

SEC Reg. No. 15-A



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

**(632) 771-7800**  
Telephone Number

30 September 2018  
*Fiscal Year Ending*

Notice of Annual Meeting of Stockholders

- and -

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

## ROXAS HOLDINGS, INC.

### NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Stockholders of Roxas Holdings, Inc. will be held on April 3, 2019 at ten o'clock in the morning at the Turf Room, Manila Polo Club, McKinley Road, Forbes Park, Makati City, Metro Manila.

The Agenda of the Meeting is:

- (1) Call to Order
- (2) Certification of Notice and Quorum
- (3) Approval of the Minutes of the Annual Meeting of Stockholders held on April 11, 2018
- (4) Presentation and Approval of the Annual Report to Stockholders
- (5) Ratification of All Acts and Resolutions of the Board of Directors and Management
- (6) Election of the Board of Directors
- (7) Appointment of External Auditors
- (8) Other Matters
- (9) Adjournment

The Board of Directors has fixed the close of business on February 28, 2019 as the Record Date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting of Stockholders.

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

IF YOU CANNOT ATTEND THE MEETING, YOU MAY SUBMIT A PROXY THROUGH THE OFFICE OF THE ASSISTANT CORPORATE SECRETARY LOCATED AT THE **14F, Net One Center, 26<sup>th</sup> cor. 3<sup>rd</sup> Avenue, Bonifacio Global City, Taguig, Metro Manila** ON OR BEFORE March 25, 2019.

By Order of the Board of Directors.

**MA. HAZEL L. RABARA-RETARDO**  
Assistant Corporate Secretary

15 February 2019

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

☒ Preliminary Information Statement  
☐ Definitive Information Statement

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

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

4. SEC Identification Number : 15 - A

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

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

7. Registrant's telephone number : (632) 771-7800

8. Date, time and place of meeting  
of security holders : April 3, 2019  
10:00 am  
Turf Room, Manila Polo Club  
McKinley Road, Forbes Park, Makati City

9. Approximate date on which the Proxy Statement  
is first to be sent or given to security holders : March 13, 2019

10. Securities registered pursuant to Sections 8 and 12 of the Code as of 30 September 2018.

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

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

Yes ☒ No ☐

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

**ROXAS HOLDINGS, INC.  
INFORMATION STATEMENT**

**GENERAL INFORMATION**

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

**DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS**

Date	:	April 3, 2019
Time	:	10:00 am
Place	:	Turf Room, Manila Polo Club McKinley Road, Forbes Park, Makati City
Address of principal office of the company	:	14F Net One Center, 26th corner 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila
Approximate date on which the Information Statement is first to be sent or given to security holders	:	March 13, 2019

**DISSENTER'S RIGHT OF APPRAISAL**

A dissenting stockholder shall have the right of appraisal in the instances authorized under Sec. 81 of the Corporation Code and in accordance with the procedure set out in Sec. 82 of the same Code. There are no matters included in the Agenda of the meeting which would give rise to an exercise of the right of appraisal.

**INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

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

**CONTROL AND COMPENSATION INFORMATION**

**VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

- a) The number of shares outstanding and entitled to vote at the stockholders' meeting is 1,547,935,799 common shares.
- b) The record date for the purpose of determining stockholders entitled to vote at the annual meeting of shareholders is February 28, 2019.
- c) Stockholders are entitled to a cumulative voting in the election of directors. Section 24 of the Corporation Code of the Philippines provides that every stockholder entitled to vote shall have the right to vote, in person or by proxy, the number of shares of stock standing, at the time fixed in the by-laws, in his own name in the stock books of the corporation, or where the by-laws are silent, at the time of the election and the stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them, on the same principle, among as many candidates as he shall see fit.



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

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

**(1) Security ownership of certain record and beneficial owners of more than 5% of Registrant securities as of 31 December 2018.**

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

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

**(2) Security Ownership of Management as of 31 December 2018.**

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

<i>Title of Class</i>	<i>Name of Beneficial Owner</i>	<i>Citizenship</i>	<i>Number and Nature of Ownership</i>	<i>Percent of Class</i>
Common	Pedro E. Roxas Chairman of the Board	Filipino	626,640 (r & b)	0.0004 %
Common	Manuel V. Pangilinan Vice-Chairman of the Board	Filipino	61,547 (r)	0.0000 %
Common	Hubert D. Tubio President/CEO	Filipino	83,395 (r & b)	0.0000%
Common	Ray C. Espinosa Director	Filipino	430,831 (r & b)	0.0002 %
Common	Alex Erlito S. Fider Director	Filipino	50,000 (r)	0.0000 %
Common	Santiago R. Elizalde Director	Filipino	100,000 (r)	0.0000 %
Common	Christopher H. Young Director	British	61,547 (r)	0.0000 %
Common	Oscar J. Hilado Independent Director	Filipino	50,000 (r)	0.0000 %
Common	David L. Balangue	Filipino	61,547 (r)	0.0000 %

<i>Title of Class</i>	<i>Name of Beneficial Owner</i>	<i>Citizenship</i>	<i>Number and Nature of Ownership</i>	<i>Percent of Class</i>
	Independent Director			
	<b>TOTAL</b>		1,525,507 (r & b)	0.0006%

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

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

(4) Change in Control.

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

## **DIRECTORS AND OFFICERS**

a) Nominees for election to the Board of Directors.

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

Messrs. Pedro E. Roxas, Manuel V. Pangilinan, Hubert D. Tubio, Ray C. Espinosa, Alex Erlito S. Fider, Santiago R. Elizalde, David L. Balangue, Christopher H. Young and Oscar J. Hilado have been nominated for election to the Board of Directors. All nominees are incumbent members of the Board of Directors.

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

b) Procedure for nomination and election of directors.

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

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

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

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

2.0. Each nomination under Article 14.0, par. 1.0, shall set forth (i) the name, age, business address, and, if known, residence address of each nominee, (ii) the principal occupation or employment of

each nominee, (iii) the number of shares of stock of the corporation which are beneficially owned by each such nominee, and (iv) the interests and positions held by each nominee in other corporations. In addition, the shareholder making such nominations shall promptly provide any other information reasonably requested by the corporation.

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

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

### 3.1. Qualifications of Directors

3.1.1. In addition to the qualifications for membership in the Board as provided for in the By-Laws of the Company, the Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications which may include, among others, the following:

3.1.1.1. College education or equivalent academic degree;

3.1.1.2. Practical understanding of the business of the Company;

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

3.1.1.4. Previous business experience.

### 3.8 Board Committees.

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

#### **3.8.1 Executive Committee**

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

#### **3.8.2 Corporate Governance Committee**

The Board shall establish a Corporate Governance Committee that is tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It shall be composed of at least three members, all of whom should be independent directors including the Chairman, or at least a majority thereof, until such time as an additional director from the Company's current number of two (2) independent directors is properly vetted, nominated and elected in the Board by the Company's shareholders.

#### **3.8.3. Audit Committee**

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

### 3.8.4 Compensation Committee

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

c) Board of Directors and Officers.

#### Board of Directors & Corporate Secretary

#### Board of Directors & Corporate Secretary

**Pedro E. Roxas** is 62 years old and is a Filipino. He has been a member of the Board of Directors since year 1982. Mr. Roxas is the Chairman of the Board of Directors and is the Chairman of the Executive Committee and the Nomination, Election & Governance Committee. He was elected as Acting President & Chief Executive Officer of the company on October 23, 2015. He is also the Chairman of the operating subsidiaries of the company, namely CADPI, CACI, Roxol, SCBI, and RHI Agri-Business Development Corporation (RHI-ADC). Mr. Roxas is likewise the Executive Chairman and the President & CEO of Roxas & Co., Inc., Chairman of Hawaiian Philippine Company, Club Punta Fuego Inc., President of Fundacion Santiago, Chairman of the Philippine Sugar Millers Association, Inc., an Independent Director of Philippine Long Distance Telephone Company (PLDT) and the Manila Electric Company (Meralco), and Banco de Oro (BDO) Private Bank, Director of Brightnote Assets Corporation and a Trustee of Philippine Business for Social Progress. Mr. Roxas was educated at Portsmouth Abbey School, Rhode Island, USA, and at the University of Notre Dame in Indiana, USA where he obtained his degree in Business Administration.

**Manuel V. Pangilinan** is 72 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013 and is the Vice-Chairman of the Board of Directors, a member of the Executive Committee and the Chairman of the Executive Compensation Committee. Mr. Pangilinan founded First Pacific Company Limited in 1981 and served as Managing Director until 1999. He was appointed Executive Chairman until June 2003 when he was named as CEO and Managing Director. Within the First Pacific Group, he holds the position of President Commissioner of P. T. Indofood Sukses Makmur Tbk, the largest food company in Indonesia.

In the Philippines, Mr. Pangilinan is the Chairman of the Philippine Long Distance Telephone Company (PLDT) and the Manila Electric Company (Meralco). He is also the Chairman of Smart Communications Incorporated, PLDT Communications and Energy Ventures Incorporated (formerly Piltel), Beacon Electric Asset Holdings Incorporated, Metro Pacific Investments Corporation, Landco Pacific Corporation, Medical Doctors Incorporated, Colinas Verdes Corporation (operating the Makati Medical Center and Cardinal Santos Medical Center) Davao Doctors Incorporated, Riverside Medical Center Incorporated in Bacolod City, Our Lady of Lourdes Hospital, Asian Hospital, Incorporated, Maynilad Water Services Corporation (Maynilad) Mediaquest Incorporated, Associated Broadcasting Corporation (TV5), Philex Mining Corporation, Philex Petroleum Corporation and Manila North Tollways Corporation

Outside the First Pacific Group, Mr. Pangilinan was a member of the Board of Overseers of the Wharton School of Finance & Commerce, University of Pennsylvania, USA. He was Chairman of the Board of Trustees of the Ateneo de Manila University. He is currently the Chairman of the Board of Trustees of San Beda College. He also serves as Chairman of PLDT-Smart Foundation, Inc. and the Philippine Business for Social Progress. He also serves as Chairman of the Hong Kong Bayanihan Trust, a non-stock, non-profit foundation which provides vocational, social and cultural activities for Hong Kong's foreign domestic helpers. On February 5, 2007, Mr. Pangilinan was named the President of the Samahang Basketbol ng Pilipinas (SBP), a national sport association for basketball. In January 2009, Mr. Pangilinan also assumed the Chairmanship of the Amateur Boxing Association of the Philippines (ABAP), a governing body of the amateur boxers in the country. Also, in October 2009, Mr. Pangilinan was appointed as Chairman of the Philippine Disaster Recovery

Foundation (PDRF), a non-stock non-profit foundation established to formulate and implement a reconstruction strategy to rehabilitate and rebuild areas devastated by recent floods and other calamities. Mr. Pangilinan is Chairman of the Philippine Business for Social Progress (PBSP), a social action organization made up of the country's largest corporations, Vice-Chairman of the Foundation for Crime Prevention, a private sector group organized to assist the government with crime prevention, and a member of the Board of Trustees of Caritas Manila and Radio Veritas-Global Broadcasting Systems, Inc., a former Commissioner of the Pasig River Rehabilitation Commission and a former Governor of the Philippine Stock Exchange. In June 2012, he was appointed as Co-Chairman of the newly organized US-Philippines Business Society, a non-profit society which seeks to broaden the relationship between the United States and the Philippines in the areas of trade, investment, education, foreign and security policies and culture.

Mr. Pangilinan has received numerous prestigious awards including Ten Outstanding Young Men of the Philippines (TOYM) Award for International Finance (1983), The Presidential Pamana ng Pilipino Award by the Office of the President of the Philippines (1996), Best CEO in the Philippines by the Institutional Investor (2004), CEO of the Year (Philippines) by Biz News Asia (2004), People of the Year by People Asia Magazine (2004), Distinguished World Class Businessman Award by the Association of Makati Industries, Inc. (2005), Management Man of the Year by the Management Association of the Philippines (2005), Order of Lakandula (Rank of Komandante) by the Office of the President of the Philippines (2006). He was voted as Corporate Executive Officer of the Year (Philippines) and Best Executive (Philippines) at the 2007 and 2008 Best-Managed Companies and Corporate Governance Polls conducted by Asia Money. Most recently, Mr. Pangilinan received the Best CEO award from Finance Asia Magazine (2012) and the Executive of the Year Award from the Philippine Sports Writers Association (PSA) (2014).

Mr. Pangilinan has been awarded four (4) Honorary Doctorate degrees in Humanities (Honoris Causa). First to confer him was San Beda College in 2002; second was the Xavier University in 2007; Holy Angel University in Pampanga in 2009 and the Far Eastern University in 2010. Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts Degree in Economics, and obtained his Master's degree in Business Administration from Wharton School of Finance and Commerce, University of Pennsylvania, Philadelphia, USA.

**Santiago R. Elizalde** is 54 years old and is a Filipino. He has been a member of the Board of Directors since year 2000 and is a member of the Compensation Committee. Mr. Elizalde is the Chairman of the 24 Hour Vendo Machine Corporation, Vice-Chairman and member of the Executive Committee of ELRO Commercial & Industrial Corporation and Club Punta Fuego, Inc. He is also the President & CEO of Roxaco Land Corporation, President of CGB Condominium Corporation and Fuego Hotels and Management Corporation, Chairman of Roxas Foundation, Inc., Vice-Chairman and a member of the Executive Committee of ELRO Commercial and Industrial Corporation and of Club Punta Fuego, Inc. and a Director of CADPI, CACI, ELRO Land Corporation, Punta Fuego Village Homeowners Association, Punta Fuego Village Foundation, Terrazas de Punta Fuego Village Homeowners Association, and Fundacion Santiago. Mr. Elizalde obtained his Bachelor of Arts in Economics from Denison University in Ohio, USA.

**Oscar J. Hilado** is 81 years old and is a Filipino. He has been a member of the Board of Directors since May 11, 2016 and is a member of the Audit & Risk Committee. He is the Chairman of the Board of Directors of Phinma Corporation. He is also the Chairman of the Board of Directors of Phinma, Inc., Holcim Philippines, Inc., Trans Asia Oil and Energy Development Corporation, Phinma Property Holdings Corporation and Union Galvasteel Corporation.

Mr. Hilado is also a director of A. Soriano Corporation, First Philippine Holdings Corporation, Philex Mining Corporation, Manila Cordage Corporation, Smart Communications, Inc., Digitel Telecommunications Philippines, Inc., Beacon Property Ventures, Inc. Pueblo de Oro Development Corporation, United Pulp and Paper Co., Inc. and Seven Seas Resorts and Leisure, Inc.

Mr. Hilado was a Smith Mundt/Fullbright scholar at the Harvard Graduate School of Business where

he obtained his Master's Degree in Business Administration in 1962. He is a Certified Public Accountant (CPA) with a Bachelor of Science in Commerce degree from the De La Salle College in Bacolod in 1958. He earned his Doctorate in Business Management, Honoris Causa, from the De La Salle University in 1992 and in 2003, attained his Doctorate of Law, Honoris Causa, from the University of St. La Salle.

**David L. Balangue** is 67 years old and is a Filipino. He has been a member of the Board of Directors since February 12, 2012 and is a member of the Audit & Risk Committee. Mr. Balangue is an accounting and auditing professional whose career spanned 38 years at SGV & Co., the Philippines' largest audit and accounting professional services firm. He is a former Chairman & Managing Partner of the firm, after being admitted to partnership in 1982. Mr. Balangue holds a Bachelor's Degree in Commerce, major in Accounting, Magna Cum Laude, from Manuel L. Quezon University and a Master of Management degree, with distinction, from the Kellogg Graduate School of Management of Northwestern University in Evanston, Illinois, USA, as an SGV scholar where he received a Distinguished Scholar Award and elected to the Beta Gamma Sigma, an exclusive honors fraternity. He placed second highest in the 1972 Philippine CPA Board Examinations.

He served as President of the Manila Polo Club, Inc. (2014-2015), Financial Executives Institute of the Philippines (2006); Philippine Institute of Certified Public Accountants (2005); and Management Association of the Philippines (2004). At present, he is the Chairman of NAMFREL, the Philippine Center for Population and Development, Inc. (since 2014) and Coalition Against Corruption (since 2006); Member of the Board of Trustees of Habitat for Humanity Philippine Foundation, Inc. (since 2012), Chairman/President of Makati Commercial Estate Association, Inc. (since May 2010), President of Makati Parking Authority (since 2012) and Chairman of the Philippine Financial Reporting Standards Council (since February 2010). He is a non-executive Independent Director of the following listed companies: Trans-Asia Oil and Energy Development Corp., Philippine Bank of Communications, Manufacturers Life Insurance Company, and Holcim Philippines, Inc. Mr. Balangue is also a non-executive Independent Director of the company and has possessed all the qualifications and none of the disqualifications of a Director since he was first nominated and elected as an Independent Director of the company. Mr. Balangue has a regular column at Philippine Daily Inquirer. He is married to Arlene Tan Balangue.

**Ray C. Espinosa** is 62 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013 and is a member of the Nomination, Election & Governance Committee. Atty. Espinosa is the Chairman of Philstar Daily, Inc., and Businessworld Publishing, Inc., and the Vice-Chairman of the Board of Trustees of the PLDT Beneficial Trust Fund. He is also an Associate Director of First Pacific Company Limited and the Head of Government Regulatory Affairs and Communications Bureau for the Philippines. He also serves as a Director of Philippine Long Distance Telephone Company (PLDT), Manila Electric Company (Meralco), Meralco PowerGen Corporation, Wolfpac Mobile, Inc. and Metro Pacific Investments Corporation, and an Independent Director of Lepanto Consolidated Mining Corporation. He also serves as General Counsel of Meralco and Head of Regulatory Affairs and Policy and Group Joint Executive Committee of PLDT. Prior to joining the PLDT Group in 2000, Atty. Espinosa was a law partner in SyCip Salazar Hernandez & Gatmaitan, the largest law firm in the Philippines, until June 2000 and was a member of the firm's Executive Committee. He was a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and in 1989. Atty. Espinosa finished his Bachelor of Laws degree at the Ateneo de Manila University, graduating salutatorian, and his Master of Laws degree at the University of Michigan Law School. After finishing his Master of Laws degree, he worked as a foreign associate in Covington & Burling, the largest law firm in Washington, D.C., USA, from September 1987 to August 1988. Atty. Espinosa placed first in the Philippine Bar Examinations of 1982.

**Alex Erlito S. Fider** is 65 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013. Atty. Fider graduated from the University of the Philippines with degrees in Economics and Law. He was admitted to the Philippine Bar in 1985 and undertook specialized courses in Strategic Economics and Corporate Governance in the Philippines and Australia, respectively. His legal experience spans 30 years of involvement in corporate transactions and

projects. His legal work extends to an array of corporate and financial matters to companies involved in public infrastructure, water, and power utilities, telecommunications, mass media, banking and finance, real estate development, and agriculture. He is a specialist in the various fields of commercial, civil, telecommunications and public utilities law. Atty. Fider is a Director and Corporate Secretary of several Philippine corporations, including Metro Pacific Tollways Corporation, Metro Pacific Tollways Development Corporation, Manila North Tollways Corporation, Tollways Management Corporation, Smart Communications, Inc. and Maynilad Water Services, Inc. He is actively involved in the Financial Executives Institute of the Philippines (FINEX) and Institute of Corporate Directors of which he is a Fellow.

**Christopher H. Young** is 61 years old and is a British citizen. He was elected as a member of the Board of Directors on May 13, 2015 and as a member of the Audit & Risk Committee on August 19, 2015. He is presently the Chief Financial Officer of First Pacific Company Limited, a Hong Kong based investment management and holding company with operations in the Asia Pacific. He is also presently a director and Chief Financial Advisor and Head of the PLDT Finance Group. Mr. Young was formerly the Finance Director of the Metro Pacific Corporation, the group Financial Controller of First Pacific Company Limited and a Senior Audit Manager of Price Waterhouse in Hong Kong. He has been a member of the Institute of Chartered Accountants in England and Wales since 1982.

**Hubert D. Tubio** is 64 years old and is a Filipino. He was elected as a member of the Board of Directors on December 16, 2015 and as President and Chief Executive Officer of the Group effective January 1, 2016. He is a member of the Board of Trustees of the Philippine Sugar Research Institute (Philsurin) and the Philippine Sugar Millers Association (PSMA); and a member of the Board of Directors of Negros College, Inc. Mr. Tubio has an extensive and varied career occupying senior leadership roles in sugar, telecommunications, airlines, trading, and international accounting/auditing industries. He was the Chairman of the Board of Directors of Bioeq Energy Holdings, Inc., a vertically integrated bioenergy company. He served as President and Chief Operating Officer of Victorias Milling Co., Inc. from 2009 to 2014; President of Philsurin; Member of the Board of Directors of Globe Telecom; President of Consultancy by Technicus Corporation - a subsidiary of Deutsche Telekom A.G. of Germany; Consultant of PAL Holdings, Inc.; and Vice-President of Jardine Davies, Inc.

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

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

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

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

#### Board of Advisors

**Vicente S. Perez** is 60 years old and is a Filipino. He was elected as a member of the Board of

Advisors on March 25, 2009. Mr. Perez is presently the President of Alternergy Partners, a renewable power company for emerging Asian countries, and the Chairman of Merritt Partners, an energy advisory firm. Mr. Perez served as Philippine Energy Minister from 2001 to 2005, the youngest to have held the post and one of the highest Cabinet achievers. He boosted energy self-sufficiency from 45% in 2000 to 51% in 2004. As Energy Secretary, he actively promoted energy investments such that energy accounted for 65% of total national investments registered in 2004. He served briefly in early 2001 as Deputy Minister (Undersecretary) at the Department of Trade and Industry and Managing Head of the Board of Investments. Mr. Perez has deep knowledge of, and expertise in, corporate finance, with over 17 years of investment banking experience. His experience includes Latin American debt restructuring at Mellon Bank in Pittsburgh, and debt trading, capital markets, and private equity in emerging countries at Lazard in London, New York and Singapore. At 35, Mr. Perez became a General Partner at the New York investment bank Lazard Frères as head of its Emerging Markets Group. He was Managing Director of Lazard Asia in Singapore from 1995 until 1997. In 1997, he founded Next Century Partners (NCP Advisors Philippines), a private equity firm based in Singapore and Manila, and invested in companies such as Del Monte Pacific, Fastech, and Smart Communications. In 2000, he founded Asian Conservation Company, a quadruple bottom line venture philanthropy company which acquired El Nido Resorts, an award-winning eco-tourism destination in Palawan, which was sold to Ayala Land in 2013. In 2005, he co-founded Merritt Partners, an advisory firm for energy companies in Asia. He also co-founded Alternergy, a wind power developer, and SolarPacific, a solar power developer. He also currently serves as an independent director of SM Investments Corporation, a holding company with the Philippines' largest market capitalization, and of ST Telemedia, the Temasek media telecoms holding company. He is Chairman of WWF-Philippines, member of the WWF-International Board, and Vice-Chair of Stiftung Solarenergie. Mr. Perez also serves as a member of the advisory boards of Coca-Cola FEMSA Philippines, Geneva-based Pictet Clean Energy Fund, and the Yale Center for Business and Environment. He has advised ADB, IFC, and various international energy companies investing in Asia. Mr. Perez obtained an MBA from the Wharton Business School of the University of Pennsylvania in 1983 and a Bachelor's Degree in Business Economics from the University of the Philippines in 1979. He was a 2005 World Fellow at Yale University where he lectured an MBA class on renewable power at the Yale School of Management.

**Senen C. Bacani** is 73 years old and is a Filipino. He was formerly a member of the Board of Directors and was elected as a member of the Board of Advisors on December 11, 2013. Mr. Bacani is the President of Ultrex Management & Investments Corp., Chairman & President of La Frutera, Inc., Chairman of Trully Natural Food Corporation, a Director of Swift Foods, Inc., AgriNature, Inc., Philippine Chamber of Agriculture & Food, Inc., Philippine Chamber of Food Manufacturers, Inc., Icebox Logistics Services, Inc., a member of the Board of Advisors of East West Seed Philippines, Inc., a Private Sector Representative of APEC Policy Partnership on Food Security, ABAC Philippines, a member of the Board of Trustees of the Philippine Rice Research Institute, and the Vice-Chairman of the Technical Advisory Committee of the PCARRD (DOST), among others. Mr. Bacani obtained his degree in Bachelor of Science in Commerce at the De La Salle University and his Masters in Business Administration at the University of Hawaii, USA.

#### Corporate Officers.

**Pedro E. Roxas** (See above)

**Hubert D. Tubio** (See above)

**Arcadio S. Lozada, Jr.** is 64 years old and is a Filipino. He is currently Executive Vice-President/COO – Sugar Business Unit, having joined the Group on January 1, 2014. He was formerly the Vice-President for Manufacturing of Victorias Milling Company, Inc., a Technical Manager of Bronzeoak Philippines, Inc., and an Engineering Manager at the Central Azucarera de



Tarlac, among others. Mr. Lozada is a licensed Mechanical Engineer and has completed a short course in raw sugar manufacturing at the Nicholls State University in Louisiana, USA.

**Celso T. Dimarucut** is 57 years old and is a Filipino. He was appointed as EVP-CFO and Group Head of Finance effective December 1, 2015. Mr. Dimarucut prior to joining the company served as Senior Executive Vice President and Chief Finance Officer of Landco Pacific Corporation and its subsidiaries, Senior Vice President and Group Chief Finance Officer of Mediaquest Holdings, Inc. and its subsidiaries, Senior Vice President and Group Chief Finance Officer of ePLDT, Inc. and Subsidiaries, First Vice President and Group Controller of PLDT Group, First Vice-President and Group Financial Controller for domestic subsidiaries of Metropolitan Bank & Trust Company and Finance Head of Pilipino Telephone Corporation (Piltel). Mr Dimarucut has more than 10 years of professional audit and business advisory experience gained from SyCip, Gorres Velayo & Co. and Prasetio Utomo & Co. (Jakarta, Indonesia). He graduated Cum Laude at the Polytechnic University of the Philippines with a degree of BS Commerce Major in Accounting. He is a Certified Public Accountant.

**George T. Cheung** is 45 years old and is a Filipino. He was appointed as SVP for Marketing & Trading on January 5, 2015. He was formerly a Managing Partner in Commodity Partners Pte, Ltd., Head of Domestic Coal Trading of Trafigura Investment China, Ltd, based in Shanghai, Associate Director & General Manager-Sugar Division of Wilmar Sugar Pte. Ltd/Yihai Commercial Eagle Trading, General Manager at the Greater China Region of ED&F Man, a global supplier of sugar, and a Trading Manager of the Sugar Division in Hong Kong of Cargill, among others. Mr. Cheung obtained his degree in Bachelor of Science in Food Sciences and Technology at the University of British Columbia in Vancouver, British Columbia, Canada, his Diploma in Business Administration at the International Correspondence Schools, and his Master in Business Administration (MBA) Global Executive program at the Duke University in Durham, North Carolina, USA.

**Frederick E. Reyes** is 57 years old and is a Filipino. He was appointed as AVP & Deputy Head of Human Resources on February 1, 2014 and was promoted to VP & Deputy Head of Human Resources on January 5, 2015. Mr. Reyes was formerly the Director for Human Resources Services of Manila Water Company Inc. He has a 29-year experience in HR Operations having been in Vitarich in charge of Training, QC & Employee Relations. He joined Globe Telecom during its transition to become a 'wireless' telephone company in charge of Training and Development from 1990 thru 1997, and also in Manila Water during its "privatization" years in 1997 thru 2012. Mr. Reyes obtained his degree in Industrial Engineering from the University of Sto. Tomas and is a licensed Industrial Engineer.

**Jose Manuel L. Mapa is 51 years old and is a Filipino. He was appointed as VP-General Manager of RHI Agribusiness Development Corporation on January 8, 2018. Mr. Mapa obtained his MBA with High Academic Honors from the University of St. La Salle Graduate School in Bacolod and holds a Bachelor degree of gribusiness Management from the University of the Philippines Los Baños. Mr. Mapa served 2GO Group, Inc. fr 20 years where he made major contribution as EVP for Key Accounts and Supply Chain Solutions (2015-2017) and EVP for Freight Sales and Operations – Luzon (2011-2014). Prior to that, he also worked as EVP for Corporate Sales at Negros Navigation Co., and as Operations Manager at Waterman Bacolod, Inc. He also manages a sugarcane farm in Talisay, Negros Occidental.**

**Jaynel R. Sulangi** is 42 years old and is a Filipino. He was appointed VP/Head of Information & Communications Technology on March 21, 2018. Mr. Sulangi graduated Cum Laude with Bachelor of Science in Industrial Engineering degree at the University of the Philippines. Mr. Sulangi was VP for SAP Project Management at Deutsche Bank group before joining Roxas Holdings, Inc. He also worked at PLDT and Smart Communications, Inc. For seven years as Senir Manager, IT-Resource Planning (ERP) and later, as Solutions Architect, Program Management Office. He also worked at SAO, SSIIP and Business Applications and Network Technologies. He is a Certified SAP Consultant in Planning Production Planning since 1997.

**Jose B. Villanueva III** is 48 years old and is a Filipino. He was appointed VP/Chief Manufacturing Officer of Alcohol SBU on July 2, 2018. Mr. Villanueva graduated with a degree in Mechanical Engineering at the De La Salle University. Mr. Villanueva has over 23 years of work experience spanning, among others, the areas of Operations, Supply Chain, Human Resources and Project Management. He is currently an Industry Advisor to the Mechanical Engineering Department of De La Salle University in Taft, Manila. He spent eight (8) years in Mondelez International (formerly Kraft Food Phils., Inc.) where he held various roles such as Site Manager, Category Operations & Development Manager, Maintenance Manager & Manufacturing Business Development Manager. He was a former Reliability Manager of Lafarge Cement, looking after five (5) Plants across the country. He also worked at Sanko Systems Services and as Engineering Manager at Avon Products Manufacturing, Inc. He spent 10 years with the food group of Unilever Philippines, handling leadership roles across Operations and Human Resources. He was also part of the team that built a world-class manufacturing facility.

**Bernard Jose S. Lachica** is 48 Years old and is a Filipino. He was appointed VP/Chief Manufacturing Officer of Sugaar SBU on October 1, 2018. Mr. Lachica graduated with a degree in Mechanical Engineering at the University of Santo Tomas. He is a registered Mechanical Engineer. Mr. Lachica has more than 20 years of extensive work experience. Prior to joining Roxas Holdings, Inc., he was Chief Operating Officer (COO) of SariMonde Foods Corporation, a joint venture of Monde Nissin Corporation Philippines and Nippon Indosari Corpindo of Indonesia. As previous Region Operations Director of Coca Cola FEMSA Philippines, Mr. Lachica managed the entire bottling and power operations of nine facilities in Luzon. He also had a short assignment in Mexico. He capped his stint at Mead Johnson Nutrition by serving as OIC Supply Chain Director after three years as Plant Manager and following three Regional Excellence in Action and two Local Excellence in Action Awards. Mr. Lachica spent 10 years at Unilever Philippines, where he started his career as Technical Management Trainee with assignments in Production, Engineering, Finance, Sales, HR, Packaging Development, Safety, Projects and Marketing. He then moved up as Manager of Total Productive Maintenance (TPM), Cavite Gateway Plant Manager, Foods Manufacturing Manager and Manufacturing Lead for Dressin in Asia.

**Esteban H. Coscolluela** is 66 years old and is a Filipino. He was appointed as VP/GM for Central Azucarera de la Carlota, Inc. on May 11, 2016. He was a former Director and Executive Committee Chairman of PNOG Coal Corporation. He was also a former VP at Union Bank. He occupied various leadership roles in planters' associations, farmers' cooperatives, and the Chamber of Commerce and Industry, in Negros Occidental. Mr. Coscolluela also served as Mayor of Murcia in Negros Occidental. He graduated with a degree in BS Management at the University of St. La Salle. He is an MBA Graduate at the Asian Institute of Management.

**Veronica C. Cortez** is 39 years old and is a Filipino. She was appointed AVP of Finance on February 10, 2016. She has over 10 years of experience in external auditing. She worked with SyCip Gorres Velayo & Co. (SGV) as Senior Director from September 2009 to 2015. She started her career with SGV as an Associate and moved to become Senior Associate, Associate Director and then Director. She also worked as a Senior Associate in the Resource Sharing Program of Ernst & Young Houston, Texas Office. Ms. Cortez graduated with a degree in BS Accountancy from San Sebastian College Recoletos de Cavite and is a Certified Public Accountant.

**Kathrina Estrella L. Sebastian** is 44 years old and is a Filipino. She was appointed as AVP- Head of Treasury and Chief Risk Officer and Chief Credit Officer on December 16, 2015. Ms. Sebastian was previously the Head of Development Organizations and the Relationship Manager/Associate Director of Financial Institutions of Standard Chartered Bank. She also worked for Citibank, N.A. and G & S Transport Corporation. Ms. Sebastian obtained her degree in Bachelor of Science in Management at the Ateneo De Manila University and her MBA in International Business at the Manchester Business School, UK.

**Daisy Perpetua A. Bo** is 55 years old and is a Filipino. She was appointed as AVP for QA/Safety/EMS/IE on May 11, 2016. Ms. Bo was formerly a QA Manager at Alaska Milk

Corporation. She also worked previously at Coca Cola Export Corporation as Area Quality Manager for the Visayas and Mega Manila and as Concentrate Plant QA Manager. She was also a former Product Support Business Team Leader at Avon Products Manufacturing. She graduated with a degree in BS Chemistry from the University of Santo Tomas, and took some MBA units at the De La Salle University. She is a licensed chemist since 1987.

**Ma. Hazel L. Rabara-Retardo** is 38 years old and is a Filipino. She was appointed as AVP for Corporate Governance and Deputy Compliance Officer on September 20, 2016. Prior to joining RHI, Atty. Rabara-Retardo was Vice President - Legal & Administrative Affairs/Corporate Secretary of Advanced Merchant Payments Lending Corporation, an affiliate of Amplifi Capital (HK) Ltd. and AMP Credit Technologies, Ltd, where she likewise provided support in legal and contracts management and other roles for the AMP Group which has operations in Hong Kong, Singapore and the United Kingdom. She also worked as Court Attorney V at the Office of the Presiding Justice Ernesto Acosta of the Court of Tax Appeals. Atty. Rabara-Retardo also worked as an associate in the Tan Venturanza Valdez Law Office where she was assigned as Corporate Secretary of various private and publicly-listed companies. She obtained her Bachelor of Laws degree and Bachelor of Arts Major in Political Science at the University of the Philippines- Diliman, Quezon City.

**Jaypee V. Jimenez** is 34 years old and is a Filipino. He was appointed AVP/Head of Procurement & Materials Management of February 15, 2018. Mr. Jimenez graduated with a B.S. mechanical Engineering degree at the Polytechnic University of the Philippines and later took up Masters in Business Administration at the De La Salle University. He is affiliated with the Philippine Society of Mechanical Engineers and Philippine Institute of Supply Management. Mr. Jimenez was Senior Manager of Procurement at Roxas Holdings, Inc. from June 2016 to February 2018, serving both the sugar and bioethanol units. Prior to that, he was Manager for MR Procurement at Aboitiz Power Corporation. He also served as Supervisor for Procurement at AP Renewables, Inc., as Procurement Engineer at Bilfal Heavy Industries at the Kingdom of Saudi Arabia, and as Engineering Buyer at the Asian Terminals Incorporated.

**Josephine M. Logroño** is 42 years old and is a Filipino. She was appointed as AVP and Group Head of Internal Audit on February 1, 2018. Ms. Logroño graduated with a degree in BS Accountancy from the University of Sto. Tomas. She is a Certified Public Accountant and a Certified Internal Auditor. Ms. Logroño was formerly the Audit Manager at Arthaland Corporation (2016-2017) and Shang Properties Inc. (2013-2016). She has over 16 years of experience in both internal and external auditing. She worked with Holcim Philippines, Inc. as a Finance – Process Solution Officer and as an Internal Auditor from 2003-2010. She also served as an Associate Auditor at Sycip, Gorres, Velayo (SGV) & Co. from 1999-2003.

### ***Significant Employees***

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

### ***Family Relationships***

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

### ***Legal Proceedings***

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

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

g) Certain Relationships and Related Transactions.

Mr. Manuel V. Pangilinan, Atty. Ray C. Espinosa and Mr. Christopher H. Young hold the positions of CEO and Managing Director, Associate Director and Chief Financial Officer, respectively of First Pacific Company Limited. The First Pacific Group, through First Pacific Natural Resources Holdings BV (FPNRHBV) and First Agri Holdings Corp., owns 50.90% of the outstanding capital stock of the company as of 31 December 2015. Mr. Pedro E. Roxas is also the Executive Chairman and the President & CEO of Roxas and Company, Inc. (RCI). RCI owns 30.96% of the outstanding capital stock of the company as of 31 December 2015.

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

h) Disagreement with the Company.

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

## COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

b) Directors.

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

b) Executive Officers.

Name and Principal position	Fiscal Year	Salary	Bonus	Other Annual Compensation
The CEO and four most highly compensated Executive Officers:	2017			
<ul style="list-style-type: none"> <li>Hubert D. Tubio - President and CEO</li> <li>Celso T. Dimarucut - EVP and CFO</li> <li>Arcadio S. Lozada - EVP-COO, Sugar Business Unit</li> <li>Luis O. Villa-Abrille - EVP-COO, Alcohol Business Unit</li> <li>Florencio M. Mamauag, Jr. - VP-Legal, Compliance Officer and Chief Information Officer</li> </ul>		₱52,271,928	₱6,413,994	₱720,000
All other officers and directors as a group unnamed*		29,680,332	2,473,361	960,000
The CEO and four most highly compensated Executive Officers:	2016			
<ul style="list-style-type: none"> <li>Hubert D. Tubio - President and CEO</li> </ul>		₱45,383,196	₱5,741,933	₱3,180,000

<ul style="list-style-type: none"> <li>• Celso T. Dimarucut - EVP and CFO</li> <li>• Arcadio S. Lozada - EVP-COO, Sugar Business Unit</li> <li>• Luis O. Villa-Abrille - EVP-COO, Alcohol Business Unit</li> <li>• Florencio M. Mamauag, Jr. - VP-Legal, Compliance Officer and Chief Information Officer</li> </ul>				
All other officers and directors as a group unnamed*		26,799,600	2,233,300	5,160,000
The CEO and four most highly compensated Executive Officers: <ul style="list-style-type: none"> <li>• Renato C. Valencia - President and CEO</li> <li>• Archimedes B. Amarra - EVP Agro Industrial Research &amp; Development, Marketing/Trading &amp; PCOO of RHI-ADC</li> <li>• Armando B. Escobar - EVP-CFO</li> <li>• Arcadio S. Lozada - EVP-COO, Sugar Business Unit</li> <li>• Luis O. Villa-Abrille - EVP-COO, Alcohol Business Unit</li> </ul>	2015			
		₱23,044,008	₱1,920,334	₱-
All other officers and directors as a group unnamed*		66,653,844	5,554,487	6,795,223
The <b>estimated</b> compensation of the CEO and four most highly compensated Executive Officers for the ensuing year: <ul style="list-style-type: none"> <li>• Hubert D. Tubio - President and CEO</li> <li>• Celso T. Dimarucut - EVP and CFO</li> <li>• Arcadio S. Lozada - EVP-COO, Sugar Business Unit</li> <li>• Luis O. Villa-Abrille - EVP-COO, Alcohol Business Unit</li> <li>• George T. Cheung - SVP</li> </ul>	2018			
		₱47,352,912.00	₱7,892,152.00	₱-
All other officers and directors as a group unnamed*		24,563,184.00	4,093,864.00	-

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

### **ELECTION OF EXTERNAL AUDITORS**

The Audit Committee recommends the re-election of the Auditing Firm of SyCip Gorres Velayo & Company as external auditors for fiscal year 2018-2019. The auditing firm was elected as external auditors during the annual meeting of the company's shareholders on February 15, 2017. Representatives of the firm are expected to be present at the annual meeting of stockholders on April 3, 2019. They will be given the opportunity to make a statement and are expected to be available to respond to appropriate questions. Ms. Aileen L. Saringan is the Partner assigned to handle the company's account.

External Audit Fees and Services.

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

## Policies and Procedures.

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

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

There had been no disagreements with the auditing firm, SGV & Co, and on accounting or financial disclosures since its first election as external auditors of the company on February 15, 2017.

## **Financial Statements and other Reports.**

The financial statements and other financial disclosures for the fiscal year ending September 30, 2018 and First Quarter ending December 31, 2018 are contained in the company's Consolidated Financial Statements with corresponding e Management's Discussion and Analysis or Plan of Operations for the same periods. These are attached as Annex "A" – SEC Form 17-A Annual Report for the Fiscal Year ended September 30, 2018 and Annex "B" –SEC Form 17-Q Interim Unaudited Financial Report for the Quarter ending December 31, 2018.

]

## **VOTING PROCEDURES**

(a) The vote required for approval or election.

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

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

Subject to cumulative voting in the election of Directors, each stockholder shall have one vote for each share of stock entitled to vote and registered in his name at record date. Counting of votes will be done

by representatives of Banco de Oro - Trust & Investments Group, the company's stock transfer agent, and Atty. Ma. Hazel Rabara-Retardo in her capacity as Assistant Corporate Secretary, all of whom shall serve as members of the election committee. Voting shall be done through raising of hands.

**THE COMPANY UNDERTAKES TO PROVIDE WITHOUT CHARGE A COPY OF ITS ANNUAL REPORT FOR THE FISCAL YEAR ENDED 30 SEPTEMBER 2018 ON SEC FORM 17-A.**

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

**SIGNATURE**

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

**ROXAS HOLDINGS, INC.**

By:

  
**MA. HAZEL L. RABARA-RETARDO**  
Asst. Corporate Secretary

15 February 2019

\_\_\_\_\_  
Number of Shares Represented

P R O X Y

KNOW ALL MEN BY THESE PRESENTS:

That I, the undersigned, a stockholder of Roxas Holdings, Inc., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, do hereby name, constitute and appoint \_\_\_\_\_, or in his absence, the Chairman of the Meeting, as my continuing proxy, with right of substitution and revocation, to represent me and vote all shares registered in my name in the books of Roxas Holdings, Inc. or owned by me, at the annual meeting of stockholders to be held on 03 April 2019 and any adjournment/s thereof, upon the following:

- (1) Call to Order
- (2) Certification of Notice and Quorum
- (3) Approval of the Minutes of the Annual Meeting of Stockholders held on 11 April 2018
- (4) Presentation and Approval of the Annual Report to Stockholders
- (5) Ratification of All Acts and Resolutions of the Board of Directors and Management
- (6) Amendment of Article III of the Articles of Incorporation on the change in the principal office address of the corporation
- (7) Election of the Board of Directors
- (8) Election of External Auditors
- (9) Other Matters
- (10) Adjournment

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

IN WITNESS WHEREOF, I have hereto set my hand this \_\_\_\_ day of \_\_\_\_\_ 2019 at \_\_\_\_\_.

\_\_\_\_\_  
Signature Over Printed Name

\_\_\_\_\_  
Address of Stockholder

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



# COVER SHEET

Presented at MSRD  
@ 5:29 pm - J. J. J. J.

P W - 1 5 A

SEC Registration Number

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

(Company's Full Name)

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

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

Form Type

1 7 - A

Department requiring the  
report

C R M D

Secondary License Type, If  
Applicable

N / A

## COMPANY INFORMATION

Company's Email Address

www.roxasholdings.com

Company's Telephone Number/s

(02) 771-7800

Mobile Number

-

No. of Stockholders

2,094

Annual Meeting  
Month/Day

2nd Wednesday of March

Fiscal Year  
Month/Day

September 30

## CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Ma. Hazel L. Rabara-Retardo

Email Address

hazel.rabara@rhi.com.ph

Telephone Number

(02) 771-7800

Mobile Number

-

Contact Person's Address

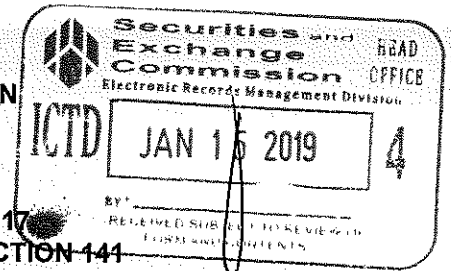
14th Floor, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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



1. For the fiscal year ended: September 30, 2018
2. SEC Identification Number: 15-A..... 3. BIR Tax Identification No.: 000-290-538

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

5. Republic of the Philippines  
Province, Country or other jurisdiction of  
incorporation or organization
6.                      (SEC Use Only)  
Industry Classification Code:

7. 14th Floor, Net One Center, 26th corner 3rd Avenue,  
Bonifacio Global City, Taguig, Metro Manila  
Address of principal office 1634  
Postal Code

8. (02) 771-7800  
Issuer's telephone number, including area code

9. \_\_\_\_\_  
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common Shares</u>	<u>1,565,579,279</u>

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

Yes ☒ No ☐

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

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes ☒ No ☐

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

Yes ☒ No ☐

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

Assuming that the number of shares held by non-affiliates as of December 31, 2018 is 254,546,187 and assuming further that the closing trading price as of the same date is ₱2.67 per share then the aggregate value of voting shares held by non-affiliates as of the said date is ₱679,638,319.29.

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

Yes ☐

No ☐

Not Applicable ☒

#### **DOCUMENTS INCORPORATED BY REFERENCE**

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

- (a) Any annual report to security holders;
- (b) Any information statement filed pursuant to SRC Rule 20;
- (c) Any prospectus filed pursuant to SRC Rule 8.1.

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## PART I - BUSINESS AND GENERAL INFORMATION

### Item 1. Business

#### Business Development

Roxas Holdings, Inc. (RHI or the Parent Company), doing business under the name and style of CADP Group, was organized in the Philippines and registered with the Securities and Exchange Commission (SEC) on October 30, 1930 for the purpose of holding and investing in corporations engaged in the business of manufacturing sugar and allied products. The corporate life of the Parent Company has been extended for another 50 years until November 1, 2030.

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

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

	Percentage of Ownership			Noncontrolling Interest			Nature of Business	Principal Place of Business
	2018	2017	2016	2018	2017	2016		
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) <sup>(1)</sup>	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) <sup>(2)</sup>	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) <sup>(2)</sup>	100.00%	100.00%	100.00%	—	—	—	Selling arm of products of RHI Group	Makati City
San Carlos Bioenergy, Inc. (SCBI) <sup>(1)</sup>	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) <sup>(4)</sup>	100.00%	100.00%	—	—	—	—	Owning the depot and storage facilities used by SCBI	Negros Occidental

<sup>(1)</sup> Direct ownership of 20.53% and indirect ownership through CADPI of 79.47%.

<sup>(2)</sup> Incorporated wholly owned subsidiaries in 2015, RABDC started commercial operations in 2016 while RHIPCC has yet to start commercial operations.

<sup>(3)</sup> Acquired in April 2015 through RPBC.

<sup>(4)</sup> Shortened corporate term to September 30, 2016.

<sup>(5)</sup> Indirect ownership through RPBC.

<sup>(1)</sup>

<sup>(1)</sup>

RHI also holds a 45.09% equity investment in HPCO, a sugar company located in Silay City, Negros Occidental.

<sup>(1)</sup>

RHI and subsidiaries, together with its affiliate, Hawaiian-Philippine Company (HPCO), collectively referred herein as "the Group", is one of the biggest raw sugar producers in the country with a combined capacity of thirty six thousand five hundred (36,500) metric tons cane per day. The Group also owns the second largest sugar refinery with a capacity of eighteen thousand (18,000) Lkg. per

<sup>(1)</sup>

<sup>(1)</sup>

<sup>(1)</sup>

<sup>(1)</sup>

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<sup>(1)</sup>

<sup>(1)</sup>

day and the two biggest ethanol producers in the country with a combined daily production capacity of two hundred eighty five thousand (285,000) liters.

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

#### Changes in Corporate Structure

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

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

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

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

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

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

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

#### **Business Description**

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

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

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

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

1. **Sugar.** The Group produces raw and refined sugar in different grades. Big industrial users, including food and beverage, and pharmaceutical companies, prefer the Group's premium raw sugar for blending in their own products. Customers with unique product specifications, such as packaging and delivery, also rely on the Group to provide them with customized sugar solutions.
2. **Bioethanol.** The Group, through its subsidiaries, RBC and SCBI, produces ethanol for local oil companies in compliance with the Biofuels Act of 2006 which mandates the blending of 10% ethanol in gasoline.
3. **Tolling/Refining.** The Group, through CADPI, offers tolling or refining services to raw sugar owners.

The relative contribution of each principal product and service to consolidated revenue for the years ended September 30, 2018, 2017 and 2016 follow:

	Fiscal Year Ended September 30		
	2018	2017	2016
Refined sugar	47.2%	38.3%	31.9%
Bioethanol	27.5%	32.9%	34.9%
Raw sugar	19.4%	21.8%	27.9%
Others	5.9%	7.0%	5.3%
	100.0%	100.0%	100.0%

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

(b) *Distribution Methods*

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

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

(c) *Competition*

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

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

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

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

*(d) Sources and Availability of Raw Materials*

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

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

The Group's principal suppliers are (i) All Asian Countertrade (ii) First Farmers Holding Corporation (iii) Phoenix Petroleum Philippines, Inc. (iv) Hawaiian Philippine Company (v) Lopez Sugar Corporation (vi) Dos Hermanas Multi-purpose cooperative (vii) Universal Robina Corporation (viii) Oro Allado Commodities, Inc. and (ix) Sagay Central, Inc.

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

1. Hauling Services Contracts

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

2. Manpower Supply Contract

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

3. Milling Contracts

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

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

*(e) Dependence to Single or a Few Customers*

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

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

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



*(g) Patents, Trademarks and Copyrights*

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

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

*(h) Need for government approvals of principal products*

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

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

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

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

**Sugar Industry Development Act**

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

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

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

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

### **Laws Related to Sugar Trade**

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

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

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

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

### **Biofuels Act of 2006**

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

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

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

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

***Other laws and regulations related to the business:***

**Foreign Investment Act of 1991**

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

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

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

- (a) a citizen of the Philippines;
- (b) a domestic partnership or association wholly-owned by citizens of the Philippines;
- (c) a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines;
- (d) a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or
- (e) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

For as long as the percentage of Filipino ownership of the capital stock of the corporation is at least 60% of the total shares outstanding and voting, the corporation shall be considered as a 100% Filipino-owned corporation. A corporation with more than 40% foreign equity may be

allowed to lease private land for a period of 25 years, renewable for another 25 years.

### **Local Government Code**

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

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

### **Environmental Laws**

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

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

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

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund when an ECC is eventually issued. In any case, the establishment of an Environmental Monitoring Fund must not occur later than the initial construction phase of the project. The Environmental Monitoring Fund must be used to support the activities of a multi-partite monitoring team, which

will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

#### **Philippine Clean Water Act of 2004**

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

#### ***(j) Research and Development***

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

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

#### ***(k) Cost and Effects of Compliance with Environmental Laws***

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

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

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

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

As at September 30, 2018, the Company has the following number of employees:

	<b>No. of Employees</b>
Executive	20
Managers	287
PT/MRF/DRF	902
<b>Total</b>	<b>1,209</b>

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

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

RBC employees recently formed a union known as RBC Workers Union.

RHI and SCBI are not unionized.

## **Item 2. Properties**

The Parent Company owns of a parcel of land located in Nasugbu, Batangas valued at ₱3,572.7 million as at September 30, 2018. The land is currently the subject of a sale to Universal Robina Corporation (URC). The consummation of the Sale Transaction is subject to satisfactory completion of certain conditions, including the approvals of the Philippine Competition Commission (PCC) and creditor banks. The Sale Transaction is currently undergoing review with the PCC.

The Parent Company likewise invested in properties in Bacolod City, Negros Occidental and in Barrio Emanente, Nasugbu Batangas with net book value of ₱30.0 million as at September 30, 2018.

CADPI is the owner of sugar milling and refining facilities, machineries and furniture and fixtures, transportation equipment and tools located in Nasugbu, Batangas. As at September 30, 2018, these properties are valued, net of depreciation, at ₱3,196.0 million. These properties are currently the subject of a sale to URC.

CACI is the owner of sugar milling facilities including parcels of land located in Barangay Consuelo, La Carlota City and in the Municipalities of La Castellana and Pontevedra in Negros Occidental as well as improvements, machineries, furniture and fixtures, transportation equipment and tools. As at September 30, 2018, these properties are valued, net of depreciation, at ₱4,216.6 million. These properties are presently mortgaged with banking institutions to secure certain loan obligations.

RBC is the owner of a bioethanol plant and of parcels of land located in Brgys. La Granja, Esperanza and Cubay, La Carlota City, Negros Occidental, and of improvements, machineries, fixtures and transportation equipment. As at September 30, 2018, these properties are valued, net of depreciation, at ₱1,658.6 million. These properties are presently mortgaged to banking institutions to secure certain loan obligations.

SCBI is the owner of a bioethanol plant as well as parcels of land and machineries, fixtures and transportation equipment located in Brgys. Punao and Palampas, San Carlos City, Negros Occidental. As at September 30, 2018, these properties are valued, net of depreciation at ₱2,853.9 million.

NAVI is the owner of a parcel of land in Brgy. Nagasi, La Carlota City, Negros Occidental, including various buildings, improvements, machinery and other equipment. As at September 30, 2018, the properties are valued, net of depreciation, at ₱180.3 million.

### Item 3. Legal Proceedings

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

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

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

## PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

#### Market information

The Company's common shares are listed in the Philippine Stock Exchange. The high and low prices of ROX shares for each quarter of fiscal years 2018, 2017 and 2016, as reported by the PSE, are shown below:

Quarter	FY2018		FY2017		FY2016	
	High	Low	High	Low	High	Low
1	4.13	4.00	3.04	2.98	5.86	4.43
2	3.42	3.28	3.00	2.87	6.19	4.00
3	2.86	2.82	3.83	3.67	4.65	4.01
4	2.19	2.14	4.19	4.10	3.98	3.19

As of November 30, 2018, the closing price of RHI's shares is ₱2.80 per share.

#### Stockholders

There were about 2,094 holders of the company's common shares as of September 30, 2018. The top twenty (20) holders of the common shares as of said date were:

	Stockholder	Nationality	Total No. of Shares	%
1.	PCD Nominee Corporation	Filipino	902,716,201	57.66
2.	PCD Nominee Corporation	Non-Filipino	523,938,800	33.47
3.	Roxas and Company, Inc.	Filipino	99,624,995	6.36
4.	Insular Life Assurance Co., Ltd.	Filipino	1,198,520	0.08
5.	Jose A. Manzano Jr.	Filipino	1,029,007	0.07
6.	Gilbert Liu	Filipino	1,014,000	0.07
7.	Emilio Pantoja	Filipino	785,078	0.05
8.	Armando M. Medina	Filipino	770,640	0.05
9.	Leonardo T. Siguion Reyna	Filipino	608,400	0.04
10.	Raul S. Roco	Filipino	486,720	0.03
11.	O. Ledesma & Co., Inc.	Filipino	446,160	0.03



	<b>Stockholder</b>	<b>Nationality</b>	<b>Total No. of Shares</b>	<b>%</b>
12.	BMI Holdings Corporation	Filipino	431,964	0.03
13.	Antonio G. Nieto	Filipino	367,450	0.02
14.	Corona Realty & Development Corporation	Filipino	365,040	0.02
15.	Lorna Perez Laurel	Filipino	354,900	0.02
16.	Abel Z. Silva III	Filipino	354,900	0.02
17.	Elaine Villar Rivilla	Filipino	346,788	0.02
18.	Rodolfo W. Antonino	Filipino	338,000	0.02
19.	Emma Lopez	Filipino	324,804	0.02
20.	Evelina M. Boongaling	Filipino	321,214	0.02
	<b>Subtotal</b>		<b>1,535,823,581</b>	<b>99.13</b>
	Other Shareholders		13,422,086	0.87
	<b>Grand Total</b>		<b>1,549,245,667</b>	<b>100%</b>

### **Dividends**

#### **a) History of dividends paid:**

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

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

### **Recent Sales of Unregistered Securities**

#### **a) Securities Sold**

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

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

On February 15, 2017, the shareholders approved the amendment of the Parent Company's articles of incorporation to increase the authorized capital stock from 1,500,000,000 to 2,000,000,000 divided into 2,000,000,000 with par value of ₱1.00 per share. On February 17,



2017, FPNRHBV exercised its conversion rights in respect of the convertible debt securities to be issued out of the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share, or a total of 125,000,000 new common shares.

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

b) Exemption from Registration Claimed

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

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

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

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

c) Description of Registrant's Securities

The authorized capital stock of the company is Two Billion Pesos (₱2,000,000,000.00), Philippine currency, consisting of Two Billion (2,000,000,000) common shares with par value of One Peso (₱1.00) per share. As of September 30, 2017, the company's total outstanding capital stock is 1,546,955,666 shares. Shares in treasury total 17,643,480 common shares.

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

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

### FULL FISCAL YEAR 2017-2018

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

### Financial Highlights and Key Performance Indicators

	September 30		Increase (Decrease)	
	2018	2017	Amount	%
<i>Amounts in Thousands except Closing Price per Shares</i>	<i>(Audited)</i>	<i>(Audited)</i>		
<b>Balance Sheet</b>				
Fixed assets	<b>₱15,614,626</b>	₱15,398,735	₱215,891	1%
Goodwill	<b>1,079,615</b>	1,079,615	—	—%
Total assets	<b>25,763,131</b>	23,896,173	1,866,958	8%
Shareholders' equity	<b>10,908,705</b>	10,544,108	364,957	3%
Net debt <sup>(1)</sup>	<b>10,728,821</b>	10,092,317	636,504	6%
Equity ratio	<b>42.3%</b>	44.1%	(0.02)	(4%)
Net debt as % of equity	<b>0.98x</b>	0.96x	0.02	2%
<b>Shares</b>				
Market capitalization	<b>4,643,807</b>	6,806,605	(2,162,798)	(32%)
Total shares issued	<b>1,547,936</b>	1,546,956	980	0%
Closing price per share	<b>3.00</b>	4.40	(1.4)	32%
	Years Ended September 30		Increase (Decrease)	
	2018	2017	Amount	%
<i>Amounts in Thousands except Operational Data</i>				
<b>Revenues and Earnings</b>				
Revenues	<b>₱11,811,289</b>	₱10,947,533	₱863,756	8%
Gross profit	<b>1,254,437</b>	1,414,283	(159,846)	(11%)
Depreciation and amortization	<b>773,473</b>	950,839	(177,366)	(19%)
Operating expenses	<b>930,531</b>	1,065,806	(132,275)	(13%)
Interest	<b>502,073</b>	444,257	57,816	13%
Net income	<b>55,503</b>	120,040	(68,537)	(54%)
Core net income	<b>55,503</b>	240,221	(184,718)	(77%)
Return on equity	<b>0.51%</b>	1.14%	(0.63%)	(55%)
Earnings per share	<b>0.04</b>	0.08	(0.04)	(56%)
<b>Cash Flow and Investments</b>				
Cash flow from used in operations	<b>1,214,658</b>	(624,153)	1,838,811	295%
Investment in fixed assets	<b>1,185,332</b>	1,140,984	44,348	4%
<b>Operational Data (volume in thousands)</b>				
Tons cane milled	<b>2,991</b>	3,461	(470)	(14%)
Production:				
Raw sugar (Lkg)	<b>5,269</b>	6,497	1,228	(19%)
Refined sugar (Lkg)	<b>2,977</b>	3,507	(530)	(15%)
Ethanol (liters)	<b>74,354</b>	69,540	4,814	7%

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

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

1. Raw sugar production - a principal determinant of consolidated revenue and computed as the gross amount of raw sugar output of CADPI and CACI as consolidated subsidiaries. It pertains to production capacity, ability to source sugar canes, efficiencies and the productivity of manufacturing facilities.
2. Refined sugar production - the most important determinant of revenue and computed as the gross volume of refined sugar produced by the CADPI refinery both as direct sales to industrial customers and traders or as tolling manufacturing service, limited by production capacity and by the ability of the Group to market its services to both types of customers.
3. Ethanol production - a measure of ethanol production yield compared to unit and cost of input and is computed as ethanol produced (in liters) from each ton of feedstock undergoing fermentation, distillation and dehydration processes.
4. Return on Equity - denotes the capability of the Group to generate returns on the shareholders' fund computed as a percentage of net income to total equity.

## Results of Operations

### Revenue

Amounts in Thousands	Years Ended September 30			Increase (Decrease)		
	2018					
	Continuing	Discontinued	Total	2017	Amount	%
Refined sugar	₱1,469,426	₱4,105,083	₱5,574,509	₱4,192,991	₱1,381,518	33%
Raw sugar	117,376	2,174,529	2,291,905	2,384,628	(34,867)	(1%)
Molasses	7,703	536,686	544,389	474,805	69,584	15%
Tolling fees	498	97,214	97,712	243,546	(145,834)	(60%)
	1,595,003	6,913,512	8,508,515	7,295,970	1,221,080	17%
Alcohol	3,244,918	—	3,244,918	3,602,242	(357,324)	(10%)
Power	29,564	—	29,564	16,366	13,198	81%
Farm services	18,436	—	18,436	20,844	(2,408)	(12%)
Carbon dioxide	9,856	—	9,856	12,111	(2,255)	(19%)
	₱4,897,777	₱6,913,512	₱11,811,289	₱10,947,533	₱863,756	8%

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

*Sugar.* Revenue from sugar operations increased by ₱1,221.1 million or 17% against last year's revenue of ₱7,345.3 million, primarily due to increase in volume sold and average selling prices of raw and refined sugar. Raw sugar sales volume decreased by 58 Lkg or 3% this year from 1,776 Lkg in 2017 while refined sugar sales volume increased by 655 Lkg or 30% versus last year's sales volume of 2,213 Lkg. Average selling prices per Lkg of raw and refined sugar in 2018 amounted to ₱1,334 and ₱1,944, respectively, from ₱1,343 and ₱1,895, respectively in 2017.

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

### Gross Income

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

## Operating Expenses

	Years Ended September 30				Increase (Decrease)	
	2018				Amount	%
<i>Amounts in Thousands</i>	Continuing	Discontinued	Total	2017		
Salaries, wages and other employee benefits	P395,236	P45,486	P440,722	P399,888	P40,834	10%
Outside services	61,275	79,844	141,119	113,797	27,322	24%
Taxes and licenses	70,692	32,543	103,235	117,571	(14,336)	(12%)
Selling expenses	20,802	73,013	93,815	57,858	35,957	62%
Provision for probable losses	—	—	—	74,572	(74,572)	(100%)
Depreciation and amortization	47,455	6,494	53,949	71,753	(17,804)	(25%)
Travel and transportation	16,638	5,770	22,408	22,545	(137)	(1%)
Rent	21,345	84	21,429	27,951	(6,522)	(23%)
Communication, light and water	20,538	—	20,538	20,809	(271)	(1%)
Repairs and maintenance	6,811	9,677	16,488	14,566	1,922	13%
Provision for (reversal of) impairment losses on receivables	6,272	8,529	14,801	(9,257)	24,058	260%
Representation and entertainment	6,662	325	6,987	3,860	3,127	81%
Corporate social responsibility	3,857	2,822	6,679	5,161	1,518	29%
Materials and consumables	3,020	2,159	5,179	6,029	(850)	(14%)
Others	75,203	1,795	76,998	96,099	(19,101)	(20%)
	P755,806	P268,541	P1,024,347	P1,023,202	P1,145	(0.1%)

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

### Interest

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

### Share in Net Earnings of an Associate

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

### Net Income

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

### ***Financial Position***

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

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

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

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

September 30, 2017.

### Off-Balance Sheet Arrangements

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

### FULL FISCAL YEAR 2016-2017

On February 1, 2017, the BOD approved the issuance of convertible debt securities amounting to ₱523,750,000 to First Pacific Natural Resources Holdings, B.V. (FPNRHBV), convertible to 125,000,000 million common shares of RHI at the option of the holder and bears annual interest at 3%.

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

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

### Financial Highlights and Key Performance Indicators

	September 30		Increase (Decrease)	
	2017	2016	Amount	%
<i>Amounts in Thousands except Closing Price per Shares</i>	<i>(Audited)</i>	<i>(Audited)</i>		
<b>Balance Sheet</b>				
Fixed assets	<b>₱15,398,735</b>	₱15,032,413	₱366,322	2%
Goodwill	<b>1,079,615</b>	1,079,615	—	—%
Total assets	<b>23,896,173</b>	21,658,024	2,337,636	11%
Shareholders' equity	<b>10,544,108</b>	9,773,619	770,489	8%
Net debt <sup>(1)</sup>	<b>10,092,317</b>	8,645,337	1,446,980	17%
Equity ratio	<b>44.1%</b>	45.1%	)	(2%)
Net debt as % of equity	<b>0.96x</b>	0.88x	0.08	9%
<b>Shares</b>				
Market capitalization	<b>6,806,605</b>	4,819,897	2,064,339	43%
Total shares issued	<b>1,546,956</b>	1,421,798	142,801	10%
Closing price per share	<b>4.40</b>	3.39	1.01	30%

<i>Amounts in Thousands except Operational Data</i>	<b>Years Ended September 30</b>		<b>Increase (Decrease)</b>	
	<b>2017</b>	<b>2016</b>	<b>Amount</b>	<b>%</b>
<b>Revenues and Earnings</b>				
Revenues	<b>₱10,947,533</b>	₱12,050,234	(₱1,102,701)	(9%)
Gross profit	<b>1,456,887</b>	1,073,496	383,391	36%
Depreciation and amortization	<b>950,839</b>	927,513	23,326	3%
Operating expenses	<b>1,065,806</b>	965,639	100,167	10%
Interest	<b>444,257</b>	382,770	61,487	16%
Net income	<b>120,040</b>	101,591	18,449	18%
Core net income	<b>240,221</b>	101,591	138,630	136%
Return on equity	<b>1.14%</b>	1.04%	0.10%	10%
Earnings per share	<b>0.08</b>	0.07	0.01	10%
<b>Cash Flow and Investments</b>				
Cash flow from used in operations	<b>(624,153)</b>	(6,595)	(581,671)	(8820%)
Investment in fixed assets	<b>1,140,984</b>	911,832	257,182	28%
<b>Operational Data (volume in thousands)</b>				
Tons cane milled	<b>3,461</b>	2,748	713	26%
Production:				
Raw sugar (Lkg)	<b>6,497</b>	5,041	1,456	29%
Refined sugar (Lkg)	<b>3,507</b>	2,833	674	24%
Ethanol (liters)	<b>69,540</b>	70,418	(878)	1%

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

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

5. Raw sugar production - a principal determinant of consolidated revenue and computed as the gross amount of raw sugar output of CADPI and CACI as consolidated subsidiaries. It pertains to production capacity, ability to source sugar canes, efficiencies and the productivity of manufacturing facilities.
6. Refined sugar production - the most important determinant of revenue and computed as the gross volume of refined sugar produced by the CADPI refinery both as direct sales to industrial customers and traders or as tolling manufacturing service, limited by production capacity and by the ability of the Group to market its services to both types of customers.
7. Ethanol production - a measure of ethanol production yield compared to unit and cost of input and is computed as ethanol produced (in liters) from each ton of feedstock undergoing fermentation, distillation and dehydration processes.
8. Return on Equity - denotes the capability of the Group to generate returns on the shareholders' fund computed as a percentage of net income to total equity.

## **Results of Operations**

### Revenue

<i>Amounts in Thousands</i>	<b>Years Ended September 30</b>			<b>Increase (Decrease)</b>	
	<b>2017</b>			<b>Amount</b>	<b>%</b>
	<b>Continuing</b>	<b>Discontinued</b>	<b>Total</b>	<b>2016</b>	
Refined sugar	<b>₱7,548</b>	<b>₱4,185,443</b>	<b>₱4,192,991</b>	₱3,843,345	₱349,646 9%
Raw sugar	<b>1,695,517</b>	<b>689,111</b>	<b>2,384,628</b>	3,357,272	(972,644) (29%)
Molasses	<b>155,010</b>	<b>319,795</b>	<b>474,805</b>	353,756	121,049 34%
Tolling fees	<b>-</b>	<b>243,546</b>	<b>243,546</b>	252,979	(9,433) (4%)
	<b>1,858,075</b>	<b>5,437,895</b>	<b>7,295,970</b>	7,807,352	(511,382) 17%
Alcohol	<b>3,602,242</b>	<b>-</b>	<b>3,602,242</b>	4,201,952	(599,710) (14%)
Power	<b>16,366</b>	<b>-</b>	<b>16,366</b>	30,966	(14,600) (48%)
Farm services	<b>20,844</b>	<b>-</b>	<b>20,844</b>	1,749	19,095 109%
Carbon dioxide	<b>12,111</b>	<b>-</b>	<b>12,111</b>	8,215	3,896 47%

Amounts in Thousands	Years Ended September 30			Increase (Decrease)		
	2017					
	Continuing	Discontinued	Total	2016	Amount	%
	<b>₱5,509,638</b>	<b>₱5,437,895</b>	<b>₱10,947,533</b>	<b>₱12,050,234</b>	<b>(₱1,102,701)</b>	<b>9%</b>

Consolidated revenue amounted to ₱10,947.5 million in 2017, a decrease of ₱1,102.7 million or 9% versus ₱12,050.2 million in 2016. The decrease is due to decrease in average selling prices of sugar and alcohol. Sugar operations contributed ₱7,345.3 million or 67% of total revenue in 2017, while ₱3,602.2 million or 33% of total revenue came from alcohol operations and the remaining from sale of power and CO<sub>2</sub>.

*Sugar.* Revenue from sugar operations decreased by ₱503.0 million or 6% against last year's revenue of ₱7,848.3 million, primarily due to decrease in volume sold and average selling prices of raw and refined sugar. Raw sugar sales volume decreased by 70 Lkg or 4% this year from 1,846 Lkg in 2016 while refined sugar sales volume increased by 337 Lkg or 18% versus last year's sales volume of 1,876 Lkg. Average selling prices per Lkg of raw and refined sugar in 2017 amounted to ₱1,343 and ₱1,895, respectively, from ₱1,817 and ₱2,161, respectively in 2016.

*Alcohol.* Revenue from alcohol operations amounted to ₱3,602.2 million and ₱4,202.0 million in 2017 and 2016, respectively. The decrease is due to lower volume sold and average selling price in 2017 by 1,466 liters and ₱7/liter.

#### Gross Income

Consolidated gross income in 2017 increased by ₱383.4 million or 36% from ₱1,073.5 million last fiscal year while gross profit rate improved from 8.9% in 2016 to 13.3% in 2017. The improved gross profit is attributable to sugar operations' lower manufacturing cost resulting from increased production volume due to plant efficiencies from continuous capital expenditures and increased ton canes milled from improved partnerships with planters. Total TCM in 2017 and 2016 amounted to 3,461 and 2,748 metric tons (MT), respectively.

#### Operating Expenses

Amounts in Thousands	Years Ended September 30			Increase (Decrease)		
	2017					
	Continuing	Discontinued	Total	2016	Amount	%
Salaries, wages and other employee benefits	<b>₱363,056</b>	<b>₱36,832</b>	<b>₱399,888</b>	<b>₱305,323</b>	<b>₱94,565</b>	<b>31%</b>
Taxes and licenses	<b>95,790</b>	<b>21,781</b>	<b>117,571</b>	<b>92,986</b>	<b>24,585</b>	<b>26%</b>
Outside services	<b>46,188</b>	<b>67,609</b>	<b>113,797</b>	<b>117,003</b>	<b>(3,206)</b>	<b>(3%)</b>
Provision for probable losses	<b>20,770</b>	<b>53,802</b>	<b>74,572</b>	<b>22,000</b>	<b>52,572</b>	<b>239%</b>
Depreciation and amortization	<b>64,264</b>	<b>7,489</b>	<b>71,753</b>	<b>69,298</b>	<b>2,455</b>	<b>4%</b>
Selling expenses	<b>8,608</b>	<b>49,250</b>	<b>57,858</b>	<b>69,440</b>	<b>(11,582)</b>	<b>(17%)</b>
Rent	<b>27,582</b>	<b>369</b>	<b>27,951</b>	<b>27,867</b>	<b>84</b>	<b>0%</b>
Travel and transportation	<b>18,342</b>	<b>4,203</b>	<b>22,545</b>	<b>29,334</b>	<b>(6,789)</b>	<b>(23%)</b>
Communication, light and water	<b>20,809</b>	<b>—</b>	<b>20,809</b>	<b>33,403</b>	<b>(12,594)</b>	<b>(38%)</b>
Repairs and maintenance	<b>8,962</b>	<b>5,604</b>	<b>14,566</b>	<b>14,982</b>	<b>(416)</b>	<b>(3%)</b>
Provision for (reversal of) impairment losses on receivables	<b>67</b>	<b>(9,324)</b>	<b>(9,257)</b>	<b>5,831</b>	<b>(15,088)</b>	<b>(259%)</b>
Materials and consumables	<b>3,695</b>	<b>2,334</b>	<b>6,029</b>	<b>7,733</b>	<b>(1,704)</b>	<b>(22%)</b>
Corporate social responsibility	<b>3,177</b>	<b>1,984</b>	<b>5,161</b>	<b>7,024</b>	<b>(1,863)</b>	<b>(27%)</b>
Representation and entertainment	<b>3,296</b>	<b>564</b>	<b>3,860</b>	<b>4,082</b>	<b>(222)</b>	<b>(5%)</b>
Others	<b>83,239</b>	<b>14,219</b>	<b>96,099</b>	<b>124,704</b>	<b>(28,605)</b>	<b>(23%)</b>
	<b>₱767,845</b>	<b>₱256,716</b>	<b>₱1,023,202</b>	<b>₱931,010</b>	<b>₱92,192</b>	<b>10%</b>

Operating expenses increased by ₱100.2 million or 10% from ₱965.6 million in 2016 to ₱1,065.8 million in 2017. The increase is due to higher salaries, wages and other employee benefits, taxes and licenses and provision for probable losses.

#### Interest

Interest expense for the current fiscal year amounted to ₱444.3 million versus ₱382.8 million in 2016, attributed to availment of short-term loans in 2017.

#### Share in Net Earnings of an Associate

Due to lower net income of HPCo arising from the decrease in market price of sugar, the Company's share in the latter's earnings decreased to ₱67.8 million in 2017 from ₱212.3 million in 2016.

#### Net Income

Consolidated net income after tax improved by ₱18.5 million or 18% versus ₱101.6 million in 2016, due to higher gross income and increase in other income in 2017.

#### ***Financial Position***

Consolidated total assets as at September 30, 2017 amounted to ₱23,896.2 million against ₱21,658.0 million as at September 30, 2016. This increase is due to the movements in the following accounts:

- f) increase in refined sugar inventory
- g) increase in accounts receivables
- h) increase in materials and supplies inventory due to purchases of spares for plant maintenance activities;
- i) acquisitions of property, plant and equipment carried at cost; and
- j) appraisal increase on property, plant and equipment at appraised values.

Consolidated total liabilities as at September 30, 2017 amounted to ₱13,352.1 million, higher by ₱1,440.7 million than last year's balance of ₱11,884.4 million.

Book value per share decreased to ₱6.82 as at September 30, 2017 from ₱6.87 as at September 30, 2016.

#### ***Off-Balance Sheet Arrangements***

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

### **Item 7. Financial Statements**

Refer to the attached Audited Consolidated Financial Statements.

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

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



## PART III - CONTROL AND COMPENSATION INFORMATION

### Item 9. Directors and Executive Officers of the Issuer

#### *Directors and Executive Officers of the Issuer*

##### Board of Directors & Corporate Secretary

**Pedro E. Roxas** is 62 years old and is a Filipino. He has been a member of the Board of Directors since year 1982. Mr. Roxas is the Chairman of the Board of Directors and is the Chairman of the Executive Committee and the Nomination, Election & Governance Committee. He was elected as Acting President & Chief Executive Officer of the company on October 23, 2015. He is also the Chairman of the operating subsidiaries of the company, namely CADPI, CACI, Roxol, SCBI, and RHI Agri-Business Development Corporation (RHI-ADC). Mr. Roxas is likewise the Executive Chairman and the President & CEO of Roxas & Co., Inc., Chairman of Hawaiian Philippine Company, Club Punta Fuego Inc., President of Fundacion Santiago, Chairman of the Philippine Sugar Millers Association, Inc., an Independent Director of Philippine Long Distance Telephone Company (PLDT) and the Manila Electric Company (Meralco), and Banco de Oro (BDO) Private Bank, Director of Brightnote Assets Corporation and a Trustee of Philippine Business for Social Progress. Mr. Roxas was educated at Portsmouth Abbey School, Rhode Island, USA, and at the University of Notre Dame in Indiana, USA where he obtained his degree in Business Administration.

**Manuel V. Pangilinan** is 72 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013 and is the Vice-Chairman of the Board of Directors, a member of the Executive Committee and the Chairman of the Executive Compensation Committee. Mr. Pangilinan founded First Pacific Company Limited in 1981 and served as Managing Director until 1999. He was appointed Executive Chairman until June 2003 when he was named as CEO and Managing Director. Within the First Pacific Group, he holds the position of President Commissioner of P. T. Indofood Sukses Makmur Tbk, the largest food company in Indonesia.

In the Philippines, Mr. Pangilinan is the Chairman of the Philippine Long Distance Telephone Company (PLDT) and the Manila Electric Company (Meralco). He is also the Chairman of Smart Communications Incorporated, PLDT Communications and Energy Ventures Incorporated (formerly Piltel), Beacon Electric Asset Holdings Incorporated, Metro Pacific Investments Corporation, Landco Pacific Corporation, Medical Doctors Incorporated, Colinas Verdes Corporation (operating the Makati Medical Center and Cardinal Santos Medical Center) Davao Doctors Incorporated, Riverside Medical Center Incorporated in Bacolod City, Our Lady of Lourdes Hospital, Asian Hospital, Incorporated, Maynilad Water Services Corporation (Maynilad) Mediaquest Incorporated, Associated Broadcasting Corporation (TV5), Philex Mining Corporation, Philex Petroleum Corporation and Manila North Tollways Corporation

Outside the First Pacific Group, Mr. Pangilinan was a member of the Board of Overseers of the Wharton School of Finance & Commerce, University of Pennsylvania, USA. He was Chairman of the Board of Trustees of the Ateneo de Manila University. He is currently the Chairman of the Board of Trustees of San Beda College. He also serves as Chairman of PLDT-Smart Foundation, Inc. and the Philippine Business for Social Progress. He also serves as Chairman of the Hong Kong Bayanihan Trust, a non-stock, non-profit foundation which provides vocational, social and cultural activities for Hong Kong's foreign domestic helpers. On February 5, 2007, Mr. Pangilinan was named the President of the Samahang Basketbol ng Pilipinas (SBP), a national sport association for basketball. In January 2009, Mr. Pangilinan also assumed the Chairmanship of the Amateur Boxing Association of the Philippines (ABAP), a governing body of the amateur boxers in the country. Also, in October 2009, Mr. Pangilinan was appointed as Chairman of the Philippine Disaster Recovery Foundation (PDRF), a non-stock non-profit foundation established to formulate and implement a reconstruction strategy to rehabilitate and rebuild areas devastated by recent floods and other calamities. Mr. Pangilinan is Chairman of the Philippine Business for Social Progress (PBSP), a social action organization made up of the country's largest corporations, Vice-Chairman of the Foundation for Crime Prevention, a private sector group organized to assist the government with crime prevention, and a member of the Board of Trustees of Caritas Manila and Radio Veritas-Global Broadcasting Systems, Inc., a former Commissioner of the Pasig River Rehabilitation Commission and a former Governor of the Philippine Stock Exchange. In June 2012, he was appointed as Co-Chairman of the newly organized US-Philippines Business Society, a non-profit society which seeks to broaden the

relationship between the United States and the Philippines in the areas of trade, investment, education, foreign and security policies and culture.

Mr. Pangilinan has received numerous prestigious awards including Ten Outstanding Young Men of the Philippines (TOYM) Award for International Finance (1983), The Presidential Pamana ng Pilipino Award by the Office of the President of the Philippines (1996), Best CEO in the Philippines by the Institutional Investor (2004), CEO of the Year (Philippines) by Biz News Asia (2004), People of the Year by People Asia Magazine (2004), Distinguished World Class Businessman Award by the Association of Makati Industries, Inc. (2005), Management Man of the Year by the Management Association of the Philippines (2005), Order of Lakandula (Rank of Komandante) by the Office of the President of the Philippines (2006). He was voted as Corporate Executive Officer of the Year (Philippines) and Best Executive (Philippines) at the 2007 and 2008 Best-Managed Companies and Corporate Governance Polls conducted by Asia Money. Most recently, Mr. Pangilinan received the Best CEO award from Finance Asia Magazine (2012) and the Executive of the Year Award from the Philippine Sports Writers Association (PSA) (2014).

Mr. Pangilinan has been awarded four (4) Honorary Doctorate degrees in Humanities (Honoris Causa). First to confer him was San Beda College in 2002; second was the Xavier University in 2007; Holy Angel University in Pampanga in 2009 and the Far Eastern University in 2010. Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts Degree in Economics, and obtained his Master's degree in Business Administration from Wharton School of Finance and Commerce, University of Pennsylvania, Philadelphia, USA.

**Santiago R. Elizalde** is 54 years old and is a Filipino. He has been a member of the Board of Directors since year 2000 and is a member of the Compensation Committee. Mr. Elizalde is the Chairman of the 24 Hour Vendo Machine Corporation, Vice-Chairman and member of the Executive Committee of ELRO Commercial & Industrial Corporation and Club Punta Fuego, Inc. He is also the President & CEO of Roxaco Land Corporation, President of CGB Condominium Corporation and Fuego Hotels and Management Corporation, Chairman of Roxas Foundation, Inc., Vice-Chairman and a member of the Executive Committee of ELRO Commercial and Industrial Corporation and of Club Punta Fuego, Inc. and a Director of CADPI, CACI, ELRO Land Corporation, Punta Fuego Village Homeowners Association, Punta Fuego Village Foundation, Terrazas de Punta Fuego Village Homeowners Association, and Fundacion Santiago. Mr. Elizalde obtained his Bachelor of Arts in Economics from Denison University in Ohio, USA.

**Oscar J. Hilado** is 81 years old and is a Filipino. He has been a member of the Board of Directors since May 11, 2016 and is a member of the Audit & Risk Committee. He is the Chairman of the Board of Directors of Phinma Corporation. He is also the Chairman of the Board of Directors of Phinma, Inc., Holcim Philippines, Inc., Trans Asia Oil and Energy Development Corporation, Phinma Property Holdings Corporation and Union Galvasteel Corporation.

Mr. Hilado is also a director of A. Soriano Corporation, First Philippine Holdings Corporation, Philex Mining Corporation, Manila Cordage Corporation, Smart Communications, Inc., Digitel Telecommunications Philippines, Inc., Beacon Property Ventures, Inc. Pueblo de Oro Development Corporation, United Pulp and Paper Co., Inc. and Seven Seas Resorts and Leisure, Inc.

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

**David L. Balangue** is 67 years old and is a Filipino. He has been a member of the Board of Directors since February 12, 2012 and is a member of the Audit & Risk Committee. Mr. Balangue is an accounting and auditing professional whose career spanned 38 years at SGV & Co., the Philippines' largest audit and accounting professional services firm. He is a former Chairman & Managing Partner of the firm, after being admitted to partnership in 1982. Mr. Balangue holds a Bachelor's Degree in Commerce, major in Accounting, Magna Cum Laude, from Manuel L. Quezon University and a Master of Management degree, with distinction, from the Kellogg Graduate School of Management of Northwestern University in Evanston, Illinois, USA, as an SGV scholar where he received a

Distinguished Scholar Award and elected to the Beta Gamma Sigma, an exclusive honors fraternity. He placed second highest in the 1972 Philippine CPA Board Examinations.

He served as President of the Manila Polo Club, Inc. (2014-2015), Financial Executives Institute of the Philippines (2006); Philippine Institute of Certified Public Accountants (2005); and Management Association of the Philippines (2004). At present, he is the Chairman of NAMFREL, the Philippine Center for Population and Development, Inc. (since 2014) and Coalition Against Corruption (since 2006); Member of the Board of Trustees of Habitat for Humanity Philippine Foundation, Inc. (since 2012), Chairman/President of Makati Commercial Estate Association, Inc. (since May 2010), President of Makati Parking Authority (since 2012) and Chairman of the Philippine Financial Reporting Standards Council (since February 2010). He is a non-executive Independent Director of the following listed companies: Trans-Asia Oil and Energy Development Corp., Philippine Bank of Communications, Manufacturers Life Insurance Company, and Holcim Philippines, Inc. Mr. Balangue is also a non-executive Independent Director of the company and has possessed all the qualifications and none of the disqualifications of a Director since he was first nominated and elected as an Independent Director of the company. Mr. Balangue has a regular column at Philippine Daily Inquirer. He is married to Arlene Tan Balangue.

**Ray C. Espinosa** is 62 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013 and is a member of the Nomination, Election & Governance Committee. Atty. Espinosa is the Chairman of Philstar Daily, Inc., and Businessworld Publishing, Inc., and the Vice-Chairman of the Board of Trustees of the PLDT Beneficial Trust Fund. He is also an Associate Director of First Pacific Company Limited and the Head of Government Regulatory Affairs and Communications Bureau for the Philippines. He also serves as a Director of Philippine Long Distance Telephone Company (PLDT), Manila Electric Company (Meralco), Meralco PowerGen Corporation, Wolfpac Mobile, Inc. and Metro Pacific Investments Corporation, and an Independent Director of Lepanto Consolidated Mining Corporation. He also serves as General Counsel of Meralco and Head of Regulatory Affairs and Policy and Group Joint Executive Committee of PLDT. Prior to joining the PLDT Group in 2000, Atty. Espinosa was a law partner in SyCip Salazar Hernandez & Gatmaitan, the largest law firm in the Philippines, until June 2000 and was a member of the firm's Executive Committee. He was a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and in 1989. Atty. Espinosa finished his Bachelor of Laws degree at the Ateneo de Manila University, graduating salutatorian, and his Master of Laws degree at the University of Michigan Law School. After finishing his Master of Laws degree, he worked as a foreign associate in Covington & Burling, the largest law firm in Washington, D.C., USA, from September 1987 to August 1988. Atty. Espinosa placed first in the Philippine Bar Examinations of 1982.

**Alex Erlito S. Fider** is 65 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013. Atty. Fider graduated from the University of the Philippines with degrees in Economics and Law. He was admitted to the Philippine Bar in 1985 and undertook specialized courses in Strategic Economics and Corporate Governance in the Philippines and Australia, respectively. His legal experience spans 30 years of involvement in corporate transactions and projects. His legal work extends to an array of corporate and financial matters to companies involved in public infrastructure, water, and power utilities, telecommunications, mass media, banking and finance, real estate development, and agriculture. He is a specialist in the various fields of commercial, civil, telecommunications and public utilities law. Atty. Fider is a Director and Corporate Secretary of several Philippine corporations, including Metro Pacific Tollways Corporation, Metro Pacific Tollways Development Corporation, Manila North Tollways Corporation, Tollways Management Corporation, Smart Communications, Inc. and Maynilad Water Services, Inc. He is actively involved in the Financial Executives Institute of the Philippines (FINEX) and Institute of Corporate Directors of which he is a Fellow.

**Christopher H. Young** is 61 years old and is a British citizen. He was elected as a member of the Board of Directors on May 13, 2015 and as a member of the Audit & Risk Committee on August 19, 2015. He is presently the Chief Financial Officer of First Pacific Company Limited, a Hong Kong based investment management and holding company with operations in the Asia Pacific. He is also presently a director and Chief Financial Advisor and Head of the PLDT Finance Group. Mr. Young was formerly the Finance Director of the Metro Pacific Corporation, the group Financial Controller of First Pacific Company Limited and a Senior Audit Manager of Price Waterhouse in Hong Kong. He has been a member of the Institute of Chartered Accountants in England and Wales since 1982.

**Hubert D. Tubio** is 64 years old and is a Filipino. He was elected as a member of the Board of Directors on December 16, 2015 and as President and Chief Executive Officer of the Group effective January 1, 2016. He is a member of the Board of Trustees of the Philippine Sugar Research Institute (Philsurin) and the Philippine Sugar Millers Association (PSMA); and a member of the Board of Directors of Negros College, Inc. Mr. Tubio has an extensive and varied career occupying senior leadership roles in sugar, telecommunications, airlines, trading, and international accounting/auditing industries. He was the Chairman of the Board of Directors of Bioeq Energy Holdings, Inc., a vertically integrated bioenergy company. He served as President and Chief Operating Officer of Victorias Milling Co., Inc. from 2009 to 2014; President of Philsurin; Member of the Board of Directors of Globe Telecom; President of Consultancy by Technicus Corporation - a subsidiary of Deutsche Telekom A.G. of Germany; Consultant of PAL Holdings, Inc.; and Vice-President of Jardine Davies, Inc.

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

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

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

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

#### Board of Advisors

**Vicente S. Perez** is 60 years old and is a Filipino. He was elected as a member of the Board of Advisors on March 25, 2009. Mr. Perez is presently the President of Alternergy Partners, a renewable power company for emerging Asian countries, and the Chairman of Merritt Partners, an energy advisory firm. Mr. Perez served as Philippine Energy Minister from 2001 to 2005, the youngest to have held the post and one of the highest Cabinet achievers. He boosted energy self-sufficiency from 45% in 2000 to 51% in 2004. As Energy Secretary, he actively promoted energy investments such that energy accounted for 65% of total national investments registered in 2004. He served briefly in early 2001 as Deputy Minister (Undersecretary) at the Department of Trade and Industry and Managing Head of the Board of Investments. Mr. Perez has deep knowledge of, and expertise in, corporate finance, with over 17 years of investment banking experience. His experience includes Latin American debt restructuring at Mellon Bank in Pittsburgh, and debt trading, capital markets, and private equity in emerging countries at Lazard in London, New York and Singapore. At 35, Mr. Perez became a General Partner at the New York investment bank Lazard Frères as head of its Emerging Markets Group. He was Managing Director of Lazard Asia in Singapore from 1995 until 1997. In 1997, he founded Next Century Partners (NCP Advisors Philippines), a private equity firm based in Singapore and Manila, and invested in companies such as Del Monte Pacific, Fastech, and Smart Communications. In 2000, he founded Asian Conservation Company, a quadruple bottom line venture philanthropy company which acquired El Nido Resorts, an award-winning eco-tourism destination in Palawan, which was sold to Ayala Land in 2013. In 2005, he co-founded Merritt Partners, an advisory firm for energy companies in Asia. He also co-founded Alternergy, a wind power developer, and SolarPacific, a solar power developer. He also currently serves as an independent director of SM Investments Corporation, a holding company with the Philippines' largest market capitalization, and of ST Telemedia, the Temasek media telecoms holding company. He is Chairman of WWF-Philippines, member of the WWF-International Board, and Vice-Chair of Stiftung Solarenergie. Mr. Perez also serves as a member of the advisory boards of Coca-Cola FEMSA Philippines, Geneva-based Pictet Clean Energy Fund, and the Yale Center for Business and Environment. He has advised ADB, IFC, and various international energy companies investing in Asia. Mr. Perez obtained an MBA from the

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

**Senen C. Bacani** is 73 years old and is a Filipino. He was formerly a member of the Board of Directors and was elected as a member of the Board of Advisors on December 11, 2013. Mr. Bacani is the President of Ultrex Management & Investments Corp., Chairman & President of La Frutera, Inc., Chairman of Trully Natural Food Corporation, a Director of Swift Foods, Inc., AgriNature, Inc., Philippine Chamber of Agriculture & Food, Inc., Philippine Chamber of Food Manufacturers, Inc., Icebox Logistics Services, Inc., a member of the Board of Advisors of East West Seed Philippines, Inc., a Private Sector Representative of APEC Policy Partnership on Food Security, ABAC Philippines, a member of the Board of Trustees of the Philippine Rice Research Institute, and the Vice-Chairman of the Technical Advisory Committee of the PCARRD (DOST), among others. Mr. Bacani obtained his degree in Bachelor of Science in Commerce at the De La Salle University and his Masters in Business Administration at the University of Hawaii, USA.

#### Corporate Officers

**Pedro E. Roxas** (See above.)

**Manuel V. Pangilinan** (See above.)

**Hubert D. Tubio** (See above.)

**Arcadio S. Lozada, Jr.** is 64 years old and is a Filipino. He is currently Executive Vice-President/COO – Sugar Business Unit, having joined the Group on January 1, 2014. He was formerly the Vice-President for Manufacturing of Victorias Milling Company, Inc., a Technical Manager of Bronzoak Philippines, Inc., and an Engineering Manager at the Central Azucarera de Tarlac, among others. Mr. Lozada is a licensed Mechanical Engineer and has completed a short course in raw sugar manufacturing at the Nicholls State University in Louisiana, USA.

**Celso T. Dimarucut** is 57 years old and is a Filipino. He was appointed as EVP-CFO and Group Head of Finance effective December 1, 2015. Mr. Dimarucut prior to joining the company served as Senior Executive Vice President and Chief Finance Officer of Landco Pacific Corporation and its subsidiaries, Senior Vice President and Group Chief Finance Officer of Mediaquest Holdings, Inc. and its subsidiaries, Senior Vice President and Group Chief Finance Officer of ePLDT, Inc. and Subsidiaries, First Vice President and Group Controller of PLDT Group, First Vice-President and Group Financial Controller for domestic subsidiaries of Metropolitan Bank & Trust Company and Finance Head of Pilipino Telephone Corporation (Piltel). Mr. Dimarucut has more than 10 years of professional audit and business advisory experience gained from SyCip, Gorres Velayo & Co. and Prasetyo Utomo & Co. (Jakarta, Indonesia). He graduated Cum Laude at the Polytechnic University of the Philippines with a degree of BS Commerce Major in Accounting. He is a Certified Public Accountant.

**George T. Cheung** is 45 years old and is a Filipino. He was appointed as SVP for Marketing & Trading on January 5, 2015. He was formerly a Managing Partner in Commodity Partners Pte, Ltd., Head of Domestic Coal Trading of Trafigura Investment China, Ltd, based in Shanghai, Associate Director & General Manager-Sugar Division of Wilmar Sugar Pte. Ltd/Yihai Commercial Eagle Trading, General Manager at the Greater China Region of ED&F Man, a global supplier of sugar, and a Trading Manager of the Sugar Division in Hong Kong of Cargill, among others. Mr. Cheung obtained his degree in Bachelor of Science in Food Sciences and Technology at the University of British Columbia in Vancouver, British Columbia, Canada, his Diploma in Business Administration at the International Correspondence Schools, and his Master in Business Administration (MBA) Global Executive program at the Duke University in Durham, North Carolina, USA.

**Frederick E. Reyes** is 57 years old and is a Filipino. He was appointed as AVP & Deputy Head of Human Resources on February 1, 2014 and was promoted to VP & Deputy Head of Human Resources on January 5, 2015. Mr. Reyes was formerly the Director for Human Resources Services of Manila Water Company Inc. He has a 29-year experience in HR Operations having been in Vitarich in charge of Training, QC & Employee Relations. He joined Globe Telecom during its transition to become a

'wireless' telephone company in charge of Training and Development from 1990 thru 1997, and also in Manila Water during its "privatization" years in 1997 thru 2012. Mr. Reyes obtained his degree in Industrial Engineering from the University of Sto. Tomas and is a licensed Industrial Engineer.

**Jose Manuel L. Mapa** is 51 years old and is a Filipino. He was appointed as VP-General Manager of RHI Agribusiness Development Corporation on January 8, 2018. Mr. Mapa obtained his MBA with High Academic Honors from the University of St. La Salle Graduate School in Bacolod and holds a Bachelor degree of gribusiness Management from the University of the Philippines Los Baños. Mr. Mapa served 2GO Group, Inc. fr 20 years where he made major contribution as EVP for Key Accounts and Supply Chain Solutions (2015-2017) and EVP for Freight Sales and Operations – Luzon (2011-2014). Prior to that, he also worked as EVP for Corporate Sales at Negros Navigation Co., and as Operations Manager at Waterman Bacolod, Inc. He also manages a sugarcane farm in Talisay, Negros Occidental.

**Jaynel R. Sulangi** is 42 years old and is a Filipino. He was appointed VP/Head of Information & Communications Technology on March 21, 2018. Mr. Sulangi graduated Cum Laude with Bachelor of Science in Industrial Engineering degree at the University of the Philippines. Mr. Sulangi was VP for SAP Project Management at Deutsche Bank group before joining Roxas Holdings, Inc. He also worked at PLDT and Smart Communications, Inc. For seven years as Senir Manager, IT-Resource Planning (ERP) and later, as Solutions Architect, Program Management Office. He also worked at SAO, SSIP and Business Applications and Network Technologies. He is a Certified SAP Consultant in Planning Production Planning since 1997.

**Jose B. Villanueva III** is 48 years old and is a Filipino. He was appointed VP/Chief Manufacturing Officer of Alcohol SBU on July 2, 2018. Mr. Villanueva graduated with a degree in Mechanical Engineering at the De La Salle University. Mr. Villanueva has over 23 yeas of work experience spanning, among others, the areas of Operations, Supply Chain, Human Resources and Project Management. He is currently an Industry Advisor to the Mecha ical Engineering Department of De La Salle University in Taft, Manila. He spent eight (8) years in Mondelez International (formerly Kraft Food Phils., Inc.) where he held various roles usch as Site Manager, Category Operations & Developmen Manager, Maintenance Manager & Manufacturing Business Development Maager. He was a former Reliability Manager of Lafarge Cement, looking after five (5) Plants across the country. He also worked at Sanko Systems Servies and as Engineering Manager at Avon Products Manufacturing, Inc. He spent 10 years with the food goup of Unilever Philippines, handling leadership roles across Operations and Human Resources. He was also part of th team that built a world-class manufacturing facility.

**Bernard Jose S. Lachica** is 48 Years old and is a Filipino. He was appointed VP/Chief Manufacturing Officer of Sugaar SBU on October 1, 2018. Mr. Lachica graduated with a degree in Mechaical Engineering at the University of Santo Tomas. He is a registered Mechanical Engineer. Mr Lachica has more than 20 years of extensive work experience. Prior to joining Roxas Holdings, Inc., he was Chief Operating Officer (COO) of SariMonde Fodds Corporation, a joint venture of Monde Nissin Corporation Philippines and Nippon Indosari Corpindo of Indonesia. As previous Region Operations Directory of Coca Cola FEMSA Philppnes, Mr. Lachica managed the entire bottling and power operations of nine facilites in Luzon. He also had a short assignment in Mexico. He capped his stint at Mead Johnson Nutrituin by serving as OIC Supply Chain Directory after three years as Plant Manager and follwing three Regional Excellence in Action and two Local Excellence in Action Awards. Mr. Lachica spent 10 years at Unilever Philippines, where he started his career as Technical Management Trainee with assignments in Production, Engineering, Finance, Sales, HR, Packaging Development, Safety, Projects and Marketing. He then moved up as Manager of Total Productive Maintenance (TPM), Cavite Gateway Plant Manager, Foods Manufactuig Manager and Manufacturing Lead for Dressin in Asia.

**Esteban H. Coscolluela** is 66 years old and is a Filipino. He was appointed as VP/GM for Central Azucarera de la Carlota, Inc. on May 11, 2016. He was a former Director and Executive Committee Chairman of PNOC Coal Corporation. He was also a former VP at Union Bank. He occupied various leadership roles in planters' associations, farmers' cooperatives, and the Chamber of Commerce and Industry, in Negros Occidental. Mr. Coscolluela also served as Mayor of Murcia in Negros Occidental. He graduated with a degree in BS Management at the University of St. La Salle. He is an MBA Graduate at the Asian Institute of Management.



**Veronica C. Cortez** is 39 years old and is a Filipino. She was appointed AVP of Finance on February 10, 2016. She has over 10 years of experience in external auditing. She worked with SyCip Gorres Velayo & Co. (SGV) as Senior Director from September 2009 to 2015. She started her career with SGV as an Associate and moved to become Senior Associate, Associate Director and then Director. She also worked as a Senior Associate in the Resource Sharing Program of Ernst & Young Houston, Texas Office. Ms. Cortez graduated with a degree in BS Accountancy from San Sebastian College Recoletos de Cavite and is a Certified Public Accountant.

**Kathrina Estrella L. Sebastian** is 44 years old and is a Filipino. She was appointed as AVP- Head of Treasury and Chief Risk Officer and Chief Credit Officer on December 16, 2015. Ms. Sebastian was previously the Head of Development Organizations and the Relationship Manager/Associate Director of Financial Institutions of Standard Chartered Bank. She also worked for Citibank, N.A. and G & S Transport Corporation. Ms. Sebastian obtained her degree in Bachelor of Science in Management at the Ateneo De Manila University and her MBA in International Business at the Manchester Business School, UK.

**Daisy Perpetua A. Bo** is 55 years old and is a Filipino. She was appointed as AVP for QA/Safety/EMS/IE on May 11, 2016. Ms. Bo was formerly a QA Manager at Alaska Milk Corporation. She also worked previously at Coca Cola Export Corporation as Area Quality Manager for the Visayas and Mega Manila and as Concentrate Plant QA Manager. She was also a former Product Support Business Team Leader at Avon Products Manufacturing. She graduated with a degree in BS Chemistry from the University of Santo Tomas, and took some MBA units at the De La Salle University. She is a licensed chemist since 1987.

**Ma. Hazel L. Rabara-Retardo** is 38 years old and is a Filipino. She was appointed as AVP for Corporate Governance and Deputy Compliance Officer on September 20, 2016. Prior to joining RHI, Atty. Rabara-Retardo was Vice President - Legal & Administrative Affairs/Corporate Secretary of Advanced Merchant Payments Lending Corporation, an affiliate of Amplifi Capital (HK) Ltd. and AMP Credit Technologies, Ltd, where she likewise provided support in legal and contracts management and other roles for the AMP Group which has operations in Hong Kong, Singapore and the United Kingdom. She also worked as Court Attorney V at the Office of the Presiding Justice Ernesto Acosta of the Court of Tax Appeals. Atty. Rabara-Retardo also worked as an associate in the Tan Venturanza Valdez Law Office where she was assigned as Corporate Secretary of various private and publicly-listed companies. She obtained her Bachelor of Laws degree and Bachelor of Arts Major in Political Science at the University of the Philippines- Diliman, Quezon City.

**Jaypee V. Jimenez** is 34 years old and is a Filipino. He was appointed AVP/Head of Procurement & Materials Management of February 15, 2018. Mr. Jimenez graduated with a B.S. mechanical Engineering degree at the Polytechnic University of the Philippines and later took up Masters in Business Administration at the De La Salle University. He is affiliated with the Philippine Society of Mechanical Engineers and Philippine Institute of Supply Management. Mr. Jimenez was Senior Manager of Procurement at Roxas Holdings, Inc. from June 2016 to February 2018, serving both the sugar and bioethanol units. Prior to that, he was Manager for MR Procurement at Aboitiz Power Corporation. He also served as Supervisor for Procurement at AP Renewables, Inc., as Procurement Engineer at Bilfal Heavy Industries at the Kingdom of Saudi Arabia, and as Engineering Buyer at the Asian Terminals Incorporated.

**Josephine M. Logroño** is 42 years old and is a Filipino. She was appointed as AVP and Group Head of Internal Audit on February 1, 2018. Ms. Logroño graduated with a degree in BS Accountancy from the University of Sto. Tomas. She is a Certified Public Accountant and a Certified Internal Auditor. Ms. Logroño was formerly the Audit Manager at Arthaland Corporation (2016-2017) and Shang Properties Inc. (2013-2016). She has over 16 years of experience in both internal and external auditing. She worked with Holcim Philippines, Inc. as a Finance – Process Solution Officer and as an Internal Auditor from 2003-2010. She also served as an Associate Auditor at SyCip, Gorres, Velayo (SGV) & Co. from 1999-2003.

### **Significant Employees**

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

### **Family Relationships**

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

### **Legal Proceedings**

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

## **Item 10. Executive Compensation**

### **Compensation of Executive Officers**

<b>Name and Principal position</b>	<b>Fiscal Year</b>	<b>Salary</b>	<b>Bonus</b>	<b>Other Annual Compensation</b>
The CEO and four most highly compensated Executive Officers: <ul style="list-style-type: none"> <li>• Hubert D. Tubio - President and CEO</li> <li>• Celso T. Dimaricut - EVP and CFO</li> <li>• Arcadio S. Lozada - EVP-COO, Sugar Business Unit</li> <li>• George T. Cheung – SVP, Commercial Operations</li> <li>• Bernard Jose S. Lachica – VP, Chief Manufacturing Officer – Sugar Business Unit</li> </ul>	2018	₱52,029,288	₱8,671,548	₱–
All other officers and directors as a group unnamed*		33,766,056	5,627,676	–
The CEO and four most highly compensated Executive Officers: <ul style="list-style-type: none"> <li>• Hubert D. Tubio - President and CEO</li> <li>• Celso T. Dimaricut - EVP and CFO</li> <li>• Arcadio S. Lozada - EVP-COO, Sugar Business Unit</li> <li>• Luis O. Villa-Abrille - EVP-COO, Alcohol Business Unit</li> <li>• Florencio M. Mamauag, Jr. - VP-Legal, Compliance Officer and Chief Information Officer</li> </ul>	2017	₱52,271,928	₱6,413,994	₱720,000
All other officers and directors as a group unnamed*		29,680,332	2,473,361	960,000
The CEO and four most highly compensated Executive Officers: <ul style="list-style-type: none"> <li>• Hubert D. Tubio - President and CEO</li> <li>• Celso T. Dimaricut - EVP and CFO</li> <li>• Arcadio S. Lozada - EVP-COO, Sugar Business Unit</li> <li>• Luis O. Villa-Abrille - EVP-COO, Alcohol Business Unit</li> <li>• Florencio M. Mamauag, Jr. - VP-Legal, Compliance Officer and Chief Information Officer</li> </ul>	2016	₱45,383,196	₱5,741,933	₱3,180,000
All other officers and directors as a group unnamed*		26,799,600	2,233,300	5,160,000

### **Compensation of Directors**



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

## **Item 11. Security Ownership of Certain Beneficial Owners and Management**

### ***Security Ownership of Certain Record and Beneficial Owners***

The table below shows persons or groups known to the Group as of November 30, 2018 to be directly or indirectly the record or beneficial owner of more than 5% of the Parent Company's voting securities:

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

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

### ***Security Ownership of Management as of November 30, 2018***

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

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Citizenship</b>	<b>Number and Nature of Ownership</b>	<b>Percent of Class</b>
Common	Pedro E. Roxas Chairman of the Board	Filipino	626,640 (r & b)	0.0004 %
Common	Manuel V. Panglinan Vice-Chairman of the Board	Filipino	61,547 (r)	0.0000 %
Common	Hubert D. Tubio President/CEO	Filipino	83,395 (r & b)	0.0000%
Common	Ray C. Espinosa Director	Filipino	430,831 (r & b)	0.0002 %
Common	Alex Erlito S. Fider Director	Filipino	50,000 (r)	0.0000 %
Common	Santiago R. Elizalde Director	Filipino	100,000 (r)	0.0000 %
Common	Christopher H. Young Director	British	61,547 (r)	0.0000 %

<i>Title of Class</i>	<i>Name of Beneficial Owner</i>	<i>Citizenship</i>	<i>Number and Nature of Ownership</i>	<i>Percent of Class</i>
Common	Oscar J. Hilado Independent Director	Filipino	50,000 (r)	0.0000 %
Common	David L. Balangue Independent Director	Filipino	61,547 (r)	0.0000 %
<b>TOTAL</b>			1,525,507 (r & b)	0.0006%

## **Item 12. Certain Relationships and Related Transactions**

Mr. Manuel V. Pangilinan, Atty. Ray C. Espinosa and Mr. Christopher H. Young hold the positions of CEO and Managing Director, Associate Director and Executive Director and Chief Financial Officer, respectively of First Pacific Company Limited. The First Pacific Group, through First Pacific Natural Resources Holdings BV (FPNRHBV) and First Agri Holdings Corp., owns 62.93% of the outstanding capital stock of the company as of November 30, 2018. Mr. Pedro E. Roxas is also the Executive Chairman and the President & CEO of Roxas and Company, Inc. (RCI). RCI owns 20.58% of the outstanding capital stock of the company as of November 30, 2018.

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

## **PART IV - CORPORATE GOVERNANCE**

### **Item 13. Corporate Governance**

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

#### ***Insider Trading Policy***

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

#### ***Whistle Blowing Policy***

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

## **PART V - EXHIBITS AND SCHEDULES**

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

#### ***Exhibits***

- (1) Audited Consolidated Financial Statements for the years ended September 30, 2018, 2017 and 2016
  - Statement of Management's Responsibility for Consolidated Financial Statements
  - Independent Auditor's Report
  - Consolidated Statements of Financial Position
  - Consolidated Statements of Income
  - Consolidated Statements of Comprehensive Income
  - Consolidated Statements of Changes in Equity
  - Consolidated Statements of Cash Flows
  - Notes to the Consolidated Financial Statements
  - Supplementary Schedule of Adoption of Effective Accounting Standards and Interpretations
- (2) Supplementary Schedules
  - Required by SRC Rule 68.1, As Amended
    - Schedule A. Financial Asset
    - Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
    - Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
    - Schedule D. Intangible Assets – Other Assets
    - Schedule E. Long-term Debt
    - Schedule F. Indebtedness to Related Parties
    - Schedule G. Guarantee of Securities of Other Issuers
    - Schedule H. Capital Stock
  - Schedule of Financial Soundness Indicators
  - Corporate Structure

## **Reports on SEC Form 17-C**

Material actions or resolutions are summarized below.

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

December 6, 2017 –Board Actions:

1. Approved RHI's Audited Financial Statements and Management Discussion and Analysis for the fiscal year ending 30 September 2017; and,
2. Approved the holding of the Annual Stockholders Meeting on 21 February 2018 to be held at the Manila Polo Club, and setting the Record Date for the said Meeting on 29 December 2017.

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

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

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

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

February 7, 2018 – Board Approvals:

1. Approved RHI's Interim Financial Statements and Management Discussion and Analysis for the First Quarter ending 31 December 2017;
2. Approved the Press Release of the Corporation;
3. Approved the postponement of the Annual Stockholders Meeting from 21 February 2018 to 26 March 2018 still to be held at the Turf Room, Manila Polo Club, McKinley Road, Forbes Park, Makati City;
4. Confirmed the appointment of the following officers to the positions as stated:
  - a. Jose Manuel V. Mapa as Vice-President/General Manager, RHI Agri-Business Development Corporation;
  - b. Atty. Jhoel P. Raquedan as Assistant Corporate Secretary/ Vice-President, Group Head – Legal and Corporate Affairs/ Compliance Officer;
  - c. Josephine M. Logroño as AVP- Group Head, Internal Audit; and,
  - d. Atty. Ma. Hazel L. Rabara-Retardo as Data Protection Officer, in addition to her role as AVP – Governance and Compliance/Assistant Corporate Secretary/Deputy Compliance Officer; and,
5. Approved the amendment of Article 8 of the By-Laws of the Corporation, changing the date of the annual shareholders' meeting to every second Wednesday of March of each fiscal year.

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

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

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

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

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

December 1, 2016 – Board Actions:

1. Approved RHI's Audited Financial Statements and Management Discussion and Analysis for the fiscal year ending 30 September 2016;
2. Approved the holding of the Annual Stockholders Meeting on 15 February 2017 to be held at the Turf Room, Manila Polo Club, McKinley Road, Forbes Park, Makati City and setting the Record Date for the said Meeting on 28 December 2016;
3. Approved the Increase in Authorized Capital Stock of RHI from One Billion Five Hundred Million Pesos (Php1,500,000,000.00) to Two Billion Pesos (Php2,000,000,000.00) divided into Two Billion Common Shares with par value of One Peso (Php 1.00) per share;
4. Approved the Issuance of at least Twenty Five Percent (25%) common shares out of the above Increase in Authorized Capital Stock (the "Initial Shares) through private placement of existing majority shareholder or shareholders and submit for approval of the RHI Shareholders' the following matters in the next Annual Stockholders' Meeting:
  - a. Delegation of the authority to determine the terms and conditions of the Initial Shares, including the offer price, of the private placement to the Board of Directors;
  - b. Waiver of any public offering requirement over the Initial Shares; and,
  - c. Approval to list the Initial Shares with the Philippine Stock Exchange;
5. Approval of the recommendation of the Audit Committee to appoint and thereafter, submit for the approval of the Shareholders,' the change in the external auditor of RHI from Reyes, Tacandong and Company to SyCip Gorres Velayo & Co. as RHI's external auditors for the fiscal year 1 October 2016- 30 September 2017; and,
6. Confirmed the appointment of Ms. Ma. Hazel L. Rabara-Retardo as AVP, Governance and Deputy Compliance Officer.

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

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

February 1, 2017 -Board Actions:

2. Approved RHI's Interim Financial Statements and Management Discussion and Analysis for the First Quarter ending December 31, 2016, of the current fiscal year;
3. Authorized the Company to enter into a Convertible Note Instrument with an affiliate, First Pacific Natural Resources Holdings BV, for an estimated principal value of Five Hundred Twenty Three Million Seven Hundred Fifty Thousand Pesos (Php523,750,000.00) convertible into equity, upon the submission and approval of the increase in authorized capital stock of RHI to its shareholders and the Securities and Exchange Commission; and,
4. Confirmed the appointment of Mr. Servillano Jose I. Dunglao as RHI's Vice-President, Administrative Services.

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

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

2. The shareholders approved the amendment of Article VII of the Articles of Incorporation of RHI to increase the authorized capital stock from One Billion Five Hundred Million Pesos (Php 1,500,000,000.00) divided into One Billion Five Hundred common shares to Two Billion Pesos (Php 2,000,000,000.00) divided into Two Billion common shares, still with a par value of One Peso (Php1.00) per share, and in connection therewith, approved the below actions:

- a. Conversion into equity of the Convertible Note to be issued to First Pacific Natural Resources Holdings, B.V., in the principal amount of Five Hundred Twenty Three Million Seven Hundred Fifty Thousand Pesos (Php523,750,000.00) at a conversion rate of Four Pesos and Nineteen Centavos (Php 4.19) of the value of Convertible Note, for every One (1) common share, or a total of One Hundred Twenty Five Million new common shares out of the increase in authorized capital stock ("Converted Shares"); and,
- b. Listing of the Converted Shares with the Philippine Stock Exchange.

Results of Organizational Meeting of the Board of Directors:

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

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

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

***Executive Committee:***

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

***Audit Committee:***

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

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

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

***Compensation Committee:***

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

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

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

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

May 11, 2017 – Board Actions:

1. Approved **RHI's Interim Financial Statements and Management Discussion and Analysis** for the **Second Quarter** of Fiscal Year ending **September 30, 2017**;
2. Approved the **Revised Manual on Corporate Governance** in compliance with SEC Memorandum Circular No. 19, series of 2016; and,
3. Confirmed the appointment of **Mr. Earl Eric Nestor H. Ferrer** as RHI's Vice-President, Information and Communication Technology.

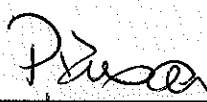
August 10, 2017 - The Board of Directors of Roxas Holdings, Inc. approved RHI's Interim Financial Statements and Management Discussion and Analysis for the Third Quarter (ending June 30, 2017) of Fiscal Year ending September 30, 2017

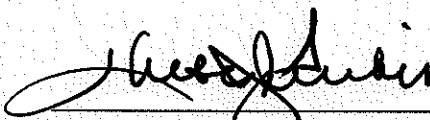
September 29, 2017 - Resignation of Mr. Jose Rojo G. Alisla as VP/GM, RHI Agri-business Development Corporation

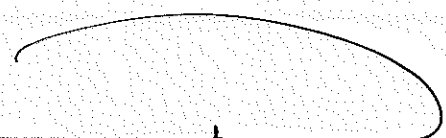
## SIGNATURES


Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Taguig on \_\_\_\_\_, 20\_\_.


By:

  
**PEDRO E. ROXAS**  
 Chairman of the Board

  
**HUBERT D. TUBIO**  
 President and Chief Executive Officer

  
**CELSO T. DIMARUCUT**  
 EVP and Chief Finance Officer

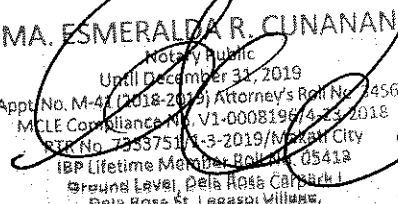
  
**MA. HAZEL L. RABARA - RETARDO**  
 AVP, Governance and Deputy Compliance Officer,  
 Assistant Corporate Secretary

  
**VERONICA C. CORTEZ**  
 AVP-Finance

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of 14 JAN 2019 2018 affiants exhibiting to me their government-issued IDs, as follows:

Names	ID No.	Date of Issue	Place of Issue
Pedro E. Roxas	EC2368933	October 10, 2014	DFA Manila
Hubert D. Tubio	P0169013A	September 6, 2016	DFA Manila
Celso T. Dimarucut	EB8575557	July 5, 2014	DFA Manila
Ma. Hazel L. Rabara-Retardo	214216562	-	-
Veronica C. Cortez	N03-05-010126	September 23, 2016	LTO Imus, Cavite

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 Book No. IV  
 Series of 2019

  
**MA. ESMERALDA R. CUNANAN**  
 Notary Public  
 Until December 31, 2019  
 Appt. No. M-47 (2018-2019) Attorney's Roll No. 14562  
 MCLE Compliance No. V1-0008195/4-23-2018  
 STR No. 7353751/1-3-2019/Makati City  
 IBP Lifetime Member Roll No. 05413  
 Ground Level, Dela Rosa Carpark I  
 Dela Rosa St. Legaspi Village,  
 Makati City



**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**  
**Index to the Consolidated Financial Statements**  
**As at and For the Year Ended September 30, 2018**

Schedule I : Supplementary schedules required by Annex 68-E

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

Schedule II : Supplementary schedules of financial soundness indicators

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

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

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

N/A – Not applicable

**SCHEDULE I**

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**

**SCHEDULE A**

**FINANCIAL ASSETS**

**SEPTEMBER 30, 2018**

**(Amounts in Thousands)**

Description	Carrying Value	Fair Value
Cash on hand	₱3,148	₱3,148
Loans and receivables:		
Cash in banks	292,001	292,004
Trade receivables*	2,777,966	2,777,966
Due from employees*	55,962	55,962
Due from related parties	37,369	37,369
Others*	56,073	56,073
	<b>₱3,222,519</b>	<b>₱3,222,522</b>

\*Net of related allowance for impairment losses totaling to ₱44.1 million.

**SCHEDULE I**

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**

**SCHEDULE B**

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

**SEPTEMBER 30, 2018**

**(Amounts in Thousands)**

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Various employees (educational loans/advances)	₱63,274	₱86,466	(₱91,694)	₱-	₱58,046	₱-	₱58,046

**SCHEDULE I**

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**

**SCHEDULE C**

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

**SEPTEMBER 30, 2018**

**(Amounts in Thousands)**

Debtor	Name and designation of creditor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
<b>Intercompany trade transactions</b>								
Roxas Holdings, Inc. (RHI)	Central Azucarera Don Pedro, Inc. (CADPI)	₱16	₱173	(₱174)	₱-	₱15	₱-	₱15
CADPI	RHI	52,335	52,335	(54,671)	-	49,999	-	49,999
	Central Azucarera De La Carlota, Inc. (CACI)	433,225	1,064,537	(1,492,294)	-	5,468	-	5,468
	RHI-Agribusiness Development Corp. (RHIADC)	1	137	(137)	-	1	-	1
CACI	CADPI	72,204	250,331	(321,966)	-	569	-	569
	RHIADC	580	4,339	(4,350)	-	569	-	569
Roxol Bioenergy Corp. (RBC)	CADPI	31,412	81,478	(110,242)	-	2,648	-	2,648
	CACI	13,470	446,880	(323,851)	-	136,499	-	136,499
San Carlos Bioenergy, Corp (SCBI)	CADPI	16	173	(174)	-	15	-	15
	RBC	80,512	930,854	(325,388)	-	685,978	-	685,978
	RHIADC	-	95	(40)	-	55	-	55
RHIADC	CADPI	19	173	(177)	-	15	-	15
		683,790	2,831,505	(2,633,464)	-	881,831	-	881,831
<b>Intercompany non-trade transactions</b>								
RHI	CADPI	3,561,568	4,688,849	(8,201,903)	-	48,514	-	48,514
	Roxas Power Corporation (RPC)	389	-	-	-	389	-	389

(Forward)

Debtor	Name and designation of creditor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
CADPI	CACI	1,816,314	-	(1,816,314)	-	-	-	-
CACI	RHI	2,297,549	3,752,033	(5,191,811)	-	857,771	-	857,771
SCBI	CADPI	2,176	-	(2,176)	-	-	-	-
	Roxas Pacific Bioenergy, Inc. (RPBC)	1,088,063	250	-	-	1,088,313	-	1,088,313
	RHI	1,318,347	1,140,084	(1,463,137)	-	995,294	-	995,294
RBC	RHI	1,228,654	1,092,251	(1,112,704)	-	1,208,201	-	1,208,201
RPBC	RHI	2,370,435	59	-	-	2,370,494	-	2,370,494
RHIADC	RHI	210,741	105,360	(40,859)	-	275,242	-	275,242
	SCBI	7	-	(7)	-	-	-	-
		621	-	-	-	621	-	621
CADPI Insurance Agency, Inc.(CADPIAI)	RHI	397	-	-	-	397	-	397
CADPI Port Services, Inc. (CADPSI)	RHI							
NAVI	RHI	73,108	-	(3,279)	-	69,829	-	69,829
		13,968,369	10,778,886	(17,832,190)	-	6,915,065	-	6,915,065
		<b>¥14,652,159</b>	<b>¥13,610,391</b>	<b>(¥20,465,654)</b>	<b>¥-</b>	<b>¥7,796,896</b>	<b>¥-</b>	<b>¥7,796,896</b>

## ROXAS HOLDINGS, INC. AND SUBSIDIARIES

## SCHEDULE D

## INTANGIBLE ASSETS – OTHER ASSETS

SEPTEMBER 30, 2018

(Amounts in Thousands)

Description	Beginning balance	Additions at cost	Amortization	Charged to other accounts	Other changes	
					additions (deductions)	Ending balance
Goodwill	P1,079,615	P–	P–	P–	P–	P1,079,615
Software cost*	9,063	–	(4,838)	–	(4,225)	–
	P1,088,678	P–	(P4,838)	P–	(P4,225)	P1,079,615

\*Software cost included under "Other noncurrent assets" account.

**SCHEDULE I**

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**

**SCHEDULE E**

**LONG-TERM BORROWINGS**

**SEPTEMBER 30, 2018**

**(Amounts in Thousands)**

Date Availed	Terms	Amount shown under "Current portion of long- term borrowings" account in the consolidated statement of financial position*
Sept 10, 2014	Payable quarterly starting Sept 10, 2017	981,512
Dec 1, 2016	Payable quarterly starting Dec 1, 2017	1,128,230
Aug 12, 2016	Payable quarterly starting Nov 12, 2017	400,000
Aug 5, 2014	Payable quarterly starting Nov 5, 2016	1,978,275
Sept 10, 2014	Payable quarterly starting Dec 10, 2017	325,055
June 17, 2011	Payable quarterly	41
		<b>P4,813,113</b>

*\*Net of transaction cost*

Details are discussed in Note 15 to consolidated financial statements.

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**

**SCHEDULE H**

**CAPITAL STOCK**

**SEPTEMBER 30, 2018**

Title of issue	Number of shares issued and outstanding as shown under "capital stock" account in the consolidated statement of financial position	Number of shares reserved for options, warrants, conversion, and other rights	Number of		Others
			shares held by related parties	Directors and officers	
Common shares - "Class A" at ₱1 par value	2,000,000,000	1,548,915,932	65,000,000	1,291,864,105	1,525,507
					255,526,320



**SCHEDULE II****ROXAS HOLDINGS, INC. AND SUBSIDIARIES****FINANCIAL SOUNDNESS INDICATORS****SEPTEMBER 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Financial Ratios required under Loan Covenants</b>		
Debt to Equity Ratio (not more than 2.33)	1.37	1.27
Debt Service Coverage Ratio (at least 1.25)	0.80	1.82
<b>Others</b>		
Return on Equity	0.98%	1.14%
Return on Asset	0.41%	0.50%
Asset-to-Equity Ratio	2.37	2.27
Current Ratio	1.03	0.88
Book Value per Share	₱6.95	₱6.82

**SCHEDULE III**

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF ADOPTION OF**  
**EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS**  
**SEPTEMBER 30, 2018**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2018		Adopted	Not Early Adopted	Not Applicable
<b>Framework for the Preparation and Presentation of Financial Statements</b>				
Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
<b>PFRS Practice Statement Management Commentary</b>				✓
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
<b>PFRS 2</b>	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
	Amendments to PFRS 2: Definition of Vesting Condition	✓		
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions		✓	
<b>PFRS 3 (Revised)</b>	Business Combinations	✓		
	Amendments to PFRS 3 : Accounting for Contingent Consideration in a Business Combination	✓		
	Amendments to PFRS 3 : Scope Exceptions for Joint Arrangements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2018		Adopted	Not Early Adopted	Not Applicable
PFRS 4	Insurance Contracts		✓	
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts		✓	
	Amendments to PFRS 4: Applying PFRS 9, <i>Financial Instruments</i> , with PFRS 4		✓	
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Changes in Method of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements	✓		
	Amendments to PFRS 7: Servicing Contracts			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8 : Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Asset	✓		
PFRS 9	Financial Instruments		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2018		Adopted	Not Early Adopted	Not Applicable
<b>PFRS 10</b>	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
<b>PFRS 11</b>	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
<b>PFRS 12</b>	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	Clarification of the Scope of the Standard		✓	
<b>PFRS 13</b>	Fair Value Measurement	✓		
	Amendments to PFRS 13 : Portfolio Exception			✓
<b>PFRS 14</b>	Regulatory Deferral Accounts			✓
<b>PFRS 15</b>	Revenue from Contracts with Customers		✓	
<b>PFRS 16</b>	Leases		✓	
<b>Philippine Accounting Standards</b>				
<b>PAS 1 (Revised)</b>	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1, Disclosure Initiative	✓		
<b>PAS 2</b>	Inventories	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2018		Adopted	Not Early Adopted	Not Applicable
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative		✓	
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 : Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses		✓	
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16 and 38: Proportionate Restatement of Accumulated Amortization			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
	Regional Market Issue Regarding Discount Rate			✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2018		Adopted	Not Early Adopted	Not Applicable
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendment: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Disclosure of Information 'Elsewhere in the Interim Financial Report'	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2018		Adopted	Not Early Adopted	Not Applicable
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Interrelationship between PFRS 3 and PAS 40	✓		
	Amendments to PAS 40: Transfers of Investment Property		✓	
PAS 41	Agriculture	✓		
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		

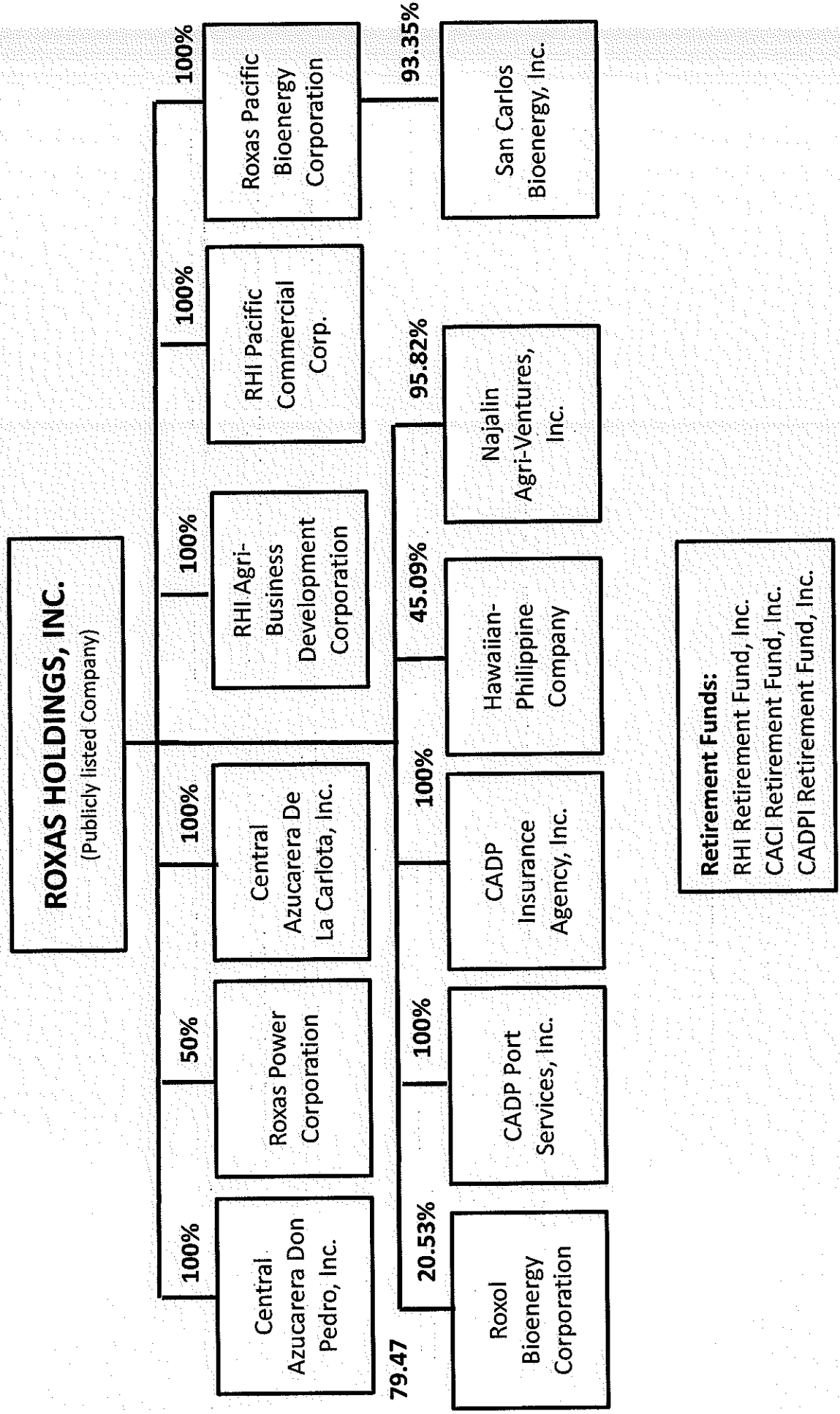
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2018		Adopted	Not Early Adopted	Not Applicable
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC - 9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
IFRIC 22	Foreign Currency Transactions and Advance Consideration		✓	
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2018		Adopted	Not Early Adopted	Not Applicable
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SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs	✓		

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



**SCHEDULE V**

**ROXAS HOLDINGS, INC.**

**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION  
AS OF SEPTEMBER 30, 2018**

Retained earnings, beginning	₱4,279,428,283
Cumulative unrealized fair value gain on investment properties, net of tax, beginning	(1,462,442,556)
Revaluation increment on land transferred to retained earnings on deemed cost adjustment, net of tax	(958,591,519)
Treasury stock	(52,290,236)
Deferred income tax assets, beginning	(24,623,248)
Retained earnings available for dividend declaration, beginning	1,781,480,724
Net income earned during the year	67,306,752
Deduct unrealized income:	
Unrealized fair value gain on investment properties, net of tax	18,071,538
Increase in deferred income tax assets	1,369,062
Unappropriated retained earnings available for dividend declaration at end of year	<u>₱1,868,228,076</u>

**Reconciliation:**

Retained earnings at year end as shown in the separate financial statements	₱4,346,735,035
Unrealized fair value gain on investment properties, net of tax	(1,444,371,018)
Revaluation increment on land transferred to retained earnings on deemed cost adjustment, net of tax	(958,591,519)
Treasury stock	(52,290,236)
Deferred income tax assets	(23,254,186)
	<u>₱1,868,228,076</u>

## AUDITED FINANCIAL STATEMENTS

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N	/	A	
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## COMPANY INFORMATION

[www.roxasholdings.com](http://www.roxasholdings.com)

(02) 771-7800

\_\_\_\_\_

2,094

February 18

September 30

CONTACT PERSON INFORMATION	
NAME	
PHONE	
TELETYPE	
TELEFAX	
ADDRESS	
CITY	
STATE	
ZIP	
COUNTRY	

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ma. Hazel L. Rabara-Retardo	hazel.rabara@rhi.com.ph	(02) 810-8901	—

<b>CONTACT PERSON'S ADDRESS</b>	
1. NAME (Last, first, middle initial) 2. ADDRESS 3. CITY 4. STATE 5. ZIP	

\_\_\_\_\_

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) 771-7800**

\_\_\_\_\_  
(Company's Telephone Number)

**September 30, 2019**

\_\_\_\_\_  
(Fiscal Year Ending)

**SEC Form 17-Q**

\_\_\_\_\_  
(Form Type)

\_\_\_\_\_  
Amended Designation (If Applicable)

**December 31, 2018**

\_\_\_\_\_  
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 2018**
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) 771-7800**
9. Former name, former address and former fiscal year, if changed since last report  
**Not Applicable**
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares and Amount of Debt Outstanding
Authorized Capital Stock:	2,000,000,000
No. of common shares issued and outstanding	1,547,935,799
No. of preferred shares issued and outstanding	-

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

Yes ☒ [ X ]

No ☐ [ ]

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 11 of the Securities Revised Code (SRC) and SRC Rule 11(a)-1 there under and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes    ☒ [ X ]

No    ☐ [   ]

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

Yes    ☒ [ X ]

No    ☐ [   ]

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## **ROXAS HOLDINGS, INC. AND SUBSIDIARIES**

Unaudited Interim Condensed Consolidated Financial Statements  
December 31, 2018 (With Comparative Audited Figures as at September 30, 2018)  
and for the Three-Month Periods Ended December 31, 2018 and 2017

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2018**

*(With Comparative Audited Balances as at September 30, 2018)*

**(Amounts in Thousands)**

		December 31, 2018 (Unaudited)	September 30, 2018 (As restated – Note 2)
	Note		
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	P550,462	P295,149
Trade and other receivables	4	3,075,430	3,040,355
Inventories	5	2,011,775	2,646,188
Other current assets	6	1,436,186	1,204,288
		<b>7,073,853</b>	<b>7,185,980</b>
<b>Assets Held for Sale</b>	<b>8</b>	<b>6,525,072</b>	<b>6,525,072</b>
		<b>13,598,925</b>	<b>13,711,052</b>
<b>Noncurrent Assets</b>			
Investment in an associate	7	658,690	642,690
Property, plant and equipment:	8		
At cost		7,508,943	7,595,865
At revalued amount		1,376,627	1,376,627
Investment properties		347,412	347,591
Goodwill		1,079,615	1,079,615
Retirement assets – net		43,867	44,938
Deferred tax assets – net		550,362	440,817
Other noncurrent assets		291,978	291,423
		<b>11,857,494</b>	<b>11,819,566</b>
		<b>P25,456,419</b>	<b>P25,530,618</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Short-term borrowings	9	P7,043,511	P6,210,857
Current portion of long-term borrowings	10	4,501,676	4,813,113
Trade and other payables	11	1,882,603	2,279,766
Income tax payable		–	2,350
		<b>13,427,790</b>	<b>13,306,086</b>
Liability directly associated with the assets held for sale		1,024,465	1,024,465
		<b>14,452,255</b>	<b>14,330,551</b>
<b>Noncurrent Liabilities</b>			
Retirement liabilities -net		264,609	249,953
Deferred tax liabilities - net		172,631	185,824
Other noncurrent liabilities		1,300	1,300
		<b>438,540</b>	<b>437,077</b>
<b>Total Liabilities</b>		<b>14,890,795</b>	<b>14,767,628</b>

(Forward)

		December 31, 2018 (Unaudited)	September 30, 2018 (As restated – Note 2)
	Note		
<b>Equity Attributable to the Equity Holders of the Parent Company</b>	12		
Capital stock		<b>₱1,565,579</b>	₱1,565,579
Additional paid-in capital		<b>2,840,370</b>	2,840,370
Treasury stock		<b>(52,290)</b>	(52,290)
Revaluation increment on land under assets held for sale		<b>2,390,419</b>	2,390,419
Other equity items and reserves		<b>1,177,585</b>	1,177,585
Retained earnings		<b>2,584,650</b>	2,781,474
		<b>10,506,313</b>	10,703,137
 Non-controlling Interests		 <b>59,311</b>	 59,853
		<b>10,565,624</b>	10,762,990
		 <b>₱25,456,419</b>	 ₱25,530,618

*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, 2018 AND 2017**  
(Amounts in Thousands, except Basic and Diluted Earnings per Share Data)

	Notes	December 31, 2018 (Unaudited)	December 31, 2017 (Unaudited)
<b>REVENUE</b>	15		
Sale of goods		P1,539,399	P993,340
Sale of services		728,047	2,707
		<b>2,267,446</b>	<b>996,047</b>
<b>COST OF SALES</b>	16	<b>(2,251,706)</b>	<b>(937,825)</b>
<b>GROSS INCOME</b>		<b>15,740</b>	<b>58,222</b>
<b>OPERATING EXPENSES</b>	17	<b>(186,453)</b>	<b>(165,117)</b>
<b>INTEREST EXPENSE</b>		<b>(55,708)</b>	<b>(51,131)</b>
<b>SHARE IN NET EARNINGS OF AN ASSOCIATE</b>		<b>16,000</b>	<b>-</b>
<b>OTHER INCOME (EXPENSE) – Net</b>	19	<b>(2,894)</b>	<b>7,652</b>
<b>LOSS BEFORE INCOME TAX</b>		<b>(213,315)</b>	<b>(150,374)</b>
<b>INCOME TAX BENEFIT</b>			
Current		1,690	287
Deferred		102,538	59,725
		<b>104,228</b>	<b>60,012</b>
<b>NET LOSS FROM CONTINUING OPERATIONS</b>		<b>(109,087)</b>	<b>(90,362)</b>
<b>NET LOSS FROM DISCONTINUED OPERATIONS</b>	8	<b>(88,279)</b>	<b>(19,694)</b>
<b>NET LOSS</b>		<b>(P197,366)</b>	<b>(P110,056)</b>
Net income attributable to:			
Equity holders of the Parent Company		(P196,824)	(P110,671)
Non-controlling interests		(542)	615
		<b>(P197,366)</b>	<b>(P110,056)</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>			
Basic		(P0.13)	(P0.07)
Diluted		(P0.13)	(P0.07)

See accompanying Notes to Consolidated Financial Statements.

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTH PERIODS ENDED**  
**DECEMBER 31, 2018 AND 2017**  
(Amounts in Thousands)

	December 31, 2018 (Unaudited)	December 31, 2017 (Unaudited)
<b>CAPITAL STOCK</b>	<b>₱1,565,579</b>	<b>₱1,564,599</b>
<b>ADDITIONAL PAID-IN CAPITAL</b>	<b>2,840,370</b>	<b>2,826,554</b>
<b>TREASURY STOCK</b>	<b>(52,290)</b>	<b>(52,290)</b>
<b>REVALUATION INCREMENT ON LAND UNDER ASSETS HELD FOR SALE</b>	<b>2,390,419</b>	<b>—</b>
<b>OTHER EQUITY RESERVES</b>	<b>1,177,585</b>	<b>3,419,147</b>
<b>RETAINED EARNINGS</b>		
Balance at beginning of the period:		
As previously reported	<b>2,781,402</b>	<b>2,733,738</b>
Prior period adjustments (Note 2)	<b>72</b>	<b>—</b>
As restated	<b>2,781,474</b>	<b>2,733,738</b>
Net loss	<b>(196,824)</b>	<b>(110,671)</b>
	<b>2,584,650</b>	<b>2,623,067</b>
<b>NON-CONTROLLING INTERESTS</b>		
Beginning balance	<b>59,853</b>	<b>52,360</b>
Income (loss) attributable to non-controlling interests	<b>(542)</b>	<b>615</b>
	<b>59,311</b>	<b>52,975</b>
<b>TOTAL EQUITY</b>	<b>₱10,565,624</b>	<b>₱10,434,052</b>

*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, 2018 AND 2017**  
(Amounts in Thousands)

	December 31, 2018 (Unaudited)	December 31, 2017 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax from continuing operations	(P213,315)	(P150,374)
Loss before income tax from discontinued operations	(113,256)	(28,135)
Adjustments for:		
Depreciation and amortization	219,179	247,934
Interest expense	144,781	121,958
Retirement expense	15,727	16,675
Share in net earnings of associate	(16,000)	—
Operating income before changes in working capital	37,116	208,058
Decrease (increase) in:		
Trade and other receivables	(35,074)	429,189
Inventories	634,413	(117,748)
Other current assets	(231,902)	(27,703)
Increase in trade and other payables	(392,826)	(194)
Net cash flows generated from operating activities	11,727	491,602
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
Property, plant and equipment	(132,078)	(99,758)
Decrease in other noncurrent assets	(555)	2,538
Net cash flows used in investing activities	(132,633)	(97,220)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net availments of short-term borrowings	832,654	(214,887)
Payments of:		
Long-term borrowings	(311,437)	(310,201)
Interest	(144,998)	(159,945)
Net cash flows provided by (used in) financing activities	376,219	(685,033)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	255,313	(290,651)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	295,149	571,377
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	P550,462	P280,726

*See accompanying Notes to Financial Statements.*

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**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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**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. The corporate life of the Parent Company was extended on May 6, 2016 for another 50 years until November 1, 2030.

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

As at September 30, 2015, the Parent Company is 31% owned by Roxas and Company, Inc. (RCI), a publicly listed company incorporated and domiciled in the Philippines, 27% owned by FP Natural Resources Holdings B.V. (FPNRH), a Hong Kong based company and a subsidiary of First Pacific Company, Ltd. (First Pacific), and 24% owned by First Agri Holdings Corporation (FAHC), a Philippine affiliate of FPNRH.

RHI completed its stock rights offering in May 2016 for 266,753,974 outstanding common shares of RHI, with par value of ₱1.00 a share, on a pre-emptive basis to holders of common shares of the capital stock of RHI as at May 4, 2016 (the "Record Date") at an offer price of ₱4.19 per Rights Share (the "Offer Price"). As a result, the equity interest of FAHC in RHI increased from 24% to 33% while the equity interest of RCI decreased from 31% to 22%.

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, 2018 were authorized for issue in accordance with a resolution of the Board of Directors on February 12, 2019.

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## 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, 2018, 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.

- PFRS 15, *Revenue from Contracts with Customers*, establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is 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 principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Entities can choose to apply the standard using either a full retrospective approach, with some limited relief provided, or a modified retrospective approach.

The adoption of this standard resulted to recognition of revenue and cost from milling services amounting to ₱722.4 million as at December 31, 2018 and prior period adjustments to the beginning balance of retained earnings amounting to ₱0.1 million.

- PFRS 9, *Financial Instruments*, reflects all phases of the financial instruments project and replaces PAS 39 and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required, but providing comparative information is not compulsory. The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The Group does not expect that PFRS 9 will impact the classification of its financial instruments. However, the Group anticipates impact on the adoption of the expected credit loss.
- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*, clarifies 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. The



amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight. The Group is currently assessing the impact of adopting these amendments.

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

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

The Group is currently assessing the impact of adopting these amendments.

- Amendments to PFRS 4, *Insurance Contracts - Applying PFRS 9, Financial Instruments, with PFRS 4*, 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 the Group does not have any activities related to insurance contracts.

- Amendments to PAS 28 - *Measuring an Associate or Joint Venture at Fair Value*

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 FVPL. 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. The amendments should be applied retrospectively, with earlier application permitted. The Group is currently assessing the impact of adopting these amendments.

- Philippine Interpretation based on International Financial Reporting Interpretations Committee (IFRIC) 22, *Foreign Currency Transactions and Advance Consideration*, 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 nonmonetary asset or nonmonetary liability arising from advance consideration, the date of the transaction is the

date on which an entity initially recognizes the nonmonetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group is currently assessing the impact of adopting this Interpretation.

#### *Effective for Fiscal Year 2020*

- *Amendments to PFRS 9, Prepayment Features with Negative Compensation*  
The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. Earlier application is permitted. The Group is currently assessing the impact of adopting these amendments.
- *PFRS 16, Leases*, 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-statement of financial position 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 remeasurement 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. Early application is permitted, but not before an entity applies PFRS 15. 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 the new standard on its office spaces lease agreements.

- *Amendments to PAS 28, Long-term Interests in Associates and Joint Ventures*, clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. Earlier application is permitted. The Group is currently assessing the impact of adopting these amendments.

- 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 adopting this Interpretation.

#### *Effective for Fiscal Year 2021*

- PFRS 17, *Insurance Contracts*, establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

Some contracts meet the definition of an insurance contract but have as their primary purpose the provision of services for a fixed fee. Such issued contracts are in the scope of the standard, unless an entity chooses to apply to them PFRS 15 and provided the following conditions are met:

- (a) the entity does not reflect an assessment of the risk associated with an individual customer in setting the price of the contract with that customer;
- (b) the contract compensates the customer by providing a service, rather than by making cash payments to the customer; and
- (c) the insurance risk transferred by the contract arises primarily from the customer's use of services rather than from uncertainty over the cost of those services

PFRS 17 is not applicable to the Group since the Group does not have any insurance contracts.

#### *Deferred Effectivity*

- Amendments to PFRS 10 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 the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in PFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do 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 FRSC postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed 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
	2018	2017	2016	2018	2017	2016		
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) <sup>(1)</sup>	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) <sup>(2)</sup>	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) <sup>(3)</sup>	100.00%	100.00%	100.00%	--	--	--	Selling arm of products of RHI Group	Makati City
San Carlos Bioenergy, Inc. (SCBI) <sup>(3)</sup>	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) <sup>(4)</sup>	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, 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.

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### 3. Cash and Cash Equivalents

This account consists of:

	December 31, 2018 (Unaudited)	September 30, 2018 (Audited)
Cash on hand	P588	P3,148
Cash in banks and cash equivalents	549,874	292,001
	<b>P550,462</b>	<b>P295,149</b>

Cash in banks earn interest at the respective bank deposit rates.

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### 4. Trade and Other Receivables

This account consists of:

	December 31, 2018 (Unaudited)	September 30, 2018 (Audited)
Trade	P2,866,327	P2,811,084
Due from:		
Planters and cane haulers	113,558	159,717
Employees	54,092	58,046
Related parties	67,190	37,369
Others	65,055	64,931
	<b>3,166,222</b>	<b>3,131,147</b>
Allowance for impairment losses	(90,792)	(90,792)
	<b>P3,075,430</b>	<b>P3,040,355</b>

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### 5. Inventories

This account consists of:

	December 31, 2018 (Unaudited)	September 30, 2018 (As restated – Note 2)
At NRV:		
Materials and supplies	P596,996	P560,676
Molasses	654,620	–
Alcohol	110,401	46,227
At cost:		
Refined sugar	394,021	1,383,012
Raw sugar	229,334	108,996
Molasses	–	488,323
Others	26,403	58,954
	<b>P2,011,775</b>	<b>P2,646,188</b>

Cost of inventories valued at NRV is shown below:

	December 31, 2018 (Unaudited)	September 30, 2018 (Audited)
Molasses	₱655,384	—
Materials and supplies	632,838	₱600,713
Alcohol	129,731	63,948
	<b>₱1,417,953</b>	<b>₱664,661</b>

## 6. Other Current Assets

This account consists of:

	December 31, 2018 (Unaudited)	September 30, 2018 (Audited)
Creditable withholding taxes, net of allowance for probable losses of ₱12.2 million	₱801,152	₱794,453
Deferred milling costs	419,703	59,320
Input VAT	112,780	37,550
Advances to suppliers	59,127	261,040
Prepayments	25,577	35,932
Refundable deposits	14,369	14,410
Others	3,478	1,583
	<b>₱1,436,186</b>	<b>₱1,204,288</b>

Input VAT, which includes deferred input VAT, mainly arises from purchases of capital goods and services for operations.

## 7. Investment in an Associate

Movements in investment in an associate are as follows:

	December 31, 2018 (Unaudited)	September 30, 2018 (Audited)
Acquisition cost	₱127,933	₱127,933
Accumulated share in net earnings:		
Balance at beginning of period	258,117	280,509
Share in net earnings	16,000	(78,226)
Dividends declared	—	55,834
Balance at end of the period	274,117	258,117
Cumulative share in remeasurement loss on retirement liability		
Balance at beginning of period	(7,665)	(9,166)
Share in remeasurement loss	—	1,501
Balance at end of the period	(7,665)	(7,665)

(Forward)

	December 31, 2018 (Unaudited)	September 30, 2018 (Audited)
Share in revaluation increment of land:		
Balance at beginning of period	264,305	207,492
Share in revaluation increment	–	56,813
Balance at end of the period	264,305	264,305
	<b>₱658,690</b>	<b>₱642,690</b>

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.

Summarized financial information of HPCo are as follows:

	December 31, 2018 (Unaudited)	September 30, 2018 (Audited)
Current assets	<b>₱778,602</b>	₱743,060
Noncurrent assets	<b>1,333,543</b>	1,360,903
Current liabilities	<b>881,552</b>	(887,343)
Noncurrent liabilities	<b>280,249</b>	(324,419)
Net assets	<b>950,344</b>	892,201

	December 31, 2018 (Unaudited)	December 31, 2017 (Unaudited)
Revenue	<b>₱418,110</b>	₱81,901
Net income	<b>35,485</b>	–

## 8. Property, Plant and Equipment

### *Acquisitions and disposals*

During the three months ended December 31, 2018, the Group acquired assets amounting to ₱132.1 million excluding property under construction.

The Group also started several capital expenditures. The projects with carrying amount of ₱695.8 million are expected to be completed within a year.

Certain property, plant and equipment with a carrying amount of ₱9,044.0 million were mortgaged and used as collateral to secure the loan obligations with the local banks (see Note 10).

### Assets held for sale and discontinued operations

On May 23, 2018, the Group entered into an Asset Purchase Agreement with URC for the sale of the Group's sugar milling and refining operations in Batangas. The consummation of the Proposed Sale Transaction is subject to the parties being able to secure the requisite regulatory approvals, corporate approvals, and other third party consents. As of January 14, 2019, the Proposed Sale Transaction is still under review by the PCC. The PCC review is required for similar

transactions. However, management is committed to the Proposed Sale Transaction and expects it to be completed after PCC approval is secured.

The assets held for sale represent CADPI's operations which are included as part of the sugar operating segment until December 31, 2018. 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, 2018 are as follows:

Land	₱3,414,959
Machinery and equipment	2,379,373
Buildings and improvements	548,149
Furniture fixture and other improvements	64,104
Transportation equipment	11,707
Investment properties	1,433
Construction in-progress	105,347
	<u>₱6,525,072</u>

Deferred tax liability directly associated with the assets held for sale amounted to ₱1,024.5 million as of December 31, 2018.

Revaluation increment on land held for sale amounted to ₱2,390.4 million as of December 31, 2018.

The results of CADPI's sugar and milling operations are shown in the table below:

	December 31, 2018	December 31, 2017
Revenue		
Sale of goods	₱1,941,674	₱1,072,896
Sale of services	—	4,754
	<u>1,941,674</u>	<u>1,077,650</u>
Cost of sales and services	<u>(1,907,038)</u>	<u>(991,438)</u>
Gross income	34,636	86,212
Operating expenses	(54,109)	(55,217)
Interest expenses	(89,073)	(70,827)
Other income (expense) - net	(4,710)	11,697
Loss before income tax	<u>(113,256)</u>	<u>(28,135)</u>
Income tax benefit	24,977	8,441
Net loss from discontinued operations	<u>(₱88,279)</u>	<u>(₱19,694)</u>

## 9. 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 4.25% to 7.00% for the periods ended December 31, 2018 and September 30, 2018.

Total interest expense arising from short-term borrowings amounted to ₱37.5 million and ₱30.0 million for the three-month periods ended December 31, 2018 and 2017, respectively.



## 10. 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, 2018	September 30, 2018
₱2,645.0 million dated August 5, 2014	Payable in equal quarterly amortization for seven years beginning November 2016 and bears fixed interest of 4.50% for three years subject to repricing thereafter	Suretyship agreement and mortgage trust indenture (MTI)	<b>₱1,901,094</b>	₱1,983,750
₱1,227.0 million dated September 10, 2014	Quarterly principal repayment amounting to ₱49.0 million starting September 2017 until June 2021 and a lump sum payment of the remaining balance on September 10, 2021 and bears fixed interest of 4.50% subject to change as agreed by the parties	Suretyship agreement and MTI	<b>933,000</b>	982,000
₱1,400.0 million dated December 1, 2016	Quarterly principal repayment amounting to ₱66.7 million starting December 2017 until December 2022 and bears floating interest	Clean loan	<b>1,066,660</b>	1,133,328
₱800.0 million dated August 12, 2016	Quarterly principal repayment amounting to ₱100.0 million starting November 2017 until December 2019 with one year grace period and bears fixed interest rate of 4.50% subject to change as agreed by the parties	Suretyship agreement and MTI	<b>300,000</b>	400,000
₱380.0 million dated May 27, 2014	Quarterly principal repayment amounting to ₱13.6 million starting December 2017 until June 2021 and a lump sum payment of the remaining balance on September 10, 2021 and bears fixed interest of 4.50% subject to change as agreed by the parties	Suretyship agreement and MTI	<b>312,170</b>	325,736
Others			<b>37</b>	41
			<b>4,512,924</b>	4,824,855
Unamortized transaction costs			<b>(11,248)</b>	(11,742)
			<b>4,501,676</b>	4,813,113
Current portion			<b>(4,501,676)</b>	(4,813,113)
Noncurrent portion			<b>₱—</b>	₱—

#### *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, including 28,549,365 HP Co. shares. Property, plant and equipment with a carrying amount of ₱9,044.0 million were mortgaged and used as collateral to secure the loan obligations with the local bank creditors. Carrying amount was determined by a professionally qualified independent appraiser in June 2016.

#### *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, 2018, the Group did not meet the minimum required DSCR but received the approved bank waivers on minimum DSCR requirement as of September 30, 2018 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. However, the lender-banks have not called the loan as of report date.

The maturities of the long-term borrowings are as follows:

	December 31, 2018 (Unaudited)	September 30, 2018 (Audited)
Less than one year	₱1,147,576	₱1,248,433
Between one to two years	1,405,576	1,405,576
Between two to five years	1,711,803	1,840,221
Between five to eight years	247,969	330,625
	<b>₱4,512,924</b>	<b>₱4,824,855</b>

## 11. Trade and Other Payables

This account consists of:

	December 31, 2018 (Unaudited)	September 30, 2018 (Audited)
Trade	₱950,151	₱1,230,454
Accruals for:		
Construction in progress	358,059	358,059
Offseason costs	95,284	—
Interest	45,577	45,794
Payroll and other employee benefits	19,213	30,643
Sugar and molasses purchase	—	181,919
Others	125,241	100,195
Due to:		
Related parties	96,993	96,295
Planters	12,278	5,935
Payable to government agencies for taxes and statutory contributions	57,732	73,293
Customers' deposits	39,330	8,163
Provision for probable loss	5,000	7,550
Others	77,745	141,466
	<b>₱1,882,603</b>	<b>₱2,279,766</b>

## 12. Equity

Details of capital stock and treasury stock follow:

	December 31, 2018 (Unaudited)		September 30, 2018 (Audited)	
	Number of Shares	Amount (in Thousands)	Number of Shares	Amount (in Thousands)
<b>Authorized – common shares “Class A” at ₱1.0 par value</b>	<b>2,000,000,000</b>	<b>₱2,000,000</b>	<b>2,000,000,000</b>	<b>₱2,000,000</b>
<b>Issued common shares “Class A”</b>				
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
<b>Treasury stock</b>	<b>(17,643,480)</b>	<b>(52,290)</b>	<b>(17,643,480)</b>	<b>(52,290)</b>
<b>Issued and outstanding</b>	<b>1,547,935,799</b>	<b>₱1,513,289</b>	<b>1,547,935,799</b>	<b>₱1,513,289</b>

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.

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### 13. Related Party Transactions and Balances

In the normal course of business, the Group has transactions with related parties as follows:

- a. The Group made advances to RHIRFI, CADPIRFI and CACIRFI for a portion of the retirement payments made to the Group's qualified retired employees under defined benefit plan. Advances to RHIRFI, CADPIRFI and CACIRFI are included in "Trade and other receivables" account.
- b. Due to related parties, which are presented as part of "Trade and other payables" account, represents noninterest-bearing payable arising from advances and rent of office space from 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, 2018 and 2017. 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.

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### 14. Employee Stock Option Plans (ESOP)

The BOD of the Company approved the establishment of its first and second ESOP on May 8, 2013 and January 16, 2014, respectively. The ESOPs cover all employees of the Company and its subsidiaries, namely: CACI, CADPI and RBC, who have rendered at least six months of service at the time of grant. Employees are given the option to purchase the shares allocable to them over an exercise period of five years from the effectivity date of ESOP. The share options vest each year over the five-year term of ESOP. The offer price of the shares is based on the average quoted price during the 30-trading days prior to exercise date less a 15% discount. About 35.0 million and 30.0 million common shares of the Company's unissued shares have been initially reserved under the first and second ESOP, respectively.

Movements of the number of share options for the first and second ESOP are as follows:

	First ESOP		Second ESOP	
	December 31, 2018	September 30, 2018	December 31, 2018	September 30, 2018
Balance at beginning of year	–	15,650,483	16,703,856	22,953,725
Forfeited or expired	–	(14,670,350)	(55,760)	(6,249,869)
Exercised	–	(980,133)	–	–
Balance at end of year	–	–	16,648,096	16,703,856
Exercisable at end of year	–	–	13,318,477	13,363,085

The Company issued nil and 980,133 common shares pertaining to the exercise of stock option of employees under First ESOP amounting to nil and ₱0.4 million, respectively, in 2018 and 2017 (see Note 12). The weighted-average share price at the date of exercise for share options under the First ESOP was ₱3.44.

The fair value of the First and Second ESOP was estimated at the date of grant using Black Sholes-Merton model with the following inputs:

#### First ESOP

	Options Vesting After				
	Year One	Year Two	Year Three	Year Four	Year Five
Spot price	₱2.80	₱2.80	₱2.80	₱2.80	₱2.80
Strike price	₱2.49	₱2.49	₱2.49	₱2.49	₱2.49
Expected volatility	38.83%	39.10%	36.59%	39.61%	42.46%
Risk-free rate	2.71%	2.98%	3.29%	3.60%	3.36%
Dividend rate as a percentage of spot price	0.00%	0.00%	0.00%	0.00%	0.00%

#### Second ESOP

	Options Vesting After				
	Year One	Year Two	Year Three	Year Four	Year Five
Spot price	₱6.90	₱6.90	₱6.90	₱6.90	₱6.90
Strike price	₱5.32	₱5.32	₱5.32	₱5.32	₱5.32
Expected volatility	33.46%	39.77%	39.71%	37.65%	39.95%
Risk-free rate	2.86%	2.82%	3.15%	3.90%	3.38%
Dividend rate as a percentage of spot price	0.00%	0.00%	0.00%	0.00%	0.00%

The weighted average fair value of the share options granted in 2013 (First ESOP) and 2014 (Second ESOP) amounted to ₱0.9 and ₱3.0, respectively. The volatility rate is determined as the historical volatility of the returns on the stock over a period similar to the vesting period of the option.

The weighted average remaining contractual life of the outstanding stock options is 0.58 years as at September 30, 2018.

## 15. Revenue

The components of revenue are as follows:

	December 31, 2018 (Unaudited)	December 31, 2017 (Unaudited)
Sale of goods:		
Raw sugar	₱915,822	₱709,590
Alcohol	606,939	283,215
Molasses	13,918	—
Carbon dioxide	2,720	535
	<b>1,539,399</b>	<b>993,340</b>
Sale of services:		
Milling revenue (see Note 2)	722,399	—
Power	3,326	1,054
Farm services	2,322	1,653
	<b>728,047</b>	<b>2,707</b>
	<b>₱2,267,446</b>	<b>₱996,047</b>

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**16. Cost of Sales**

	<b>December 31, 2018 (Unaudited)</b>	<b>December 31, 2017 (Unaudited)</b>
Direct materials used	<b>₱1,254,212</b>	₱34,696
Planters' subsidy and productivity assistance	<b>339,802</b>	238,377
Depreciation and amortization	<b>171,422</b>	236,289
Repairs and maintenance	<b>136,939</b>	119,972
Fuel and oil	<b>108,033</b>	70,253
Personnel costs	<b>77,839</b>	70,071
Rent	<b>43,326</b>	30,796
Outside services	<b>20,148</b>	38,841
Communication, light and water	<b>33,082</b>	20,694
Taxes and licenses	<b>3,850</b>	27,256
Others	<b>63,053</b>	50,580
	<b>₱2,251,706</b>	₱937,825

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**17. Operating Expenses**

	<b>December 31, 2018 (Unaudited)</b>	<b>December 31, 2017 (Unaudited)</b>
General and administrative expenses	<b>₱177,744</b>	₱160,360
Selling expenses	<b>8,709</b>	4,757
	<b>₱186,453</b>	₱165,117

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*General and Administrative Expenses*

The components of general and administrative expenses are as follows:

	<b>December 31, 2018 (Unaudited)</b>	<b>December 31, 2017 (Unaudited)</b>
Personnel costs	<b>₱92,364</b>	₱83,734
Outside services	<b>22,341</b>	13,254
Taxes and licenses	<b>17,448</b>	19,417
Depreciation and amortization	<b>8,788</b>	9,417
Communication, light and water	<b>3,785</b>	3,037
Rent	<b>4,105</b>	2,872
Transportation and travel	<b>4,016</b>	3,059
Repairs and maintenance	<b>3,731</b>	4,551
Others	<b>21,166</b>	21,019
	<b>₱177,744</b>	₱160,360

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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.

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## 18. Personnel Costs

The amount of personnel costs are allocated as follows:

	December 31, 2018 (Unaudited)	December 31, 2017 (Unaudited)
Costs of goods sold	₱77,839	₱70,071
General and administrative expenses	92,364	83,734
	<b>₱170,203</b>	<b>₱153,805</b>

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## 19. Other Income (Expense) - Net

This account consists of:

	December 31, 2018 (Unaudited)	December 31, 2017 (Unaudited)
Interest income	₱1,034	₱2,006
Sales of scrap	26	6,016
Others	(3,954)	(370)
	<b>(₱2,894)</b>	<b>₱7,652</b>

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## 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, 2018 (Unaudited)							
	On Demand	Less than One Year	Over One to Two Years	Over Two to Four Years	Over Four to Five Years	Over Five Years	Total
Short-term borrowings*	P--	P7,290,034	P--	P--	P--	P--	P7,290,034
Trade and other payables**	736,510	1,083,361	--	--	--	--	1,819,871
Current portion of long-term borrowings*	--	1,346,722	--	--	--	--	1,346,722
Noncurrent portion of long-term borrowings*	--	--	1,527,625	1,534,653	354,705	256,384	3,673,367
	P736,510	P9,720,117	P1,527,625	P1,534,653	P354,705	P256,384	P14,129,994
Cash in banks	P549,874	P--	P--	P--	P--	P--	P549,874
Trade receivables***	152,464	2,680,744	--	--	--	--	2,833,208
Due from employees***	52,008	--	--	--	--	--	52,008
Due from related parties	67,190	--	--	--	--	--	67,190
Other receivables***	56,197	--	--	--	--	--	56,197
	P877,733	P2,680,744	P--	P--	P--	P--	P3,558,477

\*Including expected future interest payments for short-term and long-term borrowings amounting to P263.8 million and P518.4 million, respectively.

\*\* Excludes payables to government agencies amounting to P57.7 million and provision for probable losses amounting to P5.0 million.

\*\*\*Net of related allowances for impairment losses totaling P44.1 million.

September 30, 2018 (Audited)							
	On Demand	Less than One Year	Over One to Two Years	Over Two to Four Years	Over Four to Five Years	Over Five Years	Total
Short-term borrowings*	P6,583,508	P--	P--	P--	P--	P--	P6,583,508
Trade and other payables**	78,366	2,120,555	--	--	--	--	2,198,921
Current portion of long-term borrowings*	--	1,447,850	--	--	--	--	1,447,850
Noncurrent portion of long-term borrowings*	--	--	990,883	2,179,369	421,345	339,040	3,930,637
	P6,661,874	P3,568,405	P990,883	P2,179,369	P421,345	P339,040	P14,160,916
Cash in banks	P292,001	P--	P--	P--	P--	P--	P292,001
Trade receivables***	440,516	2,337,450	--	--	--	--	2,777,966
Due from employees***	55,962	--	--	--	--	--	55,962
Due from related parties	37,369	--	--	--	--	--	37,369
Other receivables***	56,073	--	--	--	--	--	56,073
	881,921	2,337,450	P--	P--	P--	P--	P3,219,371

\*Includes expected future interest payments for short-term and long-term borrowings amounting to P372.7 million and P546.6 million, respectively.

\*\* Excludes payables to government agencies amounting to P73.3 million and provision for losses amounting to P7.6 million.

\*\*\*Net of related allowances for impairment losses totaling P44.1 million.

### Credit risk

Credit risk is the risk that the Group will incur financial loss through default by counterparties in performing their obligations.

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base and their dispersion across different geographic areas. It has policies in place to ensure that sales of goods are made to customers with an appropriate credit history.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

Counterparty credit limits are established by the use of a credit risk classification system, which assigns each counterparty a qualitative risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

### Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the maximum exposure to credit risk of the Group shown at gross before the effect of mitigation through collateral agreements.



	December 31, 2018 (Unaudited)	September 30, 2018 (Audited)
Cash in banks	P549,874	P292,001
Trade receivables*	2,833,208	2,777,966
Due from employees*	52,008	55,962
Due from related parties	67,190	37,369
Other receivables*	56,197	56,073
	<b>P3,558,477</b>	<b>P3,219,371</b>

\*Net of allowance for impairment losses totaling P44.1 million as at December 31, 2018 and September 30, 2018, respectively.

#### Collaterals and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. As at December 31, 2018 and September 30, 2018, the Group did not hold collateral from any counterparty.

#### Credit quality per class of financial assets

The credit quality of receivables is managed by the Group through its Marketing Department. High grade accounts are those receivables from counterparties with whom collections are made without much collection effort. Standard grade accounts consist of receivables from its distributors, related parties and employees with good financial condition and with relatively low defaults. Substandard grade accounts, on the other hand, are receivables from other counterparties with history of defaulted payments.

The tables below show the credit quality of financial assets which are neither past due nor impaired and an aging analysis of past due but not impaired accounts.

	December 31, 2018 (Unaudited)							
	Neither past due nor impaired			Past due but not impaired				Total
	High Grade	Standard Grade	Substandard Grade	Over 30 Days	Over 90 Days	Over 180 Days	Impaired	
Cash in banks	P549,874	P--	P--	P--	P--	P--	P--	P549,874
Trade receivables	1,067,713	1,606,531	--	39,619	25,036	94,309	33,119	2,866,327
Due from employees	--	52,008	--	--	--	--	2,084	54,092
Due from related parties	--	67,190	--	--	--	--	--	67,190
Other receivables	--	56,197	--	--	--	--	8,858	65,055
Total	<b>P1,617,587</b>	<b>P1,781,926</b>	<b>P--</b>	<b>P39,619</b>	<b>P25,036</b>	<b>P94,309</b>	<b>P44,061</b>	<b>P3,602,538</b>

	September 30, 2018 (Audited)							
	Neither past due nor impaired			Past due but not impaired				Total
	High Grade	Standard Grade	Substandard Grade	Over 30 Days	Over 90 Days	Over 180 Days	Impaired	
Cash in banks	P292,001	P--	P--	P--	P--	P--	P--	P292,001
Trade receivables	963,451	1,767,012	--	5,672	3,379	38,452	33,118	2,811,084
Due from employees	--	55,962	--	--	--	--	2,084	58,046
Due from related parties	--	37,369	--	--	--	--	--	37,369
Other receivables	--	--	--	--	--	56,073	8,858	64,931
Total	<b>P1,253,452</b>	<b>P1,860,343</b>	<b>P--</b>	<b>P5,672</b>	<b>P3,379</b>	<b>P94,525</b>	<b>P44,060</b>	<b>P3,263,431</b>

#### Impairment assessment

The main consideration for impairment assessment includes whether there are known difficulties in the cash flow of the counterparties. The Group assesses impairment in two ways: individually and collectively.

First, the Group determines allowance for each significant receivable on an individual basis. Among the items that the Group considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the receivables. Receivables included in the specific assessment are the accounts that have been endorsed to the legal department, non-moving accounts receivable and other accounts of defaulted counterparties.

For collective assessment, allowances are assessed for receivables that are not individually significant and for individually significant receivables where there is no objective evidence of individual impairment. Impairment losses are estimated by taking into consideration the age of the receivables, past collection experience and other factors that may affect their collectibility.

#### *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 ₱1,067 million and ₱1,133 million as at December 31, 2018 and September 30, 2018, 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, 2018 and September 30, 2018.

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, 2018 and September 30, 2018 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, 2018 (Unaudited)			
	Sugar	Alcohol	Eliminations	Consolidated
Revenue:				
External customers	P1,564,594	P702,852	P-	P2,267,446
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	333,546	6,256	-	339,802
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)

	Three-Month Period Ended December 31, 2017 (Unaudited)			
	Sugar	Alcohol	Eliminations	Consolidated
Revenue:				
External customers	P696,083	P299,964	P-	P996,047
Inter-segment	110,318	117,419	(227,737)	-
Cost of goods sold:				
Direct materials used	38,300	222,136	(225,740)	34,696
Planters' subsidy and productivity assistance	237,814	563	-	238,377
Depreciation and amortization	175,868	60,421	-	236,289
Fuel and oil	29,085	41,168	-	70,253
Interest expense	51,131	-	-	51,131
Segment profit (loss)	(126,831)	36,469	-	(90,362)

## 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, 2018 and 2017.

### Financial Highlights and Key Performance Indicators

Amounts in Millions except Shares	December 31, 2018 (Unaudited)	September 30, 2018 (Audited)	Increase (Decrease)	
			Amount	%
<b>Balance Sheet</b>				
Fixed assets	₱15,758	₱15,845	(87)	(1%)
Goodwill	1,080	1,080	—	—
Total assets	25,456	25,531	(75)	(0%)
Shareholders' equity	10,566	10,763	(197)	(2%)
Net debt <sup>(1)</sup>	10,995	10,729	266	2%
Equity ratio	41.5%	42.2%	(0.7%)	(2%)
Net debt as % of equity	1.04x	1.00x	0.04	4%
<b>Shares</b>				
Market capitalization	4,133	4,644	(511)	(11%)
Total shares issued	1,548	1,548	—	—
Closing price per share	2.67	3.00	(0.33)	(11%)

Amounts in Millions except Operational Data	Three Months Ended December 31 (Unaudited)		Increase (Decrease)	
	2018	2017	Amount	%
<b>Revenue and Earnings</b>				
Revenue	₱4,209	₱2,074	₱2,135	103%
Gross profit	50	144	(94)	(65%)
Depreciation	219	256	(37)	(14%)
Operating expenses	241	221	20	9%
Interest expense	145	121	24	20%
Net income	(197)	(110)	(87)	(79%)
EBITDA	37	191	(154)	(81%)
EBITDA margin <sup>(2)</sup>	1%	9%	(8%)	(89%)
Return on equity	(1.9%)	(1.1%)	(0.8%)	(73%)
Loss per share	(0.13)	(0.07)	(0.06)	(86%)
<b>Cash Flow and Investments</b>				
Cash flow provided by operations	12	492	(480)	(98%)
Investment in fixed assets	132	100	32	32%
<b>Operational Data (volume in thousands)</b>				
Tons cane milled	859	903	(44)	(5%)
Production:				
Raw sugar (Lkg)	1,572	1,609	(37)	(2%)
Ethanol (liters)	11,708	8,344	3,364	40%

(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)		
	2018			2017	Amount	%
	Continuing	Discontinued	Total			
Refined sugar	₱—	₱1,053	₱1,053	₱827	₱226	27%
Raw sugar	916	733	1,649	940	709	75%
Molasses	14	156	170	15	155	91%
Tolling	—	—	—	5	(5)	(100%)
Milling revenue	722	—	722	—	722	100%
	1,652	1,942	3,594	1,787	1,807	101%
Alcohol	607	—	607	283	324	114%
Others	8	—	8	4	4	100%
	₱2,267	₱1,942	₱4,209	₱2,074	₱2,135	103%

Consolidated revenues for the three months ended December 31, 2018 amounted to ₱4,209 million, ₱2,135 million or 103% higher than the ₱2,074 consolidated revenues reported in the same period in 2017, primarily due to increase in volume sold and revenue from milling services arising from adoption of new accounting standards.

*Sugar* – Revenue from sugar operations increased by ₱1,807 million or 101% against last year's revenue of ₱1,787 million, primarily due to increase in volume sold and revenue from milling services. Raw sugar sales volume increased by 301 Lkg or 38% this year from 785 Lkg in 2017 while refined sugar sales volume increased by 80 Lkg or 19% versus last year's sales volume of 431 Lkg. Average selling prices per Lkg of raw and refined sugar in 2018 amounted to ₱1,518 and ₱2,063, respectively, from ₱1,195 and ₱1,919 in 2017, respectively.

*Alcohol* – Revenue from alcohol operations amounted to ₱607 million and ₱283 million in 2018 and 2017, respectively. The increase of ₱324 million or 114% is due to higher selling price in 2018 by 33%.

*Other income* – Other revenues pertains to sale of power and CO<sub>2</sub> 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, 2018 amounting to ₱50 million is ₱94 million or 65% lower than the ₱144 million in 2017. The decrease in gross profit is attributable to lower production volume at higher manufacturing cost brought about by the challenges encountered in the operations and unfavorable impact of weather conditions and stiff competition on cane supply.

*Sugar* – The sugar operation's gross profit of ₱5 million is down by ₱83 million or, 94% from ₱88 million reported in the same period in 2017 due to higher manufacturing costs. Gross profit rate decreased to 1% in 2018 from 5% in 2017 due to decrease in the number of canes milled from 903 million tons in 2017 to 859 million tons in 2018. Raw sugar production decreased from 1,609 million 50 lkg in 2017 to 1,572 million 50 lkg in 2018.

*Alcohol* – The gross profit of alcohol for the three months ended December 31, 2018 amounted to ₱48 million, 20% down from ₱60 million in the same period in 2017. Gross profit rate decreased to 5% in 2018 from 14% in 2017 due to increase in manufacturing costs. Ethanol production for the three months ended December 31, 2018 increased by 0.3 million liters or 40% of the 8.3 million liters production in 2017.

### Operating Expenses

<i>Amounts in Millions</i>	Three Months Ended December 31			Increase (Decrease)		
	2018			2017	Amount	%
	Continuing	Discontinued	Total			
Salaries, wages and other employee benefits	₱92	₱19	₱111	₱102	₱9	9%
Outside services	22	5	27	19	8	42%
Taxes and licenses	17	2	19	22	(3)	(14%)
Selling expenses	9	20	29	23	6	26%
Depreciation and amortization	9	2	11	12	(1)	(8%)
Professional fees	5	1	6	4	2	50%
Communication, light and water	4	1	5	4	1	25%
Rent	4	1	5	4	1	25%
Transportation and travel	4	1	5	4	1	25%
Repairs and maintenance	4	1	5	6	(1)	(25%)
Others	16	1	17	21	(4)	(19%)
	₱186	₱54	₱240	₱221	₱19	9%

Consolidated operating expenses for the three months ended December 31, 2018 increased by ₱19 million or 9% compared to the same period in 2017.

### Interest

Interest expense amounted to ₱144 million for the three months ended December 31, 2018, which is 19% or ₱23 million higher than the ₱121 million reported in the same period in 2017, due to short-term loans availed and higher interest rates in 2018.

### Share in Net Earnings of an Associate

Share in net earnings of an associate amounted to ₱16 million for the three months ended December 31, 2018, against nil reported in 2017, due to net income results of Hawaiian-Philippine Company arising from higher sugar selling prices.

### Net Income

Consolidated net loss for the three months ended December 31, 2018 amounted to ₱197 million, which is ₱87 million or 79% lower than the ₱110 million reported in the same period in 2017. Loss per share is ₱0.13 and ₱0.07 for the three months ended December 31, 2018 and 2017, respectively.

### EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) amounted to ₱37 million for the three months ended December 31, 2018, which is ₱154 million or 81% lower than ₱191 million reported in the same period in 2017.

## **Financial Condition**

Consolidated total assets as at December 31, 2018 amounted to ₱25,456 million, which is ₱75 million or 1% higher than the ₱25,531 million as at September 30, 2018. Current assets went down by 1% or ₱112 million from ₱13,711 million as at September 30, 2018 to ₱13,599 million as at December 31, 2018. Receivables increased by ₱35 million and inventories decreased by ₱634 million in 2018 due to increased sales to customers.

During the three months ended December 31, 2018, the Group availed of ₱3,388 million short-term loans and repaid a total of ₱311 million in long-term borrowings.

Trade and other payables amounted to ₱1,883 million as at December 31, 2018, which is ₱397 million lower than ₱2,280 million as at September 30, 2018.

## **Off-Balance Sheet Arrangements**

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



## 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 R. ELIZALDE	Director
OSCAR J. HILADO	Independent Director
DAVID L. BALANGUE	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; **Cease and Desist Order issued and implemented to RBC on November 16, 2017 which was lifted on December 6, 2017.**
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**

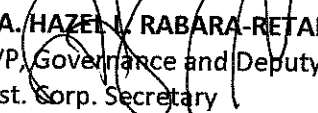
## **SIGNATURES**

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 M. RABARA-RETARDO**  
AVP, Governance and Deputy Compliance Officer,  
Asst. Corp. Secretary

  
**CELSO T. DIMARUCUT**  
EVP - Chief Financial Officer

**February 12, 2019**

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**

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**ANNEX A. AGING OF TRADE AND OTHER RECEIVABLES**

**AS AT DECEMBER 31, 2018**

**(Amounts in Thousands)**

	Current	Past due but not impaired			Subtotal	Impaired	Total
		1-30 days	31-60 days	Over 60 days			
Trade	₱2,539,852	₱228,701	₱12,089	₱52,566	₱293,356	₱33,119	₱2,866,327
Due from:							
Planters	66,827	—	—	—	—	46,731	113,558
Employees	52,008	—	—	—	—	2,084	54,092
Related parties	67,190	—	—	—	—	—	67,190
Other receivables	56,197	—	—	—	—	8,858	65,055
	₱2,782,074	₱228,701	₱12,089	₱52,566	₱293,356	₱90,792	₱3,166,222

**ROXAS HOLDINGS, INC. AND SUBSIDIARIES**  
**ANNEX B. FINANCIAL SOUNDNESS INDICATORS**  
**DECEMBER 31, 2018 AND 2017**  
(Amounts in Thousands)

		<b>December 31</b>	
		<b>2018</b>	<b>2017</b>
Current ratio	Current assets/Current liabilities	<b>0.94</b>	0.83
Debt to equity ratio	Total liabilities/Total equity	<b>1.41</b>	1.23
Asset to equity ratio	Total assets/Total equity	<b>2.41</b>	2.23
Return on assets	Net income/Total assets	<b>(0.78%)</b>	(0.47%)
Return on equity	Net income/Total equity	<b>(1.87%)</b>	(1.05%)
Book value per share	Total equity/Outstanding shares	<b>6.8</b>	6.74