

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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S	U	B	S	I	D	I	A	R	I	E	S																		

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

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2	6	t	h		c	o	r	.		3	r	d		A	v	e	n	u	e	,									
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Form Type

1	7	-	Q
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Department requiring the report

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Secondary License Type, If Applicable

N	/	A	
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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.

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 ☒

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 ☐ []

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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)

		December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
	Note		
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	(P1,591)	(P213,315)
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	P467,054	P550,462

See accompanying Notes to Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED 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 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/ (Decrease)
	PFRS 15	Previous PFRS	
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/ (Decrease)
	PFRS 15	Previous PFRS	
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			Nature of Business	Principal Place of Business
	2019	2018	2017	2019	2018	2017		
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
	<u>₱6,598,839</u>

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	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:

- 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, CADPIRFI and CACIRFI are included in "Trade and other receivables" account.
- 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 CADPIRFI.

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.

	Current	Days past due				Total
		<30 days	30-60 days	61 to 90 days	> 90 days	
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	P776,304	P523,012	P-	P1,299,316
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

	December 31, 2019 (Unaudited)	September 30, 2019 (Audited)	Increase (Decrease)	
<i>Amounts in Millions except Shares</i>			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%)

	Three Months Ended December 31 (Unaudited)		Increase (Decrease)	
<i>Amounts in Millions except Operational Data</i>	2019	2018	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

Amounts in Millions	Three Months Ended December 31			Increase (Decrease)		
	2019			2018	Amount	%
	Continuing	Discontinued	Total			
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 CO₂ 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

<i>Amounts in Millions</i>	Three Months Ended December 31			Increase (Decrease)		
	2019			2018		
	Continuing	Discontinued	Total		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)

	Current	Past due but not impaired			Subtotal	Impaired	Total
		1-30 days	31-60 days	Over 60 days			
Trade	P488,411	P79,304	P16,796	P23,522	P119,622	P34,169	P642,202
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
	P772,842	P79,304	P16,796	P80,028	P176,128	P95,655	P1,044,625

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