

12 September 2012

SECURITIES AND EXCHANGE COMMISSION

Corporation Finance Department
6th Floor, SEC Building
Greenhills, Mandaluyong City

Attention : **ATTY. JUSTINA F. CALLANGAN**
Director - CFD

Re : **ROXAS AND COMPANY, INC.**
(Formerly **CADP GROUP CORPORATION**)

Dear Atty. Calangan:

We respectfully submit the Amended Quarterly Report (SEC Form 17-Q) of Roxas and Company, Inc. for the period ending on 30 June 2012.

In accordance with your letter dated 29 August 2012, we made several amendments on the attached Notes to Consolidated Financial Statements (Annex "A"), as follows:

a) PFRS 9 (Financial Instruments):

On page 4, 2nd to 3rd paragraph, disclosure on not early adopting PFRS 9 prior to effectivity in 2015.

b) Financial Risk Disclosure:

On pages 29-34 discussion on the financial risks exposure of the company and showing the comparative fair values of financial assets and liabilities as of June 30, 2012 and September 30, 2011.

c) SRC Rule 68

On page 29 showing the relevant financial soundness indicators in two (2) comparable periods.

We trust that you will find the foregoing in order.

Very truly yours,



ALEZANDRO S. CASABAR
Compliance Officer/Corporate Information Officer

cc:

Philippine Stock Exchange

Disclosures Department

4/F, Philippine Stock Exchange Inc., PSE Centre

Exchange Road, Ortigas Center

Pasig City, Metro Manila

Attention :

Ms. Janet Encarnacion

Head – Disclosures Department

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R O X A S A N D C O M P A N Y , I N C .
(F O R M E R L Y C A D P G R O U P
C O R P O R A T I O N)

(Company's Full Name)

7 T H F L O O R C G B U I L D I N G
1 0 1 A G U I R R E S T R E E T L E G A S P I
V I L L A G E M A K A T I C I T Y

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

ATTY. ALEZANDRO S. CASABAR

810-8901

**SEC Form 17-Q Amended
(For the period ended June 30, 2012)**

September 30
Month Day
Fiscal Year

Form Type

Month Day
Annual Meeting

Secondary License Type, If Applicable

Department Requiring this Document

Amended Articles Number/Section

3,508

Total Amount of Borrowings

Total No. of Stockholders

Domestic Foreign

TO BE ACCOMPLISHED BY SEC PERSONNEL CONCERNED

File Number

LCU

Document I.D.

Cashier

STAMPS

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**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 quarterly period ended: **30 June 2012.**
2. SEC Identification Number: **834.**
3. BIR Tax Identification No. : **000-269-435-000.**
4. Exact name of issuer as specified in its charter: **ROXAS AND COMPANY, INC.**
5. **Philippines**
Province, Country or other jurisdiction of
Incorporation or Organization
6. (SEC Use Only)
Industry Classification Code
7. **7F Cacho-Gonzales Building, 101 Aguirre Street
Legaspi Village, Makati City 1229**
Address of Principal Office
8. **(632) 810-89-01 to 06**
Registrant's telephone number, including area code
9. **CADP GROUP CORPORATION**
6F Cacho-Gonzales Building, 101 Aguirre Street
Legaspi Village, Makati City 1229
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding and Amount of Debt Outstanding
Authorized Capital Stock Common	₱3,375,000,000.00
No. of shares subscribed & outstanding: Common	2,911,885,870
Amount of debt outstanding as of 30 June 2012	₱8,773,597,000

Of the 2,911,885,870 subscribed and outstanding common shares, 1,365,990,294 shares were exempt securities under Section 10.1 of the SRC.

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

Yes [] No []

2,911,885,870 common shares are registered with the Philippine Stock Exchange (PSE).

12. Check whether the issuer:

(a) Has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and Rule 17 (a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 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 90 days.

Yes [] No []

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see Annex “A”.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Please see Annex “B”.

PART II – OTHER INFORMATION

1. New Projects or Investments in Another Project, Line of Business or Corporation

The Company has no new project or investment in another project, line of business or corporation for the period.

2. Composition of the Board of Directors:

PEDRO E. ROXAS	-	Executive Chairman / President & CEO
ANTONIO J. ROXAS		
BEATRIZ O. ROXAS		
FRANCISCO JOSE R. ELIZALDE		
CARLOS ANTONIO R. ELIZALDE		
EDUARDO R. AREILZA		
RENATO C. VALENCIA		
RAMON Y. DIMACALI	-	Independent Director
GUILLERMO D. LUCHANGCO	-	Independent Director
PETER D. BAROT	-	Corporate Secretary

3. Performance of the Corporation or result or progress of operations:
Required information is contained in Annexes "A" and "B".
4. Suspension of operations:
None for the period.
5. Declaration of dividends:
None for the period.
6. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements:
None for the period.
7. Financing through loans:
None for the period.
8. Offering of rights, granting of Stock Options and corresponding plans therefor:
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.

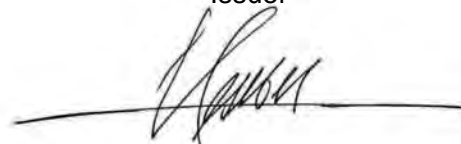
SIGNATURE

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 AND COMPANY, INC.
(formerly CADP GROUP CORPORATION)

Issuer

By:

A handwritten signature in black ink, appearing to read 'Alejandro S. Casabar', is written over a solid horizontal line.

ALEZANDRO S. CASABAR
Legal Services Manager
Compliance Officer/Corporate Information
Officer

Date: 12 September 2012.



A N N E X “A”

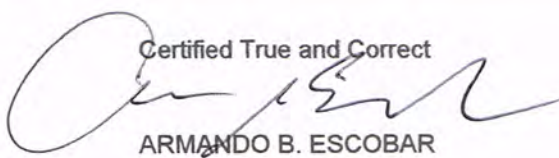
CONSOLIDATED FINANCIAL STATEMENTS

Third Quarter Ending June 30, 2012 and 2011

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2012 AND SEPTEMBER 30, 2011
Amounts in Thousands

	Note	June-12 Unaudited	September-11 Audited
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	604,125	359,182
Receivables	5	1,034,900	629,060
Inventories	6	1,751,512	1,639,077
Real estate for sale and development	7, 15	333,745	328,481
Prepayments and other current assets	8	428,910	382,037
Total Current Assets		4,153,192	3,337,837
NONCURRENT ASSETS			
Installment Contracts Receivable, net of current portion	5	11,780	16,880
Property, plant and equipment	11		
At cost		8,430,410	8,951,462
At appraised values		2,544,233	2,544,233
Investment in shares of stock of associates	9	698,767	830,889
Investment properties	10, 15	4,806,110	4,806,110
Net pension assets	17	132,248	132,249
Deferred income tax assets	24	1,067	1,067
Other noncurrent assets	5	51,943	33,360
Total Noncurrent Assets		16,676,558	17,316,250
Total Assets		20,829,750	20,654,087
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term borrowings	12	2,152,000	2,831,000
Accounts payable and accrued expenses	13	701,717	681,739
Customer's deposits	14	461,427	174,025
Income tax payable		304	366
Dividends payable		21,330	20,517
Current portion of long-term borrowings	7,15	91,951	934,641
Non current portion of long term borrowings presented as current			5,928,865
Total Current Liabilities		3,428,729	10,571,153
NONCURRENT LIABILITIES			
Long-term borrowings	15	6,529,646	-
Net pension benefit obligation	17	2,009	1,290
Deferred tax liabilities	24	1,099,995	1,053,264
Total Noncurrent Liabilities		7,631,650	1,054,554
Total Liabilities		11,060,379	11,625,707
EQUITY		9,769,371	9,028,380
Total Liabilities and Equity		20,829,750	20,654,087

See accompanying Notes to Consolidated Financial Statements

Certified True and Correct

ARMANDO B. ESCOBAR
VP - CFO

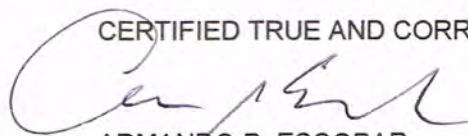
ROXAS AND COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED JUNE 30, 2012 AND 2011

[Amounts in 000 Philippine Peso, Except for Basic / Diluted Earnings (Loss) Per Share]

	For the Quarter Ending June 30		For the Nine Months Ending June 30	
	2012	2011	2012	2011
REVENUE (Note 19)	2,336,047	2,500,871	5,875,806	6,598,862
COST OF SALES (Note 20)	1,659,659	2,648,946	4,175,189	5,986,505
GROSS PROFIT	676,388	(148,075)	1,700,617	612,357
			29%	9%
SELLING EXPENSES	(2,640)	(4,473)	(19,167)	(10,671)
OPERATING EXPENSES (Note 21)	(178,697)	(411,538)	(646,937)	(839,669)
EQUITY IN NET LOSSES OF ASSOCIATES (Note 9)	46,019	58,976	22,841	115,743
INTEREST INCOME (Note 4 and 5)	2,672	6,216	8,994	11,666
INTEREST EXPENSE (Notes 12 and 15)	(113,650)	(198,225)	(396,479)	(506,315)
OTHER INCOME - net (Note 23)	29,287	293,169	103,521	347,380
INCOME (LOSS BEFORE INCOME TAX)	459,379	(403,950)	773,390	(269,509)
PROVISION FOR INCOME TAX (Note 24)				
Current	16,077	2,673	44,745	4,848
Deferred	(5,306)	143,172	(12,346)	61,929
	10,771	145,845	32,399	66,777
NET INCOME (LOSS) FOR THE PERIOD	448,608	(549,795)	740,991	(336,286)
Attributable to:				
Equity holders of the Parent Company	305,804	(360,750)	484,818	(230,296)
Non-Controlling Interest	142,804	(189,045)	256,173	(105,991)
	448,608	(549,795)	740,991	(336,286)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE	0.105	(0.124)	0.166	(0.079)

See accompanying Notes to Consolidated Financial Statements

CERTIFIED TRUE AND CORRECT:

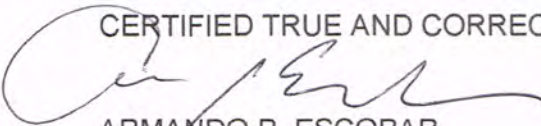


ARMANDO B. ESCOBAR
VP - CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
 [Formerly CADP Group Corporation]
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED JUNE 30, 2012 AND 2011
 [Amounts in 000 Philippine Peso]

	For the Quarter Ending June 30		For the Nine Months Ending June 30	
	2012	2011	2012	2011
NET INCOME	448,608	(549,795)	740,991	(336,286)
OTHER COMPREHENSIVE INCOME	0	0	0	0
TOTAL COMPREHENSIVE INCOME	448,608	(549,795)	740,991	(336,286)
Attributable to:				
Equity holders of the Parent Company	305,804	(360,750)	484,818	(230,296)
Minoroty Interest	142,804	(189,045)	256,173	(105,991)
	448,608	(549,795)	740,991	(336,286)

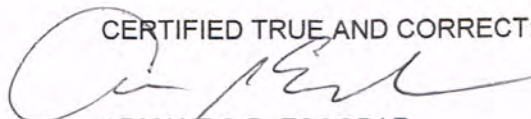
See accompanying Notes to Consolidated Financial Statements

CERTIFIED TRUE AND CORRECT:

 ARMANDO B. ESCOBAR
 VP - CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
JUNE 30, 2012 AND 2011
Amounts in Thousands

	2012	2011
SHARE CAPITAL	2,911,885	2,911,885
SHARE PREMIUM	1,611,393	1,611,394
EFFECTS OF CHANGE IN OWNERSHIP OF SUBSIDIARIES	(81,066)	(81,066)
SHARE IN REVALUATION INCREMENT on land of Associate	136,322	136,322
REVALUATION INCREMENT IN PROPERTY	1,335,075	1,163,702
SHARE IN FAIR VALUE RESERVE	5,179	5,179
RETAINED EARNINGS		
Beginning balance	1,542,504	2,264,426
Share in net income (loss) for the period	484,818	(230,296)
	7,946,111	7,781,547
NON CONTROLLING INTEREST		
Beginning balance	1,567,087	1,989,014
Share in net income (loss) for the period	256,173	(105,991)
TOTAL EQUITY	9,769,371	9,664,570

CERTIFIED TRUE AND CORRECT:

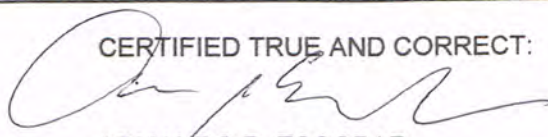


ARMANDO B. ESCOBAR
VP-CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2012 AND 2011
Amounts in Thousands

	June-12	June-11
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before tax	773,391	(269,555)
Adjustments for:		
Depreciation	539,422	462,934
Equity in net earnings (losses) of associates	(22,841)	(115,743)
Interest Income	(8,994)	(11,666)
Interest expense	396,478	506,315
Provision for inventory loss	43,768	127,151
Loss (Gain) on disposal of asset	(530)	833
Net cash from operations before working capital changes	1,720,694	700,269
Decrease (Increase) in:		
Receivables	(381,560)	(89,542)
Inventories	(112,435)	(819,459)
Real estate	(5,264)	(1,414)
Prepayments and other current assets	(46,872)	(103,410)
Increase (decrease) in:		
Accounts payable and accrued expenses	(135,350)	1,397
Customers' deposits	268,065	(32,990)
Increase (decreased) in net pension obligation	259	(39,528)
Cash generated from operations	1,307,537	(384,677)
Interest received	8,994	11,666
Income tax paid, including creditable withholding and final tax	(32,859)	(6,125)
Net cash from (used in) operating activities	1,283,672	(379,136)
CASH FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	128,790	(285,703)
Dividends received	142,747	45,680
Decrease (Increase) in other noncurrent assets	5,406	(7,320)
Net cash flows from (used in) investing activities	276,943	(247,343)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from (payments of) short term borrowings	(679,000)	704,907
Proceeds from long-term borrowings	10,184	925,000
Payment of long-term borrowings	(252,094)	(412,019)
Interest paid	(394,762)	(505,075)
Net cash flows from (used in) financing activities	(1,315,672)	712,813
NET DECREASE IN CASH AND CASH EQUIVALENTS	244,943	86,334
CASH AND CASH EQUIVALENTS, Beginning	359,182	324,194
CASH AND CASH EQUIVALENTS, End	604,125	410,528

CERTIFIED TRUE AND CORRECT:



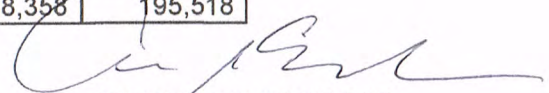
ARMANDO B. ESCOBAR
VP - CFO

ROXAS AND COMPANY, INC AND SUBSIDIARIES
 AGING OF RECEIVABLES
 As of June 30, 2012

IN P'000	Total	Not yet due	Current	Past due			
				30 days	60 days	90 days	120 days
TRADE RECEIVABLES	734,505	59,249	434,867	50,939	110,445	70,047	8,958
Sugar Customers	663,598		433,096	50,493	110,124	69,885	
Management	1,009		1,009				
Real Estate Installment Buyers							
Palm Estates	55,920	53,873	619	373	262	100	693
Punta Fuego	7,687						7,687
Role Subdivision	1,753	1,306	10		10	29	398
San Antonio Memorial Gardens	4,363	4,070	110	56	32	16	79
Leasing	175		23	17	17	17	101
TOTAL	734,505	59,249	434,867	50,939	110,445	70,047	8,958
Less Allowance for doubtful accounts	(5,080)						(5,080)
Balance	729,425	59,249	434,867	50,939	110,445	70,047	3,878

NON TRADE	Total	Current	Past due			
			30 days	60 days	90 days	Over 90 days
Planters and Planters Association	79,024	13,933			87	65,004
Officers and Employees	108,525	841	8,793	53,250	14,218	31,423
Related Parties	86,774	220	45	7	356	86,146
Others	72,042	379	29,439	398	3,650	38,176
Total	346,365	15,373	38,277	53,655	18,311	220,749
Less : Allowance for doubtful accounts	(29,109)					(29,109)
	317,256	15,373	38,277	53,655	18,311	191,640
RECAP						
Trade	734,505	494,116	50,939	110,445	70,047	8,958
Non-Trade	346,365	15,373	38,277	53,655	18,311	220,749
Total	1,080,870	509,489	89,216	164,100	88,358	229,707
Less : allowance for doubtful accounts	(34,189)					(34,189)
	1,046,681	509,489	89,216	164,100	88,358	195,518

Certified True and Correct :


 ARMANDO B. ESCOBAR
 VP - CFO

ROXAS AND COMPANY, INC.

AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information, Group Restructuring and Merger, Status of Operations and Approval of the Consolidated Financial Statements

Corporate Information

CADP Group Corporation (CADPGC), now Roxas and Company, Inc. (the “Company”) was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 7, 1918 with the primary purpose of operating mill and refinery facilities to manufacture sugar and allied products. The Company’s corporate life was extended for another 50 years from October 7, 1968.

The Company started its commercial operations in 1920 and on November 29, 1948, its shares of stock were listed in the Philippine Stock Exchange (PSE). On July 1, 2004, the Company spun off its Negros sugar milling business to Central Azucarera de La Carlota, Inc. (CACI), a wholly-owned subsidiary. The said spin-off, approved by the Philippine SEC on February 10, 2004, involved the transfer of the Company’s net assets amounting to ₱1,419.5 million to CACI in exchange for the latter’s 200 million common shares at ₱1.0 per share.

The Company was previously 89.28%-owned by Roxas Holdings, Inc. (RHI), a public company also incorporated and domiciled in the Philippines. Prior to the merger as discussed below, Roxas & Company, Inc. (RCI) is the Company’s and RHI’s ultimate parent company.

RCI was incorporated and registered with the Philippine SEC on December 16, 1981 to engage in various agricultural ventures such as, but not limited to, the production of sugar, coconut, copra, coffee, and other crops, and to swine raising and other kinds of livestock; to act as managers or managing agents of persons, firms, associations, corporations, partnerships and other entities including but not limited to those engaged in agriculture and related businesses; to provide management, investment and technical advice to agricultural, commercial, industrial, manufacturing and other kinds of enterprises; to undertake, carry on, invest in, assist or participate in the promotion, establishment, organization, acquisition, management, operation, administration, liquidation, or reorganization of corporations, partnerships and other entities; and to conduct and engage in the business of general merchant, distributor, agent importer and exporter.

The Company has 3,523, 3,525, and 3,534 equity holders as of December 31, 2011, September 30, 2011 and June 30, 2011, respectively. The Company is owned by various individual shareholders and domestic corporations, namely Pesan Holdings, Inc. and SPCI Holdings, Inc.

On February 10, 2011, the Board of Directors (BOD) approved the amendment of the Company’s By-Laws changing the accounting period of the Company and its subsidiaries from fiscal year ending June 30 to September 30 of each year. The change in accounting period of the Company was approved by the Philippine SEC on March 30, 2011. The change in accounting period of the Company’s subsidiaries was approved by the Philippine SEC on various dates in 2011.

The Company’s corporate office is located at the 7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City.

Group Restructuring and Merger

Roxas and Company, Inc. and its subsidiaries (collectively, the “Group”), has undertaken corporate restructuring in fiscal year 2009. On December 16, 2008, RHI purchased all the sugar-related operating subsidiaries and an associate, as well as certain assets and liabilities of CADPGC for a total consideration of ₱3,838.0 million. With no more sugar-related subsidiaries and an associate, RHI sold its investment in CADPGC to RCI for ₱3,927.3 million on January 23, 2009. Just before the merger discussed below, CADPGC was 95.93% owned by RCI.

Effective June 29, 2009, upon approval of the Philippine SEC on June 23, 2009, CADPGC merged with RCI, with CADPGC as the surviving entity, through a share swap wherein 11.71 CADPGC’s shares were exchanged for every share of RCI. On the same date, the Philippine SEC approved CADPGC’s change in corporate name to Roxas and Company, Inc.

The merger was accounted for similar to pooling of interests. The assets and liabilities of CADPGC and RCI were reflected at their carrying values and comparatives were restated to include balances and transactions as if the entities had been merged at the beginning of the earliest period presented (see Note 25).

Status of Operations and Management Action Plans

For the fiscal year ended June 30, 2011, the Group was significantly affected by the volatility of the prices of sugar, molasses and ethanol, impacting the Group’s profitability and cash flows. Thus, the Group incurred a consolidated net loss of ₱782.7 million and a net cash outflow from operating activities of ₱626.6 million. Consequently, the Group did not meet the minimum debt service coverage ratio (DSCR) required under its long-term loan agreements with certain creditor banks as of June 30, 2011 (see Note 12). Considering that the losses were mainly driven by market reversals and not by the Group’s capacity to service its loans, the Group was able to obtain from the creditor banks in September and October 2011 a waiver of breach of covenant on the DSCR covering the fiscal year ended June 30, 2011.

For the short ended September 30, 2011 where the Group is expected to record heavy expenses in preparing its mills for the milling operations, the Group incurred a loss of ₱778.0 million as anticipated. Despite the losses, however, the Group’s net cash inflow from operating activities reached ₱801.8 million, of which ₱688.7 million was used to pay off short-term and long-term liabilities. Consequently, the creditor banks issued in December 2011 and January 2012 similar waivers for possible violations of DSCR up to September 2012 (see Note 15).

In line with the continuing efforts to improve the profitability of the sugar operations, ensure the long-term viability of the business and address the adverse effects of the volatility of the sugar and alcohol prices, the Group is implementing corporate restructuring, strategies and action plans to achieve positive results for fiscal year 2012 to 2013. Among these are:

1. A new Management Team of RHI and subsidiaries has taken over the helm with focus on clearly defining profit centers with proper accountabilities. The new Management has decoupled trading operations from manufacturing, as well as milling from refinery operations to avoid cross-subsidies and enable each profit center to stand on its own.
2. The new Management has also mandated the profit centers and other operating units to reduce overhead expenses by at least 10% to 20% compared to that of last year.
3. Term loans have been substantially restructured thus adjusting interest rates to current market rates, which have generally come down due to prevailing liquidity in the banking system.

4. The mills and plants have been mandated to achieve operating efficiencies by maximizing sugar recovery and reducing energy costs, hauling fees, and other manufacturing expenses.
5. Making sure that Roxol Bioenergy Corporation (RBC) is fully operational to avoid last year's drag on profits due to its intermittent operations.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS) 34 *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements have been prepared using the historical cost basis, except for land, which is stated at revalued amounts, and investment properties which are stated at fair value and consumable biological assets, which are carried at fair value less cost to sell. These are presented in Philippine peso (Peso), the Company's functional currency, and rounded to the nearest thousands, except when otherwise indicated.

The unaudited interim condensed consolidated financial statements, which have been prepared by the Company to be filed with the SEC for its quarterly reporting to comply with Securities Regulation Commission Rule 68.1, do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's short period consolidated financial statements as at September 30, 2011.

The preparation of the unaudited interim condensed consolidated financial statements in accordance with PFRS requires the use of critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) and amendments to existing Philippine Accounting Standards (PAS) and PFRS which were adopted as of July 1, 2011. Unless otherwise indicated, the adoption of these changes did not significantly affect the consolidated financial statements of the Group.

- Amendments to PFRS 7, *Financial Instruments: Disclosures - Disclosures - Transfers of Financial Assets*, allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g., securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.
- Amendment to Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement*, applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset.

- Revised PAS 24, *Related Party Disclosures*, clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to September 30, 2011

The Group will adopt the standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new changes in PFRS to have a significant impact on the consolidated financial statements. The relevant disclosures will be included in the notes to the consolidated financial statements when these become effective.

Effective 2016

- Philippine Interpretation IFRIC 15, *Agreements for Construction of Real Estate*, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This Interpretation requires that revenue on construction on real estate be recognized only upon completion, except such contract qualifies as construction contract to be accounted for based on stage of completion. The Group expects the adoption of this Philippine Interpretation to result in a decrease in opening equity by ₱4.8 million in 2013 and nil in 2012.
- PFRS 9, *Financial Instruments*, introduces new requirements on the classification and measurement of financial assets. It uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in PAS 39. The approach in this new standard is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. It also requires a single impairment method to be used, replacing the many different impairment methods in PAS 39.

The Group has made an evaluation of the impact of the adoption of this standard. The Company decided not to early adopt PFRS 9 for its 2012 reporting ahead of its effectivity date on January 1, 2015 and therefore the interim financial statements as of and for the period ended June 30, 2012 do not reflect the impact of the said standard.

Based on this evaluation, certain financial instruments, especially the AFS financial assets would be affected by the adoption of this standard. These financial assets shall continue to be carried at its fair value, thus, has no significant financial impact. At the date of initial application, the Company may designate its investments in an equity instrument as at fair value through other comprehensive income in accordance with PFRS 9. The Company shall revisit this assessment in fiscal year 2013. The Company shall conduct another impact evaluation in 2013 using the financial statements as of and for the year ended September 30, 2012. Given the amendments on PFRS 9, the Company at present, does not plan to early adopt in 2012 financial reporting.

Consolidation

The unaudited interim condensed consolidated financial statements include the financial statements of the Company and the following subsidiaries (all incorporated in the Philippines):

	Percentage of Ownership	Description of business
RHI	65.70	Holding company of its subsidiaries that operate mill and refinery facilities to manufacture sugar and allied products; shares of stock are listed in the PSE.
Roxaco Land Corporation	100.00	Engaged on development and sales of real estate.

(RLC)		
United Ventures Corporation(UVC)	100.00	Warehouse leasing
Nasugbu Feeds Corporation (NAFECOR)	100.00	The subsidiary has currently no commercial operations. Originally to engage in manufacture of animal feeds and feedstocks.

The following are the subsidiaries of RHI (all incorporated in the Philippines) as of June 30, 2012 and September 30, 2011:

	Percentage of Ownership
Central Azucarera Don Pedro, Inc. (CADPI)	100.00
Central Azucarera de La Carlota, Inc. (CACI)	100.00
CADP Insurance Agency, Inc. (CIAI) ⁽¹⁾	100.00
CADP Farm Services, Inc. (CFSI)	100.00
CADP Consultancy Services, Inc. (CCSI)	100.00
Jade Orient Management Services, Inc. (JOMSI)	99.99
Najalin Agri Ventures, Inc. (NAVI)	77.38
RBC	100.00
CADP Port Services, Inc. (CPSI) ⁽²⁾	100.00
Roxas Power Corporation (RPC) ⁽²⁾	50.00

⁽¹⁾ CIAI was incorporated on August 19, 2009 and has not yet started commercial operations.

⁽²⁾ CPSI and RPC were incorporated on July 17, 2008 and have not yet started commercial operations. RHI has control on RPC since it has the power to cast the majority of votes at the BOD's meetings and the power to govern the financial and reporting policies of RPC.

The following are the subsidiaries of RLC (all incorporated in the Philippines):

	Percentage of Ownership	
	June 30,2012	September 30, 2011
Roxaco Commercial Properties Corporation (RCPC) ⁽¹⁾	100.00	100.00
Fuego Hotels and Properties Management Corporation(FHPMC) ⁽²⁾	63.00	63.00

⁽¹⁾ RCPC was incorporated on January 14, 1999 to handle the property management and commercial development of RLC and has not yet started commercial operations.

⁽²⁾ FHPMC was acquired on June 10, 2011 through a share purchase agreement between RLC and Fuego Development Corporation (FDC), an associate of RLC (see Note 9).FHPMC is a management company with an expertise in managing hotels, resorts and full and limited service companies.

Unaudited interim condensed consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but are considered as an impairment indicator of the assets transferred.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the unaudited interim condensed consolidated financial statements in accordance with PFRS requires the Group to exercise judgment, make estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and related disclosures. The Group makes estimates and uses assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group believes the summary of significant judgments, accounting estimates and assumptions disclosed in the Group's annual consolidated financial statements as at September 30, 2011 represent a summary of judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, as well as to the related revenues and expenses, within the next fiscal year, and related impact and associated risk in the consolidated financial statements.

4. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	June 30, 2012	September 30, 2011
	<i>(In Thousands)</i>	
Cash on hand and in banks	₱571,581	₱335,586
Short-term placements	32,544	23,596
	₱604,125	₱359,182

Short-term placements earn interest ranging from 1.3% to 3.5%, and 1.3% to 4.8% per annum in, and have average maturities of one day to 60 days. Interest income earned on cash in banks and short-term placements amounted to ₱3.1 million and P 1.02 million for the nine months ended June 30, 2012 and three months ended September 30, 2011, respectively.

5. Receivables

Receivables consist of:

	June 30, 2012	September 30, 2011
	<i>(In Thousands)</i>	
Trade	₱722,724	₱364,664
Due from:	0	
Related parties (Note 16)	86,774	87,612
Employees	108,525	40,000
Planters and cane haulers	79,024	85,151
Others	72,042	77,486
	1,069,089	654,913
Less allowance for impairment of receivables	34,189	25,853
	₱1,034,900	₱629,060

- a. Trade receivables include customers' accounts arising from the sale of real estate properties collectible in monthly installments over a period of 18 to 84 months and bear annual interest ranging from 8% to 18% depending on the terms of the sales contract. Cash received from the sale of real estate properties which did not meet the revenue recognition criteria as set out in Note 2 are recognized as Customers' Deposits in the consolidated balance sheets.
- b. The aggregate future installment receivables under the sales contracts are as follows:

	June, 2012	September 30, 2011
	<i>(In Thousands)</i>	
Not later than one year	₱58,117	₱28,461
Later than one year	11,780	16,880
	₱69,897	₱45,341

- c. Due from employees include interest and noninterest-bearing salary, housing and educational loans that are collected through salary deduction.
- d. Other receivables include deposit to suppliers and contractors, other employee housing loans and nontrade receivables. Other employee housing loans pertain outstanding receivable from the 2002 sale of a portion of RHI's land in Barrio Bilaran, Nasugbu, Batangas to its employees. Due to the Reorganization Program, the employees were transferred to CADPI, whereas, the receivable remained with RHI. These loans bear annual interest of 12% and are payable over 10 years until 2012.

6. Inventories

Inventories consist of:

	June 30, 2012	September 30, 2011
	<i>(In Thousands)</i>	
At cost:		
Refined sugar	₱98,254	₱55,825
Materials in transit	62,823	13,280
At NRV:	0	
Raw sugar	1,098,583	1,037,443
Alcohol	145,984	149,911
Molasses	28,401	48,984
Material and supplies	317,467	333,634
	₱1,751,512	₱1,639,077

7. Real Estate for Sale and Development

Real estate for sale and development consist of:

	June 30, 2012	September 30, 2011
	<i>(In Thousands)</i>	
Real estate properties for sale	₱9,083	₱16,281

Raw land and land improvements	324,662	312,200
	₱333,745	₱328,481

Borrowing costs incurred from loans availed specifically to finance the development of the Group's real estate projects amounting to ₱0.287 million and ₱0.083 million were capitalized for the nine months ended June 30, 2012 and three months ended September 30, 2011, respectively. (see Note 15).

Real estate properties for sale and development with carrying value of ₱178.9 million were used as collateral for the Company's long-term borrowings (see Note 15).

The aggregate cash price values and related aggregate carrying costs of real estate properties held for sale follow:

	June 30, 2012	September 30, 2011
	<i>(In Thousands)</i>	
Aggregate cash price values	₱33,467	₱46,574
Less aggregate carrying costs	9,083	16,281
Excess of aggregate cash price values over aggregate carrying costs	₱24,384	₱30,293

8. Prepayments and Other Current Assets

Prepayments and other current assets consist of:

	June 30, 2012	September 30, 2011
	<i>(In Thousands)</i>	
Input VAT and other prepaid taxes	₱225,386	₱143,031
Creditable withholding taxes, net of allowance for impairment of ₱16.9 million as of December 31, and September 30, 2011, (Note 21)	196,444	189,728
Others	7,080	49,278
	₱428,910	₱382,037

Input VAT arises from purchases of equipment and services relating to the Expansion Project and RBC plant construction (see Note 11).

Other current assets consist of deposits to suppliers, prepaid insurance and rentals, and advanced Input VAT for refined sugar sales.

9. Investment in Shares of Stock of Associates

The Group has the following associates and joint ventures as of June 30, 2012 and September 30, 2011:

	Percentage of Ownership	Main Activity
Hawaiian-Philippine Company (HPCo)	29.62¹	Sugar mill
Fuego Land Corporation (FLC)	30.00²	Real estate developer
Fuego Development Corporation		

(FDC)	30.00²	Real estate developer
Club Punta Fuego, Inc. (CPFI)	26.63²	Social recreational and athletic activities
Roxaco - ACM Development Corporation (RADC)	50.00²	Real estate developer

⁽¹⁾ Effective ownership through RHI.
⁽²⁾ Effective ownership through RLC.

Details and movements of investment in shares of stock of associates follow:

	June 30, 2012	September 30, 2011
	<i>(In Thousands)</i>	
Acquisition cost:		
Beginning balance	₱308,162	₱308,162
Disposal	-	-
Ending balance	308,162	308,162
Accumulated equity in net earnings:		
Beginning balance	384,319	402,301
Equity in net earnings (loss)	10,623	(17,982)
Dividend income	(142,746)	-
Ending balance	252,196	384,319
Share in:		
Revaluation increment on land	207,492	207,492
Fair value reserve	5,179	5,179
Unrealized gain on transfer of land	(59,030)	(59,030)
Allowance for impairment	(15,233)	(15,233)
	₱698,766	₱830,889

- a. HPCo is primarily engaged in the manufacturing and trading of raw and refined sugar, molasses and other sugar by-products.
- b. FLC was formed for the establishment of basic facilities and amenities and consequently for the development of upgraded facilities on some 429,870 square meters of land located in Barangay Natipuan, Nasugbu, Batangas, known as Terrazas de Punta Fuego.
- c. FDC was formed as a 70%-30% joint venture by Landco Pacific Corporation(LPC) and RLC for the establishment of basic facilities and amenities on some 21 hectares of land and consequently for the development of the upgraded facilities on the land.

On August 23, 2005, RLC entered into an Assignment Agreement with FDC. The Agreement provides that RLC shall subscribe to, and FDC shall issue to RLC, 24.0 million shares of stock of FDC with a par value of ₱1 per share. On August 25, 2005, RLC transferred to FDC 156,568 square meters of land with a historical cost of ₱3.6 million and fair market value of ₱129.2 million in full payment of the subscription price and in exchange for the shares.

After the subscription of shares and assignment of land, the total equity interest of RLC in FDC increased from 30% to 52%. On December 5, 2006, the BOD of FDC approved the conversion of certain liabilities to LPC into shares of stock of FDC. On May 8, 2008, the Philippine SEC approved the debt to equity conversion between LPC and FDC and the increase in capital stock of FDC. Consequently, the ownership interest of LPC reverted to 70% and RLC to 30%.

FDC is currently engaged in the sale and development of real estate and industrial properties.

- d. CPFI was formed to promote social, recreational and athletic activities on a non-profit basis among its members, through the acquisition, development, construction, management and maintenance of a golf course, resort, marina and other sports and recreational facilities on a residential resort community project of RLC, a joint venture with LPC, known as Peninsula de Punta Fuego.

On June 10, 2011, RLC and FDC entered into a share purchase agreement whereby RLC acquired 15,750 issued common shares and deposit for future stock subscription for 47,250 unissued shares of FHPMC in exchange for nine CPFI shares, resulting in 63% ownership of RLC in FHPMC (see Note 2).

FHPMC is a management company with an expertise in managing hotels, resorts and full and limited service companies. One of the properties it manages is Club Punta Fuego which is owned by CPFI.

- e. As of September 30, 2011, RADC has already sold all its real estate units except for the repossessed units on hand and has no available real estate properties to develop. The activities of RADC is now limited to the collection of outstanding receivables, disposal of the remaining construction materials inventory and settlement of payables.

Investment in shares of stock of RADC was fully provided with allowance for impairment as of June 30, 2012 and September 30, 2011.

- f. The accumulated equity in net earnings of associates amounting to ₱ 252.2 million and ₱384.3 million as of June 30, 2012 and September 30, 2011, respectively, is not available for dividend distribution to shareholders, unless received as cash dividends from the associates.

The summarized financial information of associates as of and for the nine months ended June 30, 2012 and three months ended September 30, 2011 are as follows:

	June 30, 2012	September 30, 2011
	<i>(In Thousands)</i>	
Current assets	₱1,450,742	₱1,815,038
Noncurrent assets	1,547,976	1,552,080
Current liabilities	1,190,596	1,243,919
Noncurrent liabilities	134,268	169,480
Net assets	1,673,854	1,953,719
Revenue	1,101,167	521,606
Net income (loss)	34,725	(11,405)

10. Investment Properties

Investment properties consist of:

	June 30, 2012	September 30, 2011
	<i>(In Thousands)</i>	
Land properties (Notes 15 and 18)	₱4,795,516	₱4,795,516
Building (Note 15)	10,594	10,594
	₱4,806,110	₱4,806,110

The Company

The total carrying amount of the Company's investment properties includes land properties that are subjected to the Comprehensive Agrarian Reform Law (CARL) with total land area of 2,241.90 hectares and total value of ₱4,223.4 million as of September 30, 2011 (see Note 18).

As of June 30, 2012 and September 30, 2011, the fair value of investment properties, including those land properties subjected to CARL, are based on the appraised values of the properties as of June 30, 2011, as determined by a professionally qualified independent appraiser.

Residential land properties with carrying value of ₱6.2 million were used as collateral for the Company's long-term borrowings (see Note 15).

RLC

Investment property of RLC pertains to a commercial building for lease in Nasugbu, Batangas. The fair value of the investment property as of June 30, 2012 and September 30, 2011 are based on the appraisal reports dated September 5, 2011, as determined by a professionally qualified independent appraiser.

Rental income from this investment property amounted to ₱0.723 million for the nine months ended June 30, 2012 and ₱0.3 million for the three months ended September 30, 2011.

The investment property was used as collateral for RLC's long-term borrowings(see Note 15).

NAVI

On December 22, 2010, NAVI entered into a memorandum of agreement with an agricultural company for the lease of NAVI's agricultural land effective July 1, 2011 until fiscal year ending September 30, 2015. The lessee shall deliver to NAVI its share in sugar production in the amount of 18 50-kilogram (Lkg) bags of raw sugar per hectare of plantable area per annum. As a result, NAVI ceased its farm operations in crop year ended June 30, 2011. The land property previously used for NAVI farm operations was reclassified to investment property effective July 1, 2011.

As of September 30, 2011, the fair value of the investment property amounting to ₱170.4 million is based on the appraised value of the property, as determined by a professionally qualified independent appraiser. There was no movement in fair value of the investment property for the nine months ended June 30, 2012.

Bases of Valuation

The value of the properties was arrived at by using the Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

11. Property, Plant and Equipment

	June 30, 2012					
	Buildings And Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
	<i>(In Thousands)</i>					
Cost						
Beginning balances	₱2,763,180	₱11,847,679	₱32,935	₱79,092	₱51,279	₱14,774,165
Additions (Notes 2 and 9)	1,771	7,365	41,378	31,158	18,490	100,16

Reclassifications		(73,338)		(25)		(73,363)
Ending balances	2,764,951	11,781,706	74,313	110,225	69,769	14,800,964
Accumulated Depreciation						
Beginning balances	(860,856)	(4,882,783)	(17,433)	(61,631)	-	(5,822,703)
Depreciation	(85,618)	(371,799)	(32,323)	(31,749)	-	(521,489)
Disposal				16		16
Ending balances	(946,474)	(5,254,582)	(49,756)	(93,364)	-	(6,344,176)
Net Book Value	₱1,818,477	₱6,527,124	₱24,557	₱16,861	₱69,769	₱8,456,788

September 30, 2011						
	Buildings And Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
<i>(In Thousands)</i>						
Cost						
Beginning balances	₱2,547,012	₱10,987,991	₱32,935	₱88,423	₱1,243,965	₱14,900,326
Additions (Notes 2 and 9)	100	-	-	212	8,560	8,872
Disposals	(5,837)	(114,401)	-	(14,795)	-	(135,033)
Reclassifications	221,905	974,089	-	5,252	(1,201,246)	-
Ending balances	2,763,180	11,847,679	32,935	79,092	51,279	14,774,165
Accumulated Depreciation						
Beginning balances	(835,268)	(4,839,360)	(16,147)	(69,007)	-	(5,759,782)
Additions (Notes 2 and 9)	-	-	-	-	-	-
Depreciation	(28,731)	(137,016)	(1,286)	(4,090)	-	(171,123)
Disposal	3,143	93,593	-	11,466	-	108,202
Reclassifications	-	-	-	-	-	-
Ending balances	(860,856)	(4,882,783)	(17,433)	(61,631)	-	(5,822,703)
Net Book Value	₱1,902,324	₱6,964,896	₱15,502	₱17,461	₱51,279	₱8,951,462

Land at appraised values and had it been carried at cost are as follows:

	June 30, 2012	September 30, 2011
<i>(In Thousands)</i>		
Beginning balance at appraised values	₱2,544,233	₱2,714,624
Transfer to investment property (Note 10)		(170,391)
Ending balance at appraised values	₱2,544,233	₱2,544,233
At cost	₱49,361	₱49,361

a. Construction in progress

Construction in progress as of June 30, 2012 pertains mainly to milling plant improvement project, refinery plant installation of sieving facilities, as well as construction and improvement of waste and pollution facilities of the Group.

Milling plant improvement project (the Expansion Project)

With the intent of improving its revenue generating capability, the Group purchased second-hand mills and related equipment in August 2007 and March 2008.

The Group obtained short-term and long-term borrowings from various banks to finance the Expansion Project, which was substantially completed in fiscal year 2011 (see Notes 12 and 15).

RBC plant construction project

On June 27, 2008, in line with the Group Expansion Project, RBC entered into an agreement to construct its bioethanol plant in La Carlota City, Negros Occidental for a total contracted amount of US\$20.8 million. As of December 31, 2011 RBC has started commercial operations.

Capitalization of borrowing costs

Interests from short and long-term borrowings, incurred to finance the Expansion Project were capitalized to property, plant and equipment. The Group amortizes such capitalized interest over the useful life of the qualifying asset. For the nine months ended June 30, 2012 no more borrowing cost were capitalized due substantial completion of the projects.

Noncash additions to property, plant and equipment

The Group has outstanding liabilities for purchase of equipment relating to the Expansion Project and RBC Plant construction amounting to ₱45.6million and ₱69.0 million as of June 30, 2012 and September 30, 2011 respectively.

b. Depreciation

Depreciation charged to operations are as follows:

	June 30, 2012	September 30, 2011
	<i>(In Thousands)</i>	
Cost of goods sold (Note 20)	₱499,286	₱427,584
General and administrative expenses (Note 21)	40,241	35,350
	₱539,527	₱462,934

As of September 30, 2011, fully depreciated property, plant and equipment, with an aggregate cost of ₱1,722.8 million, are still being used in operations.

c. Property, plant and equipment as collateral

Some property, plant and equipment of the Group are mortgaged to secure the Group's loan obligations with creditor banks (see Note 15).

12. Short-term Borrowings

Short-term borrowings consist of:

a. Loans availed by the Company

In 2011, the Company availed of short-term financing from a local bank for working capital requirements totaling ₱25.0 million. These loans matured on December 16, 2011 and bore average interest at 6.0%. These loans were subsequently renewed at 6.5% interest.

b. Loans availed by CACI, CADPI and RBC

At various dates in the three months ended September 30, 2011 and as of the year ended June 30, 2011, CACI, CADPI and RBC obtained unsecured short-term loans from various local banks to meet their working capital requirements. The loans, which are payable in lump sum on various dates, are subject to annual interest rates ranging from 4.0% to 5.25 % and 4.7% to 7.0 % and have terms ranging from 29 to 32 days, and 30 to 32 days in 2011 and 2010 respectively.

As of June 30, 2012 and September 31, 2011, the balance of the short-term loans, amounted to ₱2,057 million and ₱2,738 million, respectively.

c. Loans availed by RLC

Short-term borrowings consist of loans from local banks which are availed of by RLC to finance working capital requirements, including the development of ongoing real estate projects. Loans amounting to ₱ 8.0 million and ₱ 23.5 million which have original maturities of October 2008 and December 2008, respectively, were renewed by RLC in 2011. These loans have interest rates subject to repricing every 30 to 180 days. The ₱8.0 million loans that matured in December 2011 and the ₱23.5 million loans that August 2011 were renewed.

Additional loans availed by RLC in 2011 as bridge financing to its parent company amounted to ₱ 30.0 million which also matured in December, 2011 were renewed. These loans were repriced at fixed interest rate of 6.5%.

Additional ₱2.0 million was availed by RLC in November, 2011 for working capital requirements. These loans were repriced in December 2011 at 6.5% interest rate.

13. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	June 30, 2012	September 30, 2011
	<i>(In Thousands)</i>	
Trade	₱208,561	₱90,363
Accrued expenses:		
Interest (Notes 12 and 15)	62,269	99,945
Contractors	9,432	49,412
Payroll and other benefits	4,898	37,798
Purchases and accrued expenses	208,448	110,132
Due to planters	26,164	13,633
Payable to government agencies for taxes and contributions	108,437	84,177
Due to related parties (Note 16)	32,975	50,591
Others (Note 11)	40,533	145,688
	₱701,717	₱681,739

Other payables include liabilities to third parties for sugar liens and other related fees and purchases of equipment relating to the Expansion Project (see Note 11).

14. Customers' Deposits

Customers' deposits represent noninterest-bearing cash deposits from buyers of the Group's sugar and molasses and cash received from the sale of real estate properties which did not meet the revenue recognition criteria as set out in Note 2. Deposits from buyers of sugar and molasses will be applied against future deliveries of sugar and molasses which are expected to be completed in the next 12 months. Deposits from sale of real estate properties are applied against the receivable upon recognition of revenue. Customers' deposits amounted to ₱461.0 million and ₱174.0 million as of June 30, 2012 and September 30, 2011, respectively.

15. Long-term Borrowings

Long-term borrowings consist of:

	JUNE 30, 2012	September 30, 2011
	<i>(In Thousands)</i>	
Banco De Oro Unibank, Inc. (BDO)	₱4,776,770	₱4,966,954
Syndicated Loan Agreement:		
Bank of the Philippine Islands (BPI)	896,551	953,105
Rizal Commercial Banking Corporation (RCBC)	448,276	465,517
BPI - Asset Management and Trust Group (AMTG)	500,000	477,930
	6,621,598	6,863,506
Current portion	(91,951)	(934,641)
Noncurrent portion presented as current		(5,928,865)
	₱6,529,646	₱-

a. Loans availed by the Company

On January 20, 2009, the Company availed of a loan facility with BDO with a credit line of ₱650.0 million to finance the full implementation of the Group's reorganization plan. The loan facility is made available to the Company and RHI provided that combined availments does not exceed the credit line.

The loan is secured by real estate mortgages over several investment properties and property and equipment owned by the Company and properties for development owned by RLC and pledge over shares of stock of RHI held by the Company totaling to 597,606,670 shares. Investment properties, property and equipment and shares of stock of RHI held by the Company under collateral totaled ₱1.9 billion as of June 30, 2012 and September 30, 2011 (see Notes 7, 10 and 11).

As of June 30, 2012 and September 30, 2011, the Company has availed of loans amounting to ₱427.0 million, which bear interest ranging from 5.63% to 6.75%, to be repriced every quarter as agreed by the parties. Long-term borrowings amounting to ₱217.0 million and ₱210.0 million are payable in equal quarterly installments until January 20, 2015 and October 15, 2015, respectively.

Quarterly installment payments starting April 2011 amounted to ₱13.6 million. Outstanding balance of the long-term loans amounted to ₱386.3 million and ₱399.9 million as of June 30, 2012 and September 30, 2011, respectively. The total amount of ₱399.9 million are presented under current liabilities in the consolidated balance sheets as of September 30, 2011.

b. Loans availed by RHI and its subsidiaries

On February 8, 2008, RHI signed the long-term and short-term loan facility with BDO for an aggregate amount of ₱6,189.0 million. The principal amount of debt accommodation is shared by RHI and CADPI/CACI amounting to ₱1,570.0 million and ₱4,619.0 million, respectively. In addition, on February 14, 2008, CADPI and CACI entered into a Syndicated Loan Agreement with BPI and RCBC (with BPI as the lead bank) for a total credit line of ₱1,500.0 million. On the same date, CADPI also signed a loan facility with BPI - AMTG amounting to ₱500.0 million. On March 12, 2008, CADPI and CACI signed an amendment to

the Syndicated Loan Agreement and loan facility with BPI - AMTG clarifying certain provisions of the original agreements.

RHI

On May 5, 2008, RHI availed loans from BDO amounting to ₱143.3 million to finance its Shares Buy Back Program. The principal of the loan is payable quarterly starting on the 4th year of the 10-year term.

Short-term loans availed from BDO on May 5, 2008 and October 29, 2008 amounting to ₱400.0 million and ₱175.0 million, respectively, were rolled over to long-term borrowings. As such, the principal of the loan will be payable quarterly starting on the 4th year of the original 10-year term.

The original interest rates of the long-term loans are subject to quarterly repricing as agreed by the parties. In 2010, the Company exercised its option to fix the quarterly interest rate of the loans at 8.93% beginning August 5, 2009 until the end of the loan terms. On January 31, 2011, RHI, CADPI and CACI entered into an agreement with BDO for the interest rate reduction on long-term loans to 6.5%, subject to certain conditions.

In August 2011, RHI paid loans from BDO amounting to ₱31.4 million. For the quarter ending December 31, 2011, RHI paid ₱25.7 million of BDO loans.

CADPI

On February 14, 2008, CADPI entered into a loan agreement with BPI - AMTG to avail loans in two tranches with an aggregate principal amount of ₱500.0 million. Tranche "A" of the loan amounting to ₱300.0 million bears fixed annual interest of 7.97% and payable on the 5th anniversary date of the borrowing. On the other hand, Tranche "B" of the loan amounting to ₱200.0 million bears fixed annual interest of 8.36% and payable on an installment basis, ₱2.0 million on the 5th and 6th anniversary date of the borrowing and the balance on the 7th anniversary date of the borrowing.

On May 5, 2008, CADPI availed loans from BPI, RCBC and BDO amounting to ₱167.2 million, ₱83.6 million and ₱365.9 million, respectively, which bear fixed annual interest rates subject to quarterly repricing. Loans availed are with 10-year terms and will all mature on May 5, 2018.

On October 29, 2008, additional loans were availed by CADPI from BDO, BPI and RCBC amounting to ₱459.0 million, ₱143.5 million and ₱71.4 million, respectively, with interest rates subject to quarterly repricing as agreed by the parties.

In fiscal year 2010, CADPI also exercised its option to fix the quarterly interest rates of its floating rates loans availed in May 2008 and October 2008. Interest rates were fixed to 8.79% for BPI loans and 8.93% for BDO and RCBC loans, which became effective August 5, 2009 until the end of the loan terms.

On February 12, 2010, CADPI availed additional loans from the undrawn portion of the total credit facility from BPI, BDO and RCBC amounting to ₱329.3 million, ₱1,050.5 million and ₱166.2 million, respectively. Loans availed from BPI and RCBC with fixed interest rates of 8.70% and 8.84%, respectively, are payable in 29 equal quarterly installments beginning May 2011. Loans availed from BDO carry fixed interest rate of 8.84% and are payable in 28 monthly installments beginning August 5, 2011.

In May 2011, CADPI paid loans from BPI and RCBC amounting to ₱22.1 million and ₱11.1 million, respectively. In August 2011, CADPI paid loans from BDO, BPI and RCBC amounting to ₱81.7 million, ₱22.1 million and ₱11.1 million, respectively.

CACI

On May 5, 2008, CACI availed loans from BPI, BDO and RCBC amounting to ₱129.8 million, ₱395.3 million and ₱64.9 million, respectively, with interest rates subject to quarterly repricing. Loans availed are with 10-year terms and payable in 29 and 28 quarterly installments beginning May 2011 for BPI and RCBC and August 2011 for BDO, respectively.

In fiscal year 2010, CACI exercised its option to fix the quarterly interest rates of its floating rate loans. Interest rates were fixed to 8.79% for BPI loans and 8.93% for BDO and RCBC loans effective August 5, 2009 until the end of the loan terms.

On August 12, 2009, CACI availed additional loans from BPI and RCBC amounting to ₱230.2 million and ₱113.9 million, respectively. On August 10, 2009, CACI also obtained additional loan from BDO amounting to ₱781.0 million. Loans availed from BPI and RCBC with fixed interest rates of 8.74% and 8.88%, respectively, are payable in 29 equal quarterly installments beginning May 2011. Loans availed from BDO, on the other hand, carry fixed interest rate of 8.94% and are payable in 28 quarterly installments beginning August 5, 2011.

In May 2011, CACI paid loans from BPI and RCBC amounting to ₱12.4 million and ₱6.2 million, respectively. In August 2011, CACI paid loans from BDO, BPI and RCBC amounting to ₱51.5 million, ₱12.4 million and ₱6.2 million, respectively.

RBC

On June 17, 2011, RBC availed long-term loan with BDO amounting to ₱925.0 million to finance working capital requirements. Loan availed carries quarterly repricing interest rate and is payable quarterly starting on the 3rd year of the 10-year term from drawdown date.

c. Loans availed by RLC

On February 3, 2009, RLC obtained a term loan facility from BDO amounting to ₱40.0 million to finance the development of its real estate projects (see Note 7). The loan facility was issued on a staggered basis, with the first ₱8.0 million issued in 2009 and the remaining ₱32.0 million released in 2010. The loans bear fixed interest rates ranging from 6.1% to 6.7% for the first 45 to 92 days and to be repriced every 30 to 180 days. Principal amounts are payable quarterly after the two-year grace period allowed by the bank until May 4, 2014.

The loan facility is secured by RLC's investment property, with fair value of ₱10.59 million as of June 30, 2012 and September 30, 2011, as well the assignment of leasehold rentals from the said property (see Note 9).

Suretyship Agreements and Mortgage Trust Indenture

The Company

In relation to the BDO loan facility, the Company, RHI and RLC entered in a Continuing Suretyship Agreement with BDO. Under the Agreement, BDO shall have the right to proceed against the surety

for the payment of the secured obligations. The suretyship shall remain in full force and effect to secure any future indebtedness until released by the bank at the request of the surety.

RHI and its subsidiaries

In relation to the BDO Loan Facility executed on February 8, 2008, RHI, CADPI and CACI, entered into a Continuing Suretyship Agreement with BDO. Under this Agreement, BDO shall have the right to set-off the secured obligations in solidarity against all the borrowers' properties.

On February 14, 2008, RHI, CADPI, CACI and RBC, entered into a separate suretyship agreement arising out of the Syndicated Loan Agreement which warrants the due and faithful performance by the borrowers of all obligations due to the creditor banks, BPI and RCBC. The suretyship shall remain in full force and effect until full and due payment of the indebtedness under the Syndicated Loan Agreement. In addition, all liens of the creditor banks shall have rights of set-off in solidarity against the borrower's properties.

Further in 2009, RHI, CADPI and CACI executed a Mortgage Trust Indenture (MTI) to secure the loans obtained from BDO, BPI and RCBC. The MTI covers properties in: (a) Nasugbu, Batangas which consist mainly of RHI's land and CADPI's properties with an aggregate carrying value of ₱2.1 billion and ₱4.2 billion, respectively, as of September 30, 2011; and (b) CACI's properties in La Carlota, Negros Occidental with an aggregate carrying value of ₱3.8 billion as of September 30, 2011.

In 2011, RBC executed an MTI to secure the loans obtained from BDO. The MTI covers RBC's properties in La Carlota, Negros Occidental with an aggregate carrying value of ₱1.5 billion as of June 30, 2011.

Loan Covenants

The loan agreements of RHI and its subsidiaries 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;
- 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.

As a result of the significant drop in sugar prices in the last quarter of fiscal year 2011, among other factors, as discussed in Note 1, RHI and subsidiaries incurred losses on the disposal of sugar inventories. In fiscal year ended June 30, 2011 and three months ended September 30, 2011, the Group did not meet the minimum DSCR required under the long-term loan agreements with certain creditor banks, which constitutes an event of default on such loans. In view of this, the noncurrent portion of long-term borrowings amounting to ₱5.9 billion is presented as current liabilities as of September 30, 2011.

As discussed in Notes 1 and 3, on September and October 2011, the Group obtained from the creditor banks a waiver of breach of covenant on the DSCR covering fiscal year ended June 30, 2011 and interim period ended September 30, 2011. In December 2011 and January 2012, a similar waiver was obtained by the Group from these creditor banks covering the period October 2011 to September 2012. The Group continues to present the noncurrent portion of long-term debt amounting to ₱5.9

billion as current as of September 30, 2011 since the Group does not have an unconditional right to defer settlement for at least 12 months from September 30, 2011.

On July 8, 2011, in addition to the terms and conditions on the facility agreement of RLC with BDO, the loan facility has been subjected to cross default provisions. Due to cross default provisions, this resulted in an event of default on the long-term borrowings of RLC as of July 8, 2011, the period in which the new terms and conditions apply. In view of this, noncurrent portion of the long-term loans of RLC is presented as current as of September 30, 2011. However, as at December 31, 2011, the noncurrent portion of the long-term debt amounting to P5.9 billion is presented as long-term liability. On February 5, 2012, the Group and the creditor banks, BDO and BPI/RCBC, agreed that the outstanding balance of the Sugar Group long-term debt of P5.6 billion shall be paid over a 7-year amortization period on an equal quarterly basis, commencing on November 5, 2014, in accordance with the amortization schedule provided by the latter.

Maturities of Long-term Borrowings

The maturities of the Group's long-term borrowings are as follow:

	June 30, 2012	September 30, 2011
Less than one year	₱87,514	₱6,863,506
Between one and two years	208,625	-
Between two and five years	4,816,651	-
Over five years	1,508,807	-
	₱6,621,597	₱6,863,506

16. Related Party Transactions

a. Outstanding balances and transactions of RLC with other related parties are as follows:

	Relationship	June 30, 2012		September 30, 2011	
		Advances		Advances	
		To (Note 5)	From (Note 13)	To (Note 5)	From (Note 13)
FDC	Associate	₱48,610	₱13,211	₱60,738	₱12,846
FLC	Associate	14,978	8,811	14,978	3,473
RADC	Associate	-	10,968	-	10,968
VJ Properties, Inc. (VJPI) (Note 18)	Joint venture partner	8,366	-	9,739	-
Marilo Realty Development Corporation (Note 18)	Joint venture partner	-	252	-	368
LPC	Affiliate	-	22,470	-	22,614
Others	Affiliate	3,112	(105)	2,157	322
		₱75,066	₱55,607	₱87,612	₱50,591

- i. In 2004, RLC and LPC by way of a Deed of Assignment of Rights, assigned to Punta Fuego Holdings Corporation (PFHC) the rights and privileges to their 105 and 245 club shares in CPFI, respectively. In consideration of the assignment of rights and privileges, PFHC will pay RLC and LPC an amount equivalent to 85% of the net income earned from the club shares to be remitted on or before May 5 of each year beginning 2005. The respective shares of RLC and LPC shall be computed in proportion to the number of club shares which they have each assigned. In 2005, PFHC and FDC merged with FDC as the surviving entity. As a result, FDC assumed the said liability of PFHC to RLC. As of September 30, 2011 and June 30, 2011 and 2010, RLC is in negotiation with FDC for the allocation of the actual number of shares assigned. Assignment fee charged to the consolidated statement of income amounted to ₱5.5 million in 2009. RLC did not recognize assignment fee in 2011 and 2010.

- ii. Advances from related parties used for working capital requirements of RLC are noninterest-bearing and have no fixed repayment terms.

17. Retirement Benefits

Net Pension Plan Assets

The Company, RLC and RHI maintain individual and separately funded non-contributory defined benefit plans (the Plans) covering all eligible employees. Under the Plans, the normal retirement age is 65. A participant may opt to retire at age 60 or after rendering 20 years of continued service. Retirement benefits, for both normal and optional retirement, is equivalent to two months average basic salary for each year of service rendered.

The amounts recognized as net pension assets in the consolidated balance sheet as of September 30, 2011 are as follows:

	<i>(In Thousands)</i>
Present value of obligation	₱174,046
Fair value of plan assets	248,440
Surplus	74,394
Unrecognized actuarial loss	57,855
Net pension plan assets	₱132,249

Plan assets cannot be returned to the Company, RLC and RHI unless on circumstances discussed in Note 2.

Net Pension Benefit Obligation

CACI maintains a funded, non-contributory defined benefit plan covering all its eligible employees. Under the plan, the normal retirement age is 65 irrespective of years of service. A participant may, at his option, elect to retire or CACI may, at its option, retire any participant at any time after attaining the age of 50 regardless of number of years in service or upon completion of 20 years of continuous service to CACI even if below 50 years of age. Normal and early retirement benefits are equivalent to one month latest salary for every year of service.

CADPI also maintains a funded, non-contributory defined benefit plan covering all its regular employees. Under the plan, the normal retirement age is 65 irrespective of years of service. A participant may opt to retire at age 60 regardless of number of years in service or upon completion of 20 years of continuous service to CADPI even if below 60 years of age. Normal retirement benefits consist of an amount equivalent to two times the employee's latest monthly salary multiplied by the number of years of service.

FHPMC, on the other hand, provides for the estimated retirement benefits of qualified employees as required under Republic Act (R.A.) No. 7641. In the absence of a formal retirement plan, under the R.A. 7641, an employee who retires shall be entitled to retirement pay equivalent to at least one-half month salary of every year of service, a fraction of at least six months being considered as one whole year.

The amounts recognized as net pension benefit obligation in the consolidated balance sheets as of September 30, 2011 follows:

	<i>(In Thousands)</i>
Present value of obligation	₱422,799
Fair value of plan assets	356,957
Deficit	65,842
Unrecognized actuarial loss	(64,552)
Net pension benefit obligation	₱1,290

CADPI and CACI are expected to contribute a total of ₱107.0 million to their respective fund for the year 2012.

18. Commitments and Contingencies

The Company

Land Properties Subjected to CARL

The Comprehensive Agrarian Reform Law (CARL) provides, among others, the redistribution of all private and agricultural lands regardless of tenurial arrangements and commodity produced, subject to certain terms and conditions.

Prior to the effectivity of the CARL, the Company was the registered owner of around 2,900 hectares of land located in Nasugbu, Batangas. In 1993, the Department of Agrarian Reform (DAR) issued Notices of Coverage, and subsequently, Certificates of Land Ownership Awards (CLOAs) covering 2,676 hectares of the Company's three haciendas-Palico, Banilad and Carmen/Caylaway.

Sometime in 1993, the Company filed a case questioning the DAR's acquisition proceedings and asking for the cancellation of the CLOAs. On December 17, 1999, the Supreme Court promulgated its Decision in GR No. 127876 nullifying the DAR acquisition proceedings over the three haciendas. The High Tribunal ruled that the Company's right to due process was violated by the DAR. However, the Supreme Court did not nullify the CLOAs that were issued by the DAR despite its declaration that the acquisition proceedings were null and void.

In May 2000, the Company filed with the DAR an application for CARL exemption of its three Haciendas in Nasugbu. This exemption application was based on Presidential Proclamation (PP) No. 1520, which declared the entire municipality of Nasugbu as a Tourist Zone. The Company likewise filed exemption applications for smaller areas based on the 1982 Zoning Ordinance of Nasugbu, Batangas.

In December 2009, the Supreme Court ruled that PP No. 1520 did not automatically reclassify the agricultural lands in Nasugbu, Batangas to non-agricultural lands. However, the Court noted that the Company "can only look to the provisions of the Tourism Act and not to PP No. 1520, for possible exemption".

Consequently, in April 2010, RCI filed with the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) an application to declare fourteen (14) specific geographical areas within the Company's landholdings as tourism zones. To date, this application has remained unacted upon.

In total, there are about 235 hectares of land that were declared by the courts or the DAR as exempt from the coverage of CARL, including the 21-hectare property declared exempt by the Supreme Court in its Decision dated September 5, 2011 in GRN 169331.

RHI and its Subsidiaries

- a. CACI and CADPI (the “Mills”) have milling contracts with the planters which provide for a 65% and 35% sharing between the planters and Mills, respectively, of sugar, molasses and other sugar cane by-products, except bagasse, produced every crop year.
- b. The Group has in its custody the following sugar owned by quedan holders as of September 30, 2011:

	Total volume (In thousands) (Lkg*)	Estimated market value (In Millions)
Raw sugar	550	₱744
Refined sugar	309	675
	859	₱1,419

*Equivalent to 50 kilogram bag per unit.

The above volume of sugar is not reflected in the consolidated balance sheets since these are not assets of the Group. The Group is accountable to quedan holders for the value of trusted sugar or their sales proceeds.

- c. CADPI entered into sales contracts with principal customers for the sale of raw and refined sugar and molasses. As of June 30, 2012, CADPI has outstanding sales contracts for refined sugar with a total value of ₱965 million, equivalent to 1041,707 Lkg.

CADPI received cash deposits from customers for the above transactions as of June 30, 2012 which will be applied against future deliveries of sugar and molasses. These deposits are classified as current liabilities (see Note 14).

- d. CADPI entered into agreements as follows:
- (i) Lease of offsite warehouse for a period of one year renewable at the option of CADPI, as lessee, through notification in writing not later than 90 days prior to the expiration of the agreement. Related rent expense charged to operations amounted to ₱0.1 million each for the three months ended December 31, 2011 and September 30, 2011. The lease was no longer renewed in January, 2012.
- (ii) Contract for hauling services for the transport of sugarcane from the plantation to the mill. Related hauling expense charged to operations amounted to ₱555.3 million and P712.8 million as of June 30, 2012 and 2011, respectively.
- e. CADPI entered into an indemnity and guarantee fee agreement with RHI to continue to be an MTI between and among CADPI, RHI and BPI. RHI conveyed unto BPI as mortgage trustee its land located in Nasugbu, Batangas (mortgaged property) (see Note 15). RHI agreed to continue to subject the mortgaged property to the MTI on the following conditions:
- (i) CADPI shall protect the property and reimburse RHI with all expenses in case the mortgaged property is attached to satisfy the obligations of CADPI secured by the MTI; and
- (ii) A guarantee/mortgage fee of ₱3.0 million shall be paid annually by CADPI to compensate RHI for the continuance of the mortgage.

This guarantee fee agreement expired in April 2009.

- f. On January 14, 2009, RBC and World Bank signed a \$3.2 million Emission Reduction Purchase Agreement (ERPA) for the purchase of carbon emission credits under the Clean Development Mechanism of the Kyoto Protocol. The ERPA will also avoid at least 50,000 metric tons of carbon dioxide each year and has a crediting period of 10 years starting 2010.

As part of the ERPA, part of the revenue for the purchase of the credits will be used to finance RBC's community development projects.

- g. There are pending legal cases in the ordinary course of RHI and its subsidiaries business as at June 30, 2012 and 2011. A provision related to these legal cases amounted to P 85.0 million in 2012 but none in 2011 because in the opinion of management and legal counsel, the ultimate outcome of these cases will not have a material impact on the financial position and results of operations of the Group.
- h. As of June 30, 2012 and September 30, 2011, the Group has unused lines of credit from local banks amounting to P1,084 million and P862 million, respectively (see Notes 12 and 15).

RLC

Joint Venture

On December 2, 2009, RLC entered into a joint venture agreement with VJ Properties, Inc. (VJPI) for the development of Anya Resorts and Residences in Tagaytay, Cavite. RLC agreed to contribute the business and conceptual development plan, land development costs and management expertise and manpower for the full and effective implementation of the development plan. In addition, RLC also advanced P10.0 million to VJPI as an indication of its commitment to the project. In return for their respective contributions, the parties agreed to distribute and allocate among themselves the developed saleable lots and villas. Total costs incurred for the project as of June 30, 2012 and September 30, amounted to P58.7 million and P 35.1 million, respectively, and are presented as part of "Raw land and land improvements" under "Real estate for sale and development" in the consolidated balance sheets (see Note 7).

19. Revenue

The components of revenue as of June 30 are as follows:

	2012	2011
	<i>(In Thousands)</i>	
Refined sugar	P2,379,659	P2,660,338
Raw sugar	2,701,537	3,303,912
Molasses	149,168	316,532
Tolling fees	124,057	210,206
Alcohol	418,958	39,096
Sale of real estate	79,310	38,190
Others	23,117	30,588
	P5,875,806	P6,598,862

20. Cost of Goods Sold

The components of cost of goods sold for the nine-month period ending June 30, 2012 and 2011 are as follows:

	2012	2011
	<i>(In Thousands)</i>	
Purchased sugar (Note 6)	₱1,657,426	₱4,027,604
Net changes in inventories (Note 6)	(76,896)	(1,560,901)
Cost of transporting cane to mill (Notes 6 and 18)	555,308	712,786
Molasses purchases	41,431	207,195
Direct labor (Note 22)	254,146	285,438
Tolling fees	1,179	16,656
Manufacturing overhead:		0
Depreciation (Note 11)	499,286	427,584
Fuel and oil	286,048	519,304
Repairs and maintenance	153,057	212,362
Materials and consumables	234,138	245,484
Outside services	83,377	111,872
Taxes and licenses	87,280	81,240
PDPA	235,939	380,628
Rent (Note 18)	58,283	98,691
Others	47,880	63,972
Provision for inventory losses and obsolescence (Note 6)	32,773	139,730
Cost of real estate sales	24,534	16,860
	₱4,175,189	₱5,986,505

21. General and Administrative Expenses

The breakdown of expenses for the nine-month period ending June 30, 2012 and 2011 are as follows:

	2012	2011
	<i>(In Thousands)</i>	
Salaries, wages and other employee benefits (Notes 17 and 22)	₱160,175	₱225,333
Outside services	76,124	107,863
Taxes and licenses	150,011	53,826
Depreciation (Note 11)	40,242	35,350
Insurance	23,942	31,484
Materials and consumables	15,091	28,726
Rent (Note 18)	18,095	20,380
Travel and transportation	18,524	22,518
Communication, light and water	10,639	11,657
Repairs and maintenance	6,586	14,436
Representation and entertainment	5,677	6,530
Corporate social responsibility	3,779	6,308
Others	118,052	275,258
	₱646,937	₱839,669

Others include training and development, transfer costs and other miscellaneous charges.

22. Salaries, Wages and Employee Benefits

	2012	2011
	<i>(In Thousands)</i>	
Salaries and wages (Notes 20 and 21)	₱323,560	₱373,881
Allowances and other employee benefits (Notes 20 and 21)	60,639	97,726
Pension costs (Note 17)	30,122	39,164
	₱414,321	₱510,771

23. Other Income - Net

	2012	2011
	<i>(In Thousands)</i>	
Recovery from insurance claim and performance bond	₱33,118	₱27,760
Foreign exchange gains (losses) –net	(7,880)	545
Sugar and molasses handling fees	12,843	7,414
Sale of scrap	10,362	28,435
Others	55,078	283,226
	₱103,521	₱347,380

Recovery from insurance claim pertains to the amount collected from the insurer which represents recovery from irreparable equipment.

24. Income Taxes

- a. The components of the Group's consolidated net deferred income tax assets and net deferred income tax liabilities represent the tax effects of the following temporary differences:

	June 30, 2012		September 30, 2011	
	Net Deferred Income Tax Assets ⁽¹⁾	Net Deferred Income Tax Liabilities ⁽²⁾	Net Deferred Income Tax Assets ⁽¹⁾	Net Deferred Income Tax Liabilities ⁽²⁾
Deferred income tax assets on:				
Allowance for:				
Impairment of receivables (Note 5)	₱933	₱4,793	₱933	₱5,772
Sugar inventory losses		4,021		
Inventory obsolescence (Note 6)	–	20,712	–	12,603
Impairment of investment in shares of stock of associates (Note 9)	1,384	–	1,384	–
Deductible temporary difference arising from use of the installment method of revenue recognition for tax reporting	319	–	319	–
Unamortized past service cost	295	1,562	295	57,933
Unrealized forex loss		726		
Unrealized gross profit on inventories	–	–	–	14,658
NOLCO	–	–	–	7,364
Excess MCIT	–	–	–	4,253
	2,931	31,814	2,931	102,583
Deferred income tax liabilities on:				
Revaluation increment on properties (Note 25)	–	(696,231)	–	(696,231)
Unamortized capitalized interest (Note 11)	–	(119,049)	–	(143,087)
Pension plan assets (Note 17)	(824)	(38,850)	(824)	(38,850)
Unrealized foreign exchange gain	(7)	–	(7)	–
Unrealized fair value gains on investment properties (Note 10)	(1,033)	(277,508)	(1,033)	(277,508)
Unrealized share in fair value reserve of an associate	–	(171)	–	(171)

(Note 9)	(1,864)	(1,131,809)	(1,864)	(1,155,847)
Net deferred income tax assets (liabilities)	₱1,067	(₱1,099,995)	₱1,067	(₱1,053,264)

⁽¹⁾ *Pertain to RLC*

⁽²⁾ *Pertain to the Company, RHI, CADPI, CACI and NAVI*

25. Equity

a. Share capital

Details of share capital as of June 30, 2012 and September 30, 2011 follow:

	Number of shares	Amount
Authorized common shares "Class A" at ₱1 par value each	3,375,000,000	₱3,375,000,000
Issued and outstanding common shares "Class A" at ₱1 par value each	2,911,885,869	₱2,911,885,869

To effect the merger (see Note 1), the authorized capital stock increased from ₱1,962.5million to ₱3,375.0million. Further, the issued and outstanding share capital increased from ₱1,545.9 million to ₱2,911.9 million in 2009.

b. Share premium and revaluation increment on properties

In 2002, RHI undertook major activities relating to the Reorganization Program. As part of this, the sugar milling and refinery business in Nasugbu, Batangas was spun-off to CADPI (see Note 1). The assets and liabilities, excluding land in Nasugbu, were transferred by RHI as capital contribution to CADPI. Such properties transferred include revaluation increment on depreciable property, plant and equipment amounting to ₱150.6 million. Thus, the carrying value of the net assets transferred to CADPI, including the revaluation increment, was deemed as the historical cost of such assets for CADPI.

On December 1, 2002, RHI exchanged its shareholdings in CADPI, CCSI and CFSI for ₱1.3 billion of CADPGC's common shares with a par value of ₱1 per share for ₱2.0 billion, the cost of investments in RHI's books immediately before the transfer. CADPGC recorded a premium of ₱596.8 million and set-up share in revaluation increment in property of subsidiary amounting to ₱150.6 million. Consequently, RHI's ownership interest in CADPGC increased and CADPI, CCSI and CFSI became 100%-owned subsidiaries of CADPGC.

On July 1, 2004, CADPGC's Negros sugar milling business was spun-off, which was the last phase of the Reorganization Program. The said spin-off, as approved by the Philippine SEC on February 10, 2004, involved the transfer of CADPGC's net assets aggregating to ₱1.4 billion in exchange for CACI's 200 million common shares at ₱1 per share (see Note 1). The basis of valuation of the CACI shares received by CADPGC was the carrying value of the transferred net assets, which included the land at appraised values.

c. Restructuring on equity

As discussed in Note 1, CADPGC and RCI have undertaken a merger effective June 29, 2009, with CADPGC as the surviving entity. The transaction was accounted for under

pooling of interests and as such, comparative balances were presented as if the combining entities have always been combined. As a result, RCI's investment in CADPGC amounting to ₱119.0 million in 2008 prior to the merger was accounted for as treasury shares. Further, the excess between the consideration received and equity acquired arising from the merger was recognized by the combined entities as a component of equity under "Other equity reserve" which amounted to ₱4.0 billion in 2009.

The Group opted to transfer the balance of the "Other equity reserve" arising from the merger between RCI and CADPGC as discussed in the preceding paragraph to retained earnings as management believes that such transfer of the "Other equity reserve" arising from the merger will result to a more useful and relevant financial statements.

d. Retained earnings

Restricted retained earnings

Retained earnings that are not available for dividend declaration as of June 30 are as follows:

	2012	2011
	<i>(In Thousands)</i>	
Application of revaluation increment against deficit	₱203,075	₱203,075
Unrealized fair value gains on investment properties	19,459	19,459
	₱222,534	₱222,534

On October 14, 1999, the Philippine SEC approved the Company's quasi-reorganization which involved the elimination of deficit amounting to ₱203.1 million as of July 31, 1999 by offsetting the entire amount against the revaluation increment on land. For purposes of dividend declaration, the retained earnings of the Company shall be restricted to the extent of the deficit wiped out by the appraisal increment.

For purposes of dividend declaration, the retained earnings of the Company shall be restricted to the extent of the appraisal increase on investment properties that was closed to retained earnings, net of the debit balance of "Other equity reserve".

Further, unrestricted retained earnings include accumulated earnings of consolidated subsidiaries and unconsolidated associates amounting to ₱781.2 million and ₱1,249.7 million as of June 30, 2011 and 2010, respectively, which are not available for distribution to the Company's stockholders unless received as cash dividends from investees.

Dividends declaration

Cash dividends declared by the Company from retained earnings during the year ended June 30, 2009 follow:

Date Approved	Per Share	Total Amount	Date Paid/Issued
December 9, 2008	₱0.04	10,000,000	December 15, 2008
September 30, 2008	0.06	15,000,000	September 30, 2008

No dividends were declared by the Company in 2011 and 2010.

As of June 30, 2012 and September 30, 2011, outstanding dividends payable amounted to ₱4.5 million pertaining to the dividend declaration in 2009.

d. Share Prices

The principal market for the Company's share of stock is the Philippine Stock Exchange. The high and low trading prices of the Company's share for each quarter within the last three fiscal years are as follows:

Quarter	High	Low
April 2012 through June 2012	P2.85	P1.51
January 2012 through March 2012	P3.20	P1.26
October 2011 through December 2011	₱2.10	₱1.10
July 2011 through September 2011	₱1.11	₱1.10

26. Earnings (Loss) Per Share

Basic/diluted earnings (loss) per share (ELPS) are computed as follows:

	2012	2011
	<i>(In Thousands except ELPS)</i>	
Net Income (Loss) attributable to equity holders of the Company	₱484,818	(P230,296)
Weighted average number of shares issued and Outstanding	2,911,886	2,911,886
Basic /Diluted earnings (loss) per share	₱0.166	(₱0.079)

There are no potential dilutive common shares as of June 30, 2012 and 2011.

27. Seasonality of Operations

Demand for raw and refined sugar products are significantly influenced by seasons of the year. The seasonality also influences production and inventory levels and product prices. Annual repairs and maintenance are performed before the start of the milling, which is normally in the first and second quarter of the crop/financial year.

28. 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 nine months ended June 30, 2012 and the three months ended September 30, 2011.

Management considers the total consolidated equity reflected in the consolidated balance sheets as its capital. The Group monitors its use of capital using leverage ratios, specifically, DSCR and 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.

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.

Following are the relevant financial soundness indicators:

	June 30, 2012	September 30, 2011
	<i>(In Thousands except ratio)</i>	
Total Current Assets	₱4,153,192	₱3,337,837
Total Assets	20,829,750	20,654,087
Total Current Liabilities	3,428,729	10,571,153
Total Liabilities	11,060,379	11,625,707
Total Equity	9,769,371	9,028,380
Net Income (loss) after tax	740,991	(336,286)
Interest expense	396,479	189,612
Current ratio	1.21:1	0.32:1
Debt-to-equity ratio	1.13:1.00	1.29:1.00
Asset to Equity ratio	2.13:1	2.29:1
Interest rate coverage ratio	4.23:1	(2.09):1
Return on Equity	8%	(4%)
EBITDA	1,677,562	(397,141)

29. Financial Instruments

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and short-term placements, trade receivables and accounts payable and accrued expenses, which arise directly from its operations. The Group has other financial instruments such as due from and to related parties, due from employees, short and long-term borrowings and dividends payable.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk, interest rate risk and foreign currency risk. The Group monitors the market price risk arising from all financial instruments. The Group is also exposed to commodity price risk. Risk management is carried out by senior management under the guidance and direction of the BOD of the 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 equivalents 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 (see Note 18).

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 as of June 30, 2012 and September 30, 2011:

June 30, 2012							
	On demand	<1 year	>1-<2 yrs	>2-<4 yrs	>4-<5 yrs	>5 yrs	Total
<i>(In Thousands)</i>							
Short-term borrowings*	P95,000	P2,062,700	P-	P-	P-	P-	P2,157,700
Accounts payable and accrued expenses**	562,847	9,432	-	-	-	-	572,279
Advances from related parties	32,975	-	-	-	-	-	32,975
Dividends payable	21,330	-	-	-	-	-	21,330
Current portion of long-term borrowings		91,951	-	-	-	-	91,951
Noncurrent portion of long-term borrowings			208,625	2,471,651	2,345,000	1,508,807	6,534,083
	P712,152	P2,164,083	P208,625	P2,471,651	P2,345,000	P1,508,807	P9,410,318
Cash in bank and short-term placements	P602,957	P-	P-	P-	P-	P-	P602,957
Trade receivables***	705,773	11,871	7,069	4,712	-	-	729,425
Due from related parties	86,774	-	-	-	-	-	86,774
Due from employees****	34,310	-	21,705	43,410	-	-	99,425
Other receivables	67,882	2,830	-	-	1,330	-	72,042
Available-for-sale financial assets - unquoted equity investments	8,222	-	-	-	-	-	8,222
	P1,505,918	P14,701	P28,774	P48,122	P1,330	P-	P1,598,845

* Includes expected interest payments for short-term borrowings of P5.73 million.

** Excludes payable to government agencies amounting to P96.5 million.

*** Includes noncurrent portion of installment contract receivables amounting to P11.78 million.

**** Includes noncurrent portion of due from employees of P4.2 million and excludes nonfinancial assets of P9.1 million.

September 30, 2011							
	On demand	<1 year	>1-<2 yrs	>2-<4 yrs	>4-<5 yrs	>5 yrs	Total
<i>(In Thousands)</i>							
Short-term borrowings*	P68,000	P2,767,302	P-	P-	P-	P-	P2,835,302
Accounts payable and accrued expenses**	288,586	258,384	-	-	-	-	546,970
Advances from related parties	50,591	-	-	-	-	-	50,591
Dividends payable	20,517	-	-	-	-	-	20,517
Current portion of long-term borrowings	934,641	-	-	-	-	-	934,641
Noncurrent portion of long-term borrowings presented as current	5,928,865	-	-	-	-	-	5,928,865
	P7,291,200	P3,025,686	P-	P-	P-	P-	P10,316,886
Cash in bank and short-term placements	P357,131	P-	P-	P-	P-	P-	P357,131
Trade receivables***	47,232	313,711	16,880	-	-	-	377,823
Due from related parties	84,502	-	-	-	-	-	84,502
Due from employees****	11,801	17,544	4,202	-	-	-	33,547
Other receivables	47,795	5,662	-	-	-	1,330	54,787
Available-for-sale financial assets - unquoted equity investments	8,229	-	-	-	-	-	8,229
	P556,690	P336,917	P21,082	P-	P-	P1,330	P916,019

* Includes expected interest payments for short-term borrowings of P4.3 million.

** Excludes payable to government agencies amounting to P84.2 million.

*** Includes noncurrent portion of installment contract receivables amounting to P16.9 million.

**** Includes noncurrent portion of due from employees of P4.2 million and excludes nonfinancial assets of P9.1 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 relating to sugar operations 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 products are made to

unquoted equity investments	-	-	8,222	-	-	-	-	8,222
Total	P1,074,923	P109,736	P8,229	P93,105	P5,852	P20,556	P17,818	P1,624,999

	September 30, 2011							Total
	Neither past due nor impaired			Past due but not impaired			Impaired Financial Assets	
	High Grade	Standard Grade	Substandard Grade	Over 30 Days	Over 90 Days	Over 180 Days		
<i>(In Thousands)</i>								
Cash in bank and short-term placements	P351,895	P5,236	P-	P-	P-	P-	P-	P357,131
Trade receivables	160,857	101,800	-	92,688	5,314	17,164	3,721	381,544
Due from related parties	84,410	92	-	-	-	-	3,110	87,612
Due from employees	11,834	21,514	-	3	4	192	1,342	34,889
Other receivables	45,270	5,369	-	414	534	3,200	9,645	64,432
Available-for sale financial assets - unquoted equity investments	-	-	8,229	-	-	-	-	8,229
Total	P654,266	P134,011	P8,229	P93,105	P5,852	P20,556	P17,818	P933,837

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.

The Group has recognized an impairment loss on its financial assets using specific assessment amounting to P8.3 million for the period June 30, 2012. No impairment loss was recognized for the three months ended September 30, 2011.

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

Interest rate risk is the risk that the fair value or future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

As of June 30, 2012 and September 30, 2011, the Group is exposed to fair value interest rate risk arising from its fixed rate long-term borrowings, which were originally issued at variable rates (see Note 15). Borrowings issued at fixed rate expose the Group to fair value interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk relating to its US\$-denominated cash in banks and cash equivalents. Management closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risks associated with the financial instruments. The Group currently does not enter into derivative transactions to hedge its currency exposure.

The Group's foreign-currency denominated cash in banks and cash equivalents as of June 30, 2012 and September 30, 2011 amounted to US\$0.299 million and US\$2.4 million, respectively. As of June 30, 2012 and September 30, 2011, the exchange rates were ₱ 41.77 and ₱ 43.72, respectively.

Net foreign exchange gains (losses) recognized in the consolidated statements of income amounted to ₱7.88 million loss and ₱ 0.545 million gains for the period ended June 30, 2012 and 2011, respectively. (see Note 23).

The following table demonstrates the sensitivity to a reasonable possible change in exchange rate of the US\$ against the Peso, with all other variables held constant, of the Group's consolidated statement of income:

	Movement in US\$-Philippine peso exchange rates	Effect on income (loss) before income tax
<i>(In Thousands)</i>		
September 30, 2011 (Three Months)	+4.45%	(₱6,067)
	-4.45%	6,067
June 30, 2011 (One year)	+3.75%	(4,008)
	-3.75%	4,008

There is no other impact on the Group's equity other than those already affecting profit or loss.

Fair Values

The following is a comparison by category of the carrying amount and fair values of the Group's financial instruments that are reflected in the consolidated financial statements as of:

	June 30, 2012		September 30, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
<i>Cash on hand</i>	₱1,168	₱1,168	₱2,051	₱2,051
<i>Loans and receivables:</i>				
Cash in banks and short-term placements	602,957	602,957	357,131	357,131
Trade receivables	729,425	729,425	377,823	377,823
Due from related parties	86,774	86,774	84,502	84,502
Due from employees	99,425	99,425	33,547	33,547
Other receivables	72,042	72,042	54,787	54,787

<i>Available-for-sale financial assets</i>	8,222	8,222	8,229	8,229
	₱1,600,013	₱1,600,013	₱918,070	₱918,070
Financial Liabilities:				
<i>Other financial liabilities:</i>				
Short-term borrowings	₱2,152,000	₱2,152,000	₱2,831,000	₱2,831,000
Accounts payable and accrued expenses	572,279	572,279	546,970	546,970
Due to related parties	32,975	32,975	50,591	50,591
Dividends payable	21,330	21,330	20,517	20,517
Long-term borrowings	6,621,597	6,621,597	6,863,506	6,863,506
	₱9,400,181	₱9,400,181	₱10,312,584	₱10,312,584

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 from and to related parties, due from employees, other receivables, accounts payable and accrued expenses, short-term borrowings, long-term borrowings and dividends payable. The carrying amounts of these instruments approximate their fair values due to their short-term maturities.

Available-for-sale financial assets. These are unquoted equity instruments carried at cost, subject to impairment, since the fair value cannot be determined reliably.

The Group's financial instruments recorded at fair value have the following hierarchy levels:

- Level 1 - at quoted prices in active markets;
- Level 2 - at inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - at inputs that are not based on observable market data.

The Group did not hold any financial instruments carried at fair value in the consolidated financial statements as of June 30, 2012 and September 30, 2011.

30. Segment Reporting

The Group's identified operating segments, which are consistent with the segments reported to the senior management, are as follows:

a. The Company

The Company owns various tracts of lands in Nasugbu, Batangas. These investment properties can be sold directly to a developer, or contributed to a joint venture for development.

b. Real Estate

RLC is the real estate arm of the Group. RLC acquires, develop, improve, subdivide, lease and sell agricultural, industrial, commercial, residential and other real properties. The Group, through RLC, has investments in other real estate companies, namely Fuego Development Corporation, Fuego Land Corporation, Club Punta Fuego, Inc. and Roxaco-ACM Development Corporation.

c. Sugar-Related Businesses

RHI is a diversified holding and investment corporation with specific focus on sugar milling and refining business. RHI owns the following subsidiaries, which are organized and managed separately on a per Company basis, with each company representing a strategic business segment.

- CADPI is engaged in the business of producing, marketing and selling raw and refined sugar, molasses and other related products or by-products and offers tolling services to traders and planters. It has a raw sugar milling and refinery plant located in Nasugbu, Batangas with daily cane capacity of 18,000 metric tons as of September 30, 2011 and 13,000 metric tons as of June 30, 2011 and 2010. CADPI's raw sugar milling is involved in the extraction of juices from the canes to form sweet granular sugar which is light brown to yellowish in color. Canes are sourced from both district and non-district planters and are milled by CADPI under a production sharing agreement. The refinery operation, on the other hand, involves the processing of raw sugar (mill share and purchased) into refined sugar, a lustrous white-colored sugar. To ensure maximum utilization of the refinery, CADPI also offers tolling services, which converts raw sugar owned by planters and traders into refined sugar in consideration for a tolling fee.
- CACI produces raw sugar and molasses and trades the same on wholesale/retail basis. It also sells refined sugar upon tolling its raw sugar with other sugar mills. Its sugar milling plant, which has a similar process with CADPI and has a daily cane capacity of 13,000 metric tons as of September 30, 2011, June 30, 2011 and 2010, is located in La Carlota, Negros Occidental.
- RBC was established to engage in the business of producing, marketing and selling of bio-ethanol fuel, both hydrous and anhydrous products from sugarcane and related raw materials. Its plant facility is located in La Carlota, Negros Occidental.
- CFSI was established to engage in the business of transporting sugar cane, sugar and its by-products including all kinds of commercial cargoes to and from sugar factories, sugar refineries, mill sites or warehouses and/or similar establishments by land. CFSI caters various planters in Batangas, Negros, and other provincial areas in Visayas and Southern Luzon.
- Other segments of the Group which are not reported separately pertain mainly to consultancy business, dealer and trader of agricultural products and pre-operating companies.

The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

The Company'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 revenues and segment expenses are consistent with the consolidated statement of income. Financing costs (including interest expense) and income taxes are managed on a per company basis and are not allocated to operating segments.

Further, the measurement of the segments is the same as those described in the summary of significant accounting and financial reporting policies except for RHI's investment properties are carried at fair value in its parent company financial statements. RHI's investment property, which is being leased out to its subsidiary, is reclassified to property, plant and equipment in the consolidated financial statements.

The segment information of the Group is disclosed in the annual consolidated financial statements as at September 30, 2011.

31. The Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income, or Cash Flows that are Unusual Because of their Nature, Size or Incidence

Other than those disclosed in the each notes to the unaudited interim condensed consolidated financial statements, if any, there are no assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidents,.

32. The Nature and Amount of Changes in Estimates of Amounts Reported in Prior Interim Period of the Current Year or Changes in Estimates of Amounts Reported in Prior Years, if those Changes Have a Material Effect in the Current Interim Period

There are no significant changes in estimates reported in prior interim periods of the current year or changes in estimates reported in prior years, which are considered to have material effect on the unaudited interim condensed consolidated financial statements.



A N N E X “B”

MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Third Quarter Ending June 30, 2012 and 2011

MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Corporate Information and Business Operations

Corporate Information

Roxas and Company, formerly CADP Group Corporation (RCI or the Company) was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 7, 1918 with the primary purpose of operating mill and refinery facilities to manufacture sugar and allied products. On October 7, 1968, the Parent Company's corporate life was extended for another 50 years until 2018.

The Company started its commercial operations in 1920 and on November 29, 1948, its shares of stock were listed in the Philippine Stock Exchange. On July 1, 2004, the CADPGC Parent Company spun off its Negros sugar milling business to Central Azucarera de La Carlota, Inc. (CACI), a wholly-owned subsidiary incorporated on August 16, 2002. The said spin-off, was approved by the Philippine SEC on February 10, 2004 and involved the transfer of the CADPGC net assets amounting to ₱1,419.5 million to CACI in exchange for the latter's 200 million common shares at ₱1 per share.

Roxas & Company, Inc. (RCI) was incorporated and registered with the Philippine SEC on December 16, 1981 to engage in various agricultural ventures such as, but not limited to, the production of sugar, coconut, copra, coffee, and other crops, and to swine raising and other kinds of livestock, to act as managers or managing agents of persons, firms, associations, corporations, partnerships and other entities including but not limited to those engaged in agriculture and related businesses; to provide management, investment and technical advice to agricultural, commercial, industrial, manufacturing and other kinds of enterprises; and to undertake, carry on, invest in, assist or participate in the promotion, establishment, organization, acquisition, management, operation, administration, liquidation, or reorganization of corporations, partnerships and other entities; and to conduct and engage in the business of general merchant, distributor, agent importer and exporter.

Group Restructuring and Merger

RCI and its subsidiaries (collectively, the Group), has undertaken corporate restructuring in fiscal year 2009. On December 15, 2008, RHI purchased all the sugar-related operating subsidiaries and an associate, as well as certain assets and liabilities of CADPGC for a total consideration of ₱3,838.0 million. With no more than sugar-related subsidiary, RHI sold CADPGC to RCI for ₱3,927.3 million on January 23, 2009. Just before the merger, CADPGC was 95.93% owned by RCI.

On June 23, 2009, upon approval of Philippine SEC, CADPGC merged with RCI, with CADPGC as the surviving entity, through a share swap wherein 11.71 CADPGC's shares were exchanged for every share of RCI. The effectivity of the merger is on June 29, 2009. On the same date, the Philippine SEC approved CADPGC's change in corporate name to Roxas and Company, Inc.

As a result of the group reorganization, RCI is now a listed company having subsidiaries involved in sugar related business, Roxas Holdings Inc. (RHI) which is also a listed company, and in real estate development, Roxaco Land Corporation (RLC).

The discussion below provides an overview of the operation of sugar related businesses, thru Roxas Holdings, Inc.:

Central Azucarera Don Pedro, Inc. (CADPI)

CADPI, which is based in Nasugbu, Batangas, owns and operates 13,000-tons-cane-per day sugar mill that manufactures raw sugar granular and light brown to yellowish in color, and molasses, a by-product.

It also operates an 18,000 50-Kg. (Lkg.) bag per day refinery. This involves the processing of raw sugar (mill share and purchased) into refined sugar, a lustrous white-colored sugar. CADPI's refinery operations represent a significant portion of the revenues of the Group. To ensure maximum utilization of the refinery, CADPI also offers tolling or sugar refining services to various traders and planters.

CADPI is the largest sugar manufacturer in the Luzon region in terms of capacity and production. It has a market share of over 45% with the remaining 55% market share held by six other mills.

Central Azucarera de La Carlota, Inc. (CACI)

CACI whose operations are located in La Carlota City, Negros Occidental, now operates an 18,000-tons-cane-per-day sugar mill producing raw sugar and molasses.

Its primary purpose is to engage in the business of manufacturing sugar, molasses, syrups, sweeteners and other related products and by-products and to trade the same on wholesale/retail basis. The Company is formed primarily to operate the sugar milling facilities in Negros Occidental.

In Negros Occidental, CACI, together with RHI associate, Hawaiian Philippine Company (HPCo) has the second largest market share of about 21% based on tons of cane milled.

Roxol Bioenergy Corporation (RBC)

On February 29, 2008, RBC was incorporated to engage in the business of producing, marketing and selling of bioethanol fuel, which business will include the construction and operation of an integrated sugar mill and bioethanol distillery complex that will produce bioethanol fuel, both hydrous and anhydrous products from sugarcane and related raw materials, renewable and alternative energy resources, including but not limited to steam, electricity and power.

On April 29, 2010, the Company amended its Articles of Incorporation and revised its primary business objective to "engage in the business of producing, marketing and selling of bio-ethanol fuel and industrial and potable ethanol including, but not limited to, anhydrous alcohol, rectified spirits and extra-neutral alcohol which business will include the construction and operation of an integrated sugar mill and bio-ethanol distillery complex that will produce bio-ethanol fuel, both hydrous and anhydrous and industrial and potable ethanol including, but not limited to, anhydrous alcohol, rectified spirits and extra-neutral alcohol from sugarcane and related raw materials, renewable and alternative energy resources, including but not limited to steam, electricity and power".

RBC substantially completed the construction of its plant facility located at La Carlota City, Negros Occidental at a cost of approximately US\$ 34 million or ₱1.4 billion. It is a stand-alone Bio-ethanol plant with a capacity of 100,000 liters of anhydrous alcohol per day. The anhydrous plant will also use molecular sieve technology that will produce fuel ethanol grade alcohol with 99.86% minimum purity.

On October 24, 2008, the Board of Investments (BOI) approved its application for registration under EO No. 226 as New Producer of Bioethanol (Anhydrous) and Potable (Hydrous) Ethanol on a Pioneer Status and Non-Pioneer Status, respectively. As a registered entity, RBC is entitled to

certain tax incentives such as income tax holiday (ITH) of six (6) years for its anhydrous ethanol and four (4) years for its hydrous ethanol, from January 2010 or actual start of commercial operations, whichever is earlier.

CADP Farm Services, Inc. (CFSI)

CFSI was organized and registered principally to engage in the business of transporting sugar cane, sugar and its by-products including all kinds of commercial cargoes to and from sugar factories, sugar refineries, millsites or warehouses and or similar establishments by land with secondary purpose of engaging in various sugar farm services.

It started to operate in Crop Year 2009-2010 both Batangas and Negros with the primary goal of helping existing cane areas increase their productivity per unit area at the least cost through farm mechanization and the use of proven and accepted technologies such as use of high yielding varieties of cane, proper timing and method of fertilizer application, use of can ripeners, use of bio-organic fertilizer, cane hauling, and the like.

Other Subsidiaries

CCSI, Najalin Agri-Ventures, Inc. (NAVI), Jade Orient Management Services, Inc. (JOMSI) and CADP Insurance Agency, Inc. (CIAI) are engaged in various activities such as consulting, sugarcane farming, management services and insurance, respectively.

Roxas Power Corporation (RPC) and CADP Port Services, Inc. (CPSI) were organized to engage in the business of buying, acquiring, leasing, constructing, maintaining and operating plants, work systems, poles, poles wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity for light and power and any other use to which electricity may be applied and to engage in the general business of providing port ancillary services such as port cargo handling, arrastre and stevedoring, shoring, lashing, cleaning, shipping rebundling, rebugging and other related services on board vessels, respectively. The Companies have not yet started commercial operations.

The Sugar Group continues to optimize production-marketing mix, with greater emphasis given on direct sales to industrial customers, manufacturing efficiencies through better management of production stream and usage of fuel and electricity and reducing manufacturing downtime, being prudent and cautious in capital investments and reduction of manufacturing and operating costs.

The Sugar Group also remains committed to its corporate social responsibility to maintain the environmental integrity in areas where it operates and to contribute to the welfare of communities surrounding its facilities.

It is a signatory to the United Nations Global Compact, which enlists the participation of private corporations in the protection of human rights of children and labor and advocates environmental commitment and the fight against corruption.

The discussion below provides an overview of the operation of the real estate business.

Roxaco Land Corporation (RLC) is 100% owned subsidiary of RCI. RLC is engaged in real estate development projects mostly open lots subdivisions in Batangas Province. Its projects include:

- 1.) Peninsula de Punta Fuego – an 88 hectare world class residential resort community project in joint venture with Landco Pacific Corporation located in Nasugbu, Batangas.
- 2.) Roxaco Landing Subdivision – RLC's first open lot subdivision project covering 22 hectares located in Nasugbu, Batangas

- 3.) Palm Estates – is a self contained middle income community on a 30 hectare property consisting of residential open lot subdivisions, a school and commercial areas also located in Nasugbu, Batangas.
- 4.) Landing Commercial – a one-storey commercial building consisting of 20 stalls and an attic for lease located at the center of Nasugbu town, Batangas.
- 5.) The Orchards at Balayan – a 6 hectare open lot subdivision in Barangay Gumamela, Balayan, Batangas, a joint venture project with Marilo Corporation.
- 6.) San Antonio Memorial Gardens – a 10-hectare master planned memorial park project in Banilad, Nasugbu, Batangas.
- 7.) Anya Resort and Residences – a 5.7 hectare boutique residential development integrated with a resort, located in Bgy. Mag-Asawang Ilat, Tagaytay City, Cavite, a joint venture project with VJ Properties.
- 8.) Landing Townhomes – the redevelopment of the 1 hectare Landing Commercial located in Nasugbu, Batangas, to the first townhouse development in the area.

RLC has investments in the following companies / projects:

- 1.) Roxaco-ACM Development Corporation (RADC-50% equity). This joint venture company was incorporated primarily to develop a 5 hectare property in Nasugbu, Batangas into a socialized housing project known as Woodstock- Nasugbu.
- 2.) Fuego Development Corporation (FDC- 30%). FDC is the development company of Club Punta Fuego, a world class seaside resort located in Nasugbu, Batangas.
- 3.) Fuego Land Corporation (FLC- 30%). FLC was formed specifically to carry out the development of some 429,870 sqm. of land located in Barangay Natipuan, Nasugbu, Batangas, known as Terrazas de Punta Fuego
- 4.) Club Punta Fuego., Inc. (CPFI- 26.63%). CPFI was formed to promote social, recreational and athletic activities on a non-profit basis among its members, through the acquisition, development, construction, management and maintenance of a golf course, resort, marina and other sports and recreational facilities on residential resort community project known as Peninsula de Punta Fuego.
- 5.) Goodwood Homes – 50%. This is joint venture project with ACM Land Holdings, Inc. under its subsidiary company – ACM Columbia Heights, Inc. The project is a low-density development with 150 duplex units in a 2 hectare area in Imus, Cavite.

In 2009-2010, Roxaco implemented projects to improve profitability and cash flows by:

- 1.) Completing the Phase 1 development and the aggressive selling of San Antonio Memorial Gardens (SAMG)
- 2.) Aggressive selling its residential projects: Orchards at Balayan and Palm Estates
- 3.) Intensified collection efforts to collect maturing amortizations from the lotbuyers
- 4.) Implemented cost cutting measures to reduce operating costs
- 5.) Continued strategic planning to identify future projects for residential resorts, hotels, commercial and mixed use developments.

Roxaco intends to establish a significant presence in the real estate industry in Southern Luzon and eventually nationwide. With resort town Nasugbu and the adjoining towns of Western

Batangas as its base, the Company has set its sights in participating in the following key industry segments:

- First-home and second-home residential developments
- Leisure tourism
- Commercial retail and mixed-use developments

Palm Estates, which is the current residential development of Roxaco in Nasugbu, has been warmly received by both local and OFW markets and is down to its last six (6) open lots out of 955 lots. In order to continuously introduce new products, Roxaco will offer limited number of pre-designed House-and-Lot units inside the Palm Estates subdivision.

The other residential project named The Orchards in Balayan has likewise experienced brisk sales performance and only 11% of its total inventory remains. Development of the project has already been completed. The first model house was completed in 2009 while the second one was completed in September 2010. These are being offered to the market for ₱2.8 million and ₱3.4 million, respectively inclusive of the lot, and is being used to encourage other lot buyers to start constructing their homes as well.

In line with these encouraging performances, plans are underway to introduce a new residential development in Nasugbu which will offer House-and-Lot packages, on top of the traditional open lot products. This is in response to the clamor of the market for such conveniently packaged housing products which can be amortized together either through bank or Pag-ibig financing. The present low-interest climate combined with the aggressive efforts of the government to push housing as a priority in its programs has made home-buying easier and more affordable. Loan rates, particularly with Pag-ibig, have recently been stretched to up to 30 years with an increased loanable amount of ₱3 million.

As such, Roxaco undertook the redevelopment of the existing Landing Commercial in Nasugbu, Batangas, in Landing Townhomes. Landing Townhomes is the first townhouse development in Nasugbu. The development features 2BR and 3BR townhouses, at 55sqm and 63sqm respectively, with package prices ranging from ₱1.4M to ₱1.7M. Its price points coupled with the modern Mediterranean theme has led to the acceptance of this new product in the market.

The existing Orchards subdivision shall also be expanded which will offer packaged housing units aside from open lots to tap the traditionally strong and resilient Balayan market. This new phase shall also leverage on the existing brand franchise that the Orchards has already established.

Roxaco entered into the high-end second home residential market when it signed the Joint Venture Agreement with VJ Properties Inc. in December 2010, to develop a 5.7 hectare property in Tagaytay City, Cavite now known as Anya Resort and Residences. Anya is an exclusive residential enclave of only 54 open lots that is integrated with a first class resort. The residential portion of Anya is near completion with turnover to buyers is scheduled this 2012.

On the leisure tourism front, Roxaco has already identified key priority resort destinations for its first potential venture. Locations are presently being identified and lined up both in Manila and in leading tourism areas for boutique resort hotel developments. This is also in line with the growing trend of global tourism which has been experiencing a significant increase despite the continuing threat of terrorism, health pandemics, and natural disasters. In 2008 alone, the World Tourism Organization has reported that a record number of approximately 900 million travelers, of which a significant number came from the Asian region - now considered as one of the fastest growing region in terms of travel and tourism. As the Philippines continues to market itself as an exciting multi-featured destination to the European and Asian market, Roxaco aims to position itself and capitalize on this growing trend.

The Philippine economy has long been supported by the strong and resilient amount of remittances coming from Filipinos working abroad, despite the recent global financial crisis. Most of this money go to consumer spending which is why commercial mall developers have been aggressively expanding their network across the country. Roxaco is now preparing the plans for a landmark mall development in Nasugbu to try to create a leisure and recreational destination in the area and serve the commercial needs of the locality.

Efforts to cement its presence in the Western Batangas area and create more real estate products to serve the different needs of the market advances, as Roxaco launched the first memorial park development in Nasugbu named San Antonio Memorial Gardens in 2009. It will have its own chapel and wakerooms for the convenience of the lot owners and all the open spaces shall be perpetually maintained thus ensuring the upkeep of the property and appreciation of values. Several classes of lots from the basic lawn lots to the spacious estate lots for the mausoleums are being offered to suit different buyer needs and preferences.

Throughout these plans to expand Roxaco's presence across the different segments, it has remained committed to creating better value for its customers while ensuring that all developments shall be eco-friendly and environmentally sustainable. This is in line with Roxaco's belief that progress and ecological responsibility can and should co-exist for the benefit of all the stakeholders.

INTERIM RESULTS –3rd QUARTER FY 2011-2012 VS FY 2010-2011

Change of Fiscal Year

On February 10, 2011, the Board of Directors (BOD) of the Company and its subsidiaries approved the amendment on the Group's By-Laws changing the accounting period from fiscal year ending June 30 to September 30 of each year. The change was intended to align the fiscal year of the group with the normal crop year of the sugar business. The change in accounting period of the Company was approved by the Securities and Exchange Commission (SEC) on March 30, 2011 while the change in accounting period of the Company's subsidiaries was approved by the SEC on various dates in 2011.

Consolidated Results of Operations

Consolidated revenues for the period reached ₱5.8760 billion, 11% lower than ₱6.599 billion in 2011. The decline was mainly due to higher sugar prices in 2011. A great improvement in the Gross Margin was achieved during the period since most of the sales of the Sugar group were related to the high priced sales contracts entered into last year. These sales were serviced using newly produced sugar at a much lower costs. As a result, Cost of sales amounted to ₱4.175 billion which is 30% lower than the ₱5.987 billion recorded in 2011. Gross Profit amounted to ₱1.701 billion which is 138% higher than last year's ₱612 million. Gross Profit rate is at 29% compared to only 9% last year.

Selling and Operating Expenses this quarter reached ₱666 million, 22% lower than last year's ₱850 million.

The Equity in net income of associates amounted to ₱22.8 million. This is 80% lower than last year's ₱115.7 million. This pertains to lower operating income generated by HPCo – Sugar subsidiary and the subsidiaries of the Property Group. This is a reversal of last year's equity in net income which was principally contributed by HPCo due to the prevailing high prices of sugar during that time.

Interest income of ₱8.0 million is 23% lower than last year's ₱11.7 million due to diminished principal balances on installment contracts receivable of the property group.

Interest expenses amounted to ₱396.5 million which is 22% lower than the ₱506.3 million reported last year due to payments of the short-term and long-term borrowings of the Group.

Other income went down by 70% from ₱347.4 million in 2011 to ₱103.5 million in 2012 due to the revaluation increment on land recorded last year.

With provision for income taxes amounted to ₱32.4 million, the group generated consolidated net income of ₱741 million which is 320% better than last year's consolidated loss of ₱336.3 million.

Results of Operation – Sugar Related Businesses

Batangas Operations

The milling period of Central Azucarera Don Pedro, Inc. was steady at 156 days from the 153 days recorded the previous year. Cane tonnage grew 3.7 percent to 1.55 million MT from 1.51 million MT year-on-year. Raw production remained flat at 2.803 million Lkg from 2.776 million Lkg a year ago. Milling recovery likewise remained steady at 1.86 Lkg/TC. Despite these, refined production went up 13 percent to 2.3 million Lkg from a year-ago level of 2 million Lkg.

Negros Operations

The milling period of Central Azucarera de la Carlota, Inc. was also steady at 196 days from last year's 194 days. Cane tonnage was flat at 1.770 million MT from the 1.765 million MT registered a year ago.

Production yield rose to 1.99 Lkg/TC from last year's 1.90/Lkg/TC. At the same time, raw production expanded 5.3 percent to 3.5 million Lkg compared to a year-ago level of 3.3 million Lkg.

Consolidated Net Income

Consolidated net income for the period climbed 244 percent to ₱751 million from the previous year's net loss of ₱305 million on the back of higher profit margins and lower cost of sales resulting from the massive cost control measures implemented by the Group. The lower interest burden as a result of amended terms in the Group's long-term loans likewise reduced its cash outflows.

This translates to an earnings per share of ₱0.83 compared to the (₱0.33) registered the previous year.

Earnings before interest, taxes, depreciation and amortization likewise climbed 181 percent to a record level of ₱1.7 billion from a year-ago level of ₱593 million.

Debt service coverage ratio (DSCR) with Banco De Oro, Unibank, Inc. (BDO) improved at 2.77:1 from the 1.22:1 registered year-on-year. Meanwhile, DSCR with Bank of the Philippine Islands (BPI) and Rizal Commercial Banking Corporation (RCBC) expanded to 2.77:1 from last year's 0.50:1.

Revenues

Consolidated revenues dipped seven percent to ₱5.8 billion from the previous year's ₱6.6 billion owing to high sugar prices during the period. Average selling price of raw sugar posted at ₱1,403 per bag, 34 percent lower than last year's ₱2,112 per bag. Average selling price of refined sugar, on the other hand, posted at ₱2,006 per bag, down 15 percent from last year's ₱2,361 per bag.

Despite the drop in revenues and average selling prices of sugar, consolidated raw sales volume expanded 23 percent to 1.9 million Lkg from 1.5 million Lkg year-on-year. This after the Group sold raw sugar to Japan and South Korea in 2011 following the directive from the Sugar Regulatory Administration, authorizing the export of sugar to cushion the impact of the unexpected surplus among millers. Furthermore, last year's high priced forward contracts served as insulation to this year's lower selling price. Refined sales volume, meanwhile, grew 5.3 percent to 1.186 million Lkg from a year-ago level of 1.126 million Lkg.

Cost of Sales

The Group's profit margin climbed 178 percent to ₱1.6 billion from the ₱591 million posted year-on-year on the back of higher cane tonnage and raw production coupled with a dramatic reduction in cost of sales.

Cost of sales declined 30.5 percent to ₱5.10 billion from ₱4.2 billion a year ago as the Group continued to implement massive cost control measures. Energy cost was cut down by 45 percent to ₱286 million from the previous year's ₱519 million as the Group shifted from bunker to more cost efficient fuel sources. Energy imbalance as a result of the increased capacity of the mills, low cane fiber and delay in the start of milling operation in the past year led to a higher bunker usage. The purchases of raw sugar, as raw material to the refinery, was contained to a minimum as it fell 59 percent to ₱1.7 billion compared to the ₱4 billion recorded a year ago. The Group likewise benefited from the substantial drop in tolling, repairs and maintenance as well as in labor expenses as a result of a redundancy and rightsizing program.

Other Operating Income

Consolidated other operating income fell 74 percent to ₱87 million from last year's ₱332 million owing to the revaluation increment on land in the previous year.

Operating Expenses

Operating expenses slipped 25 percent to ₱589 million from ₱789 million year-on-year as the Group implemented massive controls to reduce its overhead expenses, including a Redundancy and Rightsizing Program to bring down labor and labor-related costs.

Equity in Net Earnings (Loss) of an Associate

Equity in Net Earnings of an Associate fell 85 percent to ₱16.9 million from ₱112.7 million year-on-year due to lower income realized by Hawaiian-Philippine Company, Inc. during the period.

Financing Costs, net

Finance costs, net was 23 percent lower this year at ₱372 million from last year's ₱483 million with the reduction in interest rates as well as in loan principal from payment of maturing obligations.

Provision for Taxes, net

Provision for taxes this period amounted to ₱25 million due minimum corporate income tax of sugar subsidiaries. In 2011, the subsidiaries recognized net operating loss carry over as deferred tax asset.

Results of Operations - Property Group

Sales for the period amounted to ₱79.3 million, 108% higher than last year's ₱38.19 million. This is due to higher collections that lead to the revenue recognition criteria. Realized gross profit on real estate sales amounted to ₱54.8 million which is 157% higher than last year's ₱21.3 million. This translates to a higher gross profit rate of 69% compared to 56% last year. The higher gross profit rate came mainly from sales in the high margin San Antonio Memorial Gardens and the sales of Palm Estates lots.

Other income amounted to ₱16.2 million, 161% higher than last year's ₱6.2 million. This is attributable to consultancy fees earned by FHPMC for the period. The Group acquired 64% of FHPMC in June 2011. This was partly offset by lower interest income on installment contracts receivable due to diminished principal balances.

This year's operating expenses increased by 47% from ₱27.7 million to ₱40.7 million. FHPMC incurred ₱13.6 million operating expenses for the period.

Selling and marketing expenses went down by 28% from ₱8.5 million in 2011 to ₱6.1 million in 2012. This is due to the more aggressive marketing efforts to sell San Antonio Memorial Gardens and Anya projects last year.

Finance costs amounted to ₱2.7 million, 50% higher than the ₱1.8 million in 2011. This is due to interests on developmental loans for San Antonio Memorial project that were not capitalized anymore this year. Financial reporting standards prohibit interest capitalization once there was significant lag in the development activities.

As a result, net income before income taxes for the Property group amounted to ₱27.5 million, 355% higher than last year's ₱6.0 million.

Consolidated Financial Condition

Consolidated total assets of the Company as of June 30, 2012 stood at ₱20.830 billion which is slightly higher than the audited September 30, 2011 balance of ₱20.654 billion. Current Assets increased by 24% from ₱3.337 billion in September 2011 to ₱4.153 billion as of June 30, 2012. This is due to the 65% increase in receivables and 7% increase in inventories.

Non-current assets slightly decreased from ₱17.316 billion to ₱16.676 billion as of June 30. This is attributable mainly to the depreciation of property, plant and equipment and dividend received from affiliates partly offset by and equity in net income for the period.

Considering that the Sugar Group was able to secure a waiver of the possible violation of the negative covenants for Fiscal Year 2011-2012, the Company was able to re-state its Long term liabilities to its proper account in the Balance Sheet. As a result, Current liabilities went down to ₱3.429 billion from a level of ₱10.571 billion as of September 30, 2011. Short-term borrowings and current portion of long term borrowings also decreased due to payments made during the period.

Accounts payable and accrued expenses went up to ₱702 million from ₱682 million as of September due to normal trade purchases and accrual of expenses.

Customers' deposits also increased from ₱174 million to ₱461 million due to deposits received sugar and lot buyers.

Non-current Liabilities increased from ₱1.055 billion to ₱7.629 billion due to the reclassification of long-term borrowings in the balance sheet, as mentioned above.

Total consolidated equity amounted to ₱9.769 billion, an increase of ₱741 million due to the consolidated income during the period.

Current ratio as of June 2012 increased to 1.21:1.00 from 0.32:1.00 in September 2011 mainly due to the reclassification of long term borrowings.

The Groups leverage position remained within the limits of existing loan covenants. Debt-to-equity ratio stood at 1.13:1.00 in June 2012 from 1.29:1.00 in September 2011. Unused working capital lines as of June 30, 2012 and September 30, 2011 from local banks amounted to ₱1,084 million and ₱862 million, respectively. Book value per share increased to ₱3.35 from ₱3.10 in September due to the favorable results of operations during the period.

There are no:

- Known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's material liquidity problem;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations;
- Significant elements of income or loss that arose from continuing operations; and
- Seasonal aspects that had a material effect on the financial condition or results of operations.

Top Five Performance Indicators – Sugar Related Businesses

As maybe concluded in the foregoing description of the business of the Group, the Company's financial performance is determined to a large extent by the following key results:

- Raw sugar production - a principal determinant of consolidated revenues and computed as the gross amount of raw sugar output of CADPI and CACI as consolidated subsidiaries and HPCo, as an affiliate, and pertains to production capacity, ability to source sugar canes and the efficiencies and productivity of manufacturing facilities.
- 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.
- Raw sugar milling recovery – a measure of raw sugar production yield compared to unit of input and is computed as the fraction of raw sugar produced (in LKG bags) from each ton of sugar cane milled (LKG/TC).
- Earnings before interest, taxes, depreciation and allowances (EBITDA) – the measure for cash income from operation 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 cash amortizations.
- 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.

The table below, presenting the top five performance indicators of the Group in three fiscal years, shows general improvement in the financial and operating results:

Performance Indicator	July-Sept 2011	2010-2011	2009-2010	2008-2009
Raw sugar production	0	8.165 M bags	6.947 M bags	8.123 M bags
Refined sugar production	0	1.970 M bags	3.324 M bags	3.965 M bags
Milling recovery	0	1.99 Lkg/TC	2.09 Lkg/TC	2.02 Lkg/TC
EBITDA	(P327 million)	P793 million	P1.011 Billion	P669 million
Return on equity	(16%)	(8%)	5%	3%

Top Five Performance Indicators – Property Group

As maybe concluded in the foregoing description of the business of Roxaco, the company's financial performance is determined to a large extent by the following key results:

- Income from sale of developed real estate (lots only). This is recognized in full when the collection of the total contract price reached 25%. At this stage, it is reasonably assured that the risks and rewards over the developed assets have been transferred to the lotbuyer.
- Number of lots sold. The lot sold and its terms of sale will determine when would be recognized and how much is the potential income to the Company.
- Collection efficiency on trade receivables. Income recognition is a factor of collection, plus the interest income component.
- Earnings before interest, taxes and depreciation - This is the measure of cash income from operations.
- Return on Equity – denotes the capability of the Company to generate returns for the shareholders.

The table below, presenting the top five performance indicators of Roxaco in three fiscal years, shows general improvement in the financial and operating results:

Performance Indicator	July-Sept 2011	2010-2011	2009-2010	2008-2009
Realized gross profit on real estate sales	P7.0 Million	P25.0 Million	P33.416 Million	P22.802 Million
Number of lots sold / reserved	32 lots	194 lots	684 lots	105 lots
Collection efficiency	98%	98%	95%	85%
EBITDA	(P1.58 Million)	P16.56 million	P69.6 million	P26.634 million
Return on equity	nil	1.95%	10.88%	2.15%

Key Variable and Other Qualitative and Quantitative Factors

- 1) The company is not aware of any known trends, events, or uncertainties that will result in or that are reasonably likely to result in any material cash flow or liquidity problem.
- 2) The company is not aware of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- 3) The company is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- 4) Description of material commitments for capital expenditures.

The Sugar Group had an allocation of ₱40.2 million in capital expenditures for crop year 2011-2012 of which ₱18.8 million is for CADPI for the integrated mill and refinery operations, ₱16.3 million for CACI and ₱5 million for CFSI.

For 2011-2012, the Property Group has projected development costs for existing projects in the amount of ₱54 million and additional ₱41 million as initial development costs for new projects.

In addition, RLC has projected ₱0.8 million regular capital expenditures which includes replacement of office equipment and a licensed software.

- 5) The company is not aware of any known trend, events or uncertainties that will have material impact on sales.
- 6) The company is not aware of causes for any material changes from period to period in the financial statements.

Plan of Operation

In line with the continuing efforts to improve the profitability of the sugar operations, ensure the continuing viability of the business and address the adverse effects of the volatility of the sugar and alcohol prices, the Group's Management has implemented and will continue to implement the following strategies, among others:

1. Carrying our marketing programs to generate revenues from sales of alcohol, sugar, and allied products and services.
2. Increasing mill share to minimize sourcing of raw sugar from third parties.
3. Implementing cost reduction programs in its plants, such as but not limited to the reduction of fuel costs by reducing downtime, improving plant facilities to enable efficient plant utilization and maximizing the use of cheaper fuel alternatives, etc.



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SECURITIES AND EXCHANGE COMMISSION

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ATTY. ALEZANDRO S. CASABAR

810-8901

September 30
Month Day
Fiscal Year

SEC Form 17-L
Form Type

Month Day
Annual Meeting

Secondary License Type, If Applicable

Department Requiring this Document

Amended Articles Number/Section

3,508
Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

TO BE ACCOMPLISHED BY SEC PERSONNEL CONCERNED

File Number

LCU

Document I.D.

Cashier

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Part I - Representations

If the subject report could not be filed without unreasonable effort or expense and the issuer seeks relief pursuant to SRC Rule 17-1, the following should be completed. (Check box if appropriate)

- (a) The reasons described in reasonable detail in Part II of this Form could not be estimated without unreasonable effort or expense. []
- (b) The subject amended annual report on SEC Form 17-A, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date []; or the subject quarterly report on SEC Form 17-Q, or portion thereof, will be filed on or before the fifth (5th) day following the prescribed due date. [✓]
- (c) The accountant's statement or other exhibit required by paragraph 3 of SRC Rule 17-1 has been attached if applicable. []

Part II - Narrative

State below in reasonable detail the reasons why SEC Form 17-A or SEC Form 17-Q, or portion thereof, could not be filed within the prescribed period. (Attach additional sheets if needed.)

The Company will not be able to file its Quarterly Report (SEC Form 17-Q) for the period ending on 30 June 2012 on or before the 14 August 2012 deadline because it is still in the process of analyzing the information on its subsidiaries' business risks, financial conditions and results of operations. Without the required Management's Discussion and Analysis, RCI's quarterly report will be incomplete.

The Company undertakes to submit the report within five (5) calendar days after the prescribed deadline.

Part III - Other Information

- (a) Name, address and telephone number, including area code, and position/title of person to contact in regard to this notification:

Atty. Alejandro S. Casabar
Legal Services Manager/Assistant Corporate Secretary
Compliance Officer / Corporate Information Office
7th Floor, Cacho-Gonzales Bldg.
101 Aguirre Street, Legaspi Village
1229 Makati City, Metro Manila
Tel. No.: 810-8901 to 06

- (b) Have all other periodic reports required₂ under Section 17 of the Code and under

Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months, or for such shorter period that the issuer was required to file such report(s), been filed? If the answer is no, identify the report(s).

Yes No Reports:

- (c) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

Yes No

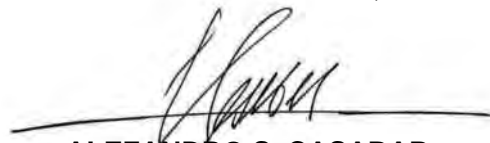
If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

SIGNATURE

Pursuant to the requirements of the SRC Rule 17-1, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ROXAS AND COMPANY, INC.

By:



ALEZANDRO S. CASABAR

Compliance Officer

14 August 2012.



14 August 2012

Philippine Stock Exchange

Disclosures Department
3/F, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention : **Ms. Janet Encarnacion**
Head – Disclosures Department

Re : **REQUEST FOR EXTENSION TO SUBMIT QUARTERLY REPORT
FOR THE QUARTER ENDING ON 30 JUNE 2012**

Gentlemen:

Roxas and Company, Inc. would like to request for the extension of deadline to submit its Quarterly Report for the quarter ending on 30 June 2012.

The Company will not be able to file its Quarterly Report (SEC Form 17-Q) for the period ending on 30 June 2012 on or before the 14 August 2012 deadline because it is still in the process of analyzing the information on its subsidiaries' business risks, financial conditions and results of operations. Without the required Management's Discussion and Analysis, RCI's quarterly report will be incomplete.

The Company undertakes to submit the report within five (5) calendar days after the prescribed deadline or upon submission of the report to the Securities and Exchange Commission, whichever is earlier. The Company understands that failure to comply with the undertaking may result to the imposition of applicable penalty/ies and/or sanction/s.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Alejandro S. Casabar', is written over a horizontal line.

ALEZANDRO S. CASABAR

Corporate Information Officer/Compliance Officer