debt as % of equity	**0.98x**	1.07x	(0.09)	(8%)
Shares				
Market capitalization	**2,786**	3,700	(914)	(25%)
Total shares issued	**1,548**	1,548	–	–
Closing price per share	**1.80**	2.39	(0.59)	(25%)

Amounts in Millions except Operational Data	**Three Months Ended December 31 (Unaudited) 2019**	2018	Increase (Decrease) Amount	%
Revenue and Earnings				
Revenue	**₱2,182**	₱3,892	(₱1,710)	(44%)
Gross profit	**70**	50	20	40%
Depreciation	**149**	219	(70)	(32%)
Operating expenses	**228**	241	(13)	(5%)
Interest expense	**165**	145	20	14%
Net income	**4**	(197)	201	102%
EBITDA	**278**	37	241	651%
EBITDA margin [2]	**13%**	1%	12%	1200%
Return on equity	**0%**	(2%)	2%	100%
Income (loss) per share	**0.00**	(0.13)	0.13	(100%)
Cash Flow and Investments				
Cash flow provided by operations	**279**	12	267	2225%
Investment in fixed assets	**91**	132	(41)	(31%)
Operational Data *(volume in thousands)*				
Tons cane milled	**728**	859	(131)	(15%)
Production:				
Raw sugar (Lkg)	**1,289**	1,572	(283)	(18%)
Ethanol (liters)	**9,933**	11,708	(1,775)	(15%)

(1) Net debt is derived by deducting cash and cash equivalents from total debt (short-term borrowings and long-term debt, including current portion).

(2) EBITDA margin for the period is measured as EBITDA divided by revenues.

The Group's financial performance is determined to a large extent by the following key results:

1. Raw sugar production – a principal determinant of consolidated revenues and is computed as the gross amount of raw sugar output of CADPI and CACI as consolidated subsidiaries.

2. Refined sugar production – the most important determinant of revenues and computed as the gross volume of refined sugar produced by the CADPI refinery both as direct sales to industrial customers and traders or as tolling manufacturing service, limited by production capacity and by the ability of the Group to market its services to both types of customers.

3. Ethanol production – a measure of ethanol production yield compared to unit and cost of input and is computed as ethanol produced (in liters) from each ton of molasses undergoing distillation and dehydration processes.

4. Earnings before interest, taxes, depreciation and amortization (EBITDA) – the measure for cash income from operations and computed as the difference between revenues and cost of sales and operating and other expenses, but excluding finance charges from loans, income taxes and adding back allowances for depreciation and other non-cash amortization.

5. Return on equity – denotes the capability of the Group to generate returns on the shareholders' funds computed as a percentage of net income to total equity.

Company Overview

Roxas Holdings, Inc. (RHI), a sugar and energy company, is the largest integrated sugar business and the biggest ethanol producer in the Philippines. The Company started operating as a sugar milling company in Nasugbu, Batangas in 1927 and was then known as Central Azucarera Don Pedro. The Company's subsidiaries include the following:

- Central Azucarera Don Pedro, Inc. (CADPI), located in Batangas, provides the refined sugar requirements of traders and industrial customers such as multinational food and beverage and pharmaceutical companies in Luzon.

- Central Azucarera de La Carlota, Inc. (CACI), based in La Carlota City, Negros Occidental where there is substantial sugar activity and also near the port for export, meets the raw sugar requirements of customers in the Visayas.

- Roxol Bioenergy Corporation (RBC), also based in La Carlota City, Negros Occidental, is the bioethanol unit of RHI. It operates as a standalone ethanol production facility.

- San Carlos Bioenergy, Inc. (SCBI), located at San Carlos Ecozone, Barangay Palampas and Punao, San Carlos City, Negros Occidental, operates integrated sugar mill and bioethanol distillery complex.

- Najalin Ventures, Inc. (NAVI), based in Negros Occidental, is engaged in agricultural and industrial development.

- RHI Agri-Business Development Corporation (RHIADC), located in Batangas City, manages and operates agricultural land and planting and cultivation of sugar cane and other farm products, has started commercial operations as at September 30, 2016.

RHI also holds 45% stake in affiliate Hawaiian-Philippine Company in Silay, Negros Occidental.

Results of Operations

Revenues

	Three Months Ended December 31				Increase (Decrease)	
	2019					
Amounts in Millions	Continuing	Discontinued	Total	2018	Amount	%
Milling revenue	₱401	₱–	₱401	₱405	(₱4)	(1%)
Raw sugar	375	414	789	1,649	(860)	(52%)
Refined sugar	–	457	457	1,053	(596)	(57%)
Molasses	–	12	12	170	(158)	(93%)
	776	883	1,659	3,277	(1,618)	(49%)
Alcohol	517	–	517	607	(90)	(15%)
Others	6	–	6	8	(2)	(25%)
	₱1,299	₱883	₱2,182	₱3,892	(₱1,710)	(44%)

Consolidated revenues for the three months ended December 31, 2019 amounted to ₱2,182.2 million, ₱1,709.9 million or 44% lower than the ₱3,892.1 million consolidated revenues reported in the same period in 2018, primarily due to decrease in volume sold and lower sugar prices.

Sugar – Revenue from sugar operations decreased by ₱1,617.9 million or 49% against last year's revenue of ₱3,277.0 million, primarily due to decrease in volume sold and lower sugar prices. Raw sugar sales volume decreased by 549 Lkg or 51% this year from 1,086 Lkg in 2018 while refined sugar sales volume decreased by 278 Lkg or 54% versus last year's sales volume of 511 Lkg. Average selling prices per Lkg of raw and refined sugar in 2019 amounted to ₱1,466 and ₱1,963, respectively, from ₱1,518 and ₱2,063 in 2018, respectively.

Alcohol – Revenue from alcohol operations amounted to ₱517.4 million and ₱606.9 million in 2019 and 2018, respectively. The decrease of ₱89.5 million or 15% is due to lower volume sold in 2019 by 18%.

Other income – Other revenues pertains to sale of power and CO_2 of SCBI and sale of sugar cane and farm services of ADC.

Gross Profit

The Group's gross profit for the three months ended December 31, 2019 amounting to ₱70.5 million is ₱20.1 million or 41% higher than the ₱50.4 million in 2018. The increase in gross profit is attributable to lower inventory carryover costs and sugar manufacturing costs.

Sugar – The sugar operation's gross profit of ₱81.2 million is higher by ₱76.2 million from ₱5.0 million reported in the same period in 2018 due to lower inventory carryover costs and manufacturing costs. Gross profit rate also increased to 5% in 2019 from 1% in 2018 despite the decrease in the number of canes milled from 859 million tons in 2018 to 728 million tons in 2019. Raw sugar production decreased from 1,572 million 50 lkg in 2018 to 1,289 million 50 lkg in 2019.

Alcohol – The gross loss of alcohol for the three months ended December 31, 2019 amounted to ₱7.3 million, 115% down from ₱47.6 million gross profit in the same period in 2018. Gross loss rate increased to 1% in 2019 from gross profit rate of 5% in 2018 due to increase in feedstock costs. Ethanol production for the three months ended December 31, 2019 decreased by 1.2 million liters or 15% of the 11.7 million liters production in 2018.

Operating Expenses

	Three Months Ended December 31				Increase (Decrease)	
	2019					
Amounts in Millions	Continuing	Discontinued	Total	2018	Amount	%
Salaries, wages and other employee benefits	₱94	₱18	₱112	₱111	₱1	1%
Taxes and licenses	20	3	23	19	4	21%
Outside services	13	8	21	27	(6)	(22%)
Depreciation and amortization	12	–	12	11	1	9%
Rent	6	–	6	5	1	20%
Professional fees	5	1	6	6	–	0%
Communication, light and water	4	–	4	5	(1)	(20%)
Transportation and travel	4	–	4	5	(1)	(20%)
Repairs and maintenance	2	–	2	5	(3)	(60%)
Selling expenses	1	10	11	29	(18)	(62%)
Others	20	7	27	17	10	59%
	₱181	₱47	₱228	₱240	(₱12)	(5%)

Consolidated operating expenses for the three months ended December 31, 2019 decreased by ₱12.4 million or 5% compared to the same period in 2018.

Interest

Interest expense amounted to ₱164.6 million for the three months ended December 31, 2019, which is 14% or ₱19.8 million higher than the ₱144.8 million reported in the same period in 2018, due to higher interest rates in 2019.

Share in Net Earnings of an Associate

Share in net earnings of an associate amounted to ₱2.1 million for the three months ended December 31, 2019, against ₱16.0 million reported in 2018, due to lower net income results of Hawaiian-Philippine Company arising from lower sugar prices.

Net Income

Consolidated net loss for the three months ended December 31, 2019 amounted to ₱3.7 million, which is ₱201.1 million or 102% higher than the ₱197.4 million net loss reported in the same period in 2018 due to recognized gain on sale of investment in associate. Income per share is ₱0.00 and loss per share is ₱0.13 for the three months ended December 31, 2019 and 2018, respectively.

EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) amounted to ₱278.1 million for the three months ended December 31, 2019, which is ₱240.9 million or 651% higher than ₱37.2 million reported in the same period in 2018.

Financial Condition

Consolidated total assets as at December 31, 2019 amounted to ₱21,140.6 million, which is ₱776.8 million or 4% lower than the ₱21,917.4 million as at September 30, 2019. Current assets went down by 7% or ₱757.6 million from ₱11,539.8 million as at September 30, 2019 to ₱10,782.2 million as at December 31, 2019. Receivables decreased by ₱406.5 million and inventories increased by ₱42.4 million in 2019 due to decreased sales to customers.

During the three months ended December 31, 2019, the Group did not avail new short-term loans and repaid a total of ₱866.0 million in long-term borrowings.

Trade and other payables amounted to ₱1,275.8 million as at December 31, 2019, which is ₱100.6 million higher than ₱1,175.2 million as at September 30, 2019.

Off-Balance Sheet Arrangements

The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

OTHER INFORMATION

1. New projects or investments in another project, line of business or corporation; **None for the period.**

2. Composition of Board of Directors;

Name	Position
PEDRO E. ROXAS	Chairman
MANUEL V. PANGILINAN	Vice Chairman
HUBERT D. TUBIO	President and CEO
CHRISTOPHER H. YOUNG	Director
RAY C. ESPINOSA	Director
ALEX ERLITO S. FIDER	Director
SANTIAGO T. GABIONZA, JR.	Independent Director
OSCAR J. HILADO	Independent Director
ARLYN S. VILLANUEVA	Independent Director

3. Performance of the corporation or result or progress of operations;

   See interim condensed consolidated financial statements and management's discussion and analysis of results of operations and financial conditions

4. Suspension of operations; **None for the period**

5. Declaration of dividends; **None for the period**

6. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements; **None for the period**

7. Financing through loans; **None for the period**

8. Offering of rights, granting of Stock Options and corresponding plans therefore; **None for the period**

9. Acquisition of other capital assets or patents, formula or real estates; **None for the period**

10. Any other information, event or happening that may affect the market price of the Company's shares; **None for the period**

11. Transferring of assets, except in the normal course of business; **None for the period**

SIGNATURES

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

Registrant

ROXAS HOLDINGS, INC.

Signature and Title:

MA. HAZEL L. RABARA-RETARDO
AVP, Governance and Deputy Compliance Officer,
Asst. Corp. Secretary

CELSO T. DIMARUCUT
EVP - Chief Financial Officer

February 4, 2020

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

ANNEX A. AGING OF TRADE AND OTHER RECEIVABLES

AS AT DECEMBER 31, 2019

(Amounts in Thousands)

		Past due but not impaired					
	Current	1-30 days	31-60 days	Over 60 days	Subtotal	Impaired	Total
Trade	₱488,411	₱79,304	₱16,796	₱23,522	₱119,622	₱34,169	₱642,202
Due from:							
Planters	109,020	–	–	–	–	50,414	159,434
Employees	47,682	–	–	–	–	2,214	49,896
Related parties	127,729	–	–	–	–	–	127,729
Other receivables	–	–	–	56,506	56,506	8,858	65,364
	₱772,842	₱79,304	₱16,796	₱80,028	₱176,128	₱95,655	₱1,044,625

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

ANNEX B. FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2019 AND 2018
(Amounts in Thousands)

		December 31	
		2019	2018
Current ratio	Current assets/Current liabilities	**1.22**	0.94
Debt to equity ratio	Total liabilities/Total equity	**1.30**	1.41
Asset to equity ratio	Total assets/Total equity	**2.30**	2.41
Return on assets	Net income/Total assets	**(0.13%)**	(0.78%)
Return on equity	Net income/Total equity	**(0.30%)**	(1.87%)
Book value per share	Total equity/Outstanding shares	**5.9**	6.8

MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS

ROXAS HOLDINGS, INC.

Held at the Turf Room, Manila Polo Club, Forbes Park, Makati City

April 30, 2019 at 10:00 o'clock a.m.

ATTENDANCE
(in Person or via Proxy)

Total Shares Issued and Outstanding	:	1,547,835, 999
Total Shares Present	:	**1,333,215,140**
Percentage Present	:	**86.13%**
* Shares present owned by Majority Shareholders (as a Group)	:	1,333,215,140
* Other shareholders	:	609,564

DIRECTORS PRESENT:
Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Mr. HUBERT D. TUBIO
Atty. RAY C. ESPINOSA
Mr. CHRISTOPHER H. YOUNG
Atty. ALEX ERLITO S. FIDER
Mr. OSCAR J. HILADO (Independent Director)
Ms. ARLYN S. VILLANUEVA (Independent Director)
Atty. SANTIAGO T. GABIONZA (Independent Director)

Also Present:
Atty. Cynthia L. Dela Paz
Mr. Celso T. Dimarucut
Mr. Arcadio S. Lozada, Jr.
Mr. George T. Cheung
Mr. Jose B. Villanueva III
Mr. Frederick E. Reyes
Mr. Jose Manuel L. Mapa
Mr. Jaynel Sulangi
Ms. Anna G. Yu
Ms. Daisy Perpetua A. Bo
Atty. Ma. Hazel L. Rabara-Retardo

Ms. Veronica C. Cortez
Mr. Jaypee V. Jimenez
Ms. Josephine M. Logrono

I. CALL TO ORDER

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas), called the meeting to Order while the Assistant Corporate Secretary, Atty. Ma. Hazel Rabara-Retardo (Atty. Retardo), recorded the minutes of the proceedings.

II. CERTIFICATION OF QUORUM

The Corporate Secretary, Atty. Cynthia L. Dela Paz (Atty. Dela Paz), certified that the Notice of Meeting, Agenda and the Information Statement on SEC Form 20-IS were sent to all stockholders in accordance with the By-Laws of the Corporation and the Securities Regulation Code. She then certified that there are present in person or by proxy, stockholders representing approximately eighty six percent (86.00%) of the outstanding capital stock of the Corporation and, therefore, a quorum exists for the valid transaction of any business that may come before the meeting.

III. READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

On motion duly made and seconded, the stockholders dispensed with the reading of the minutes of the annual meeting of stockholders of the Corporation held on April 11, 2018 and ratified the same.

IV. PRESENTATION AND APPROVAL OF THE ANNUAL REPORT

The Chairman's Report

The Chairman, Mr. Pedro E. Roxas, (Mr. Roxas) presented the highlights of the annual report to the stockholders.

"Dear Fellow Shareholders:

The Philippine sugar industry experienced a challenging period last year, marked by low sugar production.

The Sugar Regulatory Administration (SRA) reported that national sugar production for Crop Year 2018 dropped 15% to 23.86 million tons cane milled (TCM) from the 28 million TCM in CY2017, which was an exception to a prolonged industry slowdown being the only bumper year for the sugar industry between 2012 and 2017.

Roxas Holdings, Inc. (RHI) tracked the national sugar industry's performance with lower TCM at 2.99 million in CY2018, down 13.6% from 3.46 million TCM in CY2017 as a result of changing weather conditions and other concomitant challenges.

But RHI was able to buck the trend with its sugar inventory from the previous crop year, which boosted the Group's revenues to PhP4.90 billion, down 11% from PhP5.51 billion in the previous year.

The enhancements and other adjustments RHI rolled out at its ethanol plants in previous years also paid off as the ethanol business unit produced significantly higher volume of ethanol at 74.35 million liters from 69.54 million liters in 2017.

The combination of our prudent practices and conscious implementation of sustainable measures has helped the Group weather the challenges of the past year.

As an integrated sugar and ethanol producer, and a first mover in the area of agribusiness, RHI is determined to deepen its commitment to sustainability through meaningful engagements within and outside of our plants.

We see a better and more sustainable future ahead of us at RHI. Our story constantly evolves with the changing times but our commitment to protect the environment and help people is intertwined with our clear vision for the Group.

As such, we assure you that we tailor solutions and craft actions for our day-to-day operations on the principles of sustainability and social responsibility.

Having established a set of right fundamentals, which embraces relevance and reliability, high standards and integrity, RHI will stick to the path of sustainability with a firm resolve to make a stark difference in the lives of Filipinos.

Putting together timely, responsive and strategically sustainable policies and actions to countless hurdles at its plants and within its communities is a tough order for RHI. However, given RHI's focused direction on driving sustainability across all facets of its strategic business units, the Group will emerge strong despite the avalanche of unexpected and uncontrolled conditions that may affect its operations.

As we put in place sustainability measures across the Group, we are also working to reduce our debts significantly to make us agile in assessing risks and evaluating solutions to promote farm research, development and mechanization, and technological advances in the areas of sugar and ethanol production.

The future looks promising for RHI as we see consistent improvements at our plants. Although we still foresee hurdles along the way, which is a reality in every journey, we believe that our vision of RHI as a world-class leader in sugar and sugarcane-based products in the Asia Pacific is not far-fetched.

As we have done throughout the years, let us continue to remain relevant and reliable, consciously striving to keep our high standards, and living and working with integrity.

With this set of right fundamentals, healthily balanced with sustainability, let us steer significant and life-changing social impact for RHI, our communities, our partners, the government, and the country.

We are well positioned to deliver sustainable earnings growth in the coming year. Our optimism is hinged on how well we braved the challenges in the past crop year, and on the continuing support of our investors and other stakeholders.

As we look back and prepare for CY 2019, we thank you for your constant support to RHI. We are deeply grateful as well to our esteemed Board of Directors whose wise guidance and direction steer RHI to newer heights; to our Board of Advisors, whose staunch counsel ensure the Group is well grounded; our Management, whose untiring devotion keeps RHI on track; to our employees and staff, whose commitment and loyalty drive RHI to go beyond what is expected; and to our partners as well as other stakeholders, for trusting RHI to do what is right and sustainable in every situation.

Together, let us rise up to the challenge and work together to catapult RHI as a leader in sugar and sugarcane-based products farther into the Asia Pacific region.

Thank you."

The PCEO's Report

Mr. Hubert D. Tubio (Mr. Tubio) started his report by providing the highlights for Fiscal Year 2018.

"Dear Fellow Shareholders:

Crop Year 2017-2018 was significant for the global sugar industry. Brazil, the world's largest sugar producer, experienced drier-than-normal weather which reduced its potential yield. Its sugar-ethanol mix has also swayed in ethanol's favor, thus tipping the sugar exports lower than prior years.

In Asia, India produced two massive crops in a row, topping it at 29.5 million MTs, while Thailand posted a record production of around 14 million MTs. These are two major producing countries not hampered by detrimental weather, thus generally resulting to low world market prices.

In the Philippines, the last crop year was one filled with challenges.

The challenges earlier brought about by the entry of High Fructose Corn Syrup (HFCS) were successfully resolved by our sugar industry. But not long thereafter, came another bigger challenge – that of sugar import liberalization.

Our Sugar Business Unit suffered some reversals with both our Negros and Batangas mills turning in lower production volumes vs previous year. Tons Cane Milled or TCM was 2.99 million, 13.6% down from 3.46 million, and sugar produced was 5.27 million LKg, 18.9% lower from 6.50 million LKg.

The industry-wide decline in sugar production volume due to the unfavorable impact of weather conditions led to tight competition on cane supply with other sugar mills.

Cost of cane acquisition and manufacturing also substantially increased as a result of stiffer competition and lower sugar prices prevailing during the first half of the crop year attributed to the HFCS issues.

As observed in the previous crop year, the declining availability of farm labor for cane harvesting and loading was more pronounced as it skewed harvesting schedules. As such, we pushed harder to convince planters to do mechanical harvesting with our own equipment, with the end in view of farmers becoming more familiar and confident in pursuing farm mechanization.

Our Group's Ethanol Business Unit on the other hand, performed better as a result of timely repairs and enhancements implemented during the previous years. We also engaged the services of a South American ethanol expert in December 2017, which led to considerable improvements in the processes and in the knowledge pool of local technical talents. Our ethanol production volumes increased to 74.35 million liters, up 6.9% from 69.54 million liters the previous year. The unit's improved yields and efficiencies enabled it to surpass its 2018 gross profit targets.

We also saw some improvements in the Local Monthly Allocation (LMA) Compliance of oil companies/customers due to a positive margin of gasoline retail price over local ethanol price as an impact of the Tax Reform for Acceleration and Inclusion (TRAIN) Law.

However, the Group also had to contend with the relatively high production cost due to lower volume of internally-generated bagasse, coupled with a spike in the cost of outside fuel.

Such improvements in profitability were not sufficient to absorb the impact of our Sugar SBU performance. RHI net income for the year was PhP55 million, down from PhP120 million last year.

RHI – as one of the Philippines' few integrated sugar and ethanol producers, and being a first mover in the area of agribusiness – moved swiftly and wisely with the times in keeping with its commitment to sustainability, and remains prudent and agile in continuously crafting the best available commercial mix for its businesses.

Despite the challenges, RHI continues to actively explore ways to protect the environment while ensuring cost-efficient operations in all its plants.

In addition to the Anaerobic Digesters (ADs) previously installed at Roxol Bioenergy Corporation (RBC), RHI inaugurated last November 2018 two units of multi-million-peso ADs at San Carlos Bioenergy, Inc. (SCBI) – a testament to the Group's commitment to preserve and protect Mother Nature, in support of its campaign for sustainability. This is likewise expected to reduce the fuel cost of our ethanol – given the increased biogas that will be generated by the ADs from SCBI and RBC. The projected volume of biogas to be generated by these ADs is estimated to displace up to 30% of its fuel costs at full operation.

The spent wash from the ADs is also given for free to farmers as a liquid fertilizer that contains organic elements of needed nutrients for the crops. This crop year alone, RBC had distributed 323,506 tons of spent wash to a larger number of farmers in our districts. As an instrument for sustainability, the use of spent wash as liquid fertilizer ensures sugarcanes are healthier while helping farmers save significant cost on fertilizer and irrigation.

These and many other sustainability programs are constantly monitored across the Group as RHI keeps its commitment to run its businesses in a socially responsible and environmentally supportive manner.

RHI is also constantly looking for opportunities for improvements in farm productivity to support the requirements of its sugar mills. It counts on its subsidiary RHI Agri-business Development Corporation to take advantage of increasing demand for mechanical farming given the difficulty of planters in finding enough laborers.

We know that with your continued support, we can make all these happen as we step up and work together in bringing "One RHI, One Team" to a higher level.

Since two years ago when we started transforming the organization, we not only saw some fruits of our labor, but also additional challenges and some distractions in our business units. We are, nevertheless, committed to push further on and to do the best we can in taking our organization to achieve its objectives.

We can overcome the challenges together as we hold on to our values – steeped in the strongest rocks of reliability and relevance, high standards and integrity, and driven by our unwavering commitment to sustainability and corporate responsibility.

With this, we sincerely thank our stockholders, our Board of Directors and Advisors, the Management Team, our employees and staff, and everyone for staying the course with us, and for trusting us to see RHI realize its vision."

The Chairman opened the floor for questions from the stockholders and persons present in the meeting.

There being no questions raised and upon motion duly made and seconded, the Annual Report of the Corporation for the fiscal year ending September 30, 2018 was approved, confirmed and ratified by the majority vote of the stockholders present.

V. APPROVAL AND RATIFICATION OF ALL ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Chairman opened the floor for questions from the stockholders and persons present in the meeting, for the proceedings and resolutions of the Board of Directors and Management since the last annual meeting held on April 11, 2018.

There being no questions raised and upon motion duly made and seconded, all acts, proceedings and resolutions of the Board of Directors and Management since the last annual meeting held on April 11, 2018 were approved, confirmed and ratified by the majority vote of the stockholders present.

VI. ELECTION OF THE BOARD OF DIRECTORS

The Corporate Secretary, Atty. Dela Paz, informed the Chairman, Mr. Roxas, that pursuant to Article 14, Section 1 of the By- laws, election to the Board of Directors should be submitted in writing to the Chairman of the Board of Directors at least fifteen (15) working days prior to any meeting called for the election of the Board of Directors. He likewise advised that

nominations were made for the election of the following persons to the Board of Directors of RHI:

1. MR. PEDRO E. ROXAS
2. MR. MANUEL V. PANGILINAN
3. MR. HUBERT D. TUBIO
4. ATTY. RAY C. ESPINOSA
5. MR. CHRISTOPHER H. YOUNG
6. ATTY. ALEX ERLITO S. FIDER
7. MS. ARLYN S. VILLANUEVA
8. MR. OSCAR J. HILADO
9. MR. SANTIAGO T. GABIONZA

Atty. Dela Paz stated that Mr. Santiago T. Gabionza, Mr. Oscar J. Hilado and Ms. Arlyn S. Villanueva are being nominated as Independent Directors of the Corporation.

Since there are only nine (9) seats in the Board of Directors, a shareholder moved that all votes be cast in favor of all nine (9) nominees. The motion was submitted to a vote and the same was carried. The Chairman requested the Corporate Secretary to cast all votes in favor of the above-named nine (9) nominees.

VII. ELECTION OF THE EXTERNAL AUDITOR

The Corporate Secretary, Atty. Dela Paz, informed the Chairman, Mr. Roxas, that in accordance with the Manual on Corporate Governance, the Audit and Risk Committee recommends the selection of the auditing firm of SyCip Gorres Velayo & Co. as external auditor of the corporation for fiscal year 2018-2019.

A stockholder moved for the election of the auditing firm of SyCip Gorres Velayo & Co. as external auditor of the corporation for fiscal year 2018-2019. Another stockholder seconded the motion. The Chairman placed the motion to a vote and the same was carried.

IX. OTHER MATTERS/ADJOURNMENT

There being no other matter to discuss, on motion duly made and seconded, the meeting was thereupon adjourned.

Attest:

PEDRO E. ROXAS
Chairman of the Board

MA. HAZEL L. RABARA-RETARDO
Asst. Corporate Secretary

TALLIES OF THE VOTES:

Resolution	Approving	Dissenting	Abstaining
1. Approval of the Minutes of the Previous Meeting of the Stockholders held on April 11, 2018	1,333,215,140 shares or 86.13% of the total issued and outstanding shares of stock	NONE	NONE
2. Approval of the Annual Report of the Company for Crop Year ending September 30, 2018	1,333,215,140 shares or 86.13% of the total issued and outstanding shares of stock	NONE	NONE
3. Ratification of all Acts, Proceedings and Resolutions of the Board of Directors and Management since the last annual meeting	1,333,215,140 shares or 86.13% of the total issued and outstanding shares of stock	NONE	NONE
4. Election of the Board of Directors	1,333,215,140 shares or 86.13% of the total issued and outstanding shares of stock	NONE	NONE
5. Election of External Auditors	1,333,215,140 shares or 86.13% of the total issued and outstanding shares of stock	NONE	NONE

Republic of the Philippines
OFFICE OF THE PRESIDENT
OPTICAL MEDIA BOARD
No. 35 Scout Limbaga Street, Bgy. Laging Handa, Quezon City Zip Code 1103
Tel. Nos. 374-0217 / 374-1393 • Fax No. 374-0217
Website: www.omb.gov.ph

NON-COMMERCIAL REPLICATION PERMIT

NCRP 1902016
February 22, 2019

ROXAS HOLDINGS, INC.

With principal address at *14TH FLOOR NET ONE CENTER 26TH ST. COR. 3RD AVE., BONIFACIO GLOBAL CITY, TAGUIG*, has been granted permission by the Optical Media Board for the non-commercial reproduction and distribution within the territory of the Republic of the Philippines of the following copyrighted work:

TITLE	:	**RHI INFORMATION STATEMENT**
SOURCE OF RIGHTS	:	*ROXAS HOLDINGS, INC.*
CONTENT TYPE	:	BOOK ON DISC / CD
QUANTITY	:	**2093** pcs. only
EFFECTIVITY	:	Valid until **21 April 2020** only
REPLICATOR/ DUPLICATOR	:	**ROXAS HOLDINGS, INC.**

This permit has been granted under Republic Act No. 9239 and its Implementing Rules and Regulations, on the basis of documents submitted by Licensee to the Board showing that it has the right or authority to reproduce and/or distribute the copyrighted work within the territory of the Republic of the Philippines. This Permit may be revoked at any time for valid cause. **This permit may not be used to engage in any act prohibited by law.**

This Permit shall be submitted to the replicating facility prior to replication. All optical discs produced by virtue of this Permit shall bear the SID codes authorized for the mastering and/or replicating facilities. Optical media for export are subject to the laws of the country of entry, in addition to the laws of the Republic of the Philippines.

ATTY. VICTOR LUIS Q. PADILLA II
OIC, Optical Media Board

Republic of the Philippines
OFFICE OF THE PRESIDENT
OPTICAL MEDIA BOARD
No. 35 Scout Limbaga Street, Barangay Laging Handa, 1103 Quezon City
Tel. No.: 374-1393 • Fax No.: 374-0237
Website: www.omb.gov.ph • Email Address: rid@omb.gov.ph

LICENSE TO OPERATE OPTICAL MEDIA BUSINESS

DUPLICATOR

BOOK ON DISC (USB)

ROXAS HOLDINGS, INC.
14TH FLOOR, NET ONE CENTER, 26TH ST. CORNER 3RD AVE., BONIFACIO GLOBAL CITY,
TAGUIG CITY

Registered by

ROXAS HOLDINGS, INC. - AIMEE E. PEDAYO
14TH FLOOR, NET ONE CENTER, 26TH ST. CORNER 3RD AVE., BONIFACIO GLOBAL CITY,
TAGUIG CITY

is licensed by the Optical Media Board under Republic Act No. 9239 and its implementing Rules and Regulations to engage in the optical media business. This license may not be used to engage in any act prohibited by law.

This Optical Media Board Commercial License No. **DUP 19-02231** shall be valid until **21 APRIL 2020** unless sooner revoked.

Issued this 27 February 2019 in Quezon City

ATTY. ANSELMO B. ADRIANO
Chair and Chief Executive Officer

THIS LICENSE MUST BE DISPLAYED CONSPICUOUSLY AT ALL TIMES IN THE BUSINESS ADDRESS ABOVE STATED. THIS MUST BE RENEWED ON OR BEFORE ITS EXPIRATION DATE TO AVOID PENALTY. THIS IS NON-TRANSFERABLE

Republic of the Philippines
OFFICE OF THE PRESIDENT
OPTICAL MEDIA BOARD
No. 35 Scout Limbaga Street, Barangay Laging Handa, 1103 Quezon City
Tel. No.: 374-1393 • Fax No.: 374-0237
Website: www.omb.gov.ph • Email Address: rid@omb.gov.ph

LICENSE TO OPERATE OPTICAL MEDIA BUSINESS

LOCAL LICENSEE

BOOK ON DISC (USB)

ROXAS HOLDINGS, INC.
14TH FLOOR, NET ONE CENTER, 26TH ST. CORNER 3RD AVE., BONIFACIO GLOBAL CITY,
TAGUIG CITY

Registered by

ROXAS HOLDINGS, INC. - AIMEE E. PEDAYO
14TH FLOOR, NET ONE CENTER, 26TH ST. CORNER 3RD AVE., BONIFACIO GLOBAL CITY,
TAGUIG CITY

is licensed by the Optical Media Board under Republic Act No. 9239 and its implementing Rules and Regulations to engage in the optical media business. This license may not be used to engage in any act prohibited by law.

This Optical Media Board Commercial License No. LBOD 19-02180 shall be valid until 15 APRIL 2020 unless sooner revoked.

Issued this 26 February 2019 **in Quezon City**

ATTY. ANSELMO B. ADRIANO
Chair and Chief Executive Officer

THIS LICENSE MUST BE DISPLAYED CONSPICUOUSLY AT ALL TIMES IN THE BUSINESS ADDRESS ABOVE STATED. THIS MUST BE RENEWED ON OR BEFORE ITS EXPIRATION DATE TO AVOID PENALTY. THIS IS NON-TRANSFERABLE

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **OSCAR J. HILADO,** Filipino, of legal age and with address at 112 Mariposa Loop, Cubao, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **ROXAS HOLDINGS, INC.**, and have been its independent director since March 2, 2016 (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporation):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
PHINMA Inc.	Chairman	Aug 2005 - Present
PHINMA Corp.	Chairman	Dec 2003 – Present
Phinma Property Holdings Corp.	Chairman	April 1999 - Present
Union Galvasteel Corporation	Vice Chairman	March 2017 – Present
Araullo University	Director	April 2004 – Present
Cagayan de Oro College	Director	June 2005 – Present
University of Iloilo, Inc.	Director	August 17, 2009 – Present
University of Pangasinan, Inc.	Director	August 17, 2009 – Present
Southwestern University	Director	June 20, 2016
St. Jude College, Manila	Director	January 20, 2018 - Present
PEN Holdings, Inc.	Director	March 2016 – Present
Beacon Property Ventures, Inc.	Director	December 1994 – Present
Manila Cordage Company	Director	1986 – Present
Pueblo de Oro Devt. Corp.	Director	Feb 1996 – Present
Seven Seas Resorts and Leisure, Inc.	Director	1996 – Present
Phinma Solar Energy Corp.	Director	July 3, 2017 - Present
Philex Mining Corporation	Director	Dec. 2009 – Present
Rockwell Land Corporation	Director	May 27, 2015 – Present
A. Soriano Corporation	Director	April 13, 1998 – Present

Smart Communications, Inc	Director	May 6, 2013 – Present
Phil. Cement Corporation	Director	July 10, 2018 - Present
Phinma Hospitality, Inc.	Director	July 15, 2011 - Present
Phinma Microtel Hotels, Inc	Director	July 2011 - Present
United Pulp and Paper Company, Inc.	Director	Dec. 2, 1969 - Present
Digitel Telecommunications Phils., Inc	Director	May 6, 2013 – Present
Cebu Light Industrial Park, Inc.	Director	Feb 1996 – Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ROXAS HOLDINGS INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable).

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NOT APPLICABLE		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am a subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OF AGENCY INVOLVED	STATUS
NOT APPLICABLE		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in ROXAS HOLDINGS INC., pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules. – **NOT APPLICABLE**

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations Code of Corporate Governance and other SEC Issuances.

8. I shall inform the Corporate Secretary of **ROXAS HOLDINGS, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done this ___ day of DEC 0 2 2019, at MAKATI CITY.

OSCAR J. HILADO

Affiant

SUBSCRIBED AND SWORN to before me this DEC 0 2 2019 day of _____ at MAKATI CITY, affiant personally appeared before me and exhibited to me his/her Community Tax Certificate No. 20410448 issued at Quezon City on February 13, 2019.

Doc. No. 148
Page No. 31
Book No. 30
Series of 2019

JOEL S. LLANILLO
COMMISSION NO. M-204
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2020
12/F THE PHINMA PLAZA, 39 PLAZA DRIVE
ROCKWELL CENTER, MAKATI CITY
ROLL NO. 53593
PTR NO. 7341134; 1/7/19; MAKATI CITY
IBP NO. 974819; 9/15/14 LIFETIME; BULACAN CHAPTER
MCLE Compliance No. V1-0021494

CERTIFICATION OF INDEPENDENT DIRECTOR

I, ARLYN S. VILLANUEVA, Filipino, of legal age and with address at VILLA GLORIA, ANGELES CITY, PHIL., after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **ROXAS HOLDINGS, INC.**, and have been its independent director since _____ (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporation):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
PROFESSIONAL REGULATION COMMISSION	MEMBER OF THE BOARD OF ACCOUNTANCY	2014 - PRESENT
SYCIP GORRES VELAYO & CO.	PARTNER	1979 - PRESENT
MPTC	DIRECTOR	2008
NLEX CORP.	DIRECTOR	2014

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ROXAS HOLDINGS INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable).

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am a subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OF AGENCY INVOLVED	STATUS

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in _____, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations Code of Corporate Governance and other SEC Issuances.

8. I shall inform the Corporate Secretary of **ROXAS HOLDINGS, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done this 28th day of JAN 13 2020 November 2019, at Makati City.

[signature]

Affiant

SUBSCRIBED AND SWORN to before me this ____ day of JAN 13 2020 at City of Makati, affiant personally appeared before me and exhibited to me his/her Passport No. P195655 1A issued at PTA Angeles on 17 Feb. 2017.

Doc. No. 155
Page No. 32
Book No. 170
Series of 2019

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-72 / MAKATI CITY
UNTIL DECEMBER 31, 2020
PTR No. 8117220 / 01-2-2020 /MAKATI CITY
IBP No. 100865 /01-03-2020 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 06-28-2019
ROLL NO. 38452 / TIN No. 106-009-102-000
Unit 0-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **SANTIAGO T. GABIONZA, JR.**, Filipino, of legal age and with address at 20th Floor, 139 Corporate Center, 139 Valero Street, Salcedo Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **ROXAS HOLDINGS, INC.**, and have been its independent director since April 30, 2019 (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporation):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Rajah Travel Corporation	Director	March 1994-present
Rajah Tours Philippines, Inc.	Director	March 1997-present
Capitol Masonic Corporation	Director	May 19, 2012-present
VGS Land, Inc.	Director/President	April 13, 1996-present
VGS Holdings, Inc.	Director/President	August 1992-present
VGS Properties, Inc.	Director/Treasurer	May 16, 2000-present
VBG Insurance Agency, Inc.	Director/Treasurer	April 12, 1996-present
Mask Holdings Corp.	Director/Treasurer	July 10, 2017-present
Mask Property Management Corp.	Director/Chairman	Aug. 3, 2016-present
Apo Associated Radio Electronics and Communication Company, Inc.	Director	May 2012-present
Kontak One Management Exchange (KOMEX), Inc.	Director	April 2011-present
Econo-Tech Investment, Inc.	Director	August 2010-present
Jahro Holdings, Inc.	Director	Feb. 2018-present
Saga & Sons, Inc.	Director	Jan. 1999-present
Bench Masters, Inc.	Director/President	June 1991-present
Laboratory of Computer Medicine Phils., Inc.	Corporate Secretary	Oct. 1987-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ROXAS HOLDINGS INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable).

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
	N/A	

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am a subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OF AGENCY INVOLVED	STATUS
	N/A	

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations Code of Corporate Governance and other SEC Issuances.

8. I shall inform the Corporate Secretary of **ROXAS HOLDINGS, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done this 2nd day of December 2019, at Makati City.

SANTIAGO T. GABIONZA, JR.
Affiant

SUBSCRIBED AND SWORN to before me this 2nd day of December 2019 at Makati City, affiant personally appeared before me and exhibited to me his Passport No. P015271A issued on 03 September 2016 valid until 02 September 2021 issued at Department of Foreign Affairs, Manila.

MARTIN VICTORINO S. CUSI
Notary Public for Makati City
Notarial Commission No. M-148
Commission Expires on Dec. 31, 2019
Roll of Attorneys No. 69803
P.T.R. No. 7332510,01/03/2019, Makati City
I.B.P. OR No. 060305; 01/03/2019, Makati Chapter
20F 139 Corporate Center, 139 Valero St.,
Salcedo Village, Makati City 1227, Metro Manila

MARTIN VICTORINO S. CUSI NOTARY PUBLIC ROLL NO. 69803 PHILIPPINES

Doc. No. 75;
Page No. 16;
Book No. 3;
Series of 2019.