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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. FRITZIE P. TANGKIA-FABRICANTE

810-8901

**Notice of Annual Meeting of Stockholders and  
SEC Form 20 – IS (2011) Preliminary**

Sept. 30  
Month Day  
Fiscal Year

Form Type

Month Day  
Annual Meeting

Secondary License Type, If Applicable

Department Requiring this Document

Amended Articles Number/Section

3,523

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

Remarks = pls. Use black ink for scanning purposes

**SEC Reg. No. 834**



**ROXAS AND COMPANY, INC.**  
(formerly CADP Group Corporation)  
7/F CG Building, 101 Aguirre St.  
Legaspi Village, Makati City 1229

**810-8901**  
Telephone Number

**30 September 2011**  
Fiscal Year Ending

**Notice of Annual Meeting of Stockholders**

- and -

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

**ROXAS AND COMPANY, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

Notice is hereby given that the Annual Meeting of Stockholders of ROXAS AND COMPANY, INC. (formerly CADP Group Corporation) will be held at the Turf Room of the Manila Polo Club, McKinley Road, Forbes Park, Makati City, 1200 Metro Manila on **22 February 2012** at 10:00 in the morning.

The agenda of the Meeting is:

1. Certification of Notice and Quorum
2. Approval of the Minutes of the Annual Stockholders' Meeting held on 17 November 2010
3. Presentation of the Annual Report to Stockholders
4. Ratification of all Acts and Proceedings of the Board of Directors and Management
5. Election of the Board Directors
6. Election of External Auditors
7. Other Matters
8. Adjournment

Only stockholders of record as at the close of business on 03 January 2012 are entitled to notice of, and to vote at, the Annual Meeting of Stockholders. Registration for the meeting shall start at 9:30 in the morning.

IF YOU CANNOT ATTEND THE MEETING, PLEASE EXECUTE AND RETURN THE PROXY FORM TO THE OFFICE OF THE CORPORATE SECRETARY C/O 7F CACHO-GONZALES BUILDING, 101 AGUIRRE STREET, LEGASPI VILLAGE, 1229 MAKATI CITY ON OR BEFORE 10 NOVEMBER 2010.

By Order of the Board of Directors.



**FRITZIE P. TANGKIA-FABRICANTE**  
Assistant Corporate Secretary

26 December 2011.

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

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

1. Check the appropriate box:

Preliminary Information Statement  
 Definitive Information Statement

2. Name of Registrant as specified in its charter : **ROXAS AND COMPANY, INC.  
(formerly CADP GROUP CORPORATION)**

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

4. SEC Identification Number : 834

5. BIR Tax Identification Code : 000-269-435

6. Address of Principal Office : 7/F CG Building, 101 Aguirre St.  
Legaspi Village, Makati City 1229

7. Registrant's telephone number including area code: (632) 810-8901

8. Date, time and place of meeting of security holders: 22 February 2012 at 10:00 a.m.  
Turf Room, Manila Polo Club  
McKinley Road  
Makati City 1200

9. Approximate date on which the Information Statement is first to be sent or given to security holders : 26 January 2012

10. Securities registered pursuant to Sections 8 and 12 of the Code as of 30 November 2011:

Title of Each Class	Number of Shares of Stock Outstanding And Amount of Debt Outstanding
Common	2,911,885,870
Debt	None registered

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

Yes  No

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

**ROXAS AND COMPANY, INC.**  
**(formerly CADP GROUP CORPORATION)**

**INFORMATION STATEMENT**  
**GENERAL INFORMATION**

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

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

Date	:	22 February 2012
Time	:	10:00 a.m.
Place	:	Turf Room, Manila Polo Club McKinley Road Makati City 1200
Address of Principal Office of the Registrant	:	7/F CG Building, 101 Aguirre St. Legaspi Village, Makati City 1229, M.M.
Approximate date on which the Information Statement is first to be sent or given to security holders	:	26 January 2012

**DISSENTER'S RIGHT OF APPRAISAL**

A dissenting stockholder shall have the right of appraisal in the instances authorized under Section 81 of the Corporation Code, to be exercised in accordance with the procedure set out in Section 82 of the same Code. There are no matters in the agenda of the meeting which would give rise to the exercise of the right of appraisal.

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

The incumbent directors or officers of the Company, since the beginning of the last fiscal year, do not have substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

None of the incumbent directors informed the Company in writing that he intends to oppose any action to be taken during the annual meeting of shareholders.

**CONTROL AND COMPENSATION INFORMATION**

**VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

- a) The number of shares outstanding and entitled to vote in the stockholders' meeting is 2,911,885,870 common shares.

- b) The record date for the purpose of determining the stockholders entitled to vote is 03 January 2012.
- c) Holders of common shares are entitled to cumulative voting in the election of directors. Section 24 of the Corporation Code provides that every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the by-laws, in his own name in the stock books of the corporation, or where the by-laws are silent, at the time of the election; and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.

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

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

(1) Security ownership of certain record and beneficial owners of more than 5% of the Company's securities, both listed and not listed, as of 30 November 2011:

<i>Title of Class</i>	<i>Name and Address of Owner/Relationship with Issuer</i>	<i>Name of Beneficial Ownership and Relationship with Record Owner</i>	<i>Citizenship</i>	<i>Number and Nature of Ownership</i>	<i>Percent of Class<sup>1</sup></i>
Common	Antonio J. Roxas 7/F CG Building 101 Aguirre Street, Legaspi Village, Makati City Director	Antonio J. Roxas	Filipino	643,945,909 (direct)	22.11%
Common	SPCI Holdings, Inc. Unit 1701, The Peak Tower 107 Leviste St., Salcedo Village, Makati City	SPCI Holdings, Inc. <sup>2</sup>	Philippine National	642,779,593 (direct)	22.07%
Common	Pedro E. Roxas	Pedro E. Roxas/	Filipino/	536,681,945	18.43%

<sup>1</sup> The percentages of shareholding were arrived at by dividing the number of shares owned, directly and indirectly, by the shareholders over 2,911,885,870 common shares, the total outstanding shares as of 30 November 2011.

<sup>2</sup> Messrs. Francisco Jose R. Elizalde and Carlos R. Elizalde, directors of the Company, each owns 24.99% of the total outstanding shares of SPCI Holdings, Inc. (SPCI). Collectively, the Board of Directors of SPCI consisting of its 6 shareholders has the power to decide on how the shareholdings of SPCI in the Company shall be voted.

<i>Title of Class</i>	<i>Name and Address of Owner/Relationship with Issuer</i>	<i>Name of Beneficial Ownership and Relationship with Record Owner</i>	<i>Citizenship</i>	<i>Number and Nature of Ownership</i>	<i>Percent of Class<sup>1</sup></i>
	7/F CG Bldg., 101 Aguirre St., Legaspi Village, Makati City Executive Chairman President & CEO	Pesan Holdings, Inc.	Philippine National	(direct & indirect)	
Common	HSBC OBO Manila A/C 000-262931-575 12/F, The Enterprise Center Tower I, 6766 Ayala Avenue Makati City	HSBC <sup>3</sup>	Other Alien	273,234,090 (direct)	9.38%
Common	Pilar Olgado Roxas Unit 3201 Regent Parkway Condominium, 21 <sup>st</sup> Drive, Bonifacio Global City, Taguig	Pilar Olgado Roxas	Filipino	262,706,512 (direct)	9.02%
Common	Marta O. Roxas Dela Rica c/o 7F CG Bldg., 101 Aguirre St., Legaspi Village, Makati City	Marta Olgado Roxas Dela Rica	Spanish	258,180,365 (direct)	8.87%
Common	Beatriz Olgado Roxas Unit 3201 Regent Parkway Condominium, 21 <sup>st</sup> Drive, Bonifacio Global City, Taguig Director	Beatriz Olgado Roxas	Spanish	257,579,335 (direct)	8.85%
<b>TOTAL</b>				<b>2,875,107,749</b>	<b>98.73%</b>

<sup>3</sup> The Company has no official information as to who is/are the beneficial owner/s of the shares in the name of HSBC OBO Manila.

Except as stated above and in the related footnotes, the Board of Directors and the Management of the Company have no knowledge of any person who, as of 30 November 2011, was directly or indirectly the beneficial owner of, or who has voting power or investment power with respect to, shares comprising more than five percent (5%) of the Company's outstanding common stock.

(2) Security Ownership of Management as of 30 November 2011.

The following table sets forth the number of shares, listed and not listed, owned of record and/or beneficially owned by the directors, independent directors, the Chief Executive Officer and the key officers of the Company, and the percentage of shareholdings of each as of 30 November 2011:

<i>Title of Class</i>	<i>Name of Beneficial Owner</i>	<i>Citizenship</i>	<i>Number and Nature Of Ownership</i>	<i>Percent of Class</i>
Common	Pedro E. Roxas Executive Chairman President / CEO	Filipino	536,681,945 (direct & indirect)	18.43 %
Common	Antonio J. Roxas Director	Filipino	643,945,909 (direct)	22.11%
Common	Beatriz O. Roxas Director	Spanish	257,579,335 (direct)	8.85%
Common	Carlos Antonio R. Elizalde <sup>4</sup> Director	Filipino	1,252,923 (direct)	0.04%
Common	Francisco Jose R. Elizalde <sup>5</sup> Director	Filipino	1,203,013 (direct)	0.04%
Common	Ramon Y. Dimacali Independent Director	Filipino	1,000 (direct)	0.00%
Common	Guillermo D. Luchangco Independent Director	Filipino	1,000 (direct)	0.00%

<sup>4</sup> Messrs. Carlos R. Elizalde and Francisco Jose R. Elizalde each owns 24.99% of the total outstanding shares of SPCI Holdings, Inc. (SPCI). SPCI, in turn, owns 642,779,593 or 22.07% of the Company's shares.

<sup>5</sup> Please see footnote no. 4.



Common	Eduardo R. Areilza Director	Spanish	1,000 (direct)	0.00%
Common	Renato C. Valencia Director	Filipino	1,000 (direct)	0.00%
Common	Sindulfo L. Sumagang Vice-President / Chief Finance and Risk Management Officer/Treasurer	Filipino	0	0.00%
Common	Peter D. A. Barot Corporate Secretary	Filipino	0	0.00%
Common	Fritzie P. Tangkia- Fabricante Asst. Corp. Secretary	Filipino	0	0.00%
<b>Common</b>	<b>Directors and Officers As a Group</b>		<b>1,440,667,125</b>	<b>49.47%</b>

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

The Company is not aware of any voting trust or similar arrangement among persons holding more than 5% of the shares.

e) Change in Control

There has been no change in control since the beginning of the last fiscal year. The Company is also not aware of the existence of any change in control agreements.

**DIRECTORS AND EXECUTIVE OFFICERS**

a) Nominees for election to the Board

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

Pedro E. Roxas  
Antonio J. Roxas  
Beatriz O. Roxas  
Carlos R. Elizalde  
Francisco Jose R. Elizalde  
Eduardo R. Areilza  
Renato C. Valencia  
Ramon Y. Dimacali (Independent Director)  
Guillermo D. Luchangco (Independent Director)

All the nominees are incumbent members of the Board of Directors of the Company.

Of the nominees, Messrs. Ramon Y. Dimacali and Guillermo D. Luchangco are eligible for election as independent directors of the Company in accordance with Rule 38.1 of the Implementing Rules and Regulations of the revised Securities Regulation Code. In general, they are not officers or employees of the Company or any of its subsidiaries, and are free from any business or relationships with the Company or any of its subsidiaries which could, or could reasonably be perceived to, materially interfere with the exercise of their independent judgment in carrying out their responsibilities as independent directors. Each of them has submitted a Certificate of Qualification as an Independent Director to the Securities and Exchange Commission.

Ms. Ellen Comia, a longtime shareholder of the Company, nominated Messrs. Dimacali and Luchangco as independent directors. To the knowledge of the Company, Ms. Ellen Comia is not related to her nominees.

b) The following is the procedure for nomination and election of directors:

Article II of the Amended By-Laws of the Company provides:

“Section 2. Qualifications and Disqualifications of Directors. – Any stockholder having at least one thousand (1,000) shares registered in his or her name may be nominated and/or elected as a Director of the Corporation; Provided that any stockholder who possesses any of the disqualifications enumerated in the Manual on Corporate Governance which was approved and adopted by the Board of Directors of the Corporation on 26 September 2002, including any amendments thereto, shall be disqualified from being elected as a Director of the Corporation.

Section 3. Nominations for Directors. – In addition to the right of the Board of Directors of the Corporation to make nominations for the election of Directors, nominations for the election of Directors may be made by any shareholder entitled to vote for the election of Directors if that shareholder complies with all the provisions of this article.

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

3.2 Each nomination under Section 3.1, shall set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each nominee, (iii) the number of shares of stock of the corporation which are beneficially owned by such nominee, and (iv) the interests and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the corporation.

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

On the other hand, the Revised Manual on Corporate Governance of the Company provides:

“3.7. Board Committees

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

x x x

3.7.2. Nomination Committee.

The Nomination Committee shall be composed of at least three (3) voting Directors, one of whom must be an independent director. The committee shall have the following functions:

- 3.7.2.1. It shall review and evaluate the qualifications of, and shortlist, all persons nominated to the Board and other appointments that require Board approval.
- 3.7.2.2. It shall assess the effectiveness of the Board’s processes and procedures in the election or replacement of directors.
- 3.7.2.3. It shall consider the following guidelines in the determination of the capability of a director to serve as such:
  - i. The nature of the business of the corporation of which he is a director;
  - ii. Age of the director;
  - iii. Number of directorships/active memberships and offices in other corporations or organizations; and
  - iv. Possible conflict of interest.

Any optimum number of directorships shall be related to the capacity of a director to perform his duties diligently in general.

3.7.2.4. The CEO and other executive directors shall submit themselves to a low indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve diligently shall not be compromised.

3.7.2.5. The findings and recommendations of the Nomination Committee shall be submitted to the Board for approval; Provided that a director whose qualifications are in issue shall not have the right to vote when the Board considers his case.

The nine (9) nominees for election to the Board of Directors of the Company have been screened and evaluated by the Nomination Committee and were determined to possess all the qualifications and none of the disqualifications of a director of the Company in accordance with applicable laws, rules, regulations, the Company's By-Laws and Revised Manual on Corporate Governance.

c) Board of Directors and Corporate Officers

**Pedro E. Roxas** is 55 years old and is a Filipino. Mr. Roxas is the Chairman of the Nomination, Election and Governance Committee and is a member of the Compensation Committee. He has been a Director of the Company since 18 October 1995. He is currently the Executive Chairman of the Board and the President and Chief Executive Officer of the Company. He is the Chairman of Roxas Holdings, Inc. and other subsidiaries of RHI, Hawaiian-Philippine Company, Club Punta Fuego and Roxaco Land Corporation. He is a Director of Brightnote Assets Corporation, PLDT, Meralco and BDO Private Bank. Mr. Roxas is the President of Philippine Sugar Millers Association, Inc., Fundacion Santiago and Roxas Foundation and he is a Trustee of the Philippine Business for Social Progress. Mr. Roxas was educated at Portsmouth Abbey School, USA and at the University of Notre Dame, USA where he obtained his degree in Business Administration. Mr. Roxas is married to Regina Tambunting and they have three (3) children.

**Antonio J. Roxas** is 69 years old and is a Filipino. Mr. Roxas is a member of the Nomination, Election and Governance Committee. He has been a Director of the Company since 18 October 1995. Mr. Antonio J. Roxas is also the Chairman Emeritus of Roxas Holdings, Inc., and a director of Central Azucarera Don Pedro, Inc. Mr. Roxas was educated at the University of Notre Dame in Indiana, USA where he obtained his diploma in Bachelor of Science in Commerce and was trained at the Standard Chartered Bank of London, the Shell Company in Paris and the Olavarria & Co. and Lowry & Co., Inc. of New York, USA.

**Ramon Y. Dimacali** is 63 years old and is a Filipino. Mr. Dimacali is the Chairman of the Audit and Risk Committee and a member of the Compensation Committee and the Nomination, Election and Governance Committee. He has been a member of the Board of Directors since 20 November 2002. Mr. Dimacali is the President and CEO of Federal Phoenix Assurance Company Inc. and Chairman of Asia Pacific College. He holds key positions in Manchester Ltd. (Interphil Laboratory), IBM Philippines Retirement Board, International Fellowship Program (Ford Foundation), Larger Than Life,

Inc., and Manila Polo Club. He was formerly the President and CEO of IBM Philippines, Inc. Mr. Dimacali was educated at the University of the Philippines where he earned his BS Civil Engineering and his Master in Business Administration. Mr. Dimacali is an independent director of the Company and he has possessed all the qualifications and none of the disqualifications of a director since he was first nominated and elected as a director of the Company.

**Carlos R. Elizalde** is 43 years old and is a Filipino. He has been a member of the Board of Directors since 20 November 2002. Mr. Elizalde is the President of ELRO Commercial and Industrial Corp. and ELRO Land Corp., Vice-President of ELRO Trading Corp. and Bais Multifarms, Inc. He is director of SPCI Holdings, Inc., Central Azucarera de la Carlota, Inc., Association Agricola de Bais y Tanjay and BATAMA Marketing Cooperative. Mr. Elizalde was educated at the College of Vermont in Burlington Vermont, USA with a degree in Bachelor of Science in Agricultural Economics.

**Beatriz O. Roxas** is 58 years old and is a Spanish citizen. She was elected to the Board of Directors on 25 June 2009. Ms. Roxas is presently a director of Roxas Holdings, Inc. and Roxas Foundation, Inc.

**Francisco Jose R. Elizalde** is 45 years old and is a Filipino. He was elected as member of the Board of Directors on 25 June 2009. Mr. Elizalde is the Managing Director of ELRO Corporation and Vice President of its Consumer Goods Business Unit. He is a Director in SPCI Holdings, Inc., ELRO Trading Corporation, ELRO Land, Inc., Bais Multi Farms, Inc., Twenty Four Hours Vendo Machine Corporation, Roxaco Land Corporation, Club Punta Fuego, Inc., and Mutual Fund Management Company of the Philippines, Inc. Mr. Elizalde was educated at Portsmouth Abbey School, USA and at the University of Vermont, USA where he obtained a degree in Bachelor of Science.

**Eduardo R. Areilza** is 34 years old, married, and a Spanish citizen. He was elected as a member of the Board of Directors on 25 June 2009. Mr. Areilza obtained his degree in Business Administration in 1999 from the University of CUNEF Madrid, Spain. He is Head of Corporate Development of Bankia, Spain's largest domestic bank.

**Guillermo D. Luchangco** is 71 years old and is a Filipino. Mr. Luchangco is the Chairman of the Compensation Committee of RCI. He is the Chairman and Chief Executive Officer of the ICCP Group of Companies which includes: Investment & Capital Corporation of the Philippines, Pueblo de Oro Development Corporation, Regatta Properties, Inc., ICCP Venture Partners, Inc., Cebu Light Industrial Park, Inc., RFM-Science Park of the Philippines, Inc., and ICCP Land Management, Inc.; Chairman and President of Beacon Property Ventures, Inc.; Chairman of Manila Exposition Complex, Inc. He is a Director of Globe Telecom, Inc., Phinma Corp., Phinma Property Holdings Corp., Ionics, Inc., Ionics EMS, Inc., Ionics EMS, Ltd., Ionics Properties, Inc., Remec Broadband Wireless, Inc. and Science Park of the Philippines, Inc. Mr. Luchangco is an independent director of the Company and he possesses all the qualifications and none of the disqualifications of an independent director since he was first nominated and elected to the Board of Directors on 18 November 2009.

**Renato C. Valencia** is 69 years old and is a Filipino. He was elected as a member of the Board of Directors on 07 October 2010. A former Director of RCI prior to its merger with CADP Group Corporation, he is presently the President & CEO of Roxas Holdings, Inc., Director of Metropolitan Bank & Trust Company, Member of the Phil. Coca-Cola System Council, Chairman of i-People, Inc., Director of Anglo-Philippine Holdings Corporation, Board Adviser of Philippine Veterans Bank,

Chairman of Hypercash Payment Systems, Inc., Chairman of Bastion Payment Systems, Inc. and Vice-Chairman of Asia Pacific Network Holdings, Inc.

The directors hold office for a term of one (1) year until their successors are elected and qualified.

#### Corporate Officers

**Sindulfo L. Sumagang** is 49 years old and is a Filipino. He is the Vice President, Chief Finance and Risk Management Officer. He was formerly the Vice President and Chief Finance Officer of BARNEY Food International Inc., a former food subsidiary of Metro Pacific Corporation, LANDCO Pacific Corporation and XCELL Property Ventures Incorporated. Mr. Sumagang is the Founding Member, Treasurer, Chairman of Finance Committee and Compliance Officer for Club Punta Fuego Inc. He is also the Incorporator, Member of the Board of Directors, Treasurer and Chairman of Finance Committee for Fuego Hotels Properties Management, Inc. Mr. Sumagang obtained his degrees in Bachelor of Science in Business Administration (Major in Accounting) from Silliman University and his Executive - Masters in Business Administration at HULT International Business School in Boston, Massachusetts, USA.

**Peter D. A. Barot** is 49 years old and is a Filipino. He is the Corporate Secretary of the Company. He obtained his Bachelor of Arts (Economics) and Bachelor of Laws from the University of the Philippines, and his Master of Laws from the University of Chicago. He is a Partner at the Picazo Buyco Tan Fider & Santos Law Offices.

**Fritzie P. Tangkia-Fabricante** is 35 years old and is a Filipino. Atty. Tangkia-Fabricante is the Assistant Vice-President for Legal Affairs, Assistant Corporate Secretary and Compliance Officer of the Company. She is also the Assistant Vice President for Legal Affairs of Roxaco Land Corporation, the real property arm of the Company. Atty. Tangkia-Fabricante obtained her degree in Bachelor of Laws from the University of the Philippines and her Bachelor of Arts degree from Colegio De San Juan De Letran-Manila.

#### d) Significant Employees

While the Company is not highly dependent on the services of an employee who is not an Executive Officer, the Company values its human resources and expects them to do their share in achieving its objectives.

#### e) Family Relationships

Messrs. Pedro E. Roxas, Antonio J. Roxas, Beatriz O. Roxas, Carlos R. Elizalde, and Francisco Jose R. Elizalde are related to each other within the fourth degree of consanguinity.

Mr. Eduardo R. Areilza is the nephew of siblings Mr. Pedro E. Roxas and Ms. Beatriz O. Roxas. Messrs. Francisco Jose R. Elizalde and Carlos R. Elizalde, who are brothers, are nephews of Mr. Antonio J. Roxas.

#### f) Legal Proceedings

The Company is not aware, and none of the directors/independent directors, officers and persons nominated for election as director/independent director has informed the Company, of their involvement in any material pending legal proceedings in any court or administrative government agency, or of any of the following events:

- (a) any bankruptcy petition filed by or against any business of which a director/independent director, officer or person nominated for election as director/independent director was a general partner or executive officer either at the time of bankruptcy or within two years prior to that time;
- (b) any conviction by final judgment in a criminal proceeding, domestic or foreign;
- (c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director/independent director, officer or persons nominated for election as director/independent director in any type of business, securities, commodities or banking activities; and
- (d) any final finding by a domestic or foreign court, the Securities and Exchange Commission or comparable foreign body, or any quasi-judicial or regulatory body, that any director / independent director, officer or any person nominated for election as director / independent director, has violated a securities or commodities law or regulation.

g) Certain Relationships and Related Transactions

As part of the corporate reorganization of the Roxas Group, the Company's stockholders approved the following in 2008: (i) the sale to Roxas Holdings, Inc. (RHI) of sugar-related assets, liabilities and all interests of CADPGC in sugar-related operating subsidiaries and associate; and (ii) the merger of RCI and CADPGC.

Messrs. Antonio J. Roxas, Pedro E. Roxas, Francisco Jose R. Elizalde, and Ms. Beatriz O. Roxas, who are incumbent directors of the Company, were also directors of the absorbed company, RCI. They, together with directors Carlos R. Elizalde and Eduardo R. Areilza, are members of the Roxas family which owns RCI prior to its merger with CADPGC.

Messrs. Pedro E. Roxas and Antonio J. Roxas and Ms. Beatriz O. Roxas, incumbent directors of the Company, are also directors of RHI, the Company's publicly-listed subsidiary. Mr. Eduardo R. Areilza, an incumbent director of RCI, is a member of RHI's Board of Advisors. As of 30 October 2011, the Company owns 65.70% of the total issued and outstanding capital of RHI.

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

h) Parent Company

As of 30 October 2011, the Company directly owns 65.70% of the total issued and outstanding shares of Roxas Holdings. Inc. (RHI), and 100% of the issued and outstanding shares of Roxaco Land Corporation (Roxaco), Nasugbu Feeds Corporation and United Ventures Corporation.

RHI, a publicly-listed company, owns 100% of the issued and outstanding shares of Central Azucarera Don Pedro, Inc. (CADPI), Central Azucarera de la Carlota, Inc. (CACI), Roxol Bioenergy Corporation, CADP Farm Services, Inc., CADP Consultancy Services, Inc., CADP Insurance Agency, Inc., CADP Port Services, Inc. and Jade Orient Management Services, Inc. It also has interests in Hawaiian-Philippine Company (45.09%), Najalin Agri-Ventures, Inc. (77.27%) and Roxas Power Corporation (50%).

Roxaco owns 100% of the total and outstanding shares of Roxaco Commercial Philippines. It has interests in Fuego Development Corporation (30%), Fuego Land Corporation (30%), Roxaco-ACM Development Corporation (50%), Club Punta Fuego, Inc. (26.36%), Fuego Hotels Properties and Management Corporation (63%) and Brightnote Assets Corporation (10%).

i) Disagreement with the Company

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

**COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS**

a) Section 7 of Art. 3 of the Amended By-Laws of the Company provides that the members of the Board of Directors and the Executive Committee shall be given a per diem for every meeting attended in such amount as may be determined by the Board of Directors but in no case shall said remuneration exceed two (2%) of the net income of the Company before tax. Presently, the members of the Board of Directors receive a per diem of ₱10,000 for every meeting attended. A director of the Company who attends all regular quarterly meetings receives a total of ₱40,000.00 annually. Each of the members of the three committees--(i) Audit and Risk; (ii) Nomination, Election and Governance; and (iii) Compensation--also receive a per diem of ₱10,000.00 per meeting. No warrants and options have been granted to the directors and officers within the past three (3) years.

b) Compensation of Executive Officers

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation*
	<b>2008-09<sup>6</sup></b>			
CEO Pedro E. Roxas - Executive Chairman				₱60,000
A Ramon A. Picornell, Jr. - President & CEO				₱60,000
B Asuncion S. Aguilar – SVP Finance & Treasurer				

<sup>6</sup> The Company's fiscal year started on 01 July and ended on 30 June of the succeeding year.



	<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary</b>	<b>Bonus</b>	<b>Other Annual Compensation*</b>
C	Florencio M. Mamauag, Jr. – VP Legal & Compliance Officer				
D	Melchor A. Layson – VP Strategic Projects				
E	Dean L. Guevarra - VP Resident Manager – CADP Inc.				
F	Luis Mari L. Zabaljauregui – VP Resident Manager-CACI				
G	Ma. Elizabeth D. Nasol – VP CHR				
H	CEO and Top Four Executives		₱8,010,000	₱1,841,000	
I	All officers & directors as group unnamed		₱9,160,958	₱2,505,152	₱410,000
		<b>2009-10</b>			
	Pedro E. Roxas - Executive Chairman				₱30,000
A	Francisco F. Del Rosario, Jr. - President & CEO <sup>7</sup>				
B	Santiago R. Elizalde – Treasurer				
C	Sindulfo L Sumagang – VP and Chief Finance Officer <sup>8</sup>				
D	Fritzie P. Tangkia-Fabricante – AVP for Legal Affairs / Compliance Officer				
E	CEO and Top Four Executives		₱5,705,727	₱82,500	
F	All officers & directors as group unnamed		₱5,705,727	₱82,500	₱340,000
		<b>2010-11<sup>9</sup></b>			
A	Pedro E. Roxas – Executive Chairman, President and CEO <sup>10</sup>				₱60,000
B	Sindulfo L Sumagang – VP, CFO and Risk Management Officer, Treasurer				
C	Fritzie P. Tangkia-Fabricante – AVP for Legal Affairs / Compliance Officer				
D	CEO and Top Four Executives		₱3,108,531	₱82,500	
E	All officers & directors as group unnamed		₱3,108,531	₱82,500	₱510,000

<sup>7</sup> Mr. Del Rosario, Jr. resigned from the Company effective 31 August 2010.

<sup>8</sup> Mr. Sumagang was appointed as VP and CFO effective 25 January 2010.

<sup>9</sup> Effective 30 March 2011, the Company's fiscal year starts on 01 October of each year and ends on 30 September of the following year.

<sup>10</sup> With the resignation of Mr. Francisco F. Del Rosario, Jr., Mr. Pedro E. Roxas was designated as Acting President and Chief Executive Officer on 07 October 2010 and was subsequently elected as President and CEO on 17 November 2010.

\* Director's fees.

There are no employment contracts executed by the Company with the above-named executive officers. Neither is there any other arrangement or compensatory plan between the Company and the above-named executive officers.

c) Estimated Compensation and Bonus for FY 2011-2012

The estimated compensation and bonus of the directors and present officers of the Company for fiscal year 2011-2012 are as follows:

	Salary	Bonus	Other Annual Compensation
A Pedro E. Roxas – Executive Chairman, President & CEO			₱ 50,000
B Sindulfo L. Sumagang – VP/CFO, Treasurer			
C Fritzie P. Tangkia-Fabricante – AVP for Legal Affairs / Compliance Officer			
CEO AND top 4 executives	₱ 7,488,474	₱ 576,036	550,000
All Officers and directors as group	₱ 7,488,474	₱ 576,036	₱ 600,000

The fiscal year of the Company begins on 01 October of every year and ends on 30 September of the following year.

#### ELECTION OF EXTERNAL AUDITORS

Sycip Gorres Velayo & Co. is recommended for election as external auditor for the fiscal year 2011-2012. The auditing firm has been the external auditor of the Company since 2007. Representatives of the firm are expected to be present at the annual meeting of stockholders on 22 February 2012 and they will have the opportunity to make a statement, if they so desire, and are expected to be available to respond to appropriate questions.

Ms. Josephine H. Estomo is the SGV partner assigned to handle the account of the Company since fiscal year 2007-2008. Including the audit conducted for the short period covering 01 July 2011 up to 30 September 2011, Ms. Estomo has handled the Company's account for five (5) years. Under Rule 68(3)(b)(iv) of the IRR of the revised SRC and SEC Memorandum Circular No. 2, series of 2002, the external auditors of the Company should be rotated every five (5) years or earlier or the handling partner shall be changed. In accordance with the said rule, the Company will ask SGV to assign a new partner to handle the Company's external audit.

### External Audit Fees and Services

The aggregate fees billed for each of the last two (2) fiscal years for professional services rendered by the external auditor are as follows:

	<u>2009-2010</u>	<u>2010-2011</u>
1. Audit of registrant's annual financial statements:	₱ 700,000	₱ 700,000
2. Other assurance and related services	₱ 2,450,000 <sup>11</sup>	₱ 200,000
3. Aggregate fees billed for professional services for tax accounting, compliance and other tax services	none	none
4. All other fees	none	none

### Policies and Procedures

The Company's Audit and Risk Committee (ARC) meets with the external auditors at the beginning of every fiscal year to discuss the Company's audit plans and programs for the year. After the audit plans and programs are approved, the ARC then determines the reasonableness of the fees proposed by the external auditors for audit and other related services. The ARC also meets to approve the quarterly financial statements of the Company before they are presented to the Board for approval and thereafter submitted to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) as part of the Company's compliance with the requirements of SEC Memorandum Circular No. 6, Series of 2009 and the Company's revised Manual on Corporate Governance. The ARC also meets with the external auditors to consider and approve the yearly audited financial statements of the Company before they are submitted for the consideration and approval of the Board of Directors and, thereafter, submitted to the Bureau of Internal Revenue, the SEC and the PSE as part of the Company's compliance with the requirements of the Revised Securities Regulation Code.

Additionally, the ARC is also tasked under its Charter to (a) review the internal audit plan to ensure conformity with the objectives of the Company; (b) organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; (c) review the reports of the internal auditors; and (d) establish and identify the reporting line of the internal auditor to enable him to properly perform his duties and responsibilities.

There had been no disagreements with SGV & Co. on accounting or financial disclosures during the last four (4) fiscal years.

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<sup>11</sup> The amount pertains to professional fees for the merger / long form report, pro-forma financial statements, and briefings with the Company's financial advisor.

## FINANCIAL AND OTHER INFORMATION

### Financial Statements and Other Information

The Financial Statements and Other Financial Disclosures are contained in the Consolidated Financial Statements and are found in **Annex "A"** hereof while Management's Discussion and Analysis or Plan of Operations are found in **Annex "B"**.

### Description of the General Nature and Business of the Company

The Company (formerly CADP Group Corporation) is one of the largest sugar corporations in the country. It was established in October 1918. It became one of the biggest sugar mills in the Far East during the 1970s.

A change in ownership structure in 1995 paved the way for the rehabilitation, improvement, and expansion of the Company. In 2004, the Company was reorganized and transformed into a full-fledged sugar holding and investment corporation.

In 2008, the Roxas Group, of which Roxas & Company, Inc. (RCI), Roxas Holdings, Inc. (RHI), CADP Group Corporation (CADPGC) and Roxaco Land Corporation (Roxaco) are a part, undertook a corporate reorganization. With (a) the sale by CADPGC of all its sugar-related operating subsidiaries and assets to RHI, (b) the sale of CADPGC by RHI to RCI and (c) the approval of the merger between RCI and CADPGC by the SEC, the Company, a holding and investment corporation, now has interests in both the sugar businesses of RHI and the real estate business of Roxaco.

RHI owns and operates one of the largest sugar milling and refining operations in the Philippines, the complementary locations of which enable RHI to serve its customers throughout the country. It also has a bioethanol business and is one of the few which serves the demands of the local alcohol and oil companies for bioethanol products.

RHI's Batangas-based subsidiary, Central Azucarera Don Pedro, Inc. (CADPI), provides the refined sugar requirements of traders and industrial customers such as multinational food and beverage and pharmaceutical companies in Luzon.

On the other hand, RHI's Negros Occidental-based subsidiary, Central Azucarera dela Carlota, Inc. (CACI), supplies the raw sugar requirements of traders who deal with local and export consumers.

### Business Units and Operations

The Company directly owns (a) 100% of Roxaco Land Corporation (Roxaco), the real estate company of the Roxas Group, and (b) 65.70% of the total issued and outstanding shares of RHI, under which are the various sugar-operating companies.

#### Sugar-Related Businesses

Roxas Holdings, Inc.'s wholly-owned sugar manufacturing subsidiaries are Central Azucarera Don Pedro, Inc. (CADPI) and Central Azucarera de la Carlota, Inc. (CACI). RHI also has a 45% equity investment in

Hawaiian Philippine Company (HPCo.), a sugar mill in Silay, Negros Occidental [referred to as the “Sugar Group”].

In addition, RHI manages CADP Farm Services, Inc. (CFSI), a firm that provides modern farming technology and services, as well as nursery facilities to CADPI and CACI planters.

RHI’s other subsidiaries are CADP Consultancy Services, Inc., CADP Insurance Agency, Inc., Najalin Agri-Ventures, Inc. (NAVI), Jade Orient Management Services, Inc. (JOMSI), Roxas Power Corporation (RPC) and CADP Port Services, Inc. (CPSI).

### Real Estate

The Company, through Roxaco, has investments in Fuego Development Corporation (FDC), Fuego Land Corporation (FLC), Club Punta Fuego, Inc., Fuego Hotels Property and Management Corporation (FHMPMC), and Roxaco-ACM Development Corporation (RADC).

FDC was formed as a 70%-30% joint venture by Landco Pacific Corporation (LPC) and Roxaco specifically to carry out the business plan which provides, among others, for the development of the upgraded facilities of Peninsula de Punta Fuego.

FLC was formed as 60%-30%-10% joint venture by Landco Pacific Corporation, Roxaco and Alexcy Corporation. The joint venture corporation tied up with several land owners for the expansion of the Punta Fuego project known as Terrazas de Punta Fuego.

FHMPMC is a management company with expertise in managing hotels, resorts and full and limited service companies. Roxaco has a 63% equity interest in FHMPMC.

RADC was formed as 50%-50% joint venture between Roxaco and ACM Landholdings (ACM) for the development of a 5-hectare property into a housing project known as Woodstock-Nasugbu.

Roxaco also has a 65% interest in a joint venture with Marilo Corporation for the development of The Orchards at Balayan in Balayan, Batangas and a 42% interest in a joint venture with ACML and ACM Columbia for the development of Goodwood Homes Subdivision.

On 02 December 2009, Roxaco entered into a Joint Venture Agreement with VJ Properties, Inc. for the development of a 57,972 square-meter property in Tagaytay City into a boutique resort-type of residential subdivision known as Anya Resort and Residences (Tagaytay). Roxaco has a 65% share in the net proceeds from the sale of 14 pre-selected lots, and a 60% share in the net proceeds from the sale of the remaining 40 lots.

## **Principal Products and Services**

### Sugar-Related Businesses

#### *Sugar*

The Sugar Group produces raw and refined sugar in different grades. Its premium refined sugar is preferred by big industrial users including food and beverage and pharmaceutical companies for blending in their own products. The Group provides customized sugar solutions to cater to the unique specifications of these customers, including packaging, delivery and receiving solutions.

The Sugar Group, through CADPI, offers tolling or refining services to raw sugar owners.

#### *Bioethanol*

The Sugar Group, through Roxol, will start commercial production of fuel ethanol targeting the oil companies which are mandated to blend 10% ethanol in their gasoline under the Biofuels Act of 2006.

At the same time, Roxol is designed to produce potable and industrial alcohol to serve the demands of the alcoholic beverage and personal care markets.

The principal products, markets, relative contribution to sales and revenues of CADPI, CACI and Roxol are as follows:

<u>CADPI</u>		<u>CACI</u>		<u>Roxol</u>	
Raw sugar	29%	Raw sugar	88%	Anhydrous alcohol	100%
Refined sugar	68%	Refined sugar	12%	Ethyl alcohol	0%
Molasses	2%	Molasses	1%		
Tolling	3%				

#### *Farm Services*

The Sugar Group, through CFSI, provides mechanized farming solutions to the CADPI and CACI planters.

#### Real Estate

Roxaco, on its own or in joint venture with other property developers and landowners, has several projects ranging from first-class residential resort communities to open-lot residential subdivisions within the provinces of Batangas and Cavite.

Its joint venture projects include:

- (i) Peninsula De Punta Fuego, an 88-hectare world-class residential beach resort located in Nasugbu, Batangas developed in partnership with Landco Pacific Corporation (Landco). The Punta Fuego community consists of Spanish-Mediterranean inspired villas, a Beach Club, a Marina, a nine-hole golf course and a Country Club;
- (ii) Terrazas De Punta Fuego, a 61-hectare prime seafront property, also located in Nasugbu, Batangas, and developed by Fuego Land Corporation (FLC), a 70%-30% joint venture company of

Landco and Roxaco. This property is also home to Amara en Terrazas, a seaside condominium project;

- (iii) Club Punta Fuego, an exclusive resort developed by FDC. Facilities include The Country Club, Upper Beach Club, Lower Beach Club, a Nelson-Haworth designed nine-hole golf course, twelve white sand beaches, casitas, a Marina, The Spa, The Boardwalk, Game Hall and KTC, Café Sol, double infinity pools and the Sunset Beach Cove. An associate membership to Club Punta Fuego is attached to every lot in Peninsula and Terrazas de Punta Fuego;
- (iv) Woodstock Homes, a 5-hectare mass housing project located in Nasugbu, Batangas. This was developed by Roxaco-ACM Development Corporation, an incorporated joint venture company between Roxaco and ACM Landholdings, Inc. A total of 386 housing units and 100 open lots comprise the development, all of which have been sold out;
- (v) Goodwood Homes, a low-density residential development with only 150 duplex units in a 2-hectare area located in Imus, Cavite. The project was developed in joint venture with ACM Landholdings, Inc.;
- (vi) The Orchards at Balayan, a 6-hectare property located in Balayan, Batangas. This is an open-lot residential subdivision developed by Roxaco in joint venture with Marilo Corporation; and
- (vii) Anya Resort and Residences, a 57,907 square meter-property located in Tagaytay City. This is a low density boutique resort-type of residential subdivision being developed by Roxaco in joint venture with landowner VJ Properties, Inc.

On its own, Roxaco developed the following projects:

- (i) Landing Subdivision, a residential open lot subdivision located in Nasugbu, Batangas. It has a total area of 23 hectares. All phases have been completed and sold out;
- (ii) Landing Commercial Building, a commercial facility with a total land area of 13,000 square meters consisting of 20 stalls. It is located along J.P. Laurel Street, Nasugbu, Batangas;
- (iii) Palm Estates Subdivision, a 23.6-hectare open-lot residential project consisting of three phases. Located in Nasugbu, Batangas, it offers a wide spectrum of lots designed to cater to families from all economic walks of life;
- (iv) Palm Homes, a 10-unit house and lot project in Palm Estates;
- (v) San Antonio Memorial Gardens, the first master-planned memorial park in Western Batangas; and
- (vi) Landing Townhomes, a 1.2-hectare property, shall be the first townhouse development in Nasugbu, Batangas. It will consist of 114 two-storey residential units to be offered for sale and 32 commercial units to be offered either for sale or for rent.

## **Business Development**

In 2008, the Roxas Group of Companies, of which Roxas & Company, Inc. (RCI), Roxas Holdings, Inc. (RHI), Roxaco Land Corporation (Roxaco) CADP Group Corporation (CADPGC) are a part, undertook a corporate reorganization. This was done to create a corporate structure that ultimately separates the sugar and the real estate businesses of the Roxas Group. The objective is to have a listed company for the sugar business, and another listed company for the real estate business.

On 23 June 2009, the Securities and Exchange Commission (SEC) approved the merger between RCI (SEC Registration No. 102373), the *absorbed* corporation, and CADPGC (SEC Registration No. 834), the surviving corporation. The merger took effect on 29 June 2009. The SEC likewise approved CADPGC's change of corporate name to Roxas and Company, Inc. (the "Company").

With the merger of RCI and CADPGC, the Company now has interests in both (i) the real estate business of 100%-owned Roxaco and (ii) the sugar business of RHI and its sugar-manufacturing subsidiaries.

### Sugar-Related Businesses

Since 2007, Roxas Holdings, Inc. (RHI) has implemented strategies to prepare itself for a more competitive environment that will take place beginning 2015 with the reduction of sugar tariffs from the current thirty-five (35) percent to near zero levels under the ASEAN Free Trade Agreement (AFTA).

In 2010, RHI completed the massive expansion of its sugar milling subsidiaries, Central Azucarera Don Pedro, Inc. (CADPI) in Batangas and Central Azucarera de la Carlota, Inc. (CACI) in Negros Occidental. The expansion boosted CACI's milling capacity from 11,000 tons cane per day (TCD) to 18,000 TCD while CADPI increased milling capacity from 10,000 TCD to 13,000 TCD.

In a move to veer away from its product being a mere commodity, RHI has come up with measures to create an added value to its customers by customizing its products to fit the requirements of its industrial clients such as food and pharmaceutical companies.

In order to diversify its portfolio, RHI ventured into allied businesses including bioethanol. Roxol Bioenergy Corporation (ROXOL), the company set up for this purpose, has commenced the commissioning and testing of its plant in preparation for its eventual full commercial operation. Roxol's plant, located in Negros Occidental, is strategically designed to produce both bioethanol and potable or industrial alcohol. The company is looking to produce bioethanol to cater to the country's requirements for biofuel, and at the same time, supply the potable alcohol requirements of the beverage and industrial markets.

For the first time in five years, RHI, through CADPI, entered into the export market outside the US to address its oversupply of sugar generated from the crop year. As mandated by the Sugar Regulatory Administration (SRA), RHI exported raw sugar to Japan and South Korea in August 2011. The surplus in sugar production came on the heels of the US announcement that it will not purchase more than its annual sugar export quota from the Philippines. A slowdown in demand from some local industrial users which shifted to high fructose corn syrup and premixes for blending in their own products also contributed to the oversupply.



### Real Estate

Since most of the real property development projects of Roxaco are already completed, Roxaco is looking into undertaking other projects for expansion and development. These include a second residential open lot and house and lot project also in Nasugbu and Phase II for The Orchards at Balayan Subdivision, also in Batangas. Roxaco will continue developing Anya Resort and Residences into a boutique resort with the construction of various resort amenities and residential villas.

### **Distribution Methods of the Products or Services**

#### Sugar-Related Businesses

The Sugar Group sells and distributes sugar and molasses to local markets through direct selling to various traders and consumers. It is not chiefly dependent on one or few major customers and/or related parties in the distribution of their products.

Roxol sells bioethanol fuel to local or domestic markets through direct selling to oil companies. It is also capable of producing and directly selling potable and industrial alcohol to local or domestic markets, particularly the pharmaceutical and alcohol companies. It is not dependent on one or few major customers and/or related parties in the distribution of its products.

### Real Estate

Roxaco offers its various properties to potential buyers through its authorized sales agents and brokers.

### **Competition**

#### Sugar-Related Businesses

The Roxas sugar group supplies sugar to various traders and entities engaged in pharmaceutical, food and beverage businesses. CADPI and CACI are top raw sugar producers in the industry and have the most modern sugar equipment/facilities in the country. Entities engaged in the same line of business are Batangas Sugar Central in Batangas and Victorias Milling Co., Binalbagan-Isabela Sugar Company and Hawaiian-Philippine Company in Negros. CADPI and CACI do not have records indicative of the relative sizes and financial and market strengths of the said companies.

Roxol supplies bioethanol fuel to oil companies. It is also capable of producing and selling potable and industrial alcohol to pharmaceutical and alcohol companies. Roxol is one of the few bioethanol fuel and alcohol producers in the country today. The other entities engaged in the same line of business are San Carlos Bioenergy, Inc. and Leyte Agri Corp.

### Real Estate

Most of Roxaco's projects are located in the Municipality of Nasugbu, Batangas. It intends to develop the remaining land bank based on an integrated master plan, and also explore possible projects in other high-potential regions in the Philippines.

The giants of the local property market are Ayala Land, Robinsons Land, Megaworld, Filinvest Land, Vista Land and Sta.Lucia Realty. In Nasugbu, however, Roxaco's projects, which cater more to the local market, have no direct competitors. Most of the popular developments such as Pico de Loro in Hamilo Coast by SM Investments Corporation are designed as weekend homes for the Metro Manila market.

In terms of project types, Roxaco is comparable to emerging developers like Moldex, Extra Ordinary Development Corporation, and other regional developers that are still in the process of establishing a national presence.

Roxaco does not have records on file indicative of the relative sizes and financial and market strengths of the said companies. However, financial and operational performances of publicly-listed real estate companies are available through their disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange.

### **Sources and Availability of Raw Materials and Names of Principal Suppliers of CADPI and CACI**

#### Sugar-Related Businesses

CADPI secures its supply of sugar cane principally from planters in Batangas. Its principal suppliers of other materials are: Allied Specialty Chemicals, DM Trading & Industrial Services, Inc., Fabcon Philippines, Inc., Guanzon Lime Development Corp., Philbless, Inc., Pilipinas Shell Petroleum Corp., Jimgem Mineral Resources, Goldhill Industrial Corp., Ingasco, Inc., Artemis Salt Corp., Arvin International Marketing, Falcon Yarn Mfg., GCH International Mercantile, Inc., Philko Peroxide, Prosperity Manufacturing Corp., Regan Industrial Sales, Remington Industrial Sales, Sanvil Industrial Supply, Severo Sy Ling, and Uptown Industrial Sales.

CACI secures its sugar cane from various planters/traders in Negros Occidental. Its affiliates, Najalin Agri Ventures, Inc. supply about 5% of the sugar cane requirements of the company. Its major suppliers of materials are: Petron Corporation, Hawaiian Philippine Company, Fabcon Philippines, Inc., Atom Chemical Company, Inc., J&P Asia Enterprises, E&E Mktg. & Lumber Dealer, DM Trading and Industrial Services, Inc., Venus Trucking Services, Inc., Regan Industrial Sales, Inc., Falcon Yarn Manufacturing Corp., D'Sure Marketing, MMC Engineering Works Dealer, Mabini Limers and Farmers Multipurpose Cooperative, Nalco Philippines, Inc., Bacolod Welding Mfg. Corp., Negros Integrated Ind. Corp., Agro Ind'l. & Mill Supp. Corp., Allied Specialty Chemical Corporation, G&S Trading, Up-town Industrial Sales, Inc., Negros A-1 Gas Corporation, Pryce Gases, Inc.

Roxol secures its molasses from CAC and the various planters and traders in Negros Occidental. Its principal suppliers of other materials are Jarwood Biomass Enterprises Corporation, Venus Trucking Services, Inc., Negros Biomass Feedstock Corporation, Negros Occidental Electric Cooperative, E and E Mktg. and Lumber Dealer, J & P Asia Enterprises, Dynamic Metals, La Carlota Mill District Multi-Purpose Coop. Inc., Via Trading, Gamboa Hermanos Inc., Lolalyn Coconut Shell Product, Atom Chemical Company, Inc., JRD General Merchandising, Regan Industrial Sales Inc., Nalco Philippines Inc, Negros Integrated Ind. Corp., Yana Commodities, Inc., Milco Malcolm Marketing, Chem. Research Prod. Indust., Prosperity Manufacturing Co. Inc.,

### Real Estate

Roxaco secured the services of Triple A contractors like J.C. Rodriguez Construction Corporation and BSP & Company, Inc. for its major real estate developments.

### **Transactions with and/or Dependence on Related Parties**

#### Sugar-Related Businesses

Likewise, the Sugar Group is not dependent on one or few customers or related parties in the distribution/sale of its products. It supplies sugar to various users and traders. Demands from these customers are evenly distributed.

Roxol's principal customer for its ethanol product is Seoail Philippines, Inc.

### Real Estate

Roxaco is not dependent on a few customers or related parties in the sale of its properties or in offering its services. It caters to families from all economic walks of life.

### **Patents, Trademarks and Copyrights**

The Company and its real property arm, Roxaco, have no existing patents, trademarks, copyrights, licenses, franchises, concessions and royalty agreements.

However, the Sugar Group, particularly CADPI, CACI, Roxol and CFSI have the following registered trademarks:

<b>Company</b>	<b>Trademarks</b>
Roxas Holdings, Inc.	<ul style="list-style-type: none"><li>• RHI doing business as CADP Group and Device</li></ul>
Central Azucarera Don Pedro, Inc.	<ul style="list-style-type: none"><li>• Central Azucarera Don Pedro, Inc. and Device</li><li>• Nature Sweet (Stylized)</li><li>• Don Pedro Emblem</li><li>• G Special Raw Sugar</li></ul>
Central Azucarera de La Carlota, Inc.	<ul style="list-style-type: none"><li>• Central Azucarera de La Carlota, Inc.</li><li>• Cane Best</li><li>• Primeraw Special Raw Sugar</li></ul>
Roxol Bioenergy Corporation	<ul style="list-style-type: none"><li>• Roxol Bioenergy Corporation and Device</li></ul>
CADP Farm Services, Inc.	<ul style="list-style-type: none"><li>• CADP Farm Services, Inc. and Device</li></ul>

## **Need for Government Approvals of Principal Products or Services**

### Sugar-Related Businesses

The sugar business in the Philippines is regulated by policies and rules and regulations issued by the Sugar Regulatory Administration (SRA).

The business of ROXOL is principally regulated by Republic Act No. 9367, otherwise known as the Biofuels Act of 2006, and the rules and regulations issued by the Department of Energy (DOE).

### Real Estate

As part of the normal course of business, Roxaco secures all the necessary permits such as but not limited to development permits from the local government, Certificate of Registration and License to Sell from the Housing and Land Use Regulatory Board, and the Environmental Compliance Certificate from the Department of Environment and Natural Resources.

## **Effect of Existing or Probable Governmental Regulations**

### Sugar-Related Businesses

The sugar industry in the Philippines is governed by certain policies and rules and regulations issued by the government. These are:

#### *The U. S. Quota System*

The main goal of the U. S. sugar policy is to support and stabilize the incomes of its own sugar farmers who grow cane and beet sugar. One major policy instrument employed to achieve this end is the import quota.

From 1934 until the early 1980's, quota limitation governed Philippine sugar consumption. In 1946, the Philippine Trade Act fixed the sugar quota which could be exported to the U. S. This quota amounted to about 15% of total U.S. sugar consumption until 1974 when the quota was suspended. It was reinstated in 1982 and since then, the prices paid for sugar exported to the U.S. have always been higher than the price at which sugar could otherwise be exported.

#### *The SRA Quota or the Quedan Allocation System*

The major regulating influence in the Philippine sugar industry is SRA Sugar Order Number 1, Series of 1987, which deals, specifically, with the allocation of Philippine sugar. Specifically, the Order allocated the country's total domestic sugar into the following categories: "A" for export to the U.S., "B" for domestic sugar, and "C" for reserve sugar. Finally, there is category "D" for export to other foreign markets. The allocation is determined by the SRA Board at the beginning of every crop year and the same ultimately affects the total amount of raw sugar available for domestic refineries and for direct consumption.

### *Value Added Tax System*

The present value added tax (VAT) system imposes a 12% VAT on refined sugar. The manufacturer of refined sugar is allowed a presumptive input VAT of 3% on raw sugar purchases in addition to the 12% input tax on the value of purchases of materials and supplies used in the manufacture of refined sugar. These are creditable against the 12% output VAT. The tax consequence does not adversely affect the company's business because the tax is passed on to the buyer or consumer.

### *Executive Order No. 313*

As part of the Philippines' commitment as a member of the newly-formed World Trade Organization, Executive Order No. 313 issued on March, 1996 modified the tariff rates on certain imported agricultural products, including sugar.

Two rates of import duties are provided where a minimum Access Volume (MAV) of the particular agricultural product is allowed to be imported with a lower tariff rate. The In-Quota rate of duty is applied for importation within the MAV provided, while the schedule of the MAV, the In-Quota tariff and the Out-Quota tariff rates for imported raw cane sugar is provided for under E.O. 313.

### *Executive Order No. 420*

Executive Order No. 420 modified the rates of duty on sugar as provided for under the Tariff and Customs Code of 1978, as amended, in order to implement the ASEAN preferential rates of duty on cane sugar and beet sugar, among others. Under the Order, the tariffs on the said products were placed at 65% from 1997 up to 1998 after which, sugar could be placed under the sensitive list which would allow the gradual phase down of tariffs. Additionally, it provides that the Margins of Preference (MOP) accorded under the ASEAN Preferential Trading Arrangements (PTA) will no longer be extended to any of the products covered under the same Order.

Executive Order No. 313 was issued to modify the rates of duty on certain agricultural products, including sugar, while Executive Order No. 420 was issued to modify the rates of duty on sugar alone. Both orders are geared towards helping the Philippine sugar sector/industry to be efficient and globally competitive.

### *Executive Order No. 431*

Executive Order No. 431 issued on August 5, 1997 provides for the creation of the National Coordinating Council for the Philippine sugar industry. The council is tasked to promote effective government of private sector coordination in pursuing the national efforts to enhance the development and global competitiveness of the local sugar industry.

### *Executive Order No. 268*

Executive Order No. 268 issued on 9 January 2004 modified the rates of duty on other sugars as classified under (Heading 17.02) Section 104 of the Tariff and Customs Code of 1978, as amended, in order to implement the commitment to reduce the tariff rates on sixty percent (60%) of the

products in the inclusion list to zero percent (0%) under the Common Effective Preferential Tariff (CEPT) scheme for the Asean Free Trade Area (AFTA).

*Executive Order No 295*

Executive Order 295 issued on 3 March 2004 modified the nomenclature and rates of import duty on sugar (Heading 17.01) under Section 104 of the Tariff and Customs Code of 1978, as amended. Under the Executive Order, sugar which are entered and withdrawn from warehouses in the Philippines for consumption shall be levied the MFN (Most Favored Nation) rates of duty therein prescribed. Moreover, the Order provides that sugar which are entered and withdrawn from warehouses in the Philippines for consumption shall be imposed the ASEAN CEPT rates of duty therein prescribed subject to qualification under the Rules of Origin as provided for in the Agreement on the CEPT Scheme for the ASEAN Free Trade Area signed on 28 January 1992.

On the other hand, the Bioethanol industry in the Philippines is principally governed by Republic Act No. 9367, otherwise known as the Biofuels Act of 2006, and the rules and regulations that are issued by the government through the Department of Energy (DOE) to implement the law.

*Republic Act No. 9367*

R.A. 9367 was enacted to direct the use of biofuels and to reduce the country's dependence on imported fuels with due regard to the protection of public health, the environment and natural ecosystems consistent with the country's sustainable economic growth that would expand opportunities for livelihood by mandating the use of biofuels as a measure to develop and utilize indigenous and sustainably-sourced clean energy sources to reduce dependence on imported oil; mitigate toxic and greenhouse gas (GHG) emissions; increase rural employment and income; and ensure the availability of alternative and renewable clean energy without detriment to the natural ecosystem, biodiversity and food reserves of the country.

The use of biofuels is mandated under Section 5 of R.A. 9367. It provides that all liquid fuels for motors and engines sold in the Philippines shall contain locally-sourced biofuels components. It further provides that within two (2) years from the effectivity of the law, at least five (5%) percent bioethanol shall comprise the annual total volume of gasoline fuel actually sold and distributed by each and every oil company in the country, subject to the requirement that all bioethanol blended gasoline shall contain a minimum of five (5%) percent bioethanol fuel by volume. Further, the law also directs that within four (4) years from its effectivity, the National Biofuels Board (NBB) which was created under it shall have the power to determine the feasibility and thereafter recommend to DOE to mandate a minimum ten (10%) percent blend of bioethanol by volume into all gasoline fuel distributed and sold by each and every oil company in the country.

*DOE Department Order No. DC 2007-05-006*

Department Circular No. DC 2007-05-006 was issued by the DOE on 17 May 2007 to implement R.A. 9367. It covers the production, blending, storage, handling, transportation, distribution, use and sale of biofuels, biofuel-blends and biofuel feedstock in the Philippines. It also clarifies specific provisions of the law and the roles and functions of the different government agencies and their relationship with the National Biofuels Board.

*Joint Administrative Order No. 2008-1, Series of 2008*

Joint Administrative Order (JAO) No. 2008-1, Series of 2008 was issued by the Department of Agriculture (DA), Department of Agrarian Reform (DAR), Department of Energy (DOE), Department of Environment and Natural Resources (DENR), Department of Finance (DOF), Department of Labor and Employment (DOLE), Department of Science and Technology (DOST), Department of Trade and Industry (DTI), Department of Transportation and Communications (DOTC), National Biofuels Board (NBB), National Commission on Indigenous Peoples (NCIP), Philippine Coconut Authority (PCA) and Sugar Regulatory Administration (SRA) on 8 October 2008. The JAO was issued to provide the guidelines governing the biofuel feedstock production and biofuels and biofuel blends production, distribution and sale of biofuels. The objectives of the guidelines are to develop and utilize indigenous renewable and sustainably-sourced clean green energy sources to reduce dependence on imported oil, to mitigate toxic and greenhouse gas (GHG) emissions, to increase rural employment and income, to promote the development of the biofuel industry in the country and to encourage private sector participation and to institute mechanisms which will fast track investments in the biofuel industry and to promote biofuel workers' welfare and protection, among others.

Real Estate

The real estate business is subject to a number of laws including Presidential Decree Nos. 957 and 1216, the Maceda Law, and certain provisions of the Local Government Code. The industry is primarily regulated by the policies and rules and regulations issued by the Housing and Land Use Regulatory Board.

The Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate*, provides that revenue from construction of real estate is recognizable only upon completion of the project, except when (a) such contract qualifies as construction contract which is to be accounted for under PAS 11, *Construction Contracts*, or (b) it involves rendition of services in which case revenue is recognized based on stage of completion. The Securities and Exchange Commission has deferred the application of IFRIC 15 to January 2015.

**Research and Development**

The Company did not spend on research and development activities during the past three (3) years because it has reorganized and transformed itself into a holding and investment company.

CADPI contributes ₱2.00 per Lkg. of sugar produced to the Philippine Sugar Research Institute Foundation, Inc. (PHILSURIN) in compliance with SRA Sugar Order No. 2, series of 1995. During the last five (5) years, CADPI contributed about P26.33 million to research and development and this amount constitutes 0.03% of its revenues. For the last crop year, the company contributed ₱1.94 million or about 0.09% of the revenue.

Likewise, CACI also contributes ₱2.00 per Lkg. to PHILSURIN. For the last crop year the company allocated ₱2.33 million or about 0.06% of the total revenue. During the last five (5) years, CACI contributed about ₱17.93 million to research and development and this amount constitutes 0.10% of its revenues.

## **Costs and Effects of Compliance with Environmental Laws**

### Sugar-Related Businesses

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

Waste minimization implementation in CADPI began in 1993 with the activation of an Interior Pollution Management Appraisal Team. A significant reduction in wastewater needing treatment was achieved through segregation, characterization, and good housekeeping. An active PMA Team tasked to address the environmental concerns of the sugar factory complemented the expansion and modernization program of the company. CADPI received the following recognition/awards for its pioneering efforts in waste management:

1. Zero Basura Olympics Master Award and Championship in Composting Award – awarded by the Philippine Business for Social Progress (PBSP) ZBO for Business 2010 “A Race to Conquer Garbage in 300 Days” competition during the Earth Day celebration on 22 April 2010.
2. Plaque of Recognition – awarded by Nestle Philippines on 23 November 2006 for having exemplified its commitment to Sustainable Development by its well-balanced approach in achieving excellence in its business, social and environmental responsibility.
3. Award of Recognition - awarded by the DENR on 29 June 1994 for its pioneering initiative in waste minimization in an industrial plant.
4. Most Environmental Friendly Sugar Mill Award - awarded by the Philippine Sugar Millers Association, Inc. (PSMA) and the Association of Integrated Millers (AIM) on 17-19 August 1994.
5. Plaque of Appreciation - for its pioneering efforts in Waste Minimization by the Pollution Control Association of the Philippines, Inc. (PCAPI) during the PCAPI Convention on 27 April 1995.
6. Mr. Jeffrey G. Mijares, a Pollution Control Officer III of the Company was adjudged as one of the recipients of the Ten Outstanding Pollution Control Officers (PCO) Award (TOPCO) for the year 1998.

CADPI has also made substantial investments in the following pollution control facilities:

1. Totally close-loop cooling system for the sugar mill and refinery where 100% of cooling water is recycled.
2. Activated Sludge Wastewater Treatment System with Sessil Trickling Filter.
3. Wet Scrubbers for the steam boilers.



For the short period ending September 30, 2011, CADPI spent about ₱4.06 million in its pollution management program.

On the other hand, CACI has a Pollution Control Department tasked to handle its pollution control activities. The total involvement and concern of CACI in its pollution control has earned it the following awards:

1. Likas Yaman Award for Environmental Excellence, as Best Partner in the Industry (National Winner) - awarded by the DENR on 10 June 1996.
2. Likas Yaman Award, Best Partner in the Industry in Western Visayas (Regional Winner) - awarded by the DENR on 28 June 1996.
3. Most Environment Friendly Company in Western Visayas, Region VI - awarded by the DENR on 30 June 1995.
4. Recipient of a Resolution of Appreciation from the Sanggunian Bayan of Pontevedra, Negros Occidental for a Zero-Pollution of Pontevedra River located at the downstream portion of the company's premises.

For the short period ending September 30, 2011, CACI spent about ₱4.219 million for the maintenance and improvement of its pollution control program.

Roxol shall implement a zero-discharge system through the wastewater methane capture component of its ethanol plant which is covered by Environmental Compliance Certificate No. ECC-R6-0809-254-9999 issued by the DENR. Roxol has spent about ₱222.5M for its waste treatment facility consisting of the following components: (i) Upflow anaerobic Sludge Blanket (UASB); (ii) Degasser; (iii) Lamella clarifier; (iv) Covered lagoons; (v) Evaporator and dryer; (vi) Boiler wet scrubber; (vii) Cooling tower; and (viii) Condensate polishing unit.

Moreover, Roxol is in the process of registering its wastewater treatment and methane gas recovery project with the Clean Development Mechanism (“CDM”) Executive Board of the United Nations Framework Convention on Climate Change (“UNFCCC”). With the registration of its CDM project, Roxol can earn certified emission reduction credits which it can sell pursuant to the Kyoto Protocol.

#### Real Estate

Roxaco secures the required Environmental Compliance Certificates for all of its real property developments. For the Anya Resort and Residences project in Tagaytay, Roxaco has invested in the transfer and relocation of existing landscaping and therefore ensure that the generally lush environment is maintained.

In addition, designs of the houses as well as the amenities for Anya have incorporated sustainable architectural design features that maximize natural lighting and ventilation and reduce energy costs.

#### **Total Number of Employees and Number of Full-Time Employees**

As of 30 September 2011, the Company had three (3) executives and three (3) employees.

Roxaco, on the other hand, had four (4) executives and twenty-six (26) employees. Nine (9) of these Roxaco employees are based in Nasugbu, Batangas and one (1) in a satellite office in Balayan, Batangas. The rest are based in its administrative and corporate offices in Makati City.

As of 30 September 2011, RHI had nine (9) executive officers and sixty three (63) regular employees.

CADPI had 613 regular employees as of 30 September 2011. The company has a standing Collective Bargaining Agreement (CBA) with the Batangas Labor Union (BLU) for a period of five (5) years from 01 July 2006 to 30 June 2011. The company is currently negotiating a new collective bargaining agreement with BLU.

CACI, on the other hand, had 536 regular employees as of September 2011. The company has a Collective Bargaining Agreement (CBA) with the Mag-Isa Mag-Ugyon Asosasyon Sang Mamumugon Sa Central Azucarera de la Carlota (MAMCAC) for a period of five (5) years from June 2010 to May 2015. For the past three (3) years, the labor unions of CADPI and CACI have not staged a strike.

Roxol had 46 regular employees as of 30 September 2011. Roxol is not unionized.

CFSI had 15 regular employees as of 30 September 2011. CFSI is not unionized.

### **Property**

The Company is the owner of a big tract of land located in Nasugbu, Batangas with land area of more or less 2,900 hectares, and with total appraised values of ₱4.625 billion as of 30 November 2011. Of these, 2,676.2195 hectares were covered by the Comprehensive Agrarian Reform Program (CARP).

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 RCI landholdings as tourism zones. To date, this application has remained unacted upon.

In total, RCI has around 235.3977 hectares of land that were declared by the courts or the DAR as exempt from the coverage of CARP, including the 21.1236-hectare property declared exempt by the Supreme Court in its Decision dated 05 September 2011 in GRN 169331.

The Company is likewise the registered owner of a 1,030 sqm condominium unit located at the 7<sup>th</sup> Floor of Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City. It has a carrying value of ₱364,438.00 while fair market value remained at ₱ 46.35 Million as of 30 November 2011. This property and 7,770 sqm of land in Nasugbu, Batangas are presently mortgaged to secure certain loan obligations.

### **Sugar-Related Businesses**

RHI is the owner of a parcel of land located in Nasugbu, Batangas valued at ₱2.130 billion. The land is now currently leased to CADPI for a period of one (1) year from January 2011 to December 2011, subject to renewal on terms that are mutually agreeable to both parties. The land is also presently mortgaged to secure certain loan obligations.

RHI likewise invested in properties in Bacolod, Negros Occidental and in Barrio Remanente, Nasugbu Batangas with aggregate value of ₱19.334 million.

CADPI is the owner of sugar milling and refining facilities, machineries and furniture and fixtures, transportation equipment and tools located in Nasugbu, Batangas. As of 30 September 2011, these properties were valued, net of depreciation, at ₱4.111 billion. These properties are presently mortgaged with banking institutions to secure certain loan obligations.

CACI is the owner of parcels land located in Barangay Consuelo, La Carlota City and in the Municipalities of La Castellana and Pontevedra in Negros Occidental including improvements machineries and installations, furniture and fixtures, transportation equipment and tools. As of 30 September 2011, these properties are valued, net of depreciation, at ₱3.791 billion. These properties are presently mortgaged with banking institutions to secure certain loan obligations.

Roxol is the owner of a bioethanol plant, parcels of land located in Brgys. La Granja, Esperanza and Cubay, La Carlota City, Negros Occidental and improvements, machineries, fixtures and transportation equipments. As of 30 September 2011, these properties, including construction-in-progress are valued, net of depreciation, at ₱1.5 billion. These properties are presently mortgaged to banking institutions to secure certain loan obligations.

CFSI is the owner of parcel of land in Brgy. Cubay, La Carlota City, Negros Occidental including various farm implements and transportation equipment. As of 30 September 2011 these properties are valued, net of depreciation, at ₱26.00 million.

NAVI is the owner of a parcel of land in Brgy. Nagasi, La Carlota City, Negros Occidental including various buildings, improvements, machinery and other equipment. As of September 30, 2011, the properties are valued, net of depreciation, at ₱170.7 million.

CCSI is the owner of parcel of land in Brgy. Cubay, La Carlota City, Negros Occidental valued at P2.51 million.

#### Real Estate

As of 30 November 2011, Roxaco's real estate inventories, consisting of real estate properties for sale, raw land and land improvements, were valued at ₱326.590 million (historical cost). Of these, properties with total area of 677,522 sqm and carrying costs of ₱179.356 million were used as collateral to secure certain loan obligations of the Company.

#### **Legal Proceedings**

RCI is a party to various legal proceedings mostly involving the coverage of its properties in Nasugbu, Batangas under the Comprehensive Agrarian Reform Program (CARP).

Sometime in 1993, the Company filed a case questioning the Department of Agrarian Reform's (DAR) acquisition of its landholdings and asking for the cancellation of the Certificates of Land Ownership Awards (CLOAs) issued by the DAR in favor of the farmer-beneficiaries. On 17 December 1999, the

Supreme Court promulgated its Decision in GR No. 127876 nullifying the DAR acquisition proceedings over haciendas Palico, Banilad and Caylaway/Carmen. 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 based on Presidential Proclamation No. 1520 which declared the entire municipality of Nasugbu as a tourist zone. RCI 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<sup>12</sup>. However, the Court noted that RCI "can only look to the provisions of the Tourism Act and not to PP No. 1520, for possible exemption".

On 08 February 2011, the Supreme Court denied the Company's Second Motion for Reconsideration and affirmed with finality its December 2009 Decision.

Consistent with the 2009 Supreme Court Decision that "Roxas and Co. can only look to the provisions of the Tourism Act, and not to PP 1520, for possible exemption," RCI filed in April 2010 with the Tourism Infrastructure and Enterprise Zone Authority ("TIEZA") an application to declare fourteen (14) Specific Geographic Areas located in the RCI landholdings as Tourism Enterprise Zones ("TEZs"). This application was based on the Tourism Act of 2009.

To date, the said application has remained unacted upon primarily because it took the DOT some time to promulgate the Implementing Rules and Regulations ("IRR"). However, last July 2011, the IRR has been published in newspapers of general circulation and the same took effect on 01 August 2011. At present, RCI's application is still pending with the TIEZA.

On 20 September 2011, RCI received from the Supreme Court a Decision dated 05 September 2011<sup>13</sup> affirming the exemption of a 21.1236-hectare property from CARP. The exempt property consists of 27 parcels of land located in Barangay Aga, Nasugbu, Batangas.

There are three<sup>14</sup> other CARP-related cases that are pending with the Provincial Adjudicator (PARAD) of Western Batangas and the Department of Agrarian Reform (DAR).

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<sup>12</sup> The 04 December 2009 Decision in SC GRN 149548, 165450, 167453, 179650, 167845 AND 169163 may be accessed at <http://sc.judiciary.gov.ph/jurisprudence/2009/december2009/149548.htm>.

<sup>13</sup> Agapito Rom, et. al. vs. Roxas and Company, Inc., G.R. No. 169331.

<sup>14</sup> These cases are: (i) DAR Adm. Case No. A-9999-100-97, which is an application for exemption from CARP coverage of a 45.97 hectare property in Brgy. Aga on the ground that the said property has a slope of at least 18%. The DAR granted RCI's application. However, the farmer-beneficiaries filed a Motion for Reconsideration, to which RCI filed an opposition; (ii) Petitions for the cancellation of CLOA No. 6646 covering a 21-hectare property. These cases stemmed from a Certificate of Finality issued by DAR exempting the subject property from CARP coverage. The Provincial Adjudicator of Batangas (PARAD) decided in favor of the Company and cancelled the CLOA. The farmers' Motion for Reconsideration was subsequently denied by the PARAD. The cases are now with the Department of Agrarian Reform Adjudication Board (DARAB) in view of the appeal filed by the farmers; and (iii) DAR Case Nos. R-0401-0021 to 0058-2009 stems from a final and executory Supreme Court ruling exempting from CARP coverage a 30.1685-hectare property in Barangay Banilad, Batangas. As such, the Company filed with the PARAD Petitions for cancellation of CLOA 5189 insofar as the exempted area is concerned.

In the ordinary course of its business, the Company is a party to other cases, either as complainant or defendant. However, the Company believes that these cases do not have any material adverse effect on it.

#### Sugar-Related Businesses

In the ordinary course of its business, RHI and its sugar-manufacturing subsidiaries are engaged in litigation either as complainant or defendant. RHI believes that these cases do not have any material adverse effect on it.

#### Real Estate

In the ordinary course of its business, Roxaco is engaged in litigation either as complainant or defendant. Roxaco believes that these cases do not have any material adverse effect on it.

#### **Submission of Matters to a Vote of Security Holders**

No matter was submitted to a vote of security holders, through solicitation of proxies or otherwise, during the short period (July 2011 to September 2011) covered by this report.

## **PART II – SECURITIES OF THE REGISTRANT**

### **Market Price of and Dividends on Common Equity and Related Stockholder Matters**

#### **1. Market Information.**

The Company has 2,911,885,870 common shares listed and traded in the Philippine Stock Exchange under the trading symbol "RCI".

(1) High and low share price for the last two (2) fiscal years.

July 2009 to June 2010

Quarter	High	Low
1st	2.16	1.90
2nd	2.06	1.80
3rd	1.08	1.08
4th	2.16	1.90

July 2010 to September 2011

Quarter	High	Low
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1st	1.58	.95
2nd	1.64	1.10
3rd	1.40	1.11
4th	1.12	1.11
July – Sept 2011	1.12	1.10

The Company's shares were being traded at ₱1.10 per share as of 30 September 2011.

(a) Holders. There were 3,523 holders of the Company's listed shares as of 30 November 2011. The top twenty (20) holders of the Company's common shares as of said date were:

	STOCKHOLDERS	NATIONALITY	TOTAL SHARES	%
1	Antonio J. Roxas	Filipino	643,945,909	22.11%
2	SPCI Holdings, Inc.	Philippine National	642,779,593	22.07%
3	Pesan Holdings, Inc.	Philippine National	340,527,520 <sup>15</sup>	11.69%
4	HSBC OBO A/C 000-262931-575	Other Alien	273,234,090	9.38%
5	Pilar Olgado Roxas	Filipino	262,706,512	9.02%
6	Marta O. Roxas Dela Rica	Spanish	258,180,365	8.87%
7	Beatriz O. Roxas	Spanish	257,579,335	8.85%
8	Pedro E. Roxas	Filipino	194,120,649 <sup>16</sup>	6.67%
9	PCD Nominee Corporation	Philippine National	8,320,330	0.29%
10	Rizal Commercial Banking Corporation	Philippine National	3,048,161	0.10%
11	Antonio Roxas Chua	Filipino	2,379,610	0.08%
12	Mari Carmen Roxas de Elizalde	Filipino	1,361,241	0.05%
13	Santiago R. Elizalde	Filipino	1,210,930	0.04%
14	Francisco Jose R. Elizalde	Filipino	1,203,013	0.04%
15	Carlos Antonio R. Elizalde	Filipino	1,200,320	0.04%
16	Central Azucarera dela Carlota Retirement Trust Fund	Philippine National	1,178,400	0.04%
17	Equitable Securities FAO Inigo Elizalde	Filipino	933,810	0.03%
18	Severo A. Tuason & Company, Inc.	Filipino	537,000	0.02%
19	Dolores Teus De M Vara De Rey	Filipino	488,020	0.02%
20	Concepcion Teus Vda. De M Vara De Rey	Filipino	445,650	0.02%

<sup>15</sup> This does not include the 1,271,559 shares beneficially owned by Pesan Holdings, Inc. (PHI) but owned on record by the PCD Nominee Corporation, the top 9 stockholder. Mr. Pedro E. Roxas is the controlling stockholder of Pesan Holdings, Inc. (PHI). In total, Mr. Pedro E. Roxas owns, directly and indirectly, 536,681,945 RCI shares representing 18.43% of the subscribed capital stock.

<sup>16</sup> This does not include the 762,217 shares beneficially owned by Mr. Pedro E. Roxas but owned on record by the PCD Nominee Corporation, the top 9 stockholder.

	<b>SUBTOTAL</b>		<b>2,895,380,458</b>	<b>99.43%</b>
	OTHER STOCKHOLDERS		16,505,412	0.57%
	<b>GRAND TOTAL</b>		<b>2,911,885,870</b>	<b>100.00%</b>

## 2. Dividends.

The ability of the Company to declare and pay dividends on its common shares is generally governed by the pertinent provisions of the Corporation Code of the Philippines, i.e. prohibition on capital impairment and the limitation on the discretion of the Board of Directors, among others. In the recent past, the Company declared and paid dividends as follows:

<i>Declaration Date</i>	<i>Dividend Per Share</i>	<i>Record Date</i>	<i>Payment Date</i>
29 June 2006	₱ 0.06	14 July 2006	31 July 2006
5 October 2006	₱ 0.06	19 October 2006	10 November 2006
21 June 2007	₱ 0.06	13 July 2007	31 July 2007
20 September 2007	₱ 0.04	15 October 2007	8 November 2007
26 June 2008	₱ 0.06	15 July 2008	31 July 2008
2 October 2008	₱ 0.06	15 October 2008	30 October 2008

## 3. Recent Sales of Unregistered Securities.

### (a) Securities Sold.

There was no recent sale of unregistered or exempt securities.

However, on 23 June 2009, the SEC has approved the increase of the authorized capital stock from Php1,962,500,000.00 divided into 1,962,500,000 shares with a par value of Php1.00 each to Php3,375,000,000.00 divided into 3,375,000,000 shares with a par value of Php1.00 each.

Pursuant to the Plan of Merger, which was likewise approved by the SEC on 23 June 2009 and became effective on 29 June 2009, (i) 1,481,521,405 CADPGC shares previously owned by RCI, (ii) 1,506,000 pre-merger treasury shares of CADPGC; and (iii) 1,365,990,294 new and still unlisted shares from the increase in the authorized capital stock, were distributed/transferred to the stockholders of the absorbed company, RCI.

### (b) Exemption from Registration Claimed.

On 30 June 2009, the Company filed with the Securities and Exchange Commission a Notice of Exempt Transaction (SEC Form 10.1) for the 1,365,990, 294 new and unlisted shares (taken from the increase in the authorized capital stock) that were issued by the Company in connection with the merger of RCI and CADPGC.

The Philippine Stock Exchange (PSE) approved on 25 November 2009 the application submitted by the Company to list the additional 1,365,990,294 common shares, with par value of Php1.00 per share, to cover the merger transaction between RCI and CADPGC.

On 09 December 2009, 1,365,990,294 Company common shares were listed with the PSE.

#### **4. Description of Registrant's Securities.**

The authorized capital stock of the company is Three Billion Three Hundred Seventy Five Million Pesos (₱3,375,000,000.00) divided into 3,375,000,000 common shares with par value of One Peso (₱1.00) per share.

Shareholders have no pre-emptive rights to any issue of shares, of whatever class by the corporation unless otherwise decided by the Board of Directors for the best interest of the corporation (Art. VIII, CADPGC Amended Articles of Incorporation). There is no provision in its charter or by-laws which would delay, defer or prevent a change in control of the Company.

### **CORPORATE GOVERNANCE**

The Board approved the Company's Revised Manual on Corporate Governance on 08 December 2009 in conformity with Memorandum Circular No. 6, Series of 2009 issued by the Securities and Exchange Commission. Since the effectivity of the Company's original Manual on Corporate Governance on 01 January 2003, the Company has complied with the principles contained in the Manual, both the original and the revised, insofar as they may be relevant to the Company's business. The Company likewise established an evaluation system to measure or determine the level of compliance of its Board of Directors and top-level management with the Manual. The evaluation system basically consists of determining the Company's compliance with certain best practices act such as the observance of the basic rights of shareholders, equitable treatment of shareholders, recognizing the shareholders' role in corporate governance, timely disclosure and transparency and Board responsibility. Measures are also being undertaken by the Company to ensure full compliance with the leading practices it has adopted in the Manual such as the constitution of the Audit & Risk Committee, Compensation Committee, and Governance, Nomination and Election Committee, the election of the required number of independent directors to its Board of Directors, the amendment of Section 2 of Article II of its By-Laws dealing on the qualifications and disqualifications of its directors in order to adopt the provisions of the Manual which deal on the qualifications and disqualifications of directors. The Company has not deviated from or violated the provisions of the Manual. The Company undertakes to improve its corporate governance practices as may be required by law or the exigency of the business.

### **OTHER MATTERS**

#### **Action With Respect to Reports**

The following reports/minutes of meetings will be submitted for ratification/approval by the stockholders in the Annual Stockholders' Meeting scheduled on 22 February 2012:



- a) Chairman's Report and the Consolidated Audited Financial Statements for the fiscal year ended 30 June 2011 and for the short period ending 30 September 2011;
- b) Minutes of the Annual Meeting of Stockholders held on 17 November 2010.

The minutes of meeting of the 17 November 2010 annual meeting of shareholders will be made available to all shareholders on the day of the annual meeting. Essentially, the minutes of the annual meeting contains the following:

- (i) reading and approval of the minutes of the 18 November 2009 annual meeting of shareholders;
  - (ii) presentation and approval of the 30 June 2010 annual report to shareholders;
  - (iii) approval and ratification of all acts and resolution of the Board of Directors since the annual meeting of shareholders on 18 November 2009;
  - (iv) the elected members of the Board of Directors for fiscal year 2010-2011; and
  - (v) the external auditor for fiscal year 2010-2011.
- c) Acts/Resolutions of the Board of Directors since the 17 November 2010 annual meeting of shareholders, which include the following:
- (i) Acts/resolutions approved during the 17 November 2010 Organizational Meeting of the Board of Directors. The Board elected the following as officers of the Company:

Pedro E. Roxas	-	Executive Chairman/President & CEO
Sindulfo L. Sumagang	-	Treasurer
Atty. Peter D. Barot	-	Corporate Secretary
Atty. Fritzie P. Tangkia-Fabricante	-	Assistant Corporate Secretary Compliance Officer Corporate Information Officer
Celeste Jovenir	-	Alternate Corporate Information Officer

The following Directors were elected to the Audit, Compensation and Nomination Committees:

Audit Committee

Ramon Y. Dimacali	-	Chairman (Independent Director)
Eduardo R. Areilza	-	Member
Francisco Jose R. Elizalde	-	Member

Compensation Committee

Guillermo D. Luchangco	-	Chairman (Independent Director)
Ramon Y. Dimacali	-	Member (Independent Director)

Pedro E. Roxas - Member

Nomination Committee

Pedro E. Roxas - Chairman  
Antonio J. Roxas - Member  
Ramon Y. Dimacali - Member (Independent Director)

- (ii) Acts/resolutions approved during the 10 February 2011 regular meeting of the Board: (a) approval of the financial reports for the quarter ending 31 December 2010; (b) amendment of Article VI, Section 1 of RCI's By-Laws by changing RCI's fiscal year from 01 July-30 June to 01 October-30 September; (c) amendment of Article II, Section 1 of RCI's By-Laws by changing the annual stockholders' meeting from 3<sup>rd</sup> Wednesday of November of each year to 4<sup>th</sup> Wednesday of February; and (d) the integration of the Risk, Election and Governance Committees with the existing committees, to wit:

<b>From</b>	<b>To</b>
Audit Committee	Audit and Risk Committee
Nomination Committee	Nomination, Election and Governance Committee
Compensation Committee	Compensation Committee

- (iii) Acts/resolutions approved during the 10 May 2011 regular meeting of the Board: (a) approval of the financial reports for the quarter ending 31 March 2011; (b) approval of the Risk Management Policy; and (c) the appointment of Mr. Sindulfo L. Sumagang as Risk Management Officer of the Company;
- (iv) Acts/resolutions approved during the 07 October 2011 regular meeting of the Board: (a) the setting of the annual meeting of shareholders on 22 February 2012; and (b) fixing the record date of the annual meeting to 03 January 2012;
- (v) Acts/resolutions approved during the 13 October 2011 special meeting of the Board: (a) approval of the Audited Consolidated Financial Statements ending 30 June 2011; and (b) approval of the budget for the fiscal year October 2011 to September 2012; and
- (vi) Acts and resolutions approved during the 05 December 2011 regular meeting of the Board: (a) approval of the Audited Consolidated Financial Statements for the short period from 01 July 2011 to 30 September 2011

## VOTING PROCEDURES

(a) The vote required for the:-

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

(b) The method by which votes will be counted - Subject to cumulative voting in the election of directors, each stockholder shall have one vote for each share of stock entitled to vote and registered in his name at record date. Counting of votes will be done by representatives of Unionbank of the Philippines as the Company's stock transfer agent, representatives of SyCip Gorres Velayo & Co., and the Assistant Corporate Secretary, all of whom shall serve as members of the election committee. Voting shall be done through raising of hands.

**THE COMPANY UNDERTAKES TO PROVIDE WITHOUT CHARGE A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A UPON WRITTEN REQUEST ADDRESSED TO THE OFFICE OF THE CORPORATE SECRETARY, 7/F CG BULDING, 101 AGUIRRE ST., LEGASPI VILLAGE, MAKATI CITY 1229.**

## 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**)

By:



**FRITZIE P. TANGKIA-FABRICANTE**  
AVP for Legal Affairs / Assistant Corporate Secretary

26 January 2012.

## CERTIFICATE OF INDEPENDENT DIRECTORS

I, **RAMON Y. DIMACALI**, Filipino, of legal age and with office address at 9<sup>th</sup> Floor Pacific Star Building, Sen. Gil Puyat Avenue corner Makati Avenue, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director nominee of **Roxas and Company, Inc.** (formerly CADP Group Corporation) for the fiscal year 2011-2012.
2. I am affiliated with the following companies or organizations:

Federal Phoenix Assurance Company Inc.  
Asia Pacific College  
Manchester Ltd. (Interphil Lab.)  
IBM Philippines Retirement Board  
International Fellowship Program, Ford Foundation  
Post Manila

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Roxas and Company, Inc. as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.
5. I shall inform the Corporate Secretary of Roxas and Company, Inc. of any changes in the abovementioned information within five days from its occurrence.

Signed on this \_\_\_\_ day of DEC 12 2011 2011 in Makati City.

  
**RAMON Y. DIMACALI**  
Affiant

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of DEC 12 2011 2011 in Makati City, Affiant personally appeared before me and exhibited to me his Community Tax Certificate No. 00164974 issued in Manila on January 20, 2011 and Passport No. XX5393442 issued on January 28, 2010 and valid until January 27, 2015.

Doc. No. 61 ;  
Page No. 14 ;  
Book No. II ;  
Series of 2011.

  
**ATTY. FRITZ P. TANGKIA**

Appointment No. M-308  
Notary Public for Makati City  
Until December 31, 2012  
7<sup>th</sup> Floor CG Building, 101 Aguirre Street  
Legaspi Village, Makati City  
Roll of Attorneys No. 45352  
PTR No. MKT 2089913/01-11-11/Makati City  
IBP No. 848112/01-10-11/Pangasinan  
MCLE Compliance No. III-0013510/04-22-10

## CERTIFICATION OF INDEPENDENT DIRECTORS

I, **GUILLERMO D. LUCHANGCO**, Filipino, of legal age and with office address of 17<sup>th</sup> Floor, Robinson's Summit Centre, 6783 Ayala Avenue, Makati City after having duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director nominee of **ROXAS AND COMPANY INC.** (formerly CADP Group Corporation) for the fiscal year 2011-2012.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Investment & Capital Corp of the Philippines	Chairman & CEO	since March 1987
ICCP Holdings Corp.	Chairman & CEO	since April 2007
ICCP Managers, Inc.	Chairman & President	since October 1987
Regatta Properties, Inc.	Chairman & CEO	since October 1993
Pueblo de Oro Development Corp.	Chairman & CEO	since February 1995
RFM-Science Park of the Philippines, Inc	Chairman & CEO	since August 1997
Cebu Light Industrial Park, Inc.	Chairman & CEO	since December 1994
ICCP Land Management, Inc	Chairman & CEO	since November 1988
ICCP Venture Partners, Inc	Chairman & CEO	since September 1989
ICCP Venture Partners, Inc.- U.S.	Chairman & CEO	since December 2004
Tech Venture Partners Ltd.	Chairman & CEO	since November 2004
Tech Venture Partners III Ltd	Chairman & CEO	since October 2004
Pacific Synergies Partners IV Ltd.	Chairman & CEO	since March 2008
Beacon Property Ventures, Inc	Chairman & President	since November 2004
Manila Exposition Complex, Inc	Chairman	since March 1995
ICCP Group Foundation, Inc.	Chairman	since April 1997
Ventrix Holdings Corporation	Chairman & President	since 1991
Pueblo de Oro Golf & Country Club, Inc.	Director	since April 1999
Globe Telecom, Inc	Director	since September 2001
Ionics, Inc.	Director	since 1991
Ionics, Circuits, Ltd	Director	since 2000
Ionics EMS, Inc.	Director	since 1999
Ionics EMS, Ltd.	Director	since 2004
Ionics Properties, Inc.	Director	since 1997
Iomni Precision, Inc.	Director	since 2000
Maxima Trading	Director	since 1992
Phinma Corporation	Director	since April 2005
Phinma Property Holdings Corp.	Director	since November 2006
Fuld & Company	Director	since May 2011
Remec Broadband Wireless, Holdings Inc.	Director	since January 2007
Science Park of the Philippines, Inc.	Director	since 1989
Synertronix, Inc.	Director	since 1995
<b>Inactive Companies:</b> Palawan Agro-Development Corp. Palawan Integrated Development Corp. Optima Agri-Industrial Corp. San Isidro Mining Corp.		

As of May 31, 2011

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Roxas and Company, Inc.** as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.
5. I shall inform the Corporate Secretary of **Roxas and Company, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done, this 9th day of December, 2011 at Makati City, Philippines.

  
\_\_\_\_\_  
**GUILLERMO D. LUCHANGCO**  
Affiant

**DEC 12 2011**

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_ at Makati City, affiant personally appeared before me and exhibited to me his Community Tax Certificate No. 06009817 issued at Makati City, Philippines on March 1, 2011 and Passport No. EB3916661 issued on October 20, 2011 and valid until October 19, 2016.

Doc. No. 62 ;  
Page No. 14 ;  
Book No. 4 ;  
Series of 2011

  
**ATTY. FRITZIE P. TANGKIA**  
Appointment No. M-308  
Notary Public for Makati City  
Until December 31, 2012  
7<sup>th</sup> Floor CG Building, 101 Aguirre Street  
Legaspi Village, Makati City  
Roll of Attorneys No. 45352  
PTR No. MKT 2089913/01-11-11/Makati City  
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