



July 15, 2016

**Report of Factual Findings**

The Stockholders and the Board of Directors  
Roxas Holdings, Inc.  
6th Floor, Cacho Gonzales Building  
101 Aguirre Street  
Legaspi Village, Makati City

We have performed the procedures agreed to by management of Roxas Holdings, Inc. (RHI) and subsidiaries (the Group) with respect to the Progress Report of the Group for the quarter ended June 30, 2016 on the application or use of the proceeds from the Stock Rights Offering (SRO) of the Group’s common shares in connection with its compliance with the reportorial requirements of the Philippine Stock Exchange (PSE). Our engagement was undertaken in accordance with the Philippine Standard on Related Services applicable to agreed-upon procedures engagements.

*Background*

On February 10, 2016, the Board of Directors of the Group approved the SRO of 266,753,974 common shares with ₱1.00 par value a share offered at an Offer Price of ₱4.19 per Rights Share and at the ratio of one Rights Share for every 4.33 common shares held as at record date. The SRO was approved for listing and trading by the PSE on April 13, 2016.

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

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

We obtained the Progress Report on the Application of the Proceeds from the SRO (the “Report”) for the quarter ended June 30, 2016.

Analysis of gross proceeds, planned application or use of the proceeds and estimated offer expenses is as follows:

Number of common shares	266,753,974
Offer price a share	₱4.19
Gross proceeds	₱1,117,699,151
Planned application or use of the proceeds	(1,100,000,000)
Estimated offer expenses	(3,914,492)
Balance	₱13,784,659

1. Details of the gross proceeds are as follows:

Name of Stockholders	Number of Common Shares Issued	Amount
First Metro Securities Brokerage Corporation	127,152,484	₱532,768,908
First Pacific Natural Resources Holdings BV	71,419,806	299,248,987
PCD Nominee Corporation	67,914,725	284,562,698
Others	266,959	1,118,558
<b>Total</b>	<b>266,753,974</b>	<b>₱1,117,699,151</b>

We have examined cash/check payments from the issuances of common shares and remittances from BDO Unibank, Inc. - Trust and Investments Group (BDO), the stock transfer agent bank, through bank statements and final sales report duly signed by BDO representatives, indicating the total shares sold and amount received from the respective investors/stockholders.

On May 26, 2016, the aggregate proceeds from issuances of common shares amounting to ₱1,117,181,642, net of fees charged by BDO amounting to ₱517,509, were deposited to RHI's savings account at BDO with bank account No. 1448-0009-03 (BDO Account).

2. Details of the planned application or use of the Proceeds are as follows:

Particulars	Amount
Partial payment of short-term loan obligation of Roxas Pacific Bioenergy Corporation (RPBC) to Bank of the Philippine Islands (BPI)	₱750,000,000
Acquisition of additional 8 megawatt steam turbine generator for sugar milling and refining	200,000,000
Installation of heavy duty pressure feeder to the sugar plant milling equipment	150,000,000
	<b>₱1,100,000,000</b>

On May 31, 2016, RHI used or applied the ₱750,000,000 to partially settle the short-term loan obligations of RPBC to BPI. The ₱750,000,000 was part of the ₱801,000,000 cash advance granted by RHI to RPBC withdrawn from the BDO Account. On the same date, RPBC partially settled its short-term loan obligation to BPI.

We have reviewed the details (amount, date, bank account no. and payee's name) of the underlying documents for the partial payment of the short-term loan obligation of RPBC to BPI such as authority to debit form, interbank transfer form and bank statement. The settlement of the short-term loan was also confirmed by the Relationship Manager of BPI.

3. As at June 30, 2016, the unapplied Proceeds are as follows:

Gross proceeds	₱1,117,699,151
Partial payment of short-term loan obligation of RPBC	(750,000,000)
Actual Offer Expenses	(1,837,474)
<b>Unapplied proceeds</b>	<b>₱365,861,677</b>

The unapplied proceeds were transferred to various bank accounts and money market placements of the Group.

As at June 30, 2016, cash in banks and money market placements of the Group amounted to ₱583.5 million, which were traced to bank statements and statement of accounts of money market placements. Details are as follows:

Cash in banks	₱343,514,790
Money market placements	240,000,000
	<u>583,514,790</u>
Unapplied proceeds	(365,861,677)
Working capital funds	<u>₱217,653,113</u>

Refer to Annex I for the further details of cash in banks and money market placements.

- We have examined the documents supporting the Offer Expenses or the disbursements directly related to the issuances of the SRO.

Details of Offer Expenses are as follows:

Particulars	Amount
Documentary stamp tax	₱1,237,603
BDO service charge	517,509
Stock transfer agent fee	71,112
PSE listing and processing fees	11,250
Actual Offer Expenses incurred	<u>1,837,474</u>
Estimated Offer Expenses	<u>3,914,492</u>
<b>Difference</b>	<b><u>(₱2,077,018)</u></b>

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

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

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

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



HAYDEE M. REYES

Partner

CPA Certificate No. 83522

Tax Identification No. 102-095-265-000

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

SEC Accreditation No. 0663-AR-2 Group A

Valid until April 14, 2017

BIR Accreditation No. 08-005144-6-2013

Valid until November 26, 2016

PTR No. 5321843

Issued January 5, 2016, Makati City

July 15, 2016

Makati City, Metro Manila

## **Annex I – Details of Cash in Banks and Money Market Placements**

### **CASH IN BANKS**

San Carlos Bioenergy, Inc.	₱105,151,250
Central Azucarera Don Pedro, Inc.	90,850,173
Roxol Bioenergy Corp.	68,855,976
Central Azucarera de la Carlota, Inc.	55,083,081
Roxas Holdings, Inc.	20,335,045
RHI Agri-Business Development Corporation	2,013,936
Roxas Pacific Bioenergy Corporation	200,292
Others	1,025,037
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	₱343,514,790
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### **MONEY MARKET PLACEMENTS**

CADPI	₱145,000,000
CACI	50,000,000
RBC	45,000,000
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	₱240,000,000
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*\*The foregoing entities are subsidiaries of RHI.*