Roxas & Company, Inc.

28 October 2009

SECURITIES AND EXCHANGE COMMISSION
Corporation Finance Department
6th Floor, SEC Building
Greenhills, Mandaluyong City

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

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

Gentlemen:

We respectfully submit the Amended Annual Report (SEC Form 17-A) of Roxas and Company, Inc. for the year 2009.

We have amended paragraph 10 of page 2 to reflect the correct number of registered securities as of 30 June 2009, as well as the number of holders of the Company's shares as of 31 August 2009 found in page 17 of the Annual Report.

We trust that you will find the foregoing in order.

Very truly yours,

FRITZIE P. TANGKIA-FABRICANTE
AVP for Legal Affairs/Compliance Officer

cc:

Philippine Stock Exchange
Disclosures Department
4/F, Philippine Stock Exchange Inc., PSE Centre
Exchange Road, Ortigas Center
Pasig City, Metro Manila

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

PW0000834

ROXAS AND COMPANY, INC.
(FORMERLY CADP GROUP
CORPORATION)

(Company's Full Name)

7TH FLOOR CG BUILDING
101 AGUIRRE STREET LEGASPI
VILLAGE MAKATI CITY

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

ATTY. FRITZIE P. TANGKIA-FABRICANTE

810-8901

June	30	SEC Form 17A – 2009 (AMENDED)		
Month	*Day*	Form Type	*Month*	*Day*
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Department Requiring this Document

Amended Articles Number/Section

Total Amount of Borrowings

3,587

Total No. of Stockholders

Domestic

Foreign

TO BE ACCOMPLISHED BY SEC PERSONNEL CONCERNED

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: 30 June 2009.

2. SEC Identification Number: 834.

3. BIR Tax Identification No. : 000-269-435-000.

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

5. Philippines
   Province, Country or other jurisdiction of
   Incorporation or Organization

6. (SEC Use Only)
   Industry Classification Code

7. **7F** Cacho-Gonzales Building, 101 Aguirre Street
   Legaspi Village, Makati City 1229
   Address of Principal Office

8. (632) 810-89-01 to 06
   Registrant's telephone number, including area code

9. **CADP GROUP CORPORATION**
   6F Cacho-Gonzales Building, 101 Aguirre Street
   Legaspi Village, Makati City 1229
   Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC as of 30 June 2009

Title of Each Class	Number of Shares of Stock Outstanding and Amount of Debt Outstanding	
Authorized Capital Stock		
Common	**₱3,375,000,000.00**	
No. of shares subscribed & outstanding:		
Common	**2,911,885,870**	Of the 2,911,885,870 shares, 1,365,990,294 shares are exempt from registration under Sec. 10.1 of the SRC.
Amount of debt outstanding as of 30 June 2009	None registered	

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

    Yes [√]   No [ ]

    1,545,895,576 common shares out of the total 2,911,885,870 common shares are listed with the Philippine Stock Exchange (PSE). 1,365,990,294 common shares are yet to be listed with the PSE.

12. Check whether the issuer:

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

Yes [√]   No [ ]

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

Yes [ ]   No [√]

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

    Assuming that the number of stockholdings of non-affiliates as of 31 August 2009 is 38,935,279 shares and assuming further that the market bid price of the shares as of same date is ₱1.90, then the aggregate market value of the voting stocks held by non-affiliates as of said date is ₱73,977,030.10.

14. Documents incorporated by reference. (Briefly describe them and identify the part where they are incorporated).

    (a) Incorporated by reference in Part III on Financial Information is the Consolidated Financial Statements for the fiscal year ending 30 June 2009.

PART I – BUSINESS

1. Business Development.

In 2008, the Roxas Group, of which Roxas & Company, Inc. (RCI), Roxas Holdings, Inc. (RHI) and CADP Group Corporation (CADPGC) are a part, undertook a corporate reorganization. This was undertaken 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 the *absorbed* corporation, RCI (SEC Registration No. 102373), and the surviving corporation, CADPGC (SEC Registration No. 834). 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 Land Corporation (Roxaco), and (ii) the sugar business of RHI and its sugar-manufacturing subsidiaries.

<u>Real Estate</u>

Since most of the real property development projects of Roxaco are completed, Roxaco is looking into undertaking other projects for expansion and development. These include (i) a house and lot project in Palm Estates in Nasugbu, Batangas; (ii) a second residential open lot and house and lot project also in Nasugbu; (iii) Phase II for The Orchards at Balayan Subdivision in Balayan, Batangas, offering residential open lots and house and lot units; (iv) a fully landscaped mountain resort destination featuring a boutique resort development in Tagaytay City; and (v) a hotel project in Fort Bonifacio.

Sugar-Related Businesses

RHI has two (2) wholly-owned sugar manufacturing subsidiaries -- Central Azucarera Don Pedro, Inc. (CADPI) in Nasugbu, Batangas; and Central Azucarera de la Carlota (CACI) in La Carlota City, Negros Occidental. It also has a 45% equity investment in Hawaiian Philippine Company (HPCo), a sugar-manufacturing company based in Silay, Negros Occidental.

The Sugar Group, being a key player, is at the forefront of the sugar industry's future in the Philippines. It is fully aware of what looms ahead, particularly in 2010, when tariff rates will plunge to near zero levels as a consequence of the liberalization of global trade.

Undaunted by the speculation that local manufacturers will likewise drop side by side as the sugar arena becomes more competitive, the Sugar Group is working intensely to be a major presence when 2010 comes. Strategies have been formulated and currently being implemented to achieve the desired targets.

Presently, the Sugar Group is working towards niche sugar products and services, aggressively marketing its total-package sugar solutions and services, developing new products that will allow it to meet the demands of its customers.

Capacity Expansion of CADPI and CACI Sugar Mills

In preparation for 2010, the Sugar Group is formulating and implementing new strategies to increase its revenue-generating capacity, enhance its cost-competitiveness, optimize internal processes, expand the capacity of its existing mills and diversify its business activities.

With the intent of improving its revenue generating capability, the Sugar Group has purchased second-hand mills – the Bryant USA and Australian mills – in 2008 to enhance its total milling capacities. The purchase of these mills will also allow the Sugar Group to be cost competitive, specifically in fuel costs, and will be a take-off point for its entry into the energy sector. Facility improvements in the refinery are planned as well, through the purchase of certain equipments, in order to increase its efficiency and capacity.

Aside from these, the Sugar Group is also planning to expand and build its market share by strengthening its traditional market and capturing more industrial customers to expand its clientele and increase its market share. It is also planning to enter new local and regional markets through geographical expansion.

The Group plans to maintain cost competitiveness through the reduction of fuel costs and the automation of certain factory and information systems processes. With the increased raw sugar production at the CADPI mill leading to reduced transportation needs between the CACI mill and the CADPI mill, the use of bunker fuel can be reduced or even eliminated.

A decrease in refining costs is also expected from an increase in bagasse supply. Bagasse, which is the refuse of sugarcane stalks from which the juice has been extracted, will increase due to the increase in sugarcanes milled. Bagasse is often used as a primary fuel source for sugar mills; thus, an increase in bagasse supply will decrease the bagasse purchased from external sources, as well as the amount of bunker fuel needed. Additionally, the burning of bagasse allows for cogeneration, as bagasse can be used to produce both heat (which is used in the mill), and electricity (which can be sold on to the consumer electricity grid). This cogeneration will potentially be a new income stream.

The planned automation of certain factory and internal processes will also help reduce manpower costs in the mills. Additionally, the Sugar Group is undergoing internal organizational development to enhance its strengths in research and development (R & D), marketing, human resources (through training and development and performance management system initiatives), and finance (through the introduction of Value-Based Management and Project on Accounting System and Technology Alignment).

Roxol Bioenergy Corporation

The Roxas Group went in full steam ahead in its foray into manufacturing fuel ethanol. Through Roxol Bioenergy Corporation, the Group started construction of its Bioethanol plant in August 2008 and expects it to be completed by late 2009. The bioethanol plant is being constructed by KBK Chem-Engineering, an India based firm, on a turn-key basis. The bioethanol plant will produce 100,000 liters of fuel ethanol per day and is designed to manufacture not only fuel but other downstream products.

CADP Port Services,Inc.

In line with the Roxas Group's plan to enter the highly competitive port services business, a newly-organized company, CADP Port Services Inc., with an initial authorized capital stock of ₱2.0 Million has already applied for registration with the SEC on 17 July 2008. its primary purpose is to engage in the general business of providing port ancillary services such as port cargo handling, arrastre and stevedoring, shoring, cleaning, rebundling, rebagging and other related services on board vessels. On 03 October 2008, the Company's Board of Directors approved the proposal to engage in the business of providing port services at the Port of Nasugbu.

2. Business.

Description 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 1970's.

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 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.

Business Units and Operations

For its sugar businesses, the Company owns 65.70% of the outstanding shares of RHI. For its real estate business, the Company's 100%-owned subsidiaries include Roxaco Land Corporation, Nasugbu Feeds Corporation and United Ventures Corporation.

Real Estate

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

FDC was formed as a 70%-30% joint venture by Landco Pacific Corporation (LPC) and Roxaco specifically to develop the Peninsula de Punta Fuego in Nasugbu, Batangas.

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.

RADC was formed as 50%-50% joint venture between Roxaco and ACM Landholdings, Inc. (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 project with Marilo Corporation for the development of The Orchards at Balayan in Balayan, Batangas and a 42% interest in a joint venture project with ACML and ACM Columbia for the development of Goodwood Homes Subdivision located in Imus, Cavite.

Sugar-Related Businesses

Aside from RHI's two (2) wholly-owned sugar manufacturing subsidiaries (CADPI and CACI), RHI also has a 45% equity investment in HPCo, a sugar mill in Silay, Negros Occidental. Strategically situated in Luzon and Visayas, the Sugar Group is the biggest raw sugar producer, taking up 19% of the country's production, and the second biggest in refined sugar production.

CADPI owns and operates an 11,000 tons cane per day (TCD) sugar milling facility and an 18,000 50kg (Lkg) bag per day refinery. CACI, on the other hand, has a 12,000 TCD sugar milling facility while HPCo has an 8,000 TCD sugar milling facility.

RHI also owns 67% of Najalin Agri-Ventures, Inc., a company which is involved in agricultural and industrial development and sugar cane production. RHI's other wholly-owned subsidiaries are Jade Orient Management Services, Inc. ("JOMSI"), which operates and manages agricultural lands, fishing rights or concessions, and other farm products; CADP Consultancy Services, Inc. ("CCSI"), which provides management, investment, and technical advice and consultancy; and CADP Farm Services, Inc. ("CFSI"), which is engaged in the business of transporting sugar cane and its by-products and all kinds of commercial cargoes.

Principal Products and Services

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:

(a) 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;

(b) 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 a seaside condominium project: Amara en Terrazas;

(c) 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;

(d) 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;

(e) 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.; and

(f) 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.

On its own, Roxaco developed the following projects:

(a) 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;

(b) 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; and

(c) 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.

Currently, Roxaco is developing San Antonio Memorial Gardens, the first masterplanned memorial park in Western Batangas.

Sugar-Related Businesses

Presently, the Sugar Group produces raw and refined sugar in different grades. Its premium refined sugar is accredited and preferred by big industrial customers. The Group also produces *super granulated sugar (SGS)* - a high quality refined sugar of finer granules required by manufacturers of powdered juice drinks, infant milk formula, and pharmaceuticals.

The Sugar Group also provides toll or refining services to raw sugar owners at its Nasugbu plant. Tolling/refining services involves a process whereby raw sugar is converted or processed to refined sugar.

As a major supplier of sugar, the Group works in partnership with its customers by offering not only sugar products but total sugar-based solutions. As an example, the Sugar Group extended its product portfolio by delivering refined sugar by bulk and by “mega-bags” (one ton quantity per bag vs. the standard 50 Kg). This type of packing makes the Group’s delivery system compatible to the receiving system of clients such as Coca-Cola Bottlers Phils., Inc. and Gardenia.

Distribution Methods

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

For its sugar businesses, the Sugar Group sells and distributes sugar to local markets through direct selling to various traders and consumers. It is not chiefly dependent on one or few major customers. While some of the sugar produce of the CACI are sold to CADPI, CACI’s revenues are not entirely dependent on such related party transactions.

Competition

Real Estate

Being the registered owner of several hundred hectares of land in Nasugbu, Batangas, most of Roxaco’s projects are located in the Municipality of Nasugbu. 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, and Megaworld. In terms of project types, Roxaco is comparable to emerging developers like Moldex, Extra Ordinary Development Corporation and Crown Asia.

For its upscale development in Nasugbu, Roxaco has no direct competitor except for Pico de Loro by SM Investments Corporation. Pico de Loro is the first of Hamilo Coast's 13 beach coves. Roxaco's residential open-lot project, Palm Estates, has no direct competitor in the area.

For its The Orchards project located in Balayan, Batangas, Roxaco is competing with at least three (3) other subdivision developments of the same kind.

Roxaco's San Antonio Memorial Garden has no competitor in Nasugbu except for the public cemetery.

Sugar-Related Businesses

The Sugar Group supplies sugar to various traders and entities engaged in pharmaceutical, food and beverage business. CACI is one of the leaders in raw sugar production and owns one of the most modern mill facilities in the country. CADPI, on the other hand, is considered the second in refined sugar production and has the most modern refinery 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 & CACI do not have records on file indicative of the relative sizes and financial and market strengths of the said companies.

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

CADPI secures its sugar cane requirements principally from planters in Batangas. Its principal suppliers of other materials and supplies 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., GGH 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 requirements from various planters in Negros Occidental. Its affiliates, Najalin Agri Ventures, Inc. and Jade Orient Management Systems, Inc. supply about 5% of its sugar cane requirements Its major suppliers of materials are: Bearing Center & Machinery, DM Trading & Industrial Sales, Agro Industrial & Mill Supplies Corp., Leeleng Commercial, Inc., Uptown Industrial Sales, Regan Industrial Sales, Inc., Edison Electric Integrated, Inc., GY Industrial Sales, Guan Yiac Hardware, Le Price, United Digital Remington Industrial Sales, Portalloy Industrial Supply, Newel Industrial Sales, Associated Products, MB Marketing, LLT Generation, L-Trading, and Severo Syling.

Transactions with and/or Dependence on Related Parties

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.

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

Patents, Trademarks and Copyrights

The Roxas Group has no existing patents, trademarks, copyrights, licenses, franchises, concessions and royalty agreements.

Need for Government Approvals of Principal Products

As part of the normal course of business, Roxaco secures all the necessary permits such as 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.

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

Effect of Existing or Probable Governmental Regulations on the Business

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.

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 Philippine's 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.

Estimated Amount Spent on Research and Development for the Past Three Fiscal Years, Extent to Which These Costs are Borne by Customers, if Applicable.

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.

The Sugar Group, however, 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 three (3) years, CADPI contributed about ₱18.08 Million to research and development and this amount constitutes 0.15% of its revenues.

Likewise, CACI contributes to PHILSURIN. During the last three (3) years, CACI contributed about ₱9.1 Million to research and development and this amount constitutes 0.12% of its revenues.

Costs and Effects of Compliance with Environmental Laws

Roxaco secures the required Environmental Compliance Certificates for all of its real property developments.

As for the Sugar Group, Central Azucarera Don Pedro, the predecessor of 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). An active PMA Team tasked to address the environmental concerns of the sugar factory complemented the expansion and modernization program of CADP. As a result, CADP received several recognition/awards.

Waste minimization implementation in CADP 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 CADP. As a result, CADP received the following recognition/awards for its pioneering efforts in waste management:

1. 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.

2. Award of Recognition - awarded by the DENR on 29 June 1994.

3. 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.

4. 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.

5. Mr. Jeffrey G. Mijares, a Pollution Control Officer IIII of the Company was adjudged as one of the recipients of the Ten Outstanding Pollution Control Officers (PCO) Award (TOPCO) for the year 1998.

For the fiscal year 2008-2009, CADPI spent about ₱22.6 Million in its pollution management program.

On the other hand, CACI has established a Pollution Control Department tasked to handle its pollution control activities. For the fiscal year 2008-2009, CACI spent about ₱15.853 Million for the maintenance and improvement of its pollution control program**.** 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 DENR on 10 June 1996.

2. Likas Yaman Award, Best Partner in the Industry in Western Visayas (Regional Winner) - Awarded by DENR on 28 June 1996.

3. Most Environment Friendly Company in Western Visayas, Region VI - Awarded by 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.

Total Number of Employees

As of 30 June 2009, the Company had three (3) executives and five (5) employees.

Roxaco had three (3) executives and twenty five (25) employees. Eight (8) 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 June 2009, RHI had ten (10) executive officers and sixty one (61) regular employees.

CADPI had 673 regular employees as of 31 July 2009. CADPI 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. CACI, on the other hand, had 672 regular employees as of 30 June 2009**.** It has a standing 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 2005 to May 2010. For the past three (3) years, the labor unions of CADPI and CACI have not staged a strike.

Property

The Company is the owner of several parcels of land with a total land area 2,900 hectares, more or less, located in Nasugbu, Batangas. Of these, 2,241.90 hectares are subjected to the Comprehensive Agrarian Reform Law as follows:

a. Hacienda Banilad - Out of the 1,050.06 hectare-property covered by TCT T-924, the Department of Agrarian Reform (DAR) issued a Notice of Coverage for 709.55 hectares, which have an appraised value of ₱461,207,435 as of 30 June 2008;

b. Hacienda Carmen - 670.9889 hectares of Roxas properties, with an appraised value of ₱536,791,120 as of 30 June 2008 and embraced by TCT T-44663, T-44664 and T-44655, were covered by the DAR pursuant to the Voluntary Offer to Sell made by Roxas. However, this VOS was subsequently withdrawn by the Company; and

c. Hacienda Palico - The DAR covered 861.364 hectares of Roxas properties under TCT T-985, with an appraised value of ₱2,518,517,700 as of 30 June 2008.

The Company is likewise the registered owner of a condominium unit located at the 7th Floor of Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City. It has a carrying cost of ₱497,000.00 as of 30 June 2009 and a fair market value of ₱46.35 Million as of 30 June 2008.

<u>Real Estate</u>

As of 30 June 2009, Roxaco's real estate inventories, consisting of real estate properties for sale, raw land and land improvements, were valued at ₱330.275 Million (historical cost).

<u>Sugar-Related Businesses</u>

RHI is the owner of a parcel of land located in Nasugbu, Batangas valued at ₱1.373 Billion. The land is currently leased to CADPI for a period of ten (10) crop-years commencing on 01 December 2002.

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 June 2009, these properties were valued, net of depreciation, at ₱4.269 Billion. CADPI is also leasing property from RHI for 10 years starting 01 December 2002.

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 June 2009, these properties were valued, net of depreciation, at ₱2.689 Billion. Some of these properties are mortgaged to a mortgage trustee to secure obligations.

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).

There are seven CARP-related cases pending with the Supreme Court, six[1] of which were consolidated. Oral arguments were held last 07 July 2009 and all the parties submitted their respective Memorandum in August 2009.

There are three[2] other CARP-related cases that are pending with the Provincial Adjudicator (PARAD) of Western Batangas and the Department of Agrarian Reform (DAR).

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.

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.

Sugar-Related Businesses

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

Major Risks in the Business of the Company and Subsidiaries

The Company is an investment and holding corporation with focus on owning and holding operating companies engaged in the (a) manufacture and sale of sugar products, and (b) development and sale of real property projects. The dependence of its financial performance on its sugar subsidiaries and its lack of diversification on its revenue and earnings base represent a key business risk.

[1] These cases are: (i) GRN 149548 - where RCI is questioning the Court of Appeals' decision directing DAR to install farmer beneficiaries within the 51.5472-hectare lot covered by TCT Nos. 60019 to 60024; (ii) GRN 167505 - the DAR granted RCI's application for exemption of an area of 45.97 hectares located in Brgy. Cogonan (30.90 hectares) and Brgy. Bilaran (15.07 hectares) of Nasugbu, Batangas. DAMBA, an organization of farmer-beneficiaries, filed with the Court of Appeals a petition questioning the ruling of the DAR, which petition was dismissed by the said Court. DAMBA subsequently filed an appeal with the Supreme Court; (iii) GRN 167540 / 167543 - the Court of Appeals decided in favor of RCI in its application for exemption of 2,930.29 hectares of land based on Proclamation No. 1520 which reclassified Nasugbu into a tourist zone. The farmer-beneficiaries and the DAR filed two separate appeals with the Supreme Court; (iv) GRN 167845 involves the cancellation of Certificate of Land Ownership Award (CLOA) No. 6654, which covered a total of 513 hectares of land, insofar as 103 hectares are concerned; and (v) GRN 169163 is a CLOA 6654 cancellation case for the remaining 400 hectares.

The other case, GRN 169331, involves an application for CARP-exemption of an area of 21.1236 hectares. Both the DAR and the Court of Appeals ruled in favor of RCI. The farmer-beneficiaries filed an appeal with the Supreme Court.

[2] 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 PARAD decided in favor of the Company and cancelled the CLOA. The farmers' Motion for Reconsideration was subsequently denied by the PARAD. Hence, they filed a Notice of Appeal, which was opposed by the Company; 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.

Real Estate

Roxaco is subject to competition in some of its projects. For its upscale development in Nasugbu, Roxaco has no direct competitor except for Pico de Loro by SM Investments Corporation. Pico de Loro is the first of Hamilo Coast's 13 beach coves. Roxaco's residential open-lot project, Palm Estates, has no direct competitor in the area.

For its The Orchards project located in Balayan, Batangas, Roxaco is competing with at least three (3) other subdivision developments of the same kind.

Roxaco's San Antonio Memorial Garden has no competitor in Nasugbu except for the public cemetery.

Roxaco may be exposed to other potential risks such as changes in (i) local interest rates, (ii) value of the Peso, (iii) construction material and labor costs, (iv) power rates and other costs, (v) laws and regulations applicable to real estate industry, including the imposition of additional taxes, and (vi) the country's political and economic conditions.

With about 60% of Roxaco's sales coming from the OFWs or families of OFWs, the global recession has affected not only its sales but also the collection efficiency.

Roxaco minimizes these risks by maintaining business monitoring and control systems and by periodically assessing the performance of the company. Weekly management committee-level review meetings are conducted to evaluate project development, operating and financial results.

Roxaco likewise maintains Western Batangas industry information and intelligence database which enables the collation and tracking of the real property developments in the area, competitor performance, customer buying patterns, and other relevant information. The database contributes to timely management decision-making and the planning and execution of tactical programs to address issues and developments that may affect operating and financial results."

Sugar-Related Businesses

RHI assumes the business, operational, market and external risks of its owned and managed sugar manufacturing subsidiaries, CADPI and CACI, including 45%-owned HPCo.

The sugar industry has, in the past, experienced downturns due singly to or a combination of external economic, international trade, regulatory, weather and other such factors that have affected market demand, selling prices, product supply, general cost of doing business and other aspects of operations.

RHI minimizes these risks by maintaining business monitoring and control systems and by periodically assessing the performance of managed subsidiaries. Monthly Executive Committee-level review meetings are conducted to evaluate operating and financial results and monitor the implementation of strategic and functional programs such as quality management, cane sourcing, cost-reduction, modernization, manpower and human resource development, performance management systems, community relations, environment management and similar activities in key areas.

The periodic management review, coupled with the implementation of strategic and annual business planning systems, enables the Sugar Group to align and coordinate business process objectives and performance measures with enterprise-wide and operating unit objectives and strategies to optimize its over-all performance.

The Sugar Group likewise maintains comprehensive industry information and intelligence database which enables the collation and tracking of the sugar industry as a whole, competitor performance, channel distribution practices, customer buying patterns, cane supply outlook and other relevant information. The database contributes to timely management decision-making and the planning and execution of tactical programs to address issues and developments that may affect operating and financial results.

RHI's subsidiaries, CADPI and CACI are subject to external and operational threats and risks associated with their sugar manufacturing operations. These are:

- Operating risk. Sugar milling and refining activities are highly capital intensive manufacturing operations involving heavy and light machineries, including steam boilers, cane grinding and milling, process house (centrifugals, vacuum pan, vertical crystallizers, IER columns, clarifiers, etc.) supported by a complex of conveying and logistics and warehousing systems. Breakdowns, especially those involving critical process equipments, will mean significant manufacturing down time which may materially cut production output.

  The Sugar Group manages this risk by strictly undertaking repairs and maintenance program at both factories during the off-milling season (June to October for CADPI and May to September for CACI). Automation of critical factory processes is also being done on a phase-by-phase basis so as to enable automatic management of the production parameters in sugar manufacturing activities while ensuring product quality.

- Industry risk. This is the risk involving the occurrence of significant changes in the profile of opportunities and threats in the industry, imbalances in the demand and supply of sugar as a consumer commodity, the entry of and the expansion in the operating capacity and other capabilities of competitors and other conditions affecting or threatening the attractiveness or long-term viability of the industry.

  In the past, direct and technical smuggling of raw and refined sugar from the world market had at several points in time proliferated. Imported sugar, sourced at world "dump" prices, have resulted in depressed domestic product prices at several points in the past, thus impairing the financial condition of domestic sugar producers.

  The whole sugar industry, through the Sugar Alliance, the Philippine Sugar Millers Association, the Philippine Association of Sugar Refiners, monitors the incidence smuggling and similar unlawful trade practices and lobbies government authorities. As an industry member, RHI supports the industry in combating unfair trade and business practices that endangers not just the business of sugar companies but also the livelihood of tens of thousands of farmers and other businesses dependent upon the industry.

  RHI has managed this risk by continuously undertaking cost-reduction and productivity improvement programs to lower manufacturing costs and enable the offering of products at competitive prices.

  Nevertheless, the risk of smuggling is presently nil because of the currently higher prices of sugar, which reflects the tight sugar supply, in the international market.

- Regulatory risks. This involves risks associated with the passage and implementation of laws, regulatory orders and ordinances (see Part 1. Business. Description of the Company) that may impact on the ability and viability of business corporations in general and sugar companies in particular to operate efficiently and effectively.

  The risk includes changes in the tariff structure of inbound sugar and sugar-related products resulting from international agreements (such as the WTO, GATT, etc.) that will affect the demand-supply balance of sugar as a commodity in the country. It also includes the imposition of additional taxes (sales taxes, VAT, specific/excise taxes, etc.) and duties that may be implemented by national and local government. Increased taxes generally mean the passing of such additional cost to consumers, which may eventually cut down consumption on such products and affect revenues.

- Competitor and sourcing risk. This is the risk of actions of competitors or new entrants to the market that may impair or affect the Sugar Group's competitive advantage in the area of the marketplace or at the level of sourcing of sugarcane generally occur -- the basic raw material input in sugar manufacturing.

  Competitive risks, however, are minimal because of the balance in the market's supply and demand forces and the industry-wise acceptability of the present distribution system. Sugar manufacturers sell either directly to industrial users (soft drinks and other beverage producers and food manufacturers) or through traders who assume the selling and distribution activities both for the industrial and household market.

On cane sourcing, CADPI and CACI may, from time to time, experience tightness in the supply of sugarcane, due to extraneous factors (abnormal weather conditions and disturbances like the El Niño, La Niña and typhoons which may affect cane output as a whole). Competition for the supply of cane among sugar millers is thus a reality and is more pronounced in Negros Island where there are a number of sugars milling factories in operation. The combined milling capacity of all sugar factories in the country is over that of available supply of cane.

The inability of the operating subsidiaries to secure the necessary cane on time at the right quantity would prevent them from achieving economies of scale and to operate at higher capacities with lower variable margins due to higher priced raw material inputs. It may also threaten their ability to produce quality products at competitive prices.

RHI's operating subsidiaries minimize sourcing/supply risks by forging supply/milling contracts with sugar cane planters covering a fixed period of 10 years in Batangas and 15 years in Negros Occidental. This binds the planters to deliver from their respective produce continuous supply of cane during the milling season. Committed volumes from these contracted planters cover the major part of our target raw sugar production.

CADPI and CACI likewise extend field planting and cultivation assistance to planters and are working with their Mill District Foundations in providing high-yielding cane varieties and field equipment.

- Cost/externality risks. External shocks such as war, terrorist threats and global-scale shortages may result in the depreciation of the Philippine peso and the escalation in prices of critical supplies and materials, principally bunker fuel, imported equipment and supplies and other such materials.

  Bunker fuel, specifically, is critical to the operations because it is used extensively in the initial firing of the boilers in the sugar factories and during the time when bagasse (spent fiber from the cane) is out of supply. Higher usage of bunker results in increased fuel expenditures, thus impacting on profitability.

  The Company has a program to purchase the significantly cheaper bagasse from other sugar millers to augment the bagasse supply and minimize bunker fuel outlays.

- Commodity pricing risk. This involves risks associated with fluctuations in sugar commodity prices that may expose CADP Group to lower product margins or trading losses.

  The risk will be higher in a regime of declining commodity prices, particularly at levels when prices will not cover full manufacturing costs. The Company covers this risk by going into forward contracts with industrial sugar users and other customers.

Submission of Matters to a Vote of Security Holders

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

PART II – SECURITIES OF THE REGISTRANT

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

1. Market Information

Out of the Company's 2,911,885,870 common shares, 1,545,895,576 shares are listed and traded in the Philippine Stock Exchange under the trading symbol "RCI". The remaining 1,365,990,294 shares are yet to be listed.

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

July 2007 to June 2008

Quarter	High	Low
1st	2.20	1.08
2nd	1.88	1.40
3rd	2.20	1.82
4th	1.92	1.70

July 2008 to June 2009

Quarter	High	Low
1st	1.84	1.74
2nd	2.80	1.90
3rd	2.70	1.68
4th	1.70	1.60

The Company's shares were being traded at ₱1.90 per share as of 17 September 2009.

(2) Holders. There were about **3,587** holders of the Company's shares as of 31 August 2009. The top twenty (20) holders of the Company's common shares, listed and not listed, as of said date were:

	STOCKHOLDERS	**NATIONALITY**	**TOTAL SHARES**	**%[3]**
1	Antonio J. Roxas	Filipino	643,945,909[4]	22.11%
2	SPCI Holdings, Inc.[5]	Philippine National	642,779,582	22.07%

[3] 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 31 August 2009.

[4] Pursuant to the SEC-approved plan of merger between the *absorbed* Roxas & Company, Inc. (SEC Registration No. 102373) and the surviving corporation, CADP Group Corporation (SEC Registration No. 834), Mr. Antonio Roxas' 54,991,111 RCI shares were surrendered in exchange for the Company's 643,945,909 shares. The said merger took effect on 29 June 2009.

[5] SPCI Holdings, Inc. is the holding company of the Elizalde family. The following individuals are the controlling shareholders of SPCI: Francisco Y. Elizalde, Mari Carmen Roxas de Elizalde, Santiago R. Elizalde, Francisco Jose R. Elizalde, Carlos R. Elizalde and Inigo R. Elizalde. Messrs. Francisco Jose R. Elizalde and Carlos R. Elizalde are directors of the Company, while Mr. Santiago R. Elizalde is the Company's Treasurer. The Board of Directors of SPCI consisting of its 6 shareholders, collectively, has the power to decide on how the shareholdings of SPCI in the Company shall be voted.

3	Pesan Holdings, Inc.[6]	Philippine National	340,534,520[7]	11.69%
4	HSBC OBO Manila	British National	273,234,090[8]	9.38%
5	Pilar O. Roxas De Areilza	Filipino	262,706,512[9]	9.02%
6	Marta O. Roxas Dela Rica	Spanish	258,180,365[10]	8.87%
7	Beatriz O. Roxas	Spanish	257,579,335[11]	8.85%
8	Pedro E. Roxas	Filipino	194,122,638[12]	6.67%
9	PCD Nominee Corporation	Philippine National	7,828,594	0.27%
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[13]	Filipino	1,210,941	0.04%
14	Francisco Jose R. Elizalde[14]	Filipino	1,203,013	0.04%
15	Carlos R. Elizalde[15]	Filipino	1,200,320	0.04%
16	Central Azucarera dela Carlota Retirement Trust Fund	Philippine National	1,178,400	0.04%

[6] Mr. Pedro E. Roxas is the sole and controlling stockholder of Pesan Holdings, Inc. (PHI).

[7] In addition to the 18,554,607 shares owned on record by PHI, PHI acquired 7,000 shares on 14 August 2009. Pursuant to the plan of merger, PHI's 24,495,552 RCI shares were surrendered in exchange for the Company's 321,972,913 shares. Hence, PHI has a total of 340,534,520 Company shares, excluding the 1,205,630 PCD-lodged shares beneficially owned by PHI, but owned on record by the PCD Nominee Corporation, the top 9 stockholder.

[8] The Company has no official information as to who are the beneficial owners of the shares in the name of HSBC OBO Manila. Pursuant to the plan of merger, HSBC OBO's 23,333,398 RCI shares were surrendered in exchange for the Company's 273,234,090 shares.

[9] Pursuant to the plan of merger, Ms. De Areilza's 21,996,442 RCI shares were surrendered in exchange for the Company's 257,578,335 shares. Ms. De Areilza is also the owner on record of 5,128,177 Company shares.

[10] Pursuant to the plan of merger, Ms. Dela Rica's 21,996,442 RCI shares were surrendered in exchange for the Company's 257,578,335 shares. Ms. Dela Rica is also the owner on record of 602,030 Company shares.

[11] Pursuant to the plan of merger, Ms. Beatriz Roxas' 21,996,442 RCI shares were surrendered in exchange for the Company's 257,578,335 shares. Ms. Beatriz Roxas is also the owner on record of 1,000 Company shares.

[12] This includes the 938,892 shares owned on record by Mr. Pedro E. Roxas and the 193,183,746 Company shares acquired by Mr. Roxas pursuant to the plan of merger. This does not include the 762,217 PCD-lodged shares beneficially-owned by Mr. Roxas, but owned on record by the PCD Nominee Corporation, the top 9 stockholder.

In sum, Mr. Pedro E. Roxas owns 536,625,005 shares constituting 18.43% of the Company shares as of 31 August 2009. This includes the shareholdings of Pesan Holdings, Inc. and the PCD-lodged shares (1,205,630 and 762,217).

[13] Messrs. Carlos R. Elizalde, Francisco Jose R. Elizalde and Santiago R. Elizalde are controlling shareholders of SPCI Holdings, Inc. SPCI, in turn, owns 642,779,582 or 22.07% of the Company's shares. Collectively, and together with the other three (3) directors of SPCI, they have the power to decide how the shareholdings of SPCI in the Company shall be voted.

[14] Please see footnote 13.

[15] Please see footnote 13.

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%
	SUBTOTAL		**2,894,897,711**	**99.42%**
	OTHER STOCKHOLDERS		16,988,159	0.58%
	GRAND TOTAL		**2,911,885,870**	**100.00%**

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:

Declaration Date	*Dividend Per Share*	*Record Date*	*Payment Date*
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[16] 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.

[16] The new 1,365,990,294 shares from the increase in the Company's authorized capital stock were distributed/transferred to the following *absorbed* RCI stockholders: Antonio J. Roxas – 308,746,366; SPCI Holdings, Inc. – 308,187,159; Pesan Holdings, Inc. – 154,373,163; HSBC OBO Manila – 131,004,842; Pilar Roxas de Areilza – 123,498,533; Beatriz O. Roxas – 123,498,533; Marta Roxas dela Rica – 123,498,533; Pedro E. Roxas – 92,623,897; Mari Carmen R. De Elizalde – 559,202; Esteban Fernandez – 28; Trustees of the Roxas y Cia Retirement Fund – 28; Santiago R. Elizalde – 5; and Renato C. Valencia – 5.

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.

PART III – FINANCIAL INFORMATION

1. Information on Independent Accountant

The Company's independent external auditor is the auditing firm of Sycip Gorres Velayo & Co. (SGV). The following presents the External Audit Fees required in SEC MC Circular No. 14 Series of 2004.

(a) Aggregate fees filled for each of the last two (2) fiscal years for professional services rendered by external auditor for:

	2007-08	2008-09
1. Audit of registrant's annual financial statements:	₱650,000	₱4,818,000[17]
2. Other assurance and related services	none	none
3. Aggregate fees billed for professional services for tax accounting, compliance and other tax services	none	none
4. All other fees	none	none

(b) The Audit Plan, including the corresponding audit fees, is submitted by the external auditor to the Board of Director's Audit Committee. The Committee is composed of independent directors of the Company for review and recommendation for final approval by the Board of Directors. It evaluates and decides on the fees as negotiated by both parties on the basis of reasonableness, the scope of work involved in the audit, inflationary increase in costs and the prevailing market price for such service in the audit industry.

2. Management's Discussion and Analysis or Plan of Operation

Corporate Information

Roxas and Company, Inc. (formerly CADP Group Corporation and referred to as the "Company") was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on 07 October 1918 with the primary purpose of operating mill and refinery facilities to manufacture sugar and allied products. On 07 October 1968, the Company's corporate life was extended for another 50 years until 2018.

The Company started its commercial operations in 1920 and on 29 November 1948, its shares of stock were listed in the Philippine Stock Exchange (PSE). On 01 July 2004, the CADPGC Parent Company spun off its Negros sugar milling business to Central Azucarera de La Carlota, Inc. (CACI), a wholly-owned subsidiary

[17] The said amount includes the special audit fees for the audit of the Company's subsidiaries in connection with the merger of CADPGC and RCI.

incorporated on 16 August 2002. The said spin-off was approved by the Philippine SEC on 10 February 2004 and involved the transfer of the CADPGC net assets amounting to ₱1,419.5 million to CACI in exchange for the latter's 200 million common shares at ₱1 per share.

Prior to the merger between RCI (SEC Identification No. 102373) and CADPGC (SEC Identification No. 834), RCI was CADPGC's and RHI's ultimate parent company.

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

Group Restructuring and Merger

In 2008, the Roxas Group, of which RCI, RHI and CADPGC are a part, undertook a corporate reorganization. This was undertaken to create a corporate structure that would ultimately separate 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 15 December 2008, RHI purchased all the sugar-related operating subsidiaries and an associate, as well as certain assets and liabilities of CADPGC for a total consideration of ₱3,838.0 million. Thereafter, RHI sold CADPGC to RCI for ₱3,927.3 million on 23 January 2009. Hence, prior to the merger between RCI and CADPGC, the latter was 95.93% owned by RCI.

On 23 June 2009, the Securities and Exchange Commission approved:

i) the Plan and Articles of Merger executed on 21 October 2008 and 29 April 2009, respectively, by and between CADPGC, the surviving corporation, and RCI, the absorbed corporation;

ii) the Amended Articles of Incorporation of CADPGC, amending Articles I (name of the Corporation shall be "Roxas and Company, Inc.") and VIII (increase of authorized capital stock) thereof; and

iii) the increase of the CADPGC's capital stock from ₱1,962,500,000.00 divided into 1,962,500,000 shares with par value of ₱1.00 each to ₱3,375,000,000.00 divided into 3,375,000,000 shares with par value of ₱1.00

and issued the corresponding Certificates therefor.

In the respective Board Meetings of RCI and CADPGC, a resolution setting 29 June 2009 as the Effective Date of the merger was approved.

With the merger of RCI and CAPDGC, and the latter being renamed to RCI, the Company now has interests in both RHI and its sugar-manufacturing subsidiaries, and Roxaco Land Corporation (Roxaco), the real property arm of the Roxas Group. It is envisioned that eventually, the two listed companies, RHI and the Company, will focus on their respective businesses – sugar and sugar-related businesses for RHI and real estate for the Company.

Business Operations of The Company's Subsidiaries

Real Estate

Roxaco Land Corporation is a 100% owned subsidiary of the Company. On its own or in joint venture with other property developers and landowners, Roxaco 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:

(a) 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;

(b) 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 a seaside condominium project: Amara en Terrazas;

(c) Club Punta Fuego, an exclusive resort developed by Fuego Development Corporation (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;

(d) 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;

(e) 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.; and

(f) 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.

On its own, Roxaco developed the following projects:

(a) 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;

(b) 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; and

(c) 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.

Currently, Roxaco is developing San Antonio Memorial Gardens, the first masterplanned memorial park in Western Batangas.

Roxaco also has investments in the following companies / projects:

(a) Roxaco-ACM Development Corporation (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.

(b) Fuego Development Corporation (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.

(c) Fuego Land Corporation (FLC) was formed as 60%-30%-10% joint venture by Landco Pacific Corporation, Roxaco and Alexcy Corporation. FLC was formed to develop the basic and upgraded facilities and amenities on some 429,870 sqm. of land located in Barangay Natipuan, Nasugbu, Batangas, known as Terrazas de Punta Fuego.

(d) Club Punta Fuego., Inc. (CPFI) was formed to promote social, recreational and athletic activities on a non-profit basis among its members, through the acquisition, development, construction, management and maintenance of a golf course, resort, marina and other sports and recreational facilities on residential resort community project known as Peninsula de Punta Fuego. Roxaco has a 26.63% interest in CPFI.

In 2008-2009, Roxaco implemented projects/programs to improve profitability and cash flows by:

(a) finishing the development of the Palm Estates and The Orchards in Balayan;
(b) continuing to sell the above projects;
(c) intensifying collection efforts to collect maturing amortizations from the lotbuyers;
(d) reducing operating costs through cost cutting measures;
(e) starting the development of San Antonio Memorial Gardens; and
(f) undertaking strategic planning to identify future projects like resort, hotels, commercial and mixed use development.

Roxaco intends to establish a significant presence in the real estate industry in Southern Luzon and eventually nationwide. With resort town Nasugbu and the adjoining towns of Western Batangas as its base, the Company has set its sights in participating in the following key industry segments:

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

Palm Estates, which is the current residential development of Roxaco in Nasugbu, has been warmly received by both local and OFW markets and is down to its last 14 open lots out of 955 lots. In order to continuously introduce new products, Roxaco will offer limited number of pre-designed House-and-Lot units inside the Palm Estates subdivision.

The other residential project named The Orchards in Balayan has likewise experienced brisk sales performance and only 85% of its total inventory remains. Development of the project has already been completed. Construction of a model house unit is on-going and is scheduled to be completed by November 2009. This will be offered to the market for ₱2.8 million inclusive of the lot and will also be used to encourage other lot buyers to start constructing their homes as well.

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

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

On the leisure tourism front, Roxaco has already identified key priority resort destinations for its first potential venture. Locations are presently being identified and lined up both in Manila and in leading tourism areas for boutique resort hotel developments. This is also in line with the growing trend of global tourism which has been experiencing a significant increase despite the continuing threat of terrorism, health pandemics, and natural disasters. In 2008 alone, the World Tourism Organization has reported that a record number of approximately

900 million travelers, of which a significant number came from the Asian region - now considered as one of the fastest growing region in terms of travel and tourism. As the Philippines continues to market itself as an exciting multi-featured destination to the European and Asian market, Roxaco aims to position itself and capitalize on this growing trend.

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

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

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

Sugar-Related Businesses

The Sugar Group's consolidated subsidiaries are Central Azucarera Don Pedro, Inc. (CADPI), which is based in Nasugbu, Batangas and CACI whose operations are located in La Carlota City, Negros Occidental, Roxol Bioenergy Corporation (RBC), CADP Consultancy Services, Inc. (CCSI), CADP Farm Services, Inc. (CFSI), Najalin Agri-Ventures, Inc. (NAVI), Jade Orient Management Services, Inc. (JOMSI), and CADP Insurance Agency, Inc. (CIAI).

CADPI owns and operates an 11,000-tons-cane-per-day sugar mill that manufactures raw sugar granular and light brown to yellowish in color, and molasses, a by-product.

CACI operates a 12,000-tons-cane-per-day sugar mill producing raw sugar and molasses.

Both companies source sugar cane from various planters and mill them under a 35% to 65% production- sharing agreement. The companies get 35% of the raw sugar produced while the planters retain 65% thereof as owners of the cane. Both companies subsidize the cost of transporting the sugarcane from the field to the factory.

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

The Sugar Group instituted strategic and operating management systems and processes that aim to enhance its capability to monitor and control the operational effectiveness and efficiencies of the two consolidated subsidiaries.

In 2007-2008, the Sugar Group started to implement strategic projects to improve profitability and cash flows by:

- Increasing production capacity:

Mills

CACI	-	from 12,000 tons/day to 18,000 tons/day
CADPI	-	from 11,000 tons/day to 17,000 tons/day

Refinery
CADPI - from 18,000 Lkg/day to 22,500 Lkg/day

- Establishment of Bio-ethanol Plant

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

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

  On 24 October 2008, the Board of Investments approved its application for registration under EO No. 226 as New Producer of Bioethanol (Anhydrous) and Potable (Hydrous) Ethanol on a Pioneer Status and Non-Pioneer Status, respectively. As a registered entity, RBC is entitled to certain tax incentives such as income tax holiday (ITH) of six (6) years for its anhydrous ethanol and four (4) years for its hydrous ethanol, from January 2010 or actual start of commercial operations, whichever is earlier.

  The World Bank and RBC signed on 14 January 2009, a US$ 3.2 million Emission Reductions Purchase Agreement (ERPA) for the purchase of carbon emission credits under the Clean Development Mechanism of the Kyoto Protocol. As part of the ERPA, part of the revenue for the purchase of the credits will be used to finance the RBC's community development projects.

- Farm Services

  The Group will set off CADP Farm Services, Inc. (CFSI) for crop year 2009-2010 to operate in both Batangas and Negros with the primary goal of helping existing cane areas increase their productivity per unit area at the least cost through farm mechanization and the use of proven and accepted technologies such as use of high yielding varieties of cane, proper timing and method of fertilizer application, use of cane ripeners, use of bio-organic fertilizer, cane hauling, etc.

- Optimizing production-marketing mix, with greater emphasis given on direct sales to industrial customers.

- Optimizing manufacturing efficiencies through better management of production of steam and usage of fuel and electricity and reducing manufacturing downtime.

- Being prudent and cautious in capital investments.

- Reducing manufacturing and operating costs.

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

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

FULL FISCAL YEAR

Financial Condition

As a result of the expansion projects of sugar-related businesses, the Roxas Group's total asset base dramatically increased. Consolidated assets totaled ₱14.414 billion as of 30 June 2009, compared to ₱10.957 billion in 2008. Current assets went up to ₱3.449 billion versus the ₱2.957 billion year-ago figure. However, current liabilities surged from ₱1.892 billion in 2008 to ₱4.10 billion in 2009. Current ratio for this year went down to 0.84:1.00 from 1.56:1.00 in prior year due to increased short-term loans.

Total loans for this period significantly increased due to the availment of short and long-term loans to finance the Sugar Group's strategic projects. However, the Roxas Group's leverage position remained within the limits of its loan covenants. Debt-to-equity ratio stood at 1.30:1.00 in 2009 from .70:.30 in 2008.

Unused working capital lines as of June 30, 2009 and 2008 from local banks amounted to ₱968 million and ₱3.222 billion, respectively. Book value per share slightly decreased to ₱2.16 from ₱2.21 in prior year.

There are no:

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

Change in Financial Condition

The Roxas Group's consolidated total assets amounted to ₱14.414 billion at the end of 2009. Current assets increased to ₱3.448 billion from ₱2.957 billion in 2008 due to higher trade receivables, inventories of sugar and prepayments. The high level of prepayments was due to input taxes on capital expenditures.

Current liabilities increased to ₱4.100 billion from ₱1.892 billion in the previous year. The increase in current liabilities was principally due to the availments of short term loans for working capital requirements. This was coupled by increase in accounts payable and accruals amounting to ₱884.7 million from ₱721.8 million in 2008 due to various unpaid trade payables at year end, accrual of expenses related to the group restructuring and withholding taxes and VAT for remittance.

On-going expansion of milling and refining facilities of the sugar subsidiaries brought the property, plant and equipment account to ₱9.67 billion. The Roxas Group obtained from various local banks a loan facility to meet the capital needs of its expansion programs. Total loans at the end of 2009 amounted to ₱6.254 billion.

Total consolidated equity amounted to ₱6.276 billion, a decrease of ₱164 million or 2.5% from 2008, primarily due to weak sales and tolling volume, lower cane supply during the period and Group's reorganization expenses.

Results of Operations

Consolidated revenues reached ₱5.933 billion, ₱0.197 billion or 3% lower than the ₱6.130 billion year ago figure but ₱1.820 billion higher than the ₱4.113 billion for six months in 2007. The sugar related businesses continued to be the bulk contributor to its income performance.

The performance of the Roxas Group for the FY 2008-2009 was greatly affected by its on-going plant expansion programs coupled by the global weak economic condition during the period.

Cost of sales amounted to ₱5.001 billion, This is 1% higher than the ₱4.970 billion in 2008 and 51% higher than the ₱3.311 billion in 2007. The slight net increase was driven by the spillover of costly refinery operation in July and August 2008, which cost the Batangas operation ₱88 million in bunker consumption and ₱8.2 million in purchased bagasse.

From ₱3.3 billion for six months in 2007, cost of sales rose to ₱4.97 billion in 2008 mainly due to extended milling operations of Batangas, lower cane tonnage, frequent mill stoppages owing to no cane, higher cost and usage of bunker fuel resulting from wet bagasse and increased hauling cost of cane and refined sugar.

Operating expenses increased by 17% from ₱606 million in 2008 (₱360 million in 2007) to ₱710 million in 2009 in view of increased salaries, higher business and income taxes and group reorganization expenses (taxes and professional fees).

Interest income decreased by 10% from ₱28.507 million in 2008 to ₱25.779 million in 2009. This was due to the Property Group's implementation of a 0% interest (on the first year of the payment period) on its lots sales in 2009. This was coupled by the diminishing balances of principal amounts on installment contracts receivable.

Equity in net earnings of associates decreased by 10% from ₱92 million in 2008 to ₱82 million this year, and by 1% compared to the 2007 share of ₱83 million. The favorable financial results of the RHI's associate, Hawaiian-Philippine Company, contributed to higher profit performance. This compensated for lower equity in net earnings of associates in property related business.

Interest expense jumped to ₱147 million from ₱67 million in 2008 and ₱40 million in 2007. This was brought about by short term borrowings for working capital requirements and group reorganization expenses.

Other income decreased by 17% from ₱73.127 million in 2008 to ₱60.552 million in 2009 due to a non-recurring income generated from scrap sales in 2008.

Consolidated net income after tax went down by 88% to ₱57 million this year from ₱462 million a year ago and ₱372 million in 2007. This translates to basic/diluted earnings per share of (₱.002) compared to ₱0.09 earnings per share in 2008 and ₱0.06 earnings per share in 2007.

Real Estate

Realized Profit on Real Estate Sales for 2009 amounted to only ₱22.802 million, slightly lower than ₱24.638 million realized in 2008 but higher than ₱10.887 million in 2007. This is because all the lots for sale in the Peninsula de Punta Fuego project were already sold in full and all the potential profits were all recognized by the end of 2008. For 2009, profits were generated only from the Palm Estates and the Balayan projects.

The interest component of the amortizations, which amounted to ₱14.715 million, continued to contribute to the income performance of Roxaco. Other income also includes assignment fees for CPFI shares held, rental income and income from forfeited sales collections.

Operating expenses amounted to ₱28.477 million, much lower than the ₱35.876 million in 2008 and ₱19.274 million in 2007 (six months). The decrease was due to changes in manpower complement of Roxaco and the discontinuation of some retained services. Finance costs reached ₱6.594 million, lower than ₱6.866 million in 2008 and ₱3.940 million in 2007 due to lower interest rates and diminishing principal balances. As a result, net income after tax amounted to ₱7.020 million higher than the ₱5.265 million in 2008 but lower than the ₱10.202 million in 2007.

Sugar-Related Businesses

The sugar-related businesses continued to be the bulk contributor to the Roxas Group's income performance.

Consolidated revenue of the Sugar Group decreased by ₱213 million or 4%, from ₱6.1 billion in 2008 to ₱5.9 billion in 2009. The decline was due to weak market brought about by the challenging global economic environment during this period. While sales increased by 8% in 2007-2008 from ₱5.6 billion in 2006-2007, 2008-2009 raw and refined sugar sales, as well as tolling volume, went down compared to the 2007-2008 figure.

Cost of sales amounted to ₱4.96 billion this year and ₱4.95 billion in previous year. The slight net increase was driven by the spillover of costly refinery operation in July and August 2008, which cost the Batangas operation ₱88 million in bunker consumption and ₱8.2 million in purchased bagasse.

From ₱4.6 billion in 2007, cost of sales rose 8% to ₱4.9 billion in 2008 mainly due to extended milling operations of Batangas, lower cane tonnage, frequent mill stoppages owing to no cane, higher cost and usage of bunker fuel resulting from wet bagasse and increased hauling cost of cane and refined sugar.

Consolidated gross profit remained constant at 19% in 2008 and 2007, whereas it fell 16% in 2009.

Selling expenses amounted to ₱37 million, ₱34 million and ₱44 million in 2009, 2008 and 2007, respectively. During the year, CADPI incurred marketing expense for selling D sugar abroad amounting to ₱3 million.

General and administrative expenses rose to ₱584 million in 2009 from ₱509 million in 2008 and ₱470 million in 2007. This was brought about by increased taxes and licenses due to corporate reorganization and assessment, insurance and transfer cost brought about by increased materials and supplies for expansion projects, rentals of communication leased lines and vehicles, and expenses incurred by the two new companies, RBC and CFSI.

Equity in net earnings of an associate increased due to higher income – ₱80 million for 2009, ₱70 million for 2008 and ₱56 million for 2007.

Net consolidated finance costs grew to ₱126 million in 2009 from ₱48 million and ₱50 million in 2008 and 2007, respectively due to higher loan availments this year.

Increase in net other income to ₱76 million from ₱53 million and ₱19 million in 2008 and 2007, respectively was attributable to sale of scrap from discontinued railroad operations.

Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased to ₱669 million in the current crop year from ₱973 million and ₱996 million in 2008 and 2007, respectively, because of a drop in operating income this year.

Thus, the Sugar Group ended the crop year 2008-2009 with a significant slide in net income of 69% or ₱143 million from ₱455 million and ₱383 million in 2008 and 2007, respectively.

Top Five Performance Indicators

The top 5 performance indicators of the Roxas Group's two (2) main businesses are discussed below:

<u>Real Estate</u>

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

- Income from sale of developed real estate (lots only). This is recognized in full when the collection of the total contract price reached 50%. At this stage, it is reasonably assured that the risks and rewards over the developed assets have been transferred to the lotbuyer.

- Number of lots sold. The number of lots sold and the terms of sale would determine (a) Roxaco's potential income and (ii) the timeframe for the revenue recognition.

- Collection efficiency on trade receivables. Income recognition is a factor of collection, plus the interest income component.

- Earnings before interest, taxes and depreciation. This is the measure of cash income from operations.

- Return on Equity denotes the capability of Roxaco to generate returns for the shareholders.

The table below presents the top five performance indicators of Roxaco in three fiscal years:

Performance Indicator	FY 2008-2009 (12 mos)	FY 2007-2008 (12 mos)	Jan-June 2007 (6 mos)
Income from sale of developed real estate	₱22.802 M	₱24.638 M	₱10.886 M
Number of lots reserved/sold	105 lots	127 lots	66 lots
Collection efficiency	85%	98.42%	97.73%
EBITDA	₱19.781 M	₱41.38 M	₱54.311 M
Return on Equity	2.15%	5.29%	7.56%

Sugar-Related Businesses

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

- Raw sugar production - a principal determinant of consolidated revenues and computed as the gross amount of raw sugar output of CADPI and CACI as consolidated subsidiaries and Hawaiian Philippine Company (HPCo), as an affiliate, and pertains to production capacity, ability to source sugar canes and the efficiencies and productivity of manufacturing facilities.

- Refined sugar production – the most important determinant of revenues and computed as the gross volume of refined sugar produced by the CADPI refinery both as direct sales to industrial customers and traders or as tolling manufacturing service, limited by production capacity and by the ability of the Group to market its services to both types of customers.

- Raw sugar milling recovery – a measure of raw sugar production yield compared to unit of input and is computed as the fraction of raw sugar produced (in Lkg bags) from each ton of sugar cane milled (Lkg/TC).

- Earnings before interest, taxes, depreciation and allowances (EBITDA) – the measure for cash income from operation and computed as the difference between revenues and cost of sales and operating and other expenses, but excluding finance charges from loans, income taxes and adding back allowances for depreciation and other cash amortizations.

- Return on Equity – denotes the capability of the Group to generate returns on the shareholders' funds computed as a percentage of net income to total equity.

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

Performance Indicator	2009	2008	2007
Raw sugar production	8.123 M bags	9.002 M bags	8.381 M bags
Refined sugar production	3.965 M bags	3.659 M bags	3.883 M bags
Milling recovery	2.02 Lkg/TC	1.83 Lkg/TC	1.99 Lkg/TC
EBITDA	₱669 million	₱973 million	₱996 million
Return on Equity	3%	8%	9%

Key Variable and Other Qualitative and Quantitative Factors

The key variable and other qualitative and quantitative factors of the Roxas Group's two (2) main businesses are discussed below:

<u>Real Estate</u>

1) Roxaco is not aware of any known trends, events, or uncertainties that will result in or that are reasonably likely to result in any material cash flow or liquidity problem.

2) Roxaco is not aware of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

4) Description of material commitments for capital expenditures. Roxaco has started Phase 1 of its San Antonio Memorial Gardens. The land development contract was awarded to local contractor amounting to ₱ 38.8 million. As of 30 June 2009, Roxaco has paid the amount of ₱ 6.7 million based on 17.64% accomplishment.

5) Roxaco is not aware of any known trend, events or uncertainties that will have material impact on sales.

6) Roxaco is not aware of causes for any material changes from period to period in the financial statements.

<u>Sugar-Related Businesses</u>

1) The Sugar Group is not aware of any known trends, events, or uncertainties that will result in or that are reasonably likely to result in any material cash flow or liquidity problem.

2) The Sugar Group is not aware of any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

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

4) Description of material commitments for capital expenditures. The Sugar Group has an allocation of ₱1.2 billion to complete the expansion project for crop year 2009-10 – ₱669 million for CADPI and ₱567 million for CACI and an allocation of ₱122.5 million for regular capital expenditures in 2009-2010, broken down into ₱51.5 million for the CADPI integrated mill and refinery manufacturing operations and ₱71 million for CACI. The major CAPEX for this operating period are as follow:

CADPI

Raw Manufacturing

Mills and Boilers Department

(a) The Mills received budget allocation of ₱1.6 million for the installation of pneumatic controlled valve for CK#2 turbine, acquisition of one unit chipping hammer and electric drill, one unit welding machine, oxy-acetylene cutting outfit for the new cane preparation station, one unit 12 bar, 900 LT/Min spray pump, installation of modified warning/indicating system, purchase of portable oil filter, testing device for hydraulic accumulator and installation of CCTV/Video unit.

(b) The Boilers received budget allocation of ₱22.9 million for the relocation of reclaim drag conveyors to fit with the expansion project setup; partial concreting of 2,000 sq mtrs of bagasse yard at 3000 sqm; acquisition and installation of boiler feed water system and installation of online monitoring for hardness in the water softeners, etc.

(c) The Electrical Department received budget allocation of ₱8.2 million for the acquisition of 26 units electric motor; acquisition of one lot motors and control, etc.

(d) The Plant Maintenance Department received budget allocation of ₱3.9 million for the acquisition of 2 units bare pump (132 gpm); lathe machine, magnetic drill; repair of asphalt pavement in north side of old truck dumpers; drainage canal at Apt. A, B, C, D going to irrigation with cover (phase 1).

(e) The Boiling House Department received budget allocation of ₱0.3 million for the acquisition of two units welding machine (220-440 volts).

(f) The Planters Services Department received budget allocation of ₱0.6 million for the acquisition of container van for truck yard; secondhand vehicle to replace the previous one, a Mini Cruiser.

Refined Manufacturing

(g) The Refinery Department received budget allocation of ₱2.5 million for the construction of locker room/mess hall and additional lockers; acquisition and installation of two units pumps as replacement to existing sluicing; installation of one unit Nash SC6 vacuum pump for evaporator.

Support Group

(h) The IT Group received budget allocation of ₱1 million for the acquisition of 30 units of desktop computers; four units laptop computers; three units dot matrix printers.

(i) The Quality Control Department received budget allocation of ₱2.4 million for the acquisition of one high pressure sterilizer; one unit incubator; one unit Bio safety cabinet; one unit distilling apparatus; two units conductivity meter; one unit fume hood.

(j) The EMS Department received budget allocation of ₱2.7 million for the purchase and installation of CCTV at Gate 1; installation of independent plant wide fire hydrant system.

(k) The IMW Department received budget allocation of ₱3.8 million for the enclosure of canopy of warehouse 1; extension of canopy enclosure at warehouses 3 and 5; purchase of portable piling conveyor; extension of lime warehouse building; extension of structural area at sub-warehouse no.2.

CACI

(a) The Mills Department received budget allocation of ₱4.6 million for the purchase of one unit 5 tonner split/floor type 3 air conditioning system; one piece perforated roller 1 ½ pitch top for Farrel Mill No. 6; Amerigear coupling for Farrel Mill Drive; one unit speed reducer for ICC of Farrel mill.

(b) The Boiler Department received budget allocation of ₱15.6 million for the replacement of condensate test tank no. 1A; rehabilitation/modification of existing Ion Exchange Towers; retubing of Kawasaki Boiler No. 3; Replacement of KB2 Fuel Gas ductings; purchase of 3 units motor reducer 5 HP with electrical controls; purchase of one unit motor gear reducer drive each for belt conveyor Nos. 2 and 4; purchase of belt conveyor for bagasse belt conveyor no. 4; modification of JTA ash settling tank and accessories; purchase of 2 units valve actuator for JTA Main Steam stop valve and by pass valve; installation of JTA main steam isolation valve.

(c) The Electrical Department received budget allocation of ₱2.5 million for the replacement of power house roofing; rehabilitation of 6 units drive motor for FCB High Grade Centrifugals.

(d) The Instrumentation Department received budget allocation of ₱8.8 million for the repair of truck scale 1; installation of electronic cane tracking system for Farrel Mill; replacements of single loop controls of KB3 to PC based control; installation of dedicated air filter/dryer to critical stations; retrofit control of one unit FCB HG centrifugal; conversion of 1 sugar scale from mechanical to electronic.

(e) The Boiling House Department received budget allocation of ₱11.7 million for the modification of Bryant evaporator juice line from cell 1 to cell 2; modification of clarified juice strainer; purchase and installation of 2 units gate valves (24” diameter x 125 psig); renovation of OH Evaporators building and clarifier roofing; modification of Bryant evaporator entrainment separator; fabrication and installation of cooled condensate collection tank; upgrading of syrup filters; replacement of worn out tube sheet of Kawasaki evaporator 4 Th cell; modification of soda re-circulation system for Evaporation cleaning.

(f) The ESD-PMRM Department received budget allocation of ₱5.8 million for the purchase of geared motor and rubber belt for main inclined conveyor; rehabilitation of 125 HP IR air compressors and replacement of drive motor; rehab of 2 units Nash vacuum pumps; rehab of new house and old house injection pumps; rehab of 2 units raw bucket elevators.

(g) The ESD Machine Shop received budget allocation of ₱1.3 million for the transfer and installation of overhead crane from A mill to machine shop; purchase of sprocket cutter.

(h) The ESD SCES received budget allocation of ₱4 million for the partial repair of another 12 units residential houses for supervisors; partial repair of chapel; installation of drinking water line for factory area; partial repair of OH Building structurals; construction of concrete road from entrance bridge to Mangala bridge.

(i) The EMSD/Safety section received budget allocation of ₱13.4 million for the rehabilitation of De Agua dam; rehabilitation of Colonia water reservoir; rehabilitation of spray pond 2 concrete flooring; purchase of 1 unit Marathon Electric induction motor; renovation and installation of additional fire hydrant pipeline in the factory; purchase of one unit 1.5 HP air conditioner for safety office use.

(j) The QCD received budget allocation of ₱1.6 million for the purchase of 1 unit air conditioner; purchase of laboratory size/mini centrifugal basket.

(k) The ISD received budget allocation of ₱624 thousand for various hardware requirement.

Roxol Bioenergy Corporation (RBC)

Construction of the RBC Ethanol Plant in La Carlota City is still on going with a total budget of ₱1.453 billion.

CADP Farm Services, Inc. (CFSI)

CFSI will start its operations in Crop Year 2009-2010 with total budget of ₱155 million.

5) The Sugar Group is not aware of any known trend, events or uncertainties that will have material impact on sales.

6) The Sugar Group is not aware of causes for any material changes from period to period in the financial statements.

INTERIM RESULTS – 3rd QUARTER 2008-2009 VS 2007-2008

Financial Condition

On 31 December 2008, CADPGC[18] was a shell company having sold all of its sugar related operating subsidiaries and associate, as well as substantially all assets and liabilities, to RHI. It has ceased consolidating its operating subsidiaries starting 16 December 2008.

Total assets at this period stood at ₱3.9 billion largely from notes receivables as consideration from the sale to RHI. Liabilities totaled ₱146 million mostly from advances from related parties. Stockholders' Equity was posted at ₱3.709 billion, translated to book value per share of ₱2.40. The Company paid cash dividends amounting to P185 million during the period

Current ratio on 31 March 2009 stood at 26.31:1 while debt to equity ratio is 0.04:1.00.

There are no:

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

Change in Financial Condition

CADPGC and subsidiaries' (the "Group") consolidated total assets amounted to ₱7.827 billion at the close of crop year 2007-2008. Current assets recorded at ₱2.380 billion while current liabilities posted at ₱1.392 billion in June 2008. On-going expansion of milling and refining facilities of the sugar subsidiaries bring the property, plant and equipment account to ₱4.8 billion in the last crop year. The Group obtained from various local banks a loan facility to complete the capital needs to fund its capacity expansion. Total loans at the end of crop year amounted to ₱2 billion.

Stockholders' equity at June 2008 posted at ₱4.5 billion. Cash dividends paid was ₱92.8 million.

Results of Operations

The Company's operating expenses reached ₱40 million in the third quarter. Net loss for the period amounted to ₱344 million, translated to loss per share of ₱0.22.

[18] CADPGC was merged with Roxas & Company, Inc. effective 29 June 2009, and renamed Roxas and Company, Inc.

For the period ending March 2008, consolidated production of the Group was affected by the wet weather condition in the country. Harvesting and cane hauling operations were disrupted especially CADPI. In spite of these, the Group recorded net income of ₱203 million. This transmutes to earnings per share of ₱0.13.

Consolidated net sales reached ₱4.421 billion in March 2008 as against ₱3.727 billion incurred manufacturing costs. Gross profit this period is 16%.

Negros operation discontinued its railroad operations and sold railroad materials as scrap that brought other operating income to ₱26 million in the prior year.

Equity in net earnings of an associate as of 31 March 2008 amounted to ₱51 million. Interest expense incurred for the period is ₱2 million.

Top Five Performance Indicators

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

- Raw sugar production - a principal determinant of consolidated revenues and computed as the gross amount of raw sugar output of CADPI and CACI as consolidated subsidiaries and HPCo, as an affiliate, and pertains to production capacity, ability to source sugar canes and the efficiencies and productivity of manufacturing facilities.

- Refined sugar production – the most important determinant of revenues and computed as the gross volume of refined sugar produced by the CADPI refinery both as direct sales to industrial customers and traders or as tolling manufacturing service, limited by production capacity and by the ability of the Group to market its services to both types of customers.

- Raw sugar milling recovery – is a measure of raw sugar production yield compared to unit of input and is computed as the fraction of raw sugar produced (in LKG bags) from each ton of sugar cane milled (Lkg/TC).

- Earnings before interest, taxes, depreciation and allowances (EBITDA) – the measure for cash income from operation and computed as the difference between revenues and cost of sales and operating and other expenses, but excluding finance charges from loans, income taxes and adding back allowances for depreciation and other cash amortizations.

- Return on Equity– denotes the capability of the Group to generate returns on the shareholders' funds computed as a percentage of net income to total equity.

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

Performance Indicator	2008	2007	2006
Raw sugar production	9.168 M bags	8.433 M bags	8.133 M bags
Refined sugar production	3.659 M bags	3.883 M bags	4.683 M bags
Milling recovery	1.83 LKg/TC	1.99 LKg/TC	1.95 LKg/TC

EBITDA	₱946 million	₱998 million	₱974 million
Return on Equity	10%	9%	9%

Key Variable and Other Qualitative and Quantitative Factors

1) The company is not aware of any known trends, events or uncertainties that will result in or that are reasonably likely to result in any material cash flow or liquidity problem.

2) The company is not aware of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

4) Description of material commitments for capital expenditures.

The Group had an allocation of ₱1.4 billion for expansion project and ₱462 million for capital expenditures in 2007-08, broken down into ₱274 million for the CADPI integrated mill and refinery manufacturing operations and ₱188 million for CACI. The major CAPEX for this operating period are as follow:

<u>CADPI</u>

Manufacturing Division

(a) The Refinery Department received budget allocation of ₱19 million for the acquisition and installation of 1 unit IER Column including Filter Nozzles and Initial Resin fill;

(b) The Boiling House Department received budget allocation of ₱5.7 million for the acquisition of 1 new unit Auto Pan Auto Grain System, construction of intermediate secondary mixed juice tank, acquisition of mechanical tube cleaners (Phase 1) and provision of water flow meter for 10 units IG Centrifugal;

(c) The Sugar and Molasses Section received budget allocation of ₱124 million for the construction of new refined sugar warehouse, asphalting and relocation of cane trucks holding area Phase 1 and Phase 2 of conveying system;

Engineering Division

(d) The Mills Department received budget allocation of ₱9 million for the purchase of 1 unit reduction gear, 4 units Pressure feeder and upgrade and conversion of the MCC conveying chain for 8" pitch roller to 9" pitch roller less type;

(e) The Boilers Department received budget allocation of ₱30 million for the construction of bagasse shed, installation of Winch for lifting materials, widening of excess belt conveyor, installation of Desuperheater for Skoda, conversion of boiler 3 submerged ash conveyor;

(f) The Electrical Department received budget allocation of ₱16 million for the acquisition of replacement vacuum circuit breaker, modification for centrifugal machines compo conversion of 2 units FCB D412, 215 KW DC drives to 230KW Variable Frequency Inverter Drive tandem operation, conversion from 2 speed motor starter to VFD for WSC 5 and 6;

(g) The Engineering Department received budget allocation of ₱9 million for the acquisition of additional 1 unit Lathe machine, widening of raw belt conveyor 1, acquisition of Lump Breaker 2 units, SKF monitoring machine.

Field Services Division

(h) The Field Services Division received budget allocation of ₱42 million for the construction of bunk houses in 4 sites, including water and toilet facilities, farm tractors and implements – 7 units 120 HP, 3 units 90 HP, 7 units moldboard plow, 7 units trailing harrow, 7 units mechanical planter, 5 units cultivator, asphalting of road from hi way to RORO, relocation of Marketing-Batangas, legal dept and Cashier to the ground floor. Replacement of unserviceable Farm Services Isuzu KB pick up, acquisition 1 unit Japan surplus Isuzu/Fuso Truck Tractor as a replacement of 2 units existing truck tractors RPM 001 and RPM 002 that are economical to operate and maintain;

VPRM

(i) The VPRM received budget allocation of ₱1.5 million for the purchase of service car;

Environmental Management & Safety Department

(j) The Environmental Management Section received budget allocation of ₱4.3 million for the installation of CHB wall perimeter fence at the west end of WTP to isolate facultative lagoons, modification of existing fire hydrant system and installation,

(k) The Quality Control Department received budget allocation of ₱1.5 million for the purchase of 1 unit Spectrophotometer, sediment tester set with circulating pump, vacuum filtration assembly, analytical balance, and moisture analyzer for bagasse analysis.

Information Technology Group

(l) The ITG received budget allocation of ₱6 million for the acquisition of blade server, upgrading of 15 units desktops, 5 units of laptops, software for PASTA Projects;

Human Resource Division

(m) The HRD received budget allocation of ₱3 million for the repair and renovation of SAMAKABA building to house the HR office , Training rooms and Library;

(n) The Inventory and Materials Warehouse received budget allocation of ₱2.8 million for the construction of storage area for materials;

<u>CACI</u>

The Negros Operations received the following budget allocation:

(o) Construction of new sugar warehouse – ₱52 million;
(p) Construction of truck tipper 2 – ₱6.7 million;
(q) Purchase of 2 units perforated rollers – ₱5 million;
(r) Purchase of 50 ton pressure reducing valve with desuperheater – ₱5.5 million;
(s) Upgrading of turbo drive and GE turbines – ₱5 million;
(t) Stainless steel lining DCRS Equipment – ₱24.7 million;
(u) 1 unit Rotary Mud Vacuum filter – ₱10 million;
(v) Acquisition of ERP System – ₱1.5 million;
(w) Network connection for new truck scale and TRC – ₱3.4 million;
(x) Installation of magnetic separator at mill 1 – ₱3 million;
(y) 2 units pusher rolls – ₱3 million;
(z) Modification of top caps – ₱3.7 million;

(aa) Replacement of Farrell main cane carrier chain – ₱3.4 million;
(bb) 1 unit induced draft fan for jta boiler – ₱4.5 million;
(cc) Retrofitting controls of 2 units FCB D412 Centrifugals – ₱4.8 million;
(dd) 1 unit 125 HP IR air compressor – ₱4.5 million;
(ee) Automation of molasses and C seed proportion for CVP – ₱3 million;
(ff) The balance of CAPEX budget was allocated for various minor projects of the subsidiaries amounting to ₱45 million

5) The company is not aware of any known trend, events or uncertainties that will have material impact on sales.

6) The company is not aware of causes for any material changes from period to period in the financial statements.

PART IV – MANAGEMENT AND SECURITY HOLDERS

1. Incumbent Directors and Officers of the Issuer

Board of Directors

Pedro E. Roxas is 53 years old and is a Filipino. Mr. Roxas is the Chairman of the Nomination Committee and is a member of the Compensation Committee. He has been in the Board of Directors since 18 October 1995 and is the Executive Chairman of the Company. He is also the Chairman and Chief Executive Officer of Roxas Holdings, Inc., Chairman of Central Azucarera Don Pedro, Inc. and Central Azucarera de la Carlota, Inc. and other subsidiaries of RHI, Chairman of Hawaiian-Philippine Company, 2nd Vice-Chairman of Brightnote Assets Corporation; Chairman of Club Punta Fuego; Chairman of Roxaco Land Corporation and of Fundacion Santiago; President of Roxas Foundation, Inc., a director of PLDT, Philippine Sugar Millers Association, Inc., Fuego Development Corporation, BDO Private Bank, Philippine Business for the Environment and 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 67 years old and is a Filipino. Mr. Roxas is a member of the Nomination Committee. He has been in the Board of Directors 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 Olivarria & Co. and Lowry & Co., Inc. of New York, USA.

Francisco F. del Rosario, Jr. is 62 years old and is a Filipino. Mr. Del Rosario, Jr. was appointed President and Chief Executive Officer of the Company on 26 March 2009. He has been a member of the Board of Directors since 17 November 2005. Mr. Del Rosario, Jr. is the President and Chief Executive Officer of Roxaco Land Corporation and the Vice-Chairman of Roxas Holdings, Inc. He is also Chairman of Habitat for Humanity Philippines, Inc; Trustee of the Center for Family Ministries and ABS-CBN Foundation; former Chairman of the Development Bank of the Philippines and Undersecretary of the Department of National Defense. Mr. Del Rosario, Jr. obtained his degrees in Bachelor of Science in Commerce (Major in Accounting) and Bachelor of Arts (Major in Economics) from De La Salle College in 1970 and his Masters in Business Management from the Asian Institute of Management in 1972. He completed the academic requirements for his Doctorate in Business Administration from the De La Salle University in 2006.

Beatriz O. Roxas is 56 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.

Senen C. Bacani is 64 years old and is a Filipino. Mr. Bacani is the Chairman of the Compensation Committee and is a member of the Audit Committee. He has been a member of the Board of Directors since 28 July 1999. Mr. Bacani holds key positions in a number of companies such as Ultrex Management & Investments, Corp., La Frutera, Inc., Trully Natural Food Corporation, Swift Foods, Inc., and Gold Coin

Management Holdings Ltd. (Hong Kong). He is also a member of the Board of Advisors of East-West Seed Philippines, Inc. and Roxas Holdings, Inc. He was formerly the Secretary of the Department of Agriculture in 1990 until 1992. He was educated at the De La Salle University where he earned his Bachelor's degree in Commerce and at the University of Hawaii where he earned his Master in Business Administration. Mr. Bacani is an independent Director.

Ramon Y. Dimacali is 61 years old and is a Filipino. Mr. Dimacali is the Chairman of the Audit Committee and a member of the Compensation and Nomination Committees. He has been a member of the Board of Directors since 20 November 2002. Mr. Dimacali is the President 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 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 Antonio R. Elizalde is 41 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 a 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.

Francisco Jose R. Elizalde is 43 years old and is a Filipino. He was elected as member of the Board of Directors on 25 June 2009. Mr. Elizalde is 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 32 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 connected with the Cibeles CajaMadrid Group, a corporation owned by Caja Madrid for banking and financial services.

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

<u>Corporate Officers</u>

Pedro E. Roxas is 53 years old and is a Filipino. Mr. Roxas is the Executive Chairman of the Company, the Chairman of the Nomination Committee and a member of the Compensation Committee. He has been in the Board of Directors since 18 October 1995 and is the Executive Chairman of the Company. He is also the Chairman and Chief Executive Officer of Roxas Holdings, Inc., Chairman of Central Azucarera Don Pedro, Inc. and Central Azucarera de la Carlota, Inc. and other subsidiaries of RHI, Chairman of Hawaiian-Philippine Company, 2nd Vice-Chairman of Brightnote Assets Corporation; Chairman of Club Punta Fuego; Chairman of Roxaco Land Corporation and of Fundacion Santiago; President of Roxas Foundation, Inc., a director of PLDT, Philippine Sugar Millers Association, Inc., Fuego Development Corporation, BDO Private Bank, Philippine Business for the Environment and 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.

Francisco F. del Rosario, Jr. is 62 years old and is a Filipino. Mr. Del Rosario, Jr. was appointed President and Chief Executive Officer of the Company on 26 March 2009. He has been a member of the Board of Directors since 17 November 2005. Mr. Del Rosario, Jr. is the President and Chief Executive Officer of Roxaco Land Corporation and the Vice-Chairman of Roxas Holdings, Inc. He is also Chairman of Habitat for

Humanity Philippines, Inc; Trustee of the Center for Family Ministries and ABS-CBN Foundation; former Chairman of the Development Bank of the Philippines and Undersecretary of the Department of National Defense. Mr. Del Rosario, Jr. obtained his degrees in Bachelor of Science in Commerce (Major in Accounting) and Bachelor of Arts (Major in Economics) from De La Salle College in 1970 and his Masters in Business Management from the Asian Institute of Management in 1972. He completed the academic requirements for his Doctorate in Business Administration from the De La Salle University in 2006.

Santiago R. Elizalde is 45 years old and is a Filipino. He was appointed Treasurer of the Company on 25 June 2009. He is Vice Chairman of ELRO Commercial and Industrial Corporation and is a Director of SPCI Holdings, Inc., ELRO Land Corporation, Roxas Holdings, Inc., Roxas Foundation, Inc., Fuego Hotels and Management Corporation, Punta Fuego Village Homeowners' Association, Terrazas Village Homeowner's Association, Palm Estates Village Homeowners Association, and Punta Fuego Village Foundation. He is also Senior Vice President of Roxaco Land Corporation and the President of CGB Condominium Corporation. Mr. Elizalde obtained his Bachelor of Arts degree in Economics (Major) and History (Minor) from Denison University in Ohio, USA and also attended The Portsmouth Abbey School in Rhode Island, USA.

Peter D. A. Barot is 47 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 33 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 in 1999 and her Bachelor of Arts degree from Colegio De San Juan De Letran in 1995. She is currently enrolled in the MBA-Regis Program of the Ateneo Graduate School of Business.

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.

Family Relationships

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

Mr. Eduardo R. Areilza is related within the fourth degree of consanguinity to Mr. Pedro E. Roxas and Ms. Beatriz O. Roxas.

Involvement in 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.

2. Executive Compensation

Compensation of Directors

Section 6 of Art. 3 of the 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 annually. The members of the Compensation, Audit and Nomination Committees 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.

Compensation of Executive Officers

	Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation*
CEO	Pedro E. Roxas - Executive Chairman	2006-07			
A	Ramon A. Picornell, Jr. - President & CEO	2006-07			
B	Luis-Mari Zabaljauregui - VP Res. Mgr.	2006-07			
C	Rafael A. Francisco - VP HR	2006-07			
D	Melchor A. Layson - VP Res. Manager	2006-07			
E	Dean L. Guevarra – VP Marketing	2006-07			
F	CEO & Top Four Executives	2006-07	₱9,144,420	₱1,990,000	
G	All officers & directors as group unnamed	2006-07	₱9,144,420	₱1,990,000	₱280,000
CEO	Pedro E. Roxas - Executive Chairman	2007-08			₱60,000
A	Ramon A. Picornell, Jr. - President & CEO	2007-08			₱60,000
B	Asuncion S. Aguilar – SVP Finance & Treasurer	2007-08			
C	Florencio M. Mamauag, Jr. – VP Legal & Compliance Officer	2007-08			
D	Melchor A. Layson – VP Strategic Projects	2007-08			
E	Dean L. Guevarra - VP Marketing	2007-08			
F	Luis Mari L. Zabaljauregui – VP Resident Manager-CACI	2007-08			
G	Ma. Elizabeth D. Nasol – VP CHR	2007-08			
H	Top five executives	2007-08	₱9,144,420	₱1,618,080	
I	All officers & directors as group unnamed	2007-08	₱9,144,420	₱1,618,080	₱120,000
CEO	Pedro E. Roxas - Executive Chairman	2008-09			₱60,000
A	Ramon A. Picornell, Jr. - President & CEO	2008-09			₱60,000
B	Asuncion S. Aguilar – SVP Finance & Treasurer	2008-09			
C	Florencio M. Mamauag, Jr. – VP Legal & Compliance Officer	2008-09			
D	Melchor A. Layson – VP Strategic Projects	2008-09			

	Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation*
E	Dean L. Guevarra - VP Resident Manager – CADP Inc.	2008-09			
F	Luis Mari L. Zabaljauregui – VP Resident Manager-CACI	2008-09			
G	Ma. Elizabeth D. Nasol – VP CHR	2008-09			
H	CEO and Top Four Executives	2008-09	₱8,010,000	₱1,841,000	
I	All officers & directors as group unnamed	2008-09	₱9,160,958	₱2,505,152	₱410,000

* 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 compensating plan between the Company and the above named executive officers.

As part of the reorganization of the Roxas Group, the following officers resigned from the Company effective 25 June 2009: Ms. Asuncion S. Aguilar (SVP Finance & Treasurer), Mr. Melchor A. Layson (VP Strategic Projects), Mr. Dean L. Guevarra (VP Resident Manager, CADPI), Mr. Eduardo L. Concepcion (VP Resident Manager, CACI), Ms. Ma. Elizabeth D. Nasol (VP Corporate Human Resources), Mr. Ramon S. Reyes (VP Corporate Marketing), Mr. Luis Mari L. Zabaljauregui (VP Ethanol Project), and Atty. Florencio M. Mamauag, Jr. (VP Legal).

Mr. Francisco F. Del Rosario, Jr., who was appointed President and Chief Executive Officer of CADPGC on 26 March 2009, did not receive any compensation from CADPGC prior to its merger with RCI.

Mr. Santiago R. Elizalde, who was appointed Treasurer of the Company on 25 June 2009, does not receive compensation from the Company.

The Company's fiscal year ends in June every year. The estimated compensation and bonus of the present officers of the Company for fiscal year 2009-2010 is about ₱4,550,000.00.

3. Security Ownership of Certain Record and Beneficial Owners and Management

(a) Security ownership of certain record and beneficial owners of more than 5% of the Company's securities, both listed and not listed, as of 31 August 2009.

Title of Class	*Name and Address of Owner/Relationship with Issuer*	*Name of Beneficial Ownership and Relationship with Record Owner*	*Citizenship*	*Number and Nature of Ownership*	*Percent of Class*[19]
Common	Antonio J. Roxas 7/F CG Building 101 Aguirre Street, Legaspi Village, Makati City Director	Antonio J. Roxas	Filipino	643,945,909[20] (direct)	22.11%
Common	SPCI Holdings, Inc.	SPCI Holdings, Inc.[21]	Philippine	642,779,582	22.07%

[19] 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 31 August 2009.

[20] Pursuant to the SEC-approved plan of merger between the *absorbed* RCI and the surviving corporation, CADPGC, Mr. Antonio J. Roxas' 54,991,111 RCI shares were surrendered in exchange for the Company's 643,945,909 shares. The said merger took effect on 29 June 2009.

Title of Class	*Name and Address of Owner/Relationship with Issuer*	*Name of Beneficial Ownership and Relationship with Record Owner*	*Citizenship*	*Number and Nature of Ownership*	*Percent of Class*[19]
	Unit 1701, The Peak Tower 107 Leviste St., Salcedo Village, Makati City		National	(direct)	
Common	Pedro E. Roxas 7/F CG Bldg., 101 Aguirre St., Legaspi Village, Makati City Executive Chairman	Pedro E. Roxas/ Pesan Holdings, Inc.	Filipino/ Philippine National	536,625,005[22] (direct & indirect)	18.43%
Common	HSBC OBO Manila 12/F, The Enterprise Center Tower I, 6766 Ayala Avenue Makati City	HSBC[23]	British National	273,234,090[24] (direct)	9.38%
Common	Pilar O. Roxas De Areilza Unit 3201 Regent Parkway Condominium, 21st Drive, Bonifacio Global City, Taguig	Pilar O. Roxas De Areilza	Filipino	262,706,512[25] (direct)	9.02%
Common	Marta O. Roxas Dela Rica	Marta O. Roxas Dela Rica	Spanish	258,180,365[26]	8.87%

[21] SPCI Holdings, Inc. is the holding company of the Elizalde family. The following individuals are the controlling shareholders of SPCI: Francisco Y. Elizalde, Mari Carmen Roxas de Elizalde, Santiago R. Elizalde, Francisco Jose R. Elizalde, Carlos R. Elizalde and Inigo R. Elizalde. Messrs. Francisco Jose R. Elizalde and Carlos R. Elizalde are directors of the Company, while Mr. Santiago R. Elizalde is the Company's Treasurer. The Board of Directors of SPCI consisting of its 6 shareholders, collectively, has the power to decide on how the shareholdings of SPCI in the Company shall be voted.

[22] In addition to the 938,892 shares owned on record by Mr. Pedro E. Roxas, he beneficially owned 762,217 PCD-lodged shares. Further, pursuant to the plan of merger between RCI and CADPGC, Mr. Pedro Roxas' 16,947,331 RCI shares were surrendered in exchange for the Company's 193,183,746 shares.

Mr. Roxas is the sole and controlling stockholder of Pesan Holdings, Inc. (PHI). In addition to the 18,554,607 shares owned on record by PHI, PHI acquired 7,000 shares on 14 August 2009. PHI also is the beneficial owner of 1,205,630 PCD-lodged shares. Pursuant to the plan of merger, PHI's 27,495,552 RCI shares were surrendered in exchange for the Company's 321,972,913 shares.

[23] The Company has no official information as to who are the beneficial owners of the shares in the name of HSBC OBO Manila.

[24] Pursuant to the plan of merger, HSBC OBO's 23,333,398 RCI shares were surrendered in exchange for the Company's 273,234,090 shares.

[25] Pursuant to the plan of merger, Ms. De Areilza's 21,996,442 RCI shares were surrendered in exchange for the Company's 257,578,335 shares. Ms. De Areilza is also the owner on record of 5,128,177 Company shares.

[26] Pursuant to the plan of merger, Ms. Dela Rica's 21,996,442 RCI shares were surrendered in exchange for the Company's 257,578,335 shares. Ms. Dela Rica is also the owner on record of 602,030 Company shares.

Title of Class	*Name and Address of Owner/Relationship with Issuer*	*Name of Beneficial Ownership and Relationship with Record Owner*	*Citizenship*	*Number and Nature of Ownership*	*Percent of Class*[19]
	c/o 7F CG Bldg., 101 Aguirre St., Legaspi Village, Makati City			(direct)	
Common	Beatriz Olgado Roxas Unit 3201 Regent Parkway Condominium, 21st Drive, Bonifacio Global City, Taguig Director	Beatriz Olgado Roxas	Spanish	257,579,335[27] (direct)	8.85%
TOTAL				**2,875,050,798**	**98.74%**

Except as stated above and in the related footnotes, the Board of Directors and Management of the Company have no knowledge of any person who, as of 31 August 2009, 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.

(b) Security Ownership of Management as of 31 August 2009.

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 31 August 2009:

Title of Class	*Name of Beneficial Owner*	*Citizenship*	*Number and Nature Of Ownership*	*Percent of Class*
Common	Pedro E. Roxas Executive Chairman	Filipino	536,625,005[28] (direct & indirect)	18.43 %
Common	Francisco F. Del Rosario, Jr. Director/President & CEO	Filipino	1,000 (direct)	0.00%
Common	Antonio J. Roxas Director	Filipino	643,945,909[29] (direct)	22.11%
Common	Beatriz O. Roxas Director	Spanish	257,579,335[30] (direct)	8.85%

[27] Pursuant to the plan of merger, Ms. Beatriz Roxas' 21,996,442 RCI shares were surrendered in exchange for the Company's 257,578,335 shares. Ms. Beatriz Roxas is also the owner on record of 1,000 Company shares.

[28] Please see footnote 22.

[29] Please see footnote 20.

[30] Please see footnote 27.

Common	Carlos R. Elizalde[31] Director	Filipino	1,200,320 (direct)	0.04%
Common	Francisco Jose R. Elizalde[32] Director	Filipino	1,203,013 (direct)	0.04%
Common	Ramon Y. Dimacali Independent Director	Filipino	1,000 (direct)	0.00%
Common	Senen Bacani Independent Director	Filipino	1,000 (direct)	0.00%
Common	Eduardo R. Areilza Director	Spanish	1,000 (direct)	0.00%
Common	Santiago R. Elizalde[33] Treasurer	Filipino	1,210,941[34] (direct)	0.04%
Common	Peter D. A. Barot Corporate Secretary	Filipino	0	0.00%
Common	Fritzie P. Tangkia-Fabricante Asst. Corp. Secretary	Filipino	0	0.00%
Common	**Directors and Officers As a Group**		**1,441,768,523**	**49.51%**

(c) 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.

[31] Messrs. Carlos R. Elizalde, Francisco Jose R. Elizalde and Santiago R. Elizalde are controlling shareholders of SPCI Holdings, Inc. SPCI, in turn, owns 642,779,582 or 22.07% of the Company's shares. Collectively, and together with the other three (3) directors of SPCI, they have the power to decide how the shareholdings of SPCI in the Company shall be voted.

[32] Please see footnote 31.

[33] Please see footnote 31.

[34] Mr. Santiago R. Elizalde is the owner of record of 1,210,930 shares. Pursuant to the plan of merger, Mr. S. Elizalde's 1 RCI share was surrendered in exchange for the Company's 11 shares.

(d) 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.

However, on 23 June 2009, the Securities and Exchange Commission approved:

(i) the Plan and Articles of Merger executed on 21 October 2008 and 29 April 2009, respectively, by and between CADPGC, the surviving corporation, and RCI, the absorbed corporation;

(ii) the Amended Articles of Incorporation of CADPGC, amending Articles I (name of the Corporation shall be "Roxas and Company, Inc.") and VIII (increase of authorized capital stock) thereof; and

(iii) the increase of the CADPGC's capital stock from Php1,962,500,000.00 divided into 1,962,500,000 shares with par value of Php1.00 each to Php3,375,000,000.00 divided into 3,375,000,000 shares with par value of Php1.00

and issued the corresponding Certificates therefor.

In the respective Board Meetings of RCI and CADPGC, a resolution setting 29 June 2009 as the Effective Date of the merger was approved.

As part of the reorganization process, Messrs. Miguel A. Gaspar, Ramon A. Picornell, Jr. and Geronimo C. Estacio resigned as members of the Board of the Company effective 25 June 2009. They were replaced by Ms. Beatriz O. Roxas and Francisco Jose R. Elizalde, directors of the absorbed RCI, and Mr. Eduardo R. Areilza.

(e) Certain Relationships and Related Transactions

As part of the corporate reorganization of the Roxas Group, the Company's stockholders approved: (i) the sale to 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. Pedro E. Roxas, Antonio J. Roxas, Beatriz O. Roxas and Francisco F. Del Rosario, Jr., incumbent directors of the Company, are also directors of RHI. Mr. Santiago R. Elizalde, the current Treasurer of the Company, is likewise a director of RHI.

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 Mr. Santiago R. Elizalde (Company treasurer), and directors Carlos R. Elizalde and Eduardo R. Areilza, are members of the Roxas family which owns RCI.

Mr. Francisco F. Del Rosario, Jr., a director and the President/CEO of the Company, was likewise a director and the President/CEO of the absorbed RCI.

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.

PART V - CORPORATE GOVERNANCE

In compliance with SEC Memorandum Circular No. 2 dated 5 April 2002, the Company submitted its Manual on Corporate Governance on 30 August 2002. Since its effectivity on 1 January 2003, the Company has complied with the principles contained in the Manual 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, compensation and nomination committees, 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 revise its Manual on Corporate Governance in order to comply with the SEC Revised Rules on Corporate Governance.

PART VI - EXHIBITS AND SCHEDULES

Exhibits and Reports on SEC Form 17-C.

(a) Exhibits

Certified 2008-2009 Consolidated Financial Statements with Supplementary Schedules.

(b) Reports on SEC Form 17-C.

1. On <u>21 October 2008</u>, the Company disclosed that the record date for the 03 December 2008 Annual Stockholders' Meeting is 04 November 2008 and not 14 November 2008.

2. On <u>28 October 2008</u>, the Company disclosed that (a) the Board of Directors of Central Azucarera Don Pedro, Inc., a subsidiary of the Company, approved a resolution authorizing the declaration of a cash dividend in the sum of ₱0.20 per share payable to all shareholders of record as of 11 November 2008, and (b) the cash dividend will be paid on 14 November 2008.

3. On <u>20 November 2008</u>, the Company disclosed that Roxas & Company, Inc. has increased its tender offer price to the Company's minority shareholders from ₱2.52 per share to ₱2.84 per share, or an increase of ₱0.32 per share.

4. On <u>03 December 2008</u>, the Company disclosed that the shareholders of CADPGC, in their regular meeting held on 03 December 2008, approved the following corporate actions:

   a. the proposed restructuring consisting of the sale of the net assets of the corporation amounting to ₱115,796,466.00 as well as the sale of all the operating subsidiaries/affiliate of CADPGC namely, Central Azucarera Don Pedro, Inc. (CADPI), Central Azucarera de la Carlota, Inc. (CACI), CADP Farm Services, Inc., CADP Consultancy Services, Inc., Jade Orient Management Services, Inc., Najalin Agri-Ventures, Inc. and Hawaiian-Philippine Company, in favor of Roxas Holdings, Inc. (RHI) at the price of ₱3,837,972,401.00;

   b. the proposed merger of CADPGC with Roxas & Company, Inc. after the aforementioned sale;

   c. the proposed amendments to Article I and Article VIII of the Articles of Incorporation of the corporation for the purposes of i) changing the name of CAPDGC to Roxas and Company, Inc., and ii) increasing the authorized capital stock of CADPGC from ₱1,962,500,000.00 to ₱3,375,000,000.00;

   The Company likewise disclosed that:

a. the shareholders elected the following persons to the Board of Directors of CADPGC for the fiscal year 2008-2009:

Pedro E. Roxas	Antonio J. Roxas
Miguel A. Gaspar	Senen C. Bacani
Carlos R. Elizalde	Ramon Y. Dimacali
Geronimo C. Estacio	Francisco F. Del Rosario, Jr.
Ramon A. Picornell, Jr.	

b. the auditing firm of Sycip Gorres Velayo & Co. was elected as external auditors of CADPGC for the fiscal year 2008-2009;

c. the organizational meeting of the newly-elected members of the Board of Directors was set on 05 December 2008 wherein the members of the Audit, Compensation and Nomination committees would be elected.

5. On 05 December 2008, the Company disclosed that:

a. the following officers were elected during the organizational and regular meeting of the Board of Directors held on 05 December 2008:

Pedro E. Roxas	-	Executive Chairman
Miguel A. Gaspar	-	Vice-Chairman
Ramon A. Picornell, Jr.	-	President & CEO

b. the following directors were elected to the Audit, Compensation and Nomination Committees:

Audit Committee

Geronimo C. Estacio	-	Chairman
Ramon Y. Dimacali	-	Member
Senen C. Bacani	-	Member

Compensation Committee

Senen C. Bacani	-	Chairman
Ramon Y. Dimacali	-	Member
Pedro E. Roxas	-	Member

Nomination Committee

Pedro E. Roxas	-	Chairman
Antonio J. Roxas	-	Member
Ramon Y. Dimacali	-	Member

6. On 26 March 2009, the Company disclosed that the Board of Directors, in its regular meeting held on 26 March 2009, accepted the resignation of Mr. Ramon A. Picornell, Jr. as President & CEO of the corporation effective on the said date. In his stead, Mr. Francisco F. Del Rosario, Jr. was elected by the Board of Directors as President & CEO of the Company.

7. On 24 June 2009, the Company disclosed that on 23 June 2009, the Securities and Exchange Commission approved:

a. the Plan and Articles of Merger executed on 21 October 2008 and 29 April 2009, respectively, by and between CADPGC, the surviving corporation, and RCI, the absorbed corporation;

b. the Amended Articles of Incorporation of CADPGC, amending Articles I (name of the Corporation shall be “Roxas and Company, Inc.”) and VIII (increase of authorized capital stock) thereof; and

c. the increase of the CADPGC's capital stock from ₱1,962,500,000.00 divided into 1,962,500,000 shares with par value of ₱1.00 each to ₱3,375,000,000.00 divided into 3,375,000,000 shares with par value of ₱1.00

and issued the corresponding Certificates therefor.

The Company likewise disclosed that in view of the change in the corporate name from CADP Group Corporation to Roxas and Company, Inc., the Company and its stock transfer agent, Unionbank of the Philippines, as a policy, will honor old stock certificates bearing the corporate name CADP Group Corporation as shares of stock of the Company are traded in the market. However, should the shareholders of the corporation decide to exchange their outstanding stock certificates with stock certificates bearing the new name of the Company, the said shareholders may request the Stock Transfer Office of the Unionbank of the Philippines located at the 23rd Floor, Unionbank Plaza, Meralco Avenue corner Onyx Street, Pasig City to process their requests for the change in their stock certificates.

Finally, the Company disclosed that the increase in the Authorized Capital Stock of the Company was effected in view of the merger between CADPGC and RCI. The increase in the authorized capital stock was necessary to satisfy the share swap ratio in the merger.

8. On 25 June 2009, the Company disclosed that the Board of Directors, in its regular meeting held on 25 June 2009:

a. accepted the resignation of Atty. Lorna Kapunan as Corporate Secretary and Atty. Florencio M. Mamauag, Jr. as Assistant Corporate Secretary, Compliance Officer and Corporate Information Officer;

b. appointed Atty. Peter D. Barot as Corporate Secretary, Atty. Fritzie P. Tangkia-Fabricante as Assistant Corporate Secretary, Compliance Officer and Corporate Information Officer, and Ms. Celeste Jovenir as Assistant Corporate Information Officer;

c. accepted the resignation of Messrs. Miguel A. Gaspar, Ramon A. Picornell, Jr. and Geronimo C. Estacio from the Board of Directors;

d. elected Ms. Beatriz O. Roxas, Messrs. Francisco Jose R. Elizalde and Eduardo R. Areilza to the Board of Directors;

e. reorganized the Audit, Nomination and Compensation Committees as follows:

AUDIT COMMITTEE

Mr. RAMON Y. DIMACALI	-	Chairman
Mr. SENEN C. BACANI	-	Member
Mr. EDUARDO R. AREILZA	-	Member

COMPENSATION COMMITTEE

Mr. SENEN C. BACANI	-	Chairman
Mr. RAMON Y. DIMACALI	-	Member
Mr. PEDRO E. ROXAS	-	Member

NOMINATION COMMITTEE

Mr. PEDRO E. ROXAS	-	Chairman
Mr. ANTONIO J. ROXAS	-	Member
Mr. RAMON Y. DIMACALI	-	Member

f. as part of the reorganization process, accepted the resignation of Ms. Asuncion S. Aguilar as SVP Finance & Treasurer, Mr. Melchor A. Layson as VP-Strategic Projects, Mr. Dean L. Guevarra as VP-Resident Manager (CADPI), Mr. Eduardo V. Concepcion as VP-Resident Manager (CACI), Ms. Ma. Elizabeth D. Nasol as VP-Corporate Human Resources, Mr. Ramon S. Reyes as VP-Corporate Marketing, Mr. Luis Mari L. Zabaljauregi as VP-Ethanol Project, and Atty. Florencio M. Mamauag, Jr. as VP-Legal;

g. appointed Mr. Santiago R. Elizalde as Treasurer;

h. set 29 June 2009 as the effectivity date of the merger between CADPGC and RCI;

i. authorized the Company to apply with the Bureau of Internal Revenue for tax-free ruling for the merger of CADPGC and RCI pursuant to Section 40 (C)(2) of the Tax Code of 1997;

j. authorized the Company to apply with the Philippine Stock Exchange for the additional listing of 1,365,990,294 common shares in connection with the merger between CADPGC and RCI;

k. confirmed the appointment of Unionbank Trust & Investment Services Group as the Company's stock transfer agent;

l. approved the assignment and transfer to Central Azucarera de la Carlota, Inc. of all of the Company's rights, title and interest in the case entitled "Central Azucarera de la Carlota vs. Napoleon I. Tumonong", docketed as Civil Case No. 02-11669 pending before the Regional Trial Court of Bacolod City, Branch 53;

m. authorized the enrollment of the Company in the BIR Electronic Filing and Payment System; and

n. confirmed the authority of the Company's signatories to the Company's accounts, investments and placements with several banks.

9. On <u>24 September 2009</u>, the Company disclosed that its Board of Directors, in its regular meeting held on 24 September 2009:

   a. approved, upon the favorable recommendation of the Audit Committee, the Audited Financial Statements of the absorbed company, Roxas & Company, Inc. (Parent), as of and ending on 29 June 2009;

   b. approved, upon the favorable recommendation of the Audit Committee, the Audited Financial Statements of the Company (Parent and Consolidated) as of and ending on 30 June 2009;

   c. approved the revised Audit Charter, which was endorsed by the Audit Committee, in accordance with the Revised Code of Corporate Governance;

   d. set the Annual Stockholders' Meeting of the Company on 18 November 2009 at 10 o'clock in the morning to be held at Ballroom 1 of Renaissance Makati City Hotel Manila (formerly New World Hotel), Esperanza Street corner Makati Avenue, Makati City;

   e. set 15 October 2009 as the record date for the purpose of the ASM; and

   f. appointed Atty. Fritzie P. Tangkia-Fabricante as the Company's Assistant Vice President for Legal Affairs.

10. On <u>02 October 2009</u>, the Company disclosed that it has created a new website, which may be accessed at the following website address: <u>www.roxascompany.com.ph</u>.

11. On 08 October 2009, the Company disclosed that the Board of Directors of the Company approved Management's proposal to include the following statement to the Notes[35] to the Audited Financial Statements as of, and for the fiscal year ending, 30 June 2009:

> "The Company plans to eliminate the "Other Equity Reserves" with a negative balance of (₱3,988,787,511)[36] by (i) reclassifying the Share Premium of ₱1,611,393,028 to absorb a portion of the Other Equity Reserves pursuant to an equity restructuring for which approval from the SEC will be sought, and (ii) the remainder, by periodically applying a portion of the retained earnings of the Company, until the Other Equity Reserves are totally eliminated."

The Company likewise disclosed that it was now holding office at the **7th Floor**[37] of Cacho Gonzales Building, 101 Aguirre Street, Legaspi Village,1229 Makati City.

12. On 14 October 2009, the Company disclosed that:

   a. the Board of Directors authorized the Company to apply for, negotiate and obtain an additional loan from Banco De Oro Unibank, Inc. (the "Bank") amounting to Php210 Million for the purpose of financing the full implementation of the Roxas Group reorganization plan;

   b. the Board likewise passed resolutions (i) authorizing the Company to mortgage, pledge, assign or otherwise encumber in favor of the Bank assets of the Company, whether real or personal, particularly CCT No. 42020, TCT Nos. T-60019, T-60020, T-60021 and the Company's shares of stock in Roxas Holdings, Inc. under Stock Certificate Nos. 000031, 000032, 000034 and 00388[38], as collaterals for the existing Php217 Million loan and the additional Php210 Million loan, and (ii) ratifying and confirming all that the authorized signatories may lawfully do or cause to be done by virtue of the authority given to them; and

   c. pursuant to the said authority, the Company has secured a Php210 Million loan facility from the Bank, with the undertaking to execute the mortgage and pledge documents covering the above-mentioned collaterals.

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[35] Note 25 in the Consolidated Financial Statements; Note 20 in the Parent Company Financial Statements.

[36] In the Parent Company Financial Statements. The counterpart amount in the Consolidated Financial Statements is (₱ 3,793,136,000.00).

[37] Previously, at the 6th Floor.

[38] The total number of shares is 391,519,670.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Makati City on OCT 23 2009.

By:

PEDRO E. ROXAS
Executive Chairman

FRANCISCO F. DEL ROSARIO, JR.
President and Chief Executive Officer

SANTIAGO R. ELIZALDE
Treasurer

FRITZIE P. TANGKIA-FABRICANTE
Assistant Corporate Secretary

VIRGINIA R. ALCAIDE
Finance Manager

SUBSCRIBED AND SWORN to before me this OCT 23 2009 in Makati City affiants exhibiting to me their Passports and Community Tax Certifiactes, as follows:

Names	Passport No.	Date of Issue/Expiry	CTC/Issue Date	Place of Issue
Pedro E. Roxas	ZZ156715	14 Nov. 2005-2010	00531973/28 Feb. 2009	Makati City
Francisco F. Del Rosario, Jr.	UU0633195	20 Feb. 2007-2012	13609021/04 Jan. 2009	Pasig City
Santiago R. Elizalde	ZZ146860	20 June 2005-2010	13291872/29 Jan. 2009	Makati City
Fritzie P. Tangkia-Fabricante	XX0850429	03 April 2008-2013	00531965/28 Feb. 2009	Makati City
Virginia R. Alcaide	Phil. Drivers License No. N26-05-002298	Expiry 15 Aug. 2010	00531964/28 Feb. 2009	Makati City

Doc. No. 334;
Page No. 68;
Book No. 10;
Series of 2009.

JOSEPH P. GUEVARRA
Notary Public - Makati City
Until 31 December 2009
6/F Cacho Gonzales Building
101 Aguirre Street, Legaspi Village, Makati City
PTR No. 1583518/January 15, 2009/Makati City
IBP No. 776962/January 20, 2009/Makati City
Appointment No. M-396
Roll No. 52501

ANNEX "A"

Roxas & Company, Inc.

ANNEX "A"

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Roxas and Company, Inc.(the Company) is responsible for all information and representations contained in the consolidated financial statements as of and for the years ended June 30, 2009 and 2008. The consolidated financial statements have been prepared in conformity with Philippine Financial Reporting Standards (PFRS) and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting, which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are recognized. The management likewise discloses to the Company's Audit Committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process and report financial data, (ii) material weaknesses in the internal controls, and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the Company.

SGV & Co., a member firm of the Ernst & Young Global, the independent auditors and appointed by the stockholders, has examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing and have expressed its opinion on the fairness of presentation in accordance with PFRS upon completion of such examination, in its report to the Stockholders and the Board or Directors.

Issued in Makati City on September 24, 2009

PEDRO E. ROXAS
Executive Chairman

FRANCISCO F DEL ROSARIO
President

VIRGINIA R. ALCAIDE
Finance Manager

7/F Cacho-Gonzales Bldg., 101 Aguirre St., Legaspi Village, Makati City 1229, Philippines
Trunk Lines: (632) 8108901 to 06, (632) 810-9251 to 57
Fax Nos.: (632) 817-9247, (632) 817-1875

SUBSCRIBED AND SWORN to me before this 21ST day of September 2009; affiants exhibited to me their respective Community Tax Certificates, as follows

Pedro E. Roxas	00531973	February 28, 2009	Makati City
Francisco F. Del Rosario Jr.	13609021	January 04, 2009	Pasig City
Virginia R. Alcaide	00531964	February 28, 2009	Makati City

ATTY. ANTONIO M. SANTOS
NOTARY PUBLIC
UNTIL DECEMBER 31, 2010
PTR No. 12922788 ISSUED ON 23, 09
IBP No. 99802 ISSUED ON 21 09
ROLL NO. 23410 LIFETIME

Doc. No. 417
Page No. 85
Book No. XVI
Series of 2009

COVER SHEET

PW-834

SEC Registration Number

ROXAS AND COMPANY, INC.
(Formerly CADP Group Corporation)
AND SUBSIDIARIES

(Company's Full Name)

7th Floor, Cacho-Gonzales
Building, 101 Aguirre Street,
Legaspi Village, Makati City

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

Santiago R. Elizalde
(Contact Person)

(02) 810-8901
(Company Telephone Number)

06 30
Month *Day*
(Fiscal Year)

AACFS
(Form Type)

Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Phone: (632) 891 0307
Fax: (632) 819 0872
www.sgv.com.ph

BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-1

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Roxas and Company, Inc.
7th Floor, Cacho-Gonzales Building
101 Aguirre Street, Legaspi Village
Makati City

We have audited the accompanying consolidated financial statements of Roxas and Company, Inc. (formerly CADP Group Corporation) and subsidiaries, which comprise the consolidated balance sheets as at June 30, 2009 and 2008, and the consolidated statements of income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements of Hawaiian Philippine Company (HPCo), 29.62%-owned associate accounted for under equity method, have been audited by other auditors whose report was furnished to us, and our opinion on the consolidated financial statements, insofar as it relates to the amounts included for HPCo, is based solely on the report of other auditors. Roxas and Company, Inc.'s investment in HPCo represents 2.54 % and 3.60% of the total consolidated assets as of June 30, 2009 and 2008, and its share in HPCo's net income in 2009 and 2008 represents 0.88% and 0.74% of the consolidated revenue and 92.51% and 9.96% of the consolidated net income, respectively. The consolidated financial statements of Roxas and Company, Inc. and subsidiaries as of and for the six-month period ended June 30, 2007, which are presented for comparative purposes, were audited by other auditors whose report thereon dated October 3, 2008, expressed an unqualified opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained and the report of the other auditors are sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements present fairly, in all material respects, the financial position of Roxas and Company, Inc. and subsidiaries as of June 30, 2009 and 2008, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Josephine H. Estomo

Josephine H. Estomo
Partner
CPA Certificate No. 46349
SEC Accreditation No. 0078-AR-1
Tax Identification No. 102-086-208
PTR No. 1566427, January 5, 2009, Makati City

September 24, 2009

ROXAS AND COMPANY, INC.
(Formerly CADP Group Corporation)
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2009 and 2008
(Amounts in Thousands)

	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 28)	**₱342,999**	₱382,888
Receivables (Note 5)	**1,000,793**	701,025
Inventories (Note 6)	**1,468,889**	1,348,287
Real estate for sale and development (Note 7)	**330,275**	329,200
Prepayments and other current assets (Note 8)	**305,578**	195,551
Total Current Assets	**3,448,534**	2,956,951
Noncurrent Assets		
Property, plant and equipment (Note 11):		
At cost	**7,152,403**	4,133,786
At appraised values	**2,518,174**	2,518,174
Investment in shares of stock of associates (Note 9)	**739,125**	726,384
Investment properties (Note 10)	**347,956**	354,223
Net pension assets (Note 17)	**146,533**	122,261
Deferred income tax assets - net (Note 24)	**8,120**	57,444
Other noncurrent assets (Note 16)	**53,091**	87,589
Total Noncurrent Assets	**10,965,402**	7,999,861
TOTAL ASSETS	**₱14,413,936**	₱10,956,812
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings (Note 12)	**₱3,002,500**	₱768,052
Accounts payable and accrued expenses (Note 13)	**884,691**	721,803
Customers' deposits (Note 14)	**199,019**	229,731
Income tax payable	**4,747**	107,770
Dividends payable	**8,919**	42,178
Current portion of long-term borrowings (Note 15)	**–**	22,797
Total Current Liabilities	**4,099,876**	1,892,331
Noncurrent Liabilities		
Long-term borrowings - net of current portion (Note 15)	**3,251,973**	1,838,409
Net pension benefit obligation (Note 17)	**74,210**	63,772
Deferred income tax liabilities - net (Note 24)	**711,466**	721,988
Total Noncurrent Liabilities	**4,037,649**	2,624,169
Total Liabilities	**8,137,525**	4,516,500

(Forward)

	2009	2008
EQUITY (Notes 1 and 25)		
Attributable to the equity holders of the Company:		
Share capital	**₱2,911,886**	₱2,911,886
Share premium	**1,611,393**	1,611,393
Other equity reserve	**(3,793,136)**	(3,793,136)
Effect of change in ownership interest in subsidiaries	**(81,066)**	(46,881)
Revaluation increment on properties	**1,233,949**	1,175,819
Share in revaluation increment on land of an associate	**136,322**	129,641
Share in fair value reserve of associates	**3,623**	3,623
Retained earnings	**2,264,426**	2,273,731
	4,287,397	4,266,076
Minority interest	**1,989,014**	2,174,236
Total Equity	**6,276,411**	6,440,312
TOTAL LIABILITIES AND EQUITY	**₱14,413,936**	₱10,956,812

See accompanying Notes to Consolidated Financial Statements.

ROXAS AND COMPANY, INC.
(Formerly CADP Group Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008
[Amounts in Thousands, Except for Basic/Diluted Earnings (Loss) Per Share]
(With Figures for the Six-month Period Ended June 30, 2007)

	2009	2008	2007
	(One Year)	(One Year)	(Six Months, Note 2)
REVENUE (Note 19)	**₱5,932,606**	₱6,129,949	₱4,113,229
COST OF SALES (Note 20)	**5,000,519**	4,970,338	3,311,030
GROSS PROFIT	**932,087**	1,159,611	802,199
Operating expenses (Note 21)	**(710,302)**	(606,014)	(360,320)
Equity in net earnings of associates (Note 9)	**82,415**	91,592	83,137
Interest income (Note 4)	**25,779**	28,507	17,200
Interest expense (Notes 12 and 15)	**(146,977)**	(66,946)	(39,910)
Other income - net (Note 23)	**60,552**	73,127	37,976
INCOME BEFORE INCOME TAX	**243,554**	679,877	540,282
PROVISION FOR INCOME TAX (Note 24)			
Current	**142,776**	183,831	180,396
Deferred	**44,271**	33,801	(12,081)
	187,047	217,632	168,315
NET INCOME	**₱56,507**	₱462,245	₱371,967
Attributable to:			
Equity holders of the Company	**(₱4,487)**	₱273,595	₱186,173
Minority interest	**60,994**	188,650	185,794
	₱56,507	₱462,245	₱371,967
BASIC/DILUTED EARNINGS (LOSS) PER SHARE (Note 26)	**(₱0.002)**	₱0.09	₱0.06

See accompanying Notes to Consolidated Financial Statements.

ROXAS AND COMPANY, INC. (Formerly CADP Group Corporation) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008
(With Figures for the Six-month Period Ended June 30, 2007)
(Amounts in Thousands)

	Attributable to the Company (Notes 1 and 25)										
	Share Capital	Share Premium	Other Equity Reserve	Effect of Change in Ownership	Revaluation Increment on Properties	Share in Revaluation Increment on Land of an Associate	Share in Fair Value Reserve of Associates	Retained Earnings	Total	Minority Interests (Notes 1 and 25)	Total
BALANCES AS OF DECEMBER 31, 2006	**₱2,911,886**	**₱1,611,393**	**(₱3,793,136)**	**₱–**	**₱797,133**	**₱105,821**	**(₱3,877)**	**₱1,854,942**	**3,484,162**	**₱2,613,790**	**₱6,097,952**
Transfer of revaluation increment on properties through depreciation	–	–	–	–	(12,381)	–	–	12,381	–	–	–
Transfer of revaluation increment realized through sale of lots	–	–	–	–	(240)	–	–	240	–	–	–
Change in fair value of available for sale investments	–	–	–	–	–	–	7,500	–	7,500	–	7,500
Total income and expenses for the year recognized directly in equity	–	–	–	–	(12,621)	–	7,500	12,621	7,500	–	7,500
Net income for the period	–	–	–	–	–	–	–	186,173	186,173	185,794	371,967
Total income and expenses for the year	–	–	–	–	(12,621)	–	7,500	198,794	193,673	185,794	379,467
Dividends declared	–	–	–	–	–	–	–	(20,000)	(20,000)	(29,827)	(49,827)
Changes in ownership interest in subsidiary resulting in the reduction of minority interest	–	–	–	56,356	–	–	–	–	56,356	(120,123)	(63,767)
BALANCES AS OF JUNE 30, 2007	**2,911,886**	**1,611,393**	**(3,793,136)**	**56,356**	**784,512**	**105,821**	**3,623**	**2,033,736**	**3,714,191**	**2,649,634**	**6,363,825**
Transfer of revaluation increment on properties through depreciation	–	–	–	–	(12,381)	–	–	12,381	–	–	–
Transfer of revaluation increment realized through sale of parcels of land	–	–	–	–	(4,019)	–	–	4,019	–	–	–
Revaluation of properties during the year	–	–	–	–	241,686	–	–	–	241,686	130,138	371,824
Total income and expenses for the year recognized directly in equity	–	–	–	–	225,286	–	–	16,400	241,686	130,138	371,824
Net income for the year	–	–	–	–	–	–	–	273,595	273,595	188,650	462,245
Total income and expenses for the year	–	–	–	–	225,286	–	–	289,995	515,281	318,788	834,069
Dividends declared	–	–	–	–	–	–	–	(50,000)	(50,000)	(39,737)	(89,737)
Changes in ownership interest in subsidiary resulting in the reduction of minority interest	–	–	–	(103,237)	166,021	23,820	–	–	86,604	(754,449)	(667,845)

(Forward)

	Attributable to the Company (Notes 1 and 25)										
	Share Capital	Share Premium	Other Equity Reserve	Effect of Change in Ownership	Revaluation Increment on Properties	Share in Revaluation Increment on Land of an Associate	Share in Fair Value Reserve of Associates	Retained Earnings	Total	Minority Interests (Notes 1 and 25)	Total
BALANCES AS OF JUNE 30, 2008	**₱2,911,886**	**₱1,611,393**	**(₱3,793,136)**	**(₱46,881)**	**₱1,175,819**	**₱129,641**	**₱3,623**	**₱2,273,731**	**₱4,266,076**	**₱2,174,236**	**₱6,440,312**
Transfer of revaluation increment on properties through depreciation	–	–	–	–	(12,381)	–	–	12,381	–	–	–
Transfer of revaluation increment realized through sale of lots	–	–	–	–	(7,801)	–	–	7,801	–	–	–
Total income and expenses for the year recognized directly in equity	–	–	–	–	(20,182)	–	–	20,182	–	–	–
Net income (loss) for the year	–	–	–	–	–	–	–	(4,487)	(4,487)	60,994	56,507
Total income and expenses for the year	–	–	–	–	(20,182)	–	–	15,695	(4,487)	60,994	56,507
Dividends declared	–	–	–	–	–	–	–	(25,000)	(25,000)	(40,385)	(65,385)
Changes in ownership interest in subsidiary resulting in the reduction of minority interest (Note 1)	–	–	–	(34,185)	78,312	6,681	–	–	50,808	(205,831)	(155,023)
BALANCES AS OF JUNE 30, 2009	**₱2,911,886**	**₱1,611,393**	**(₱3,793,136)**	**(₱81,066)**	**₱1,233,949**	**₱136,322**	**₱3,623**	**₱2,264,426**	**₱4,287,397**	**₱ 1,989,014**	**₱6,276,411**

See accompanying Notes to Consolidated Financial Statements

ROXAS AND COMPANY, INC.
(Formerly CADP Group Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008
(Amounts in Thousands)
(With Figures for the Six-month Period Ended June 30, 2007)

	2009	2008	2007
	(One Year)	(One Year)	(Six Months, Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱243,554**	₱679,877	₱540,282
Adjustments for:			
Depreciation (Notes 10, 11, 20 and 21)	**307,087**	330,694	236,422
Loss on disposal of property, plant and equipment and investment properties (Note 11)	**10,987**	–	–
Equity in net earnings of associates (Note 9)	**(82,415)**	(91,592)	(83,137)
Interest income	**(25,779)**	(28,507)	(17,200)
Interest expense (Notes 12 and 15)	**146,977**	66,946	39,910
Change in fair value of biological assets (Note 8)	**5,995**	(6,378)	(5,973)
Impairment of investment in shares of stock	**1,154**	–	–
Unrealized foreign exchange gain (losses) and others	**(27)**	7,332	4,348
Net cash from operations before working capital changes	**607,533**	958,372	714,652
Decrease (increase) in:			
Receivables	**(295,645)**	222,794	(137,664)
Inventories	**(137,146)**	10,639	(155,551)
Real estate	**(1,075)**	17,414	(49,744)
Prepayments and other current assets	**(81,506)**	(51,516)	155,283
Increase (decrease) in:			
Accounts payable and accrued expenses	**122,756**	72,128	35,596
Customers' deposits	**(30,712)**	130,341	(200,209)
Other current liabilities	**(22,797)**	–	(12,259)
Provisions for:			
Impairment of receivables	**9,832**	698	12,141
Inventory losses	**11,234**	15,001	27,180
Materials and supplies obsolescence	**5,310**	2,218	–
Increase in net pension assets	**(13,834)**	(6,563)	(106,288)
Cash generated from operations	**173,950**	1,371,526	283,137
Interest received	**11,824**	14,618	17,200
Income tax paid, including creditable withholding and final taxes withheld	**(280,315)**	(223,895)	(146,245)
Net cash from (used in) operating activities	**(94,541)**	1,162,249	154,092
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment (Note 11)	**(3,338,025)**	(2,126,775)	(230,449)
Acquisitions of investment properties	–	(276)	362
Proceeds from sale of property, plant and equipment and investment properties	**25,943**	10,681	133,903
Dividends received (Note 9)	**68,520**	68,805	–
Decrease (increase) in other noncurrent assets	**34,498**	(9,612)	356,821
Net cash flows from (used in) investing activities	**(3,209,064)**	(2,057,177)	260,637

(Forward)

	2009	2008	2007
	(One Year)	(One Year)	(Six Months, Note 2)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from (payments of) short-term borrowings (Note 12)	**₱2,234,448**	₱397,000	(₱318,000)
Proceeds from long-term borrowings (Note 15)	**1,425,000**	1,850,000	25,000
Payments of long-term borrowings (Note 15)	**(31,478)**	(592,118)	(123,010)
Interest paid (Note 12 and 15)	**(105,320)**	(64,649)	(39,910)
Debt commitment fees paid (Note 15)	**–**	(60,306)	–
Dividends paid (Note 25)	**(98,644)**	(130,723)	–
Reacquisition of shares of stock of subsidiaries (Note 25)	**(160,492)**	(679,878)	–
Net cash flows from (used in) financing activities	**3,263,514**	719,326	(455,920)
EFFECT OF FOREIGN EXCHANGE CHANGES ON CASH AND CASH EQUIVALENTS	**202**	(7,332)	(4,348)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(39,889)**	(182,934)	(45,539)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR (Note 4)	**382,888**	565,822	611,361
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (Note 4)	**₱342,999**	₱382,888	₱565,822

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information, Group Restructuring and Merger and Authorization for the Issuance of the Consolidated Financial Statements

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

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

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

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

Group Restructuring and Merger
Roxas and Company, Inc. and its subsidiaries (collectively, the Group), has undertaken corporate restructuring in fiscal year 2009. On December 15, 2008, RHI purchased all the sugar-related operating subsidiaries and an associate, as well as certain assets and liabilities of CADPGC for a total consideration of ₱3,838.0 million. With no more sugar-related subsidiaries and an associate, RHI sold its investment in CADPGC to RCI for ₱3,927.3 million on January 23, 2009. Just before the merger discussed below, CADPGC was 95.93% owned by RCI (see Note 25).

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

The merger was accounted for similar to pooling of interests. The assets and liabilities of CADPGC and RCI were reflected at their carrying values and comparatives were restated to include balances and transactions as if the entities had been merged at the beginning of the earliest period presented. As a result, the excess between the consideration received and the equity acquired amounting to ₱3.8 billion is reflected as a component of equity in the equity section of the consolidated balance sheet and in the consolidated statement of changes in equity.

The Company is controlled by various individual shareholders and domestic corporations, namely Pesan Holdings, Inc. and SPCI Holdings, Inc.

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

Authorization for the Issuance of the Consolidated Financial Statements
The consolidated financial statements as of and for the years ended June 30, 2009 and 2008 (with comparative figures for the six-month period ended 2007) have been approved and authorized for issuance by the Company's Board of Directors (BOD) on September 24, 2009.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation and Statement of Compliance
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS, in general, includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the Standing Interpretations Committee, Philippine Interpretations Committee and International Financial Reporting Interpretations Committee (IFRIC) Interpretations which have been approved by the Philippine Financial Reporting Standards Council and adopted by the Philippine SEC.

The consolidated financial statements have been prepared using the historical cost basis, except for land, which is stated at revalued amounts, and consumable biological assets, which are carried at fair value. The consolidated financial statements are presented in Philippine peso, the Company's functional and presentation currency and rounded to the nearest thousand, except when otherwise indicated.

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

On June 27, 2006, the BOD and stockholders approved the change in the RCI's accounting period from calendar year ending December 31 to fiscal year ending June 30 to align the reporting with that of the other companies in the Group. The amended by-laws carrying the necessary amendment related to this change were approved by the Philippine SEC on June 20, 2006. The change in accounting period was also approved by the Bureau of Internal Revenue on May 11, 2007. Correspondingly, the 2007 consolidated statements of income, changes in equity and cash flows represent financial performance and cash flows of the Group for the six month-period ended June 30, 2007.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following Philippine Interpretations based on IFRIC Interpretations and amendments to existing standards, which became effective to the Group on July 1, 2008. Adoption of the following changes in PFRS did not have significant effect to the Group:

- Philippine Interpretation IFRIC 11, *PFRS 2 - Group and Treasury Share Transactions*
- Philippine Interpretation IFRIC 14, *PAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction*
- PAS 39, *Financial Instruments: Recognition and Measurement* and PFRS 7, *Financial Instruments: Disclosures - Reclassification of Financial Assets*

New Accounting Standards, Interpretations and Amendments to
Existing Standards Effective Subsequent to June 30, 2009
The Group will adopt the following standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its consolidated financial statements. The relevant disclosures will be included in the notes to the consolidated financial statements when these become effective.

Effective Fiscal Year Ending June 30, 2010

- Amendment to PFRS 2, *Share-based Payment - Vesting Condition and Cancellations*
  The standard has been amended to clarify the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled.

- Revised PFRS 3, *Business Combinations* and
  Revised PAS 27, *Consolidated and Separate Financial Statements*
  The revised PFRS 3 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The revised PAS 27 requires, among others, that (a) change in ownership interests of a subsidiary (that do not result in loss of control) will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to a gain or loss; (b) losses incurred by the subsidiary will be allocated between the controlling and non-controlling interests (previously referred to as "minority interests"); even if the losses exceed the non-controlling equity investment in the subsidiary; and (c) on loss of control of a subsidiary, any retained interest will be remeasured to fair value and this will impact the gain or loss recognized on disposal. The changes introduced by the revised PFRS 3 must be applied prospectively and PAS 27 must be applied retrospectively, except for some scenarios, and will affect future acquisitions and transactions with non-controlling interests.

- PFRS 8, *Operating Segments*
  This standard replaces PAS 14, *Segment Reporting*, and adopts a management approach to reporting segment information. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. Such information may be different from that reported in the balance sheet and statement of income and companies will need to provide explanations and reconciliations of the differences.

- Revised to PAS 1, *Presentation of Financial Statements*
  This amendment requires a company to present all items of income and expense recognized in the period in a single statement of comprehensive income or in two statements: a separate statement of income and a statement of comprehensive income. The statement of comprehensive income shall disclose profit and loss for the period, plus each component of income and expense recognized outside of profit and loss.

- PAS 23, *Borrowing Costs*
  This standard requires capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period to get ready for its intended use or sale. In accordance with the transitional requirements of this standard, the Group will adopt this as a prospective change. However, such adoption will not affect the consolidated financial statements since it is already the Group's policy to capitalize borrowing cost on qualifying assets.

- Amendment to PAS 27, *Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
  Amendment to PAS 27 has changes in respect of the holding companies separate financial statements including (a) the deletion of "cost method", making the distinction between pre- and post-acquisition profits no longer required; and (b) in cases of reorganizations where a new parent is inserted above an existing parent of the group (subject to meeting specific requirements), the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. All dividends will be recognized in profit or loss. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.

- Amendments to PAS 32, *Financial Instruments: Presentation* and PAS 1 *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
  These amendments identify, among others, certain specified features, the presence of all of which will make puttable financial instruments to be classified as equity.

- Amendment to PAS 39, *Financial Instruments: Recognition and Measurement - Eligible Hedged Items*
  Amendment to PAS 39 addresses only the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
  This interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and realized in income over the period that the award credits are redeemed or expire.

- Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*
  This interpretation provides guidance on identifying foreign currency risks that qualify for hedge accounting in the hedge of net investment; where within the group the hedging instrument can be held in the hedge of a net investment; and how an entity should determine the amount of foreign currency gains or losses, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment.

- Philippine Interpretation IFRIC 17, *Distributions of Non-cash Assets to Owners*
  This interpretation covers accounting for all non-reciprocal distribution of non-cash assets to owners. It provides guidance on when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability and the consequences of doing so.

- Philippine Interpretation IFRIC 18, *Transfers of Assets from Customers*
  This interpretation applies to the accounting for transfers of items of property, plant and equipment by an entity that receive such transfers from its customer, wherein the entity must then use such transferred asset either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both.

Improvements to PFRSs
In May 2008, the International Accounting Standards Board issued its first omnibus of amendments to certain standards, primarily with a view to remove inconsistencies and to clarify wordings. There are separate transitional provisions for each standard.

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*
  When a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under PFRS 5, even when the entity retains a non-controlling interest in the subsidiary after the sale.

- PAS 1, *Presentation of Financial Statements*
  Current assets also include assets held primarily for the purpose of trading (examples include some financial assets classified as held for trading in accordance with PAS 39) and the current portion of non-current financial assets.

  Other current liabilities are not settled as part of the normal operating cycle, but are due for settlement within 12 months after the reporting period or held primarily for the purpose of trading. Examples are some financial liabilities classified as held for trading in accordance with PAS 39, bank overdrafts, and the current portion of non-current financial liabilities, dividends payable, income taxes and other non-trade payables.

- PAS 16, *Property, Plant and Equipment*
  Revises the definition of "recoverable amount" as the higher of an asset's fair value less costs to sell and its value-in-use.

- PAS 19, *Employee Benefits*
  Revises the definition of "past service costs" to include reductions in benefits related to past services ("negative past service costs") and to exclude reductions in benefits related to future services that arise from plan amendments. Amendments to plans that result in a reduction in benefits related to future services are accounted for as a curtailment.

  Revises the definition of "return on plan assets" to exclude plan administration costs if they have already been included in the actuarial assumptions used to measure the defined benefit obligation.

- PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*
  The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan shall be recognized and measured in accordance with PAS 39. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with PAS 39 and the proceeds received.

- PAS 23, *Borrowing Costs*
  Revises the definition of borrowing costs to consolidate the types of items that are considered components of "borrowing costs" - that is, components of the interest expense calculated using the effective interest rate method.

- PAS 28, *Investments in Associates*
  An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance.

- PAS 31, *Interests in Joint Ventures*
  If a joint venture is accounted for at fair value, in accordance with PAS 39, only the requirements of PAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

- PAS 36, *Impairment of Assets*
  When discounted cash flows are used to estimate "fair value less cost to sell" additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate "value-in-use".

- PAS 38, *Intangible Assets*
  Expenditure on advertising and promotional activities is recognized as an expense when the Group either has the right to access the goods or has received the service.

- PAS 40, *Investment Property*
  Revises the scope (and the scope of PAS 16, *Property, Plant and Equipment*) to include property that is being constructed or developed for future use as an investment property. Where an entity is unable to determine the fair value of an investment property under construction, but expects to be able to determine its fair value on completion, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete.

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- Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as a construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis, will also be accounted for based on stage of completion.

The Group is currently assessing the potential impact of these forthcoming standards, amendments and interpretations. The effects and required disclosures of the adoption of these standards, amendments and interpretations, if any, will be included in the Group's consolidated financial statements when these will be adopted subsequent to fiscal year 2009.

Consolidation

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

	Percentage of Ownership			
	2009	2008	2007	Main Activity
RHI	**66**	65	51	Holding company of its subsidiaries that operate mill and refinery facilities to manufacture sugar and allied products; shares of stock are listed in the PSE.
Roxaco Land Corporation (RLC)	**100**	100	100	To acquire, own, develop, sell and hold for investment all types of real estate.
United Ventures Corporation (UVC)	**100**	100	100	The subsidiary is currently into warehouse leasing activity.
Nasugbu Feeds Corporation (NAFECOR)	**100**	100	100	To engage in the business of manufacturing, milling, processing and mixing, buying, selling and distributing at wholesale and retail basis, agricultural products, especially animal feeds and feedstuffs, without engaging in the manufacture of food, drugs and cosmetics. The subsidiary has currently no commercial operations.

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

	Percentage of Ownership				
	2009	2008		2007	
	Direct	Direct	Indirect	Direct	Indirect
CADPGC	–	89.22	–	89.22	–
Central Azucarera Don Pedro, Inc. (CADPI)	**100.00**	–	89.22	–	89.22
Central Azucarera de La Carlota, Inc.(CACI)	**100.00**	–	89.22	–	89.22
CADP Insurance Agency, Inc. (CIAI)	**100.00**	–	89.22	–	89.22
CADP Consultancy Services, Inc. (CCSI)	**100.00**	–	89.22	–	89.22
CADP Farm Services, Inc. (CFSI)	**100.00**	–	89.22	–	89.22
Jade Orient Management Services, Inc. (JOMSI)	**99.99**	–	89.21	–	89.21
Najalin Agri Ventures, Inc. (NAVI)	**77.27**	–	63.96	–	59.13
Roxol Bioenergy Corporation (Roxol)(1)	**100.00**	–	89.22	–	–
CADP Port Services, Inc. (CPSI)(2)	**100.00**	–	–	–	–
Roxas Power Corporation (RPC)(2)	**50.00**	–	–	–	–

(1) Roxol was incorporated on February 29, 2008 and has not yet started commercial operations.
(2) CPSI and RPC were incorporated on July 17, 2008 and have not yet started commercial operations. The Company has control on RPC since it has the power to cast the majority of votes at the BOD's meetings and the power to govern the financial and reporting policies of RPC.

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date on which control ceases.

Minority interest represents a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of income and within equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from the Company's equity. If losses applicable to the minority interest in a subsidiary exceed the minority interest's equity in the subsidiary, the excess, and any further losses applicable to the minority interest, are charged against the majority interest, except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, the majority interest is allocated all such profits until the minority interest's share of losses previously absorbed by the majority interest has been recovered.

The financial statements of the Company and its subsidiaries used in the preparation of the consolidated financial statements are of the same reporting date. When the reporting dates of the parent and a subsidiary are different, the subsidiary prepares, for consolidation purposes, additional financial statements as of the same date as the financial statements of the parent unless it is impracticable to do so.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated in full. Unrealized losses are also eliminated in full, unless the transaction provides evidence of impairment of the assets transferred.

Changes in the controlling ownership interest, i.e., acquisition of minority interest or partial disposal of interest over a subsidiary that do not result in a loss of control, are accounted for as equity transactions.

Business Combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Company's share of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of income.

Where there are business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent before and after the business combination and that the control is not transitory ("business combinations under common control"), the Group accounts such business combinations under the purchase method of accounting, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the minority interest, shall be considered.

In cases where the business combination has no substance, the Company shall account for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Company are reflected at their carrying values. Comparatives shall be restated to include balances and transactions as if the entities had been acquired at the beginning of the earliest period presented and as if the companies had always been combined. No new goodwill is recognized as a result of the combination. Any difference between the consideration paid and the equity acquired is reflected in the equity section in the consolidated balance sheet and in the consolidated statement of changes in equity.

Investment in Shares of Stock of Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in reserves is recognized in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated in full, unless the transaction provides evidence of an impairment of the assets transferred. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The Group's management has designated a business segmentation of the Group's operations as set out below (see Note 29):

a. Business segments

   The Group has organized its reporting structure based on the grouping of similar products and services, resulting in three main business segments as follows:

   - Sugar milling, refining and tolling operations

     - Raw sugar and molasses (Raw sugar milling operation)

       This subsegment is involved in the extraction of juices from the canes to form sweet granular sugar which is light brown to yellowish in color. As at June 30, 2009 and 2008, the Group operates two boiling houses - one in La Carlota City, Negros Occidental with a daily cane capacity of 14,000 and 12,000 metric tons, respectively, and the other in Nasugbu, Batangas with daily plant capacity of 13,000 and 11,000, respectively. Canes are sourced from both district and non-district planters and are milled by the Group under a production sharing agreement (see Note 16).

       Molasses, a by-product, is a thick dark brown liquid obtained from the raw sugar manufacturing process which is also shared between the planters and the Group on the same sharing arrangement applied to raw sugar.

     - Refined sugar (Refinery operation)

       Aside from the raw sugar milling plant, the Group also operates a refinery plant in Nasugbu, Batangas. The refinery operation involves the processing of raw sugar (mill share and purchased) into refined sugar, a lustrous white-colored sugar. Subsegment assets of refinery operation are shared with tolling operation.

- Tolling operation

  To ensure maximum utilization of the refinery, the Group also offers tolling service to traders and planters. This service involves the refining process of raw sugar owned by traders and planters to convert raw sugar into refined sugar. In consideration, the traders and planters pay tolling fees to the Group.

- Real estate

  The Group acquires, develop, improve, subdivide, lease and sell agricultural, industrial, commercial, residential and other real properties.

- Other segments

  Other segments of the Group which are not reported separately pertain mainly to consultancy business.

b. Geographical segments

   Geographical segments are organized according to the proximity of operations.

c. Segment revenues and expenses

   The Group's main revenue stream comes from the sale of sugar and real estate properties. The sugar group's customers consist largely of sugar traders, wholesaler, and beverage companies, which are situated in various parts of the Philippines, with concentration in the Visayas and Metro Manila. The real estate segment's customers are mainly direct buyers of real estate properties.

d. Segment assets and liabilities

   Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories, prepayments, investment properties and property, plant and equipment, net of related accumulated depreciation and impairment. Segment liabilities include all operating liabilities and consist principally of trade payables, accruals and customers' deposits. Segment assets and liabilities do not include deferred income taxes.

Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term, highly liquid interest-bearing fund placements with original maturities of three months or less from date of acquisition and subject to insignificant risk of fluctuations in value.

Financial Assets and Financial Liabilities
Classification and recognition
Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and financial liabilities, except for financial instruments measured at fair value through profit or loss. Fair value is determined by reference to the transaction price or other market prices. If such market prices are not readily determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities.

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits. Financial instruments are offset when there is a legally enforceable right to offset and intention to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are classified into the following categories:
a. Financial assets at fair value through profit or loss
b. Loans and receivables
c. Held-to-maturity investments
d. Available-for-sale financial assets

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the market place.

Financial liabilities, on the other hand, are classified into the following categories:
a. Financial liabilities at fair value through profit or loss
b. Other financial liabilities

The Group determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every reporting date.

a. Financial assets or financial liabilities at fair value through profit or loss

Financial assets or financial liabilities classified in this category are financial assets or financial liabilities that are held for trading or financial assets and financial liabilities that are designated by management as at fair value through profit or loss on initial recognition when any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis, or
- The assets and liabilities are part of a group of financial assets and financial liabilities, respectively, or both financial assets and financial liabilities, which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets are classified as held for trading if these are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in profit or loss. Interest earned is recorded as interest income, while dividend income is recorded in other income according to the terms of the contract, or when the right of the payment has been established. Interest incurred is recorded as interest expense.

The Group has not designated any financial asset or financial liability as at fair value through profit or loss as of June 30, 2009 and 2008.

Embedded Derivatives
An embedded derivative is a component of a combined instrument that includes a nonderivative host contract with the effect that some or all of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. It is separated from the host financial or nonfinancial contract and accounted for as derivative if all the following conditions are met:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The hybrid or combined instrument is not recognized at fair value through profit or loss.

The Group assesses whether embedded derivatives are required to be separated from host contract when the Group first becomes a party to the contract. Reassessment only occurs if there is change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for as financial asset at fair value through profit or loss. Changes in the fair values are included in the consolidated statement of income.

Subsequent reassessment is prohibited unless there is change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flow on the contract.

As of June 30, 2009 and 2008, the Group has identified embedded prepayment options on its long-term borrowings. However, no amounts were recognized in relation to these options since the amounts are considered not significant.

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are carried at cost or amortized cost in the consolidated balance sheet. Amortization is determined using the effective interest rate method. Loans and receivables are included in current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

Classified as loans and receivables are the Group's cash in banks and short-term placements, trade receivables, advances to employees (excluding advances subject to liquidation), advances to related parties and other receivables.

c. Held-to-maturity investments

Held-to-maturity investments are quoted nonderivative financial assets with fixed or determinable payments and fixed maturities wherein the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are carried at cost or amortized cost in the consolidated balance sheet. Where the Group sells other than an insignificant amount of held-to-maturity investments, the entire category would be tainted and reclassified as available-for-sale investments. Amortization is determined using the effective interest rate method. Assets under this category are classified as current assets if maturity is within 12 months of the balance sheet date, otherwise, these are classified as noncurrent assets.

The Group has not designated any financial asset as held-to-maturity investment as of June 30, 2009 and 2008.

d. Available-for-sale financial assets

Available-for-sale financial assets are nonderivative financial assets that are either designated in this category or not classified in any of the other categories. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers and other debt instruments.

The unrealized gains and losses arising from the fair valuation of available-for-sale financial assets, except for the foreign exchange fluctuations on available-for-sale debt securities and the related effective interest, are excluded, net of tax, from reported earnings, and are reported in the equity section of the consolidated balance sheet. These changes in fair values are recognized in equity until the investment is sold, collected, or otherwise disposed of or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity are included in the consolidated statement of income.

Where the Group holds more than one investment in the same security, these are deemed to be disposed of on a first-in first-out basis. Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate method. Dividends earned on investments are recognized in the consolidated statement of income when the right of payment has been established. These financial assets are classified as noncurrent assets unless the intention is to dispose such assets within 12 months from the balance sheet date.

Classified as available-for-sale financial assets are the Group's unquoted equity investments as of June 30, 2009 and 2008.

e. Other financial liabilities

This category pertains to financial liabilities that are not held for trading and are not designated at fair value through profit or loss upon the inception of the liability. These include liabilities arising from operating (e.g., accounts payable and accrued expenses, customer's deposit and advances from related parties) and financing (e.g., dividends payable and short-term and long-term borrowings) activities.

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of income over the period of the borrowing using the effective interest rate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Accounts payable, accrued expenses, dividends payable, short and long-term borrowings and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are measured at amortized cost, normally equal to nominal amount.

Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium (or discount) and any directly attributable transaction costs.

Derecognition of Financial Assets and Financial Liabilities

a. Financial assets

   A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

   - the rights to receive cash flows from the asset have expired;
   - the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
   - the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

   Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee of over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

b. Financial liabilities

   A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

   Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets
The Group assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired.

a. Financial assets carried at amortized cost

If there is an objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rates (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss, if any, is recognized in the consolidated statement of income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Group about loss events such as, but not limited to, significant financial difficulty of the counterparty, a breach of contract, such as default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the group of financial assets with similar credit risk and characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognized are not included in a collective assessment of impairment. The impairment assessment is performed at each balance sheet date. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term.

Loans and receivables, together with the related allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

b. Financial assets carried at cost

If there is an objective evidence that an impairment loss of an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

c. Available-for-sale financial assets

In case of equity investments classified as available-for-sale financial assets, impairment would include a significant or prolonged decline in the fair value of the investments below their cost.

Where there is evidence of impairment loss, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in income - is removed from equity and recognized in income. Impairment losses on equity investments are not reversed through income. Increases in fair value after impairment are recognized directly in the consolidated statement of changes in equity.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount cash flows for the purpose of measuring impairment loss. If, in subsequent year, the fair value of a debt instrument increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in income, the impairment loss is reversed through income.

Determination of Fair Value
The fair value of financial instruments traded in active markets at balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

Day 1 Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (Day 1 difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where the inputs are made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing a Day 1 difference amount.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related financial assets and financial liabilities are presented gross in the consolidated balance sheet.

<u>Inventories</u>
Raw and refined sugar inventory is valued at the lower of cost and net realizable value (NRV), cost being determined using the weighted average method. NRV is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale. Molasses inventory is carried at the lower of cost and NRV. Production cost is allocated using the relative sales value of each of the joint products, i.e., raw and refined sugar and molasses. Materials and supplies inventory is valued at the lower of cost and NRV, cost being determined using the moving average method. A provision for inventory losses is provided for slow moving, obsolete, defective and damaged inventories based on physical inspection and management evaluation.

Consumable Biological Assets
Consumable biological asset is measured on initial recognition and at each balance sheet date at its fair value less estimated costs to sell, unless the fair value cannot be measured reliably. The fair value has been arrived at by discounting the present value of expected net cash flows from standing canes discounted at the relevant market determined pre-tax rate. Expected cash. flows have been computed by estimating the expected crop and the sugar extraction rate and the forecasts of sugar prices which will prevail in the coming year. Costs to sell, which includes fertilizing, cultivation and other direct expenses, are estimated based on the yearly budgets of the Group.

A gain or loss arising on initial recognition of a consumable biological asset at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell is recognized in profit or loss for the period in which it arises.

Real Estate for Sale and Development
Real estate for sale and development consist of raw land, land improvements and developed real estate properties for sale.

Raw land, land improvements and developed real estate properties for sale are carried at the lower of aggregate cost and NRV and include those costs incurred for the development and improvement of the properties and certain related capitalized borrowing costs.

Investment Properties
Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment. Investment properties are carried at cost less accumulated depreciation and impairment, if any. Cost is the fair value of the consideration given to acquire the property which includes transaction costs such as legal fees and taxes on the purchase of the property.

Depreciable investment properties (i.e., building) are depreciated using the straight-line method over the estimated useful life of 40 years. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Subsequent expenditure should demonstrably enhance the original asset to qualify for recognition. Transfers to investment properties do not result in gain or loss.

Derecognition of investment properties will be triggered by a change in use or by sale or disposal. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset, and is recognized in the consolidated statement of income.

Property, Plant and Equipment
Property, plant and equipment are carried at historical cost less accumulated depreciation and amortization and any impairment, except for land which is stated at revalued amount less any impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset, including borrowing costs on qualifying assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the

items can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of income during the financial period, in which they are incurred.

Construction in progress which represents properties under construction is stated at cost and depreciated only from such time as the relevant assets are completed and put into operational use. Upon completion, these properties are reclassified to the relevant property, plant and equipment account.

The net appraisal increment resulting from the revaluation of land is presented under "Revaluation increment on properties", net of related deferred income tax liability, in the consolidated balance sheet and consolidated statement of changes in equity. The Company's share in net appraisal increase resulting from the revaluation of land of an associate is shown as "Share in revaluation increment on land of an associate" in the consolidated balance sheet. Increases in the carrying amount arising on revaluation of properties are credited to revaluation increment directly in equity, net of related deferred tax liability. Any resulting decrease is directly charged against the related revaluation increment to the extent that the decrease does not exceed the amount of the revaluation in respect of the same asset. All other decreases are charged to the consolidated statement of income. Valuations are performed frequently enough to ensure that the fair value of properties does not differ significantly from its carrying amount.

The Group used the carrying amount of CADP, Inc.'s depreciable assets as of July 1, 2004, which is the revalued amount less accumulated depreciation from the Group's perspective, as their deemed costs at that date when the Group adopted PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*.

Land is not depreciated. Depreciation and amortization on property, plant and equipment, except land, is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

	Number of Years
Building and improvements	10 to 25
Machinery and equipment:	
Factory machinery and installation	17 to 25
Locomotives and other equipment	5 to 20
Safety equipment	5
Service vehicles	5 to 6
Railroad equipment	10 to 20
Office furniture, fixtures and equipment	3 to 10

Depreciation and amortization commences when an asset is in its location or condition capable of being operated in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations* and the date the asset is derecognized.

Major renovations that qualify for capitalization are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

The asset's residual value, useful life and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount of the asset and are reflected as 'other income' in the consolidated statement of income.

The portion of revaluation increment in land, net of related deferred income tax liability, realized upon disposal of the property is transferred to unrestricted retained earnings.

Impairment of Nonfinancial Assets

Assets that have an indefinite useful life are not subject to amortization and tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset. Impairment loss recognized during interim period in respect to goodwill or an investment, either an equity instrument or a financial asset carried at cost, should not be reversed at year end.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Revenue Recognition

Revenue comprises the fair value of the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow into the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

Sale of raw and refined sugar

Sale of raw sugar is recognized upon endorsement and transfer of quedans, while sale of refined sugar is recognized upon shipment or delivery.

Sale of molasses
Sale of molasses is recognized upon transfer of molasses warehouse receipts.

Revenue from tolling services
Revenue from tolling services is recognized when the equivalent refined sugar is produced from raw sugar owned by tollees.

Real estate sales
Real estate sales consist of revenues from sale of real estate properties. Income from sale of developed real estate properties is recognized in full when the collectibility of the sales price is reasonably assured and when risks and rewards over the developed assets have been transferred, usually at the time of receipt of at least 50% collection of the total contract price. Cash received from the sale of real estate properties over which the Group maintains continuing managerial involvement, related risks and rewards have not yet been transferred, or when collectibility is not reasonably assured is recognized as customers' deposits in the consolidated balance sheet.

Rental income
Rental income is recognized on a straight-line basis over the periods of the respective leases.

Interest income
Interest income on cash in bank and short-term investments is recognized on a time proportion basis using the effective interest rate method.

Other income
Other income is recognized when earned.

<u>Employee Benefits</u>
The Company and its subsidiaries have individual and separate defined benefit plan in accordance with local conditions and practices in the Philippines. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The plans are generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations.

Pension plan asset
The assets of the Group recognized in the consolidated balance sheet in respect of defined benefit pension plans is the lower of (a) the excess of the fair value of plan assets over the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized actuarial gains or losses and past service costs and (b) the total of any cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

In cases when the amount determined results in a surplus (being the excess of the fair value of the plan assets over the present value of the defined benefit obligation), the Group measures the resulting asset at (a) the lower of the excess of the fair value of plan assets over the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized actuarial gains or losses and past service costs and (b) the total of any cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Plan assets represent assets that: (a) are held by an entity (a fund) that is legally separate from the Group; (b) are available to be used only to pay or fund employees benefits; and (c) are not available to the Group's own creditors, and cannot be returned to the Group unless: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the Group; or (ii) the assets are returned to the Group to reimburse it for employee benefits already paid.

Pension costs and obligations
Retirement benefits costs are actuarially determined using the projected unit credit method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

The liability recognized in the consolidated balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for actuarial gains and losses and past service costs. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rates of debt securities and that have terms to maturity approximating the terms of the related pension liability.

Past service costs are recognized immediately in profit and loss, unless changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs.

Transitional liability resulting from the Group's initial adoption of PAS 19 is being amortized for a period of five years from July 1, 2005. Unamortized transitional liability as of June 30, 2009 and 2008 amounted to ₱32.7 million and ₱64.2 million, respectively (see Note 17).

Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Borrowing Costs
Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Under the benchmark treatment, borrowing costs are recognized as an expense in the period in which they are incurred regardless of how the borrowings are applied.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to prepare for its intended use are included in the cost of that asset when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.

Debt commitment fees relating to the drawn amount are amortized using effective interest rate method and presented as reduction in the principal loan balance. Debt commitment fees relating to the undrawn loans are recorded as deferred charges and are amortized using straight-line method.

Leases
Lease of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Finance leases are capitalized at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of income over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term unless there is reasonable certainty that ownership will transfer to the Group by the end of the lease term, in which case it will be depreciated over the life of the asset.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or it is dependent on the use of a specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The Group does not have such arrangement.

Contingent rent is recognized as income or expense in the period in which they are earned or incurred.

Provisions and Contingencies
Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the consolidated financial statement. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Foreign Currency-denominated Transactions and Translations
Items included in the financial statements of each of the Group's entities are measured using the "functional currency", which is the same as the Group's presentation currency. Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the

transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the balance sheet date. Foreign exchange differences are credited or charged directly in the consolidated statement of income.

Related Party Relationships and Transactions
Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

Income Taxes
Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax
Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

Deferred income tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures. With respect to investments in other subsidiaries, associates and interests in joint ventures, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off the deferred income tax assets against the deferred income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

Share Capital
Ordinary or common shares are classified as equity.

Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the proceeds, net of tax.

Where any member of the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Dividend Distribution
Dividend distribution to the Company's shareholders and the minority interest is recognized as a liability in the consolidated financial statement in the period in which the dividends are approved by the Company's BOD.

Earnings per Share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary or common shares purchased by the Company and held as treasury shares. Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (see Note 26).

Events after the Balance Sheet Date
Post year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

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

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

The Group believes the following represent a summary of judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next fiscal year, and related impact and associated risk in the consolidated financial statements:

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements:

Determination of the Group's functional currency

Based on the economic substance of the underlying circumstances relevant to the Parent Company, the functional currency is determined to be the Philippine peso. Also, it is the currency of the primary economic environment in which the Company and its subsidiaries and associate operate.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheet.

The classifications of the various financial assets and financial liabilities of the Group are disclosed in Note 28. The aggregate carrying value of the Group's financial assets and financial liabilities amounted to ₱1,301.9 million and ₱7,090.2 million as of June 30, 2009, respectively, and ₱995.5 million and ₱3,370.8 million, respectively, as of June 30, 2008.

Classification of leases

Management exercises judgment in determining whether substantially all the significant risks and rewards of ownership of the assets held for lease are retained by the Group. Lease contracts which the Group retains substantially all the risks and rewards incidental to ownership of the lease item are accounted for as operating leases. Otherwise, these are considered as finance leases. The Group has entered into property leases where it has determined that the risks and rewards related to those properties are retained with the lessors. As such, these lease agreements are accounted for as operating lease.

Allocation of cost to molasses inventory

When the costs of conversion of each product are not separately identifiable, they are allocated between the products on a rational and consistent basis. The allocation is based on relative sales value of each product at the completion of production. When the cost of molasses is deemed immaterial, this is measured at NRV and the value is deducted from the cost of the raw and refined sugar. Management uses judgment to measure and allocate value to the molasses inventory.

Molasses inventory amounted to ₱19.9 million and ₱19.0 million as of June 30, 2009 and 2008, respectively (see Note 6).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal years are discussed below.

Determination of fair value of financial instruments
Financial assets and liabilities, on initial recognition, are accounted for at fair value. The fair values of financial assets and liabilities, on initial recognition, are normally the transaction prices. In the case of those financial assets and liabilities that have no active markets, fair values are determined using an appropriate valuation technique. The fair value of a financial liability with a demand feature is not less than the amount that could be required to be paid. Fair values of financial instruments are disclosed in Note 28.

Determination of NRV of real estate inventories
The Group estimates of the NRV of real estate for sale and development are based on the most reliable evidence available at the time the estimates are made, of the amount that the real estate for sale and development are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions at the end of the period. A new assessment is made of NRV in each subsequent period. When the circumstances that previously caused real estate for sale and development to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV. The Group's real estate inventories as of June 30, 2009 and 2008 amounting to ₱330.3 million and ₱329.2 million, respectively, are stated at cost (see Note 7).

Determination of provision for impairment of receivables
The provision for impairment of receivables is estimated based on two methods. The amounts calculated using each of these methods are combined to determine the total amount to be provided. First, specific accounts are evaluated based on information that certain customers may be unable to meet their financial obligations. In these cases, judgment is used, based on the best available facts and circumstances, including but not limited to, the length of relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific reserves against amounts due to reduce receivable amounts expected to be collected. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated. Second, a collective assessment of historical collection, write-off experience and customer payment terms is determined. The amount and timing of recorded expenses for any period could therefore differ based on the judgments or estimates made. An increase in the Group's allowance for doubtful accounts would increase its recorded general and administrative expenses and decrease its current assets.

As of June 30, 2009 and 2008, the carrying amount of Group's receivables amounted to ₱1,000.8 million and ₱701.0 million, respectively, net of allowance for impairment of receivables of ₱36.4 million and ₱30.0 million, respectively (see Note 5).

Determination of NRV of inventories
The Group's estimates of the NRV of inventories are based on the most reliable evidence available at the time the estimates are made of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made of NRV in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a

clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV. The Group's inventories as of June 30, 2009 and 2008 amounted to ₱1,468.9 million and ₱1,348.3 million, respectively (see Note 6).

Determination of fair value less estimated costs to sell on consumable biological assets
Management determines the age of the sugarcane and bases the fair value of the sugarcane on observable market data. Costs to sell, which includes fertilizing, cultivation and other direct expenses, are estimated based on the yearly budgets of the Group.

As of June 30, 2009 and 2008, the Group's consumable biological assets amounted to ₱14.8 million and ₱20.8 million, respectively (see Note 8).

Determination of provision for unrecoverable creditable withholding taxes
Provision for unrecoverable creditable withholding taxes is maintained at a level considered adequate to provide for potentially unrecoverable claims. The Group, on a continuing basis, makes a review of the status of the claims, designed to identify those to be provided with any impairment losses. In these cases, management uses judgment based on the best available facts and circumstances. The amount and timing of recorded expenses for any period would therefore differ based on the judgments or estimates made.

As of June 30, 2009 and 2008, the carrying amount of the Group's creditable withholding taxes amounted to ₱81.1 million and ₱46.6 million, respectively, net of allowance for losses on the creditable withholding taxes amounted to ₱9.8 million as of June 30, 2009 and 2008 (see Note 8).

Valuation of land under revaluation basis
The Group's land is carried at revalued amounts, which approximate its fair values at the date of the revaluation, less any subsequent accumulated impairment losses. The valuation of land is performed by professionally qualified appraisers. Revaluations are made on a regular basis to ensure that the carrying amounts do not differ materially from those which would be determined using fair values at balance sheet date. Land carried at revalued amounts as of June 30, 2009 and 2008 amounted to ₱2,518.2 million (see Note 11).

The resulting increase in the valuation of these tangible assets based on the 2008 and 2006 valuation amounting to ₱1,010.0 million and ₱784.7 million, respectively, is presented as "Revaluation increment on properties" in the equity section of the consolidated balance sheets and in the consolidated statements of changes in equity.

Estimation of useful lives and residual values of property, plant and equipment
The useful life of each of the Group's items of property, plant and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned above. A change in the estimated useful life of any item of property, plant and equipment would impact the recorded operating expense and noncurrent assets.

The total carrying value of the Group's depreciable property, plant and equipment as of June 30, 2009 and 2008 amounted to ₱7,152.4 million and ₱4,133.8 million, respectively (see Note 11).

Impairment of nonfinancial assets
The Group assesses at each reporting date whether there is any indication that property, plant and equipment, investment in shares of stock of associates, investment properties and other nonfinancial assets may be impaired. If such indication exists, the entity shall estimate the recoverable amount of the asset, which is the higher of an asset's fair value less costs to sell and its value-in-use. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. The Group determines that there are no impairment indicators, hence, no impairment loss on nonfinancial assets was recognized in 2009, 2008 and 2007.

The total carrying value of the Group's property, plant and equipment as of June 30, 2009 and 2008 amounted to ₱9,670.6 million and ₱6,652.0 million, respectively (see Note 11).

The carrying value of the Group's investment properties as of June 30, 2009 and 2008 amounted to ₱348.0 million and ₱354.2 million, respectively (see Note 10).

The carrying value of the Group's investment in shares of stock of associates amounted to ₱739.1 million and ₱726.4 million as June 30, 2009 and 2008, respectively (see Note 9).

Estimation of retirement benefits cost
The determination of the obligation and cost for pension and other retirement benefits is dependent on the selection of certain assumptions determined by management and used by actuaries in calculating such amounts. Those assumptions are described in Note 17 and include, among others, discount rates, expected rates of return on plan assets and rates of future salary increases. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

Net pension plan assets as of June 30, 2009 and 2008 amounted to ₱146.5 million and ₱122.3 million, respectively. On the other hand, net pension benefit obligation as of June 30, 2009 and 2008 amounted to ₱74.2 million and ₱63.8 million, respectively. In 2009, 2008 and 2007, pension costs amounted to ₱63.4 million, ₱76.6 million and ₱83.6 million, respectively.

Provisions
The Group provides for present obligations, legal or constructive, where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at balance sheet date, net of any estimated amount that may be reimbursed to the Group. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. The amount of provision is re-assessed at least on an annual basis to consider new relevant information. No provision is deemed necessary as of June 30, 2009, and 2008 and 2007.

Contingencies
The Group is involved in various labor disputes, litigations, claims, and tax assessments that are normal to its business. Based on the opinion of the Group's legal counsels on the progress and legal grounds of these cases, the Group believes that it does not have a present obligation

arising from a past event and/or the likely outcome and estimated potential cash outflow cannot be reasonably determined as of this time. No provision was made for these contingencies as of June 30, 2009, 2008 and 2007.

Recognition of deferred income tax assets
The Group reviews the carrying amounts of deferred income taxes at each balance sheet date and reduces such amounts to the extent that it is no longer probable that sufficient taxable profit in the future will be available to allow all or part of the deferred income tax assets to be utilized. The Group has deductible temporary differences and carryforward benefits of MCIT amounting to ₱110.2 million and ₱107.9 million as of June 30, 2009 and 2008, respectively (see Note 24).

4. Cash and Cash Equivalents

Cash and cash equivalents at June 30 consist of:

	2009	2008
	(In Thousands)	
Cash on hand and in banks	**₱295,656**	₱314,567
Short-term placements	**47,343**	68,321
	₱342,999	₱382,888

Short-term placements earn interest ranging from 1.5% to 6.8%, 1.5% to 2.5% and 2.3% to 5.0% in 2009, 2008 and 2007, respectively, and have average maturities of 30 to 60 days. Interest income earned on cash in banks and short-term placements amounted to ₱8.3 million, ₱5.6 million and ₱10.6 million in 2009, 2008 and 2007, respectively.

5. Receivables

Receivables at June 30 consist of:

	2009	2008
	(In Thousands)	
Trade	**₱793,427**	₱478,042
Advances to planters and cane haulers	**27,664**	65,399
Advances for raw sugar purchases	**16,961**	23,799
Advances to employees	**51,402**	73,896
Advances to related parties (Note 16)	**68,980**	65,785
Others	**78,739**	24,078
	1,037,173	730,999
Less allowance for impairment of receivables	**36,380**	29,974
	₱1,000,793	₱701,025

Advances to employees pertain to advances for the Group's expenses which are subsequently liquidated. These advances also include interest and noninterest-bearing salary, housing and educational loans that are collected through salary deduction.

Other receivables include advances to suppliers for the purchase of local and imported materials and supplies.

Other receivables also include outstanding receivable from the 2002 sale of a portion of the RHI's land in Barrio Lumbangan, Nasugbu, Batangas to its employees. Due to the Reorganization Program discussed in Note 1, the employees were transferred to CADP, Inc., whereas the receivable remained with RHI. As of June 30, 2009 and 2008, remaining balance amounts to ₱4.1 million and ₱5.6 million, respectively. These loans bear annual interest of 12% and are payable over 10 years until 2012. Unearned interest income, relating to the current portion of such receivable (presented as a deduction from such receivable), amounts to ₱0.4 million and ₱0.5 million as of June 30, 2009 and 2008, respectively.

Noncurrent portion of loans to CADP, Inc. employees as of June 30, 2009 and 2008 amounting to ₱8.8 and ₱12.1 million, respectively, is presented under "Other noncurrent assets" account net of unearned interest income of ₱1.8 million and ₱2.1 million, respectively.

Details and movement of allowance for impairment of receivables determined using specific assessment as of June 30 follow:

	2007	Additions	Write-offs	2008	Additions	Write-offs	**2009**
				(In Thousands)			
Trade	₱3,588	₱5,998	₱–	₱9,586	₱230	(₱3,084)	**₱6,732**
Advances to planters and cane haulers	10,749	–	(4,705)	6,044	100	–	**6,144**
Advances to employees	3,455	–	(2,179)	1,276	103	(103)	**1,276**
Others	17,191	4,908	(9,031)	13,068	9,399	(239)	**22,228**
	₱34,983	₱10,906	(₱15,915)	₱29,974	₱9,832	(₱3,426)	**₱36,380**

6. **Inventories**

Inventories at June 30 consist of:

	2009	2008
	(In Thousands)	
At NRV:		
Raw sugar	**₱614,437**	₱729,095
Material and supplies	**511,526**	352,394
At cost:		
Refined sugar	**310,593**	191,976
Molasses	**19,869**	18,955
Materials in transit	**12,464**	55,867
	₱1,468,889	₱1,348,287

Allowance for inventory losses of raw sugar amounted to ₱22.0 million and ₱10.8 million as of June 30, 2009 and 2008, respectively.

Allowance for inventory obsolescence of materials and supplies amounted to ₱31.0 million and ₱25.7 million as of June 30, 2009 and 2008, respectively.

Cost of inventories recognized as expense and included in "Cost of sales" amounted to ₱3,044.2 million, ₱3,111.8 million and ₱1,910.3 million in 2009, 2008 and 2007, respectively (see Note 20).

7. Real Estate for Sale and Development

Real estate inventories consist of:

	2009	2008
	(In Thousands)	
Real estate properties for sale	**₱51,782**	₱113,292
Raw land and land improvements	**278,493**	215,908
	₱330,275	₱329,200

No borrowing costs were capitalized in 2009 and 2008, as no project was ongoing in both years (Note 15).

Real estate for sale and development aggregating to 686,681 square meters were used as collateral for the loans obtained by the Group (see Note 15).

Shown below are the aggregate cash price values and related aggregate carrying costs of real estate properties held for sale as of June 30, 2009 and 2008.

	2009	2008
	(In Thousands)	
Aggregate cash price values	**₱86,939**	₱187,460
Less aggregate carrying costs	**51,782**	113,292
Excess of aggregate cash price values over aggregate carrying costs	**₱35,157**	₱74,168

8. Prepayments and Other Current Assets

Prepayments and other current assets at June 30 consist of:

	2009	2008
	(In Thousands)	
Deposit to suppliers	**₱119,667**	₱51,509
Creditable withholding taxes, net of allowance of ₱9,774 in 2009 and 2008	**81,142**	46,626
Prepaid taxes	**67,733**	59,393
Consumable biological assets	**14,796**	20,791
Others	**22,240**	17,232
	₱305,578	₱195,551

Consumable biological assets pertain to standing sugarcanes of NAVI.

Prepaid taxes comprise mainly of input value-added tax on purchases of equipment relating to the Expansion Project (see Note 11).

Other current assets consist mainly of advance payment made to a sugar milling company for tolling service of CACI's raw sugar and advance payments of input VAT for refined sugar sales.

9. **Investment in Shares of Stock of Associates**

The Group has the following associates:

	Percentage of Ownership		Main
	2009	2008	Activity
HPCo	**29.62***	29.36*	Sugar manufacturer
Fuego Land Corporation (FLC)	**30.00**	30.00	Real estate developer
Fuego Development Corporation (FDC)	**30.00**	30.00	Real estate developer
Club Punta Fuego, Inc. (CPFI)	**26.63**	26.63	Recreation
Roxaco - ACM Development Corporation (RADC)	**50.00**	50.00	Real estate developer

**Effective ownership through RHI*

Details of investment in shares of stock of associates as of June 30 follow:

	2009	2008
	(In Thousands)	
Acquisition cost	**₱308,185**	₱308,185
Accumulated equity in net earnings:		
Beginning of year	**283,816**	261,029
Equity in net earnings for the year	**82,415**	91,592
Less dividend income	**68,520**	68,805
End of year	**297,711**	283,816
Unrealized gain on transfer of land	**(59,030)**	(59,030)
Allowance for impairment	**(15,233)**	(14,079)
Share in revaluation increment in land	**207,492**	207,492
	₱739,125	₱726,384

a. HPCo is primarily engaged in the manufacturing and trading of raw and refined sugar, molasses and other sugar by-products.

b. FDC was formed as a 70%-30% joint venture by Landco Pacific Corporation (LPC) and RLC specifically to carry out the business plan which provides, among others, for the establishment of basic facilities and amenities on some 21 hectares of land and consequently for the development of the upgraded facilities on the land.

   On August 23, 2005, RLC entered into an Assignment Agreement with FDC. The Agreement provides that RLC shall subscribe to, and FDC shall issue to RLC, 24,000,000 shares of stock of FDC with a par value of ₱1 per share. On August 25, 2005, RLC transferred to FDC 156,568 square meters of land with a total historical cost of ₱3.6 million and fair market value of ₱129.2 million in full payment of the subscription price and in exchange for the shares. On January 12, 2006, the SEC approved the transfer of land. The said transfer of land in exchange for shares of stock is exempt from all taxes except documentary stamp tax as approved by the Bureau of Internal Revenue (BIR) on August 10, 2005.

   After the subscription of shares and assignment of land, the total equity interest of RLC to FDC increased from 30.0% to 52.0%. Although RLC owns 47.0% of the voting shares of FDC as of June 30, 2007, LPC which is the owner of the remaining 53.0% voting shares still controls FDC on the basis that LPC has the majority of the seats in the BOD of FDC. Further, the 47.0% ownership of RLC in FDC is deemed temporary since FDC's BOD approved on December 5, 2006 the conversion of certain of its liabilities to LPC into shares of stock. Once SEC approves this debt equity conversion between LPC and FDC, the ownership interest of LPC will revert to 70.0% and that RLC to 30.0%. On May 8, 2008, the SEC approved the increase in capital stock of FDC. As of June 30, 2009 and 2008, the Group eliminated the unrealized gain on the aforementioned transfer of land to the extent of the Group's ownership interest in FDC amounting to ₱59.0 million.

c. RLC provided for additional impairment of its investment in RADC amounting to ₱1.2 million in 2009 to reflect the impact of the adverse economic environment in which RADC operates.

d. The accumulated equity in net profit (losses) and share in fair value reserves in investee companies of ₱297.7 million and ₱283.8 million as of June 30, 2009 and 2008, respectively, is not available for distribution to shareholders unless received as cash dividends from the investee companies.

The summarized financial information of associates as of and for the year ended June 30 follows:

	2009	2008
	(In Thousands)	
Total assets	**₱3,235,228**	₱3,121,321
Total liabilities	**1,412,559**	1,341,081
Equity	**1,822,669**	1,780,240
Net income	**193,789**	194,220

10. **Investment Properties**

Investment properties of the Company and RLC consist of:

	2009	2008
	(In Thousands)	
Agricultural properties	**₱334,591**	₱338,617
Residential properties	**6,208**	6,419
Commercial properties	**1,050**	1,987
Building, net of accumulated depreciation of ₱1,163 in 2009 and ₱171 in 2008	**6,107**	7,200
	₱347,956	₱354,223

The Company

As of June 30, 2009, certain parcel of land amounting to ₱175,329 were donated for the construction of churches, public schools and national roads. The Company also recognized loss on expropriation and erosion amounting to ₱1,070,319 and ₱13,399, respectively.

The total carrying amount of the Company's investment properties includes those parcel of land properties that are subjected to Comprehensive Agrarian Reform Law (CARL) with total land area of 2,241.90 hectares (see Note 18).

Total fair value of these investment properties, excluding those land properties subjected to CARL, amounted to ₱531.2 million based on the appraised value of the properties as of June 30, 2008. The Company did not obtain appraisal report for 2009 as they believe that there were no developments made where the property is located that will cause significant change in its fair value.

RLC
Investment property of RLC pertains to a commercial building for lease in Nasugbu, Batangas. The estimated fair market value of the investment property as of June 30, 2009, based on the appraisal reports, amounted to ₱9.4 million.

11. **Property, Plant and Equipment**

Details and movements of property, plant and equipment, valued at cost, as of and for the years ended June 30 are shown below:

	2009					
	Buildings and Improvements	**Machinery And Equipment**	**Transportation and Railroad Equipment**	**Office Furniture, Fixtures and Equipment**	**Construction in Progress**	**Total**
			(In Thousands)			
Cost						
Beginning balances	**₱1,061,064**	**₱5,096,279**	**₱123,469**	**₱577,909**	**₱1,983,930**	**₱8,842,651**
Additions	**184,021**	**141,108**	**5,922**	**42,087**	**2,983,404**	**3,356,542**
Disposals	**(12,231)**	**(29,410)**	**(2,776)**	**(64)**	**–**	**(44,481)**
Reclassification	**2,157**	**–**	**151**	**(2,726)**	**–**	**(418)**
Write off	**–**	**–**	**–**	**(5,422)**	**–**	**(5,422)**
Ending balances	**1,235,011**	**5,207,977**	**126,766**	**611,784**	**4,967,334**	**12,148,872**
Accumulated Depreciation						
Beginning balances	**(705,487)**	**(3,380,095)**	**(123,035)**	**(500,248)**	**–**	**(4,708,865)**
Depreciation	**(43,194)**	**(235,614)**	**(535)**	**(26,752)**	**–**	**(306,095)**
Disposal	**5,394**	**5,483**	**1,634**	**64**	**–**	**12,575**
Reclassification	**38,696**	**(37,253)**	**(3,011)**	**2,062**	**–**	**494**
Write off	**–**	**–**	**–**	**5,422**	**–**	**5,422**
Ending balances	**(704,591)**	**(3,647,479)**	**(124,947)**	**(519,452)**	**–**	**(4,996,469)**
Net Book Value	**₱530,420**	**₱1,560,498**	**₱1,819**	**₱92,332**	**₱4,967,334**	**₱7,152,403**

	2008					
	Buildings and Improvements	Machinery and Equipment	Transportation and Railroad Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
			(In Thousands)			
Beginning of year	₱1,030,577	₱4,719,981	₱126,259	₱637,660	₱164,371	₱6,678,848
Additions	15,341	163,057	–	24,559	2,187,257	2,390,214
Disposals	(6,426)	(7,543)	(3,314)	(814)	–	(18,097)
Reclassifications	7,559	85,238	524	(106,479)	–	(13,158)
Completed projects	14,013	135,546	–	22,983	(367,698)	(195,156)
Ending balances	1,061,064	5,096,279	123,469	577,909	1,983,930	8,842,651
Accumulated depreciation						
Beginning balances	(565,475)	(3,199,503)	(126,107)	(508,740)	–	(4,399,825)
Depreciation charge	(70,114)	(203,822)	(242)	(55,416)	–	(329,594)
Disposals	2,630	3,341	3,314	760	–	10,045
Reclassifications	(72,528)	19,889	–	63,148	–	10,509
Ending balances	(705,487)	(3,380,095)	(123,035)	(500,248)	–	(4,708,865)
Net Book Value	₱355,577	₱1,716,184	₱434	₱77,661	₱1,983,930	₱4,133,786

Land at appraised values and had it been carried at cost at the beginning and end of June 30 are as follows:

	2009	2008
	(In Thousands)	
At appraised values:		
Beginning balance	**₱2,518,174**	₱1,987,001
Appraisal increase	–	531,173
	₱2,518,174	₱2,518,174
Cost	**₱32,620**	₱32,620

a. Construction in progress

Construction in progress as of June 30, 2009 and 2008 pertains mainly to the foregoing milling plant improvement project, refinery plant installation of sieving facilities, as well as construction and improvement of waste and pollution facilities of the Group.

Milling plant improvement project (the Expansion Project)
With the intent of improving its revenue generating capability, the Group purchased second-hand mills and related equipment from Bryant, Florida, United States of America (USA) and Fairymead, Australia.

In August 2007, CADPGC entered into a purchase agreement, for and on behalf of then its wholly-owned subsidiaries, CADP, Inc. and CACI, with a foreign corporation to buy certain sugar mill equipment for a total purchase price of ₱951.6 million. The purchase pertains to different pieces of disassembled equipment that originated from “Bryant Sugar House”, a sugar mill located in Bryant, Florida, U.S.A., of which the sellers had purchased from United States Sugar Corporation through a purchase and removal agreement executed on April 30, 2007.

To complement the mills from Bryant Sugar House, mill components and shredder were purchased from Australia in 2008.

The Group obtained short and long-term borrowings from various banks to finance the Expansion Project (see Notes 12 and 15).

Roxol Plant Construction Project
On June 27, 2008, in line with the Group’s Expansion Project, Roxol entered into an agreement to construct its bioethanol plant in La Carlota City, Negros Occidental for a total contracted amount of US$20.9 million. As of June 30, 2009, construction in progress balance relating to Roxol plant development amounted to ₱615.4 million.

Capitalization of borrowing costs
In 2009 and 2008, interest from short and long-term borrowings amounting to ₱263.3 million and ₱45.5 million, respectively, directly incurred to finance the Expansion Project was capitalized to property, plant and equipment account. No capitalized borrowing costs were recorded in 2007. The Group amortizes such capitalized interest over the useful life of the qualifying asset to which it relates. Unamortized capitalized interest as of June 30, 2009 and 2008 amounted to ₱370.4 million and ₱91.3 million, with corresponding deferred income tax liability amounting to ₱111.1 million and ₱30.0 million, respectively (see Note 24).

Noncash additions to property, plant and equipment
As of June 30, 2009 and 2008, the Group has outstanding liability on purchase of equipment relating to the Expansion Project amounting to ₱86.6 million and ₱68.1 million, respectively (see Note 13).

b. Depreciation

Depreciation charged to operations are as follows:

	2009	2008	2007
		(In Thousands)	
Cost of sales (Note 20)	**₱274,204**	₱301,858	₱223,197
General and administrative expenses (Note 21)	**32,883**	28,836	13,225
	₱307,087	₱330,694	₱236,422

As part of the Group's annual review of useful lives and residual values of its property, plant and equipment, Group management has recorded additional depreciation amounting to ₱35.0 million in 2007 due to the revision of the estimated useful lives of some items. In 2009 and 2008, no significant changes were made in the useful lives and residual values of the property, plant and equipment.

As of June 30, 2009 and 2008, fully depreciated property, plant and equipment, with an aggregate cost of ₱1,401.1 million and ₱954.5 million, respectively, are still being used in operations.

c. Property, plant and equipment as collateral

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

d. Capital expansion commitments

The Group has outstanding capital expansion commitments amounting to ₱1,542.8 million and ₱2,319.0 million as of June 30, 2009 and 2008, respectively.

12. Short-term Borrowings

CACI and CADP, Inc.
At various dates in 2009 and 2008, CACI and CADP, Inc. obtained unsecured short-term loans from various local banks to meet their respective working capital requirements. The loans, which are payable in lump sum on various dates, are subject to annual interest rates ranging from 5.0% to 9.5% and 4.7 % to 8.1%, respectively, and have terms ranging from 30 to 32 days in 2009 and 28 to 90 days in 2008.

As of June 30, 2009 and 2008, the balance of the short-term loan, net of related unamortized debt commitment fees, amounted to ₱2,937.0 million and ₱702.6 million, respectively.

RLC
Short-term borrowings also include loans from local banks availed by RLC to finance its working capital requirements, including the development of ongoing real estate projects. Loans amounting to ₱40.0 million and ₱25.0 million which have original maturities in October 2008 and December 2008, respectively, and have floating interest rates, were renewed by RLC

in 2009. With the renewal, the ₱40.0 million and ₱25.5-million loans have fixed interest rates of 7.75% and 8.00%, respectively, for the first 30 days and to be repriced every month. These loans shall mature on December 8, 2009 and July 17, 2009, respectively. Total interest charged to the consolidated statements of income amounted to ₱5.1 million and ₱4.3 million in 2009 and 2008, respectively.

13. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30 consist of:

	2009	2008
	(In Thousands)	
Trade suppliers	**₱335,159**	₱250,024
Accrued expenses	**173,073**	200,044
Payable to government agencies for taxes and contributions	**57,835**	22,428
Payable to related parties	**50,371**	46,441
Due to planters	**47,874**	134,343
Others	**220,379**	68,523
	₱884,691	₱721,803

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

14. Customers' Deposits

Customers' deposits represent noninterest-bearing cash deposits from buyers of the Group's sugar and molasses. These deposits will be applied against future deliveries of sugar and molasses which are expected to be completed in the next 12 months. Customers' deposits amounted to ₱199.0 million and ₱229.8 million as of June 30, 2009 and 2008, respectively.

15. Long-term Borrowings

Long-term borrowings at June 30 consist of:

	2009	2008
	(In Thousands)	
Banco De Oro (BDO)	**₱2,114,494**	₱904,500
Syndicated loan facility:		
Bank of the Philippine Islands (BPI)	**940,562**	797,000
Rizal Commercial Banking Corporation (RCBC)	**219,944**	148,500
Planters Development Bank (PDB)	**–**	13,333
Amalgamated Investment Bank Corporation (AIB) - secured	**–**	18,145
	3,275,000	1,881,478
Unamortized debt commitment fee	**(23,027)**	(20,272)
	3,251,973	1,861,206
Less current portion:		
PDB	**–**	13,333
AIB	**–**	9,464
	–	22,797
	₱3,251,973	₱1,838,409

a. Loans availed by RCI

On January 16, 2009, BDO approved the loan facility for the funding of the reorganization with a credit line of ₱650.0 million. This is secured by several investment properties owned by RCI and properties for development owned by RLC, its subsidiary, aggregating to 686,681 square meters and shares of stock of RHI held by the Company totaling to 597,606,670 shares. The loan facility is made available to the Company and RHI provided that the combined availment does not exceed the credit line. As of June 30, 2009, the Company has availed of loan amounting to ₱168.0 million. The loan bears interest of 6.8% per annum subject to quarterly repricing and shall mature on January 20, 2015.

b. Loans availed by RHI and its subsidiaries

i. BDO Loan Facility and BPI/RCBC Syndicated Loan Agreement

On February 8, 2008, RHI availed the loan facility from BDO with an aggregate amount of ₱6,189.0 million. The principal amount of debt accommodation is shared by RHI and CADP, Inc./CACI amounting to ₱1,570.0 million and ₱4,619.0 million, respectively. In addition, on February 14, 2008, CADP, Inc. and CACI entered into a Syndicated Loan Agreement with BPI/RCBC (with BPI as the lead bank) for a total credit line of ₱1,500.0 million.

RHI

On May 5, 2008, RHI availed loans from BDO amounting to ₱143.3 million. The principal of the loan is payable quarterly starting on the 4th year of the 10-year term. As of June 30, 2009 and June 30, 2008, the average interest rate was 5.94% and 6.63%, respectively, subject to quarterly repricing as agreed by the parties.

Short-term loans availed from BDO on May 5, 2008 and October 29, 2008, net of unamortized debt commitment fees, amounting to ₱392.6 million and ₱175.0 million were rolled over to long-term borrowings. As such, the principal of the loan will be payable quarterly starting on the 4th year of the original 10-year term. As of June 30, 2009 and June 30, 2008, the interest rates were 5.94% and 6.63%, respectively, subject to quarterly repricing as agreed by the parties.

RHI exercised its option to fix the quarterly interest rate of the loans at 8.84% beginning August 5, 2009 until the end of the loan terms.

CADP, Inc.

On February 14, 2008, CADP, Inc. entered into a loan agreement with BPI to avail loans in two tranches with an aggregate principal amount of ₱500.0 million. Tranche "A" of the loan amounting to ₱300.0 million bears fixed annual interest of 8.00% and payable on the 5th anniversary date of the borrowing. On the other hand, Tranche "B" of the loan amounting to ₱200.0 million bears fixed annual interest of 8.40% and payable on an installment basis, ₱2.0 million on the 5th and 6th anniversary date of the borrowing and the balance on the 7th anniversary date of the borrowing.

On May 5, 2008, CADP, Inc. availed loans from BPI and RCBC amounting to ₱167.2 million and ₱83.6 million, respectively, which bear interest of 6.50% and 6.60%, respectively. As of June 30, 2009, interest rates were 5.80% and 5.90% for BPI and RCBC loan, respectively. Promissory notes issued by CADP, Inc. to the banks are under the terms set forth in the Syndicated Loan Agreement. Loans availed are with 10-year terms and will all mature on May 5, 2018.

Likewise, on May 5, 2008, CADP, Inc. availed additional loan from BDO amounting to ₱365.9 million. The principal of the loans is payable quarterly starting on the 4th year of the 10-year term. As of June 30, 2009 and 2008, the interest rates were 5.90%, 6.63%, respectively, subject to repricing based on loan agreements.

On October 29, 2008, additional loans were availed by CADP, Inc. from BDO, BPI and RCBC amounting to ₱459.0 million, ₱143.6 million and ₱71.4 million, respectively, with interest rates of 6.60%, 6.50% and 6.60%, respectively. As of June 30, 2009, the interest rates of the availed loans were 5.90%, 5.80% and 5.90%, respectively, subject to quarterly repricing as agreed by the parties.

CACI
On May 5, 2008, CACI availed loans from BPI, BDO and RCBC amounting to ₱129.8 million, ₱395.3 million and ₱64.9 million, respectively, and with interest rates of 6.50%, 6.60% and 6.60%, respectively. Loans availed are with 10-year terms and will all mature on May 5, 2018. As of June 30, 2009, interest rates of the availed loans were 5.80%, 5.90% and 5.90%, respectively.

CADP, Inc. and CACI exercised their options to fix the quarterly interest rate of repricing BPI loans at 8.79% and BDO and RCBC loans at 8.84% beginning August 5, 2009 until the end of the loan terms.

Debt commitment fees
As part of the Syndicated Loan Agreement with BPI/RCBC, the Group incurred debt commitment fees amounting to ₱59.4 million in 2008. Of the total amount of debt commitment fees paid, ₱29.8 million pertains to the drawn portion of the total credit facility (referred to as "Unamortized debt commitment fees" and presented as a reduction from the principal loan balance), while the remaining ₱29.6 million pertains to the undrawn portion (presented as "Deferred charges" under "Other noncurrent assets"). As of June 30, 2009 and 2008, unamortized debt commitment fees on long-term loans amounted to ₱23.0 million and ₱20.3 million, respectively, and ₱7.4 million relating to short-term loans as of June 30, 2008. Deferred charges amounted to ₱22.3 million and ₱30.3 million as of June 30, 2009 and 2008, respectively.

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

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

Further, RHI, CADP, Inc. and CACI executed a Mortgage Trust Indenture (MTI) to secure the loans obtained from BDO, BPI and RCBC. The MTI covers properties in Nasugbu, Batangas which consist mainly of RHI's land and CADP, Inc.'s properties with an aggregate carrying value of ₱1.3 billion and ₱2.2 billion, respectively, and CACI's properties in La Carlota, Negros Occidental amounting to ₱1.6 billion as of June 30, 2009.

The above loan agreements stipulate certain covenants, which include the following:

- maintenance of a reasonable amount of deposit with the creditor banks;
- registration of all collaterals, which must be free from liens and liabilities;
- maintenance of debt service coverage ratio and debt to equity ratio;
- prohibition on purchase of additional equipments except in pursuance of its sugar expansion and ethanol project;
- and prohibition on any material change in ownership of control of its business or capital stock or in the composition of its top level management.

As of June 30, 2009 and 2008, the Group is in compliance with these loan covenants.

ii. Loan with PDB

The loan with PDB is payable in 18 equal quarterly amortizations, with the first amortization to be paid on the 9th month from the date of release of the loan proceeds until December 16, 2008. The loan was used to finance capital expenditures for both the sugar mill and refinery. Interest rate is fixed at 9.9% per annum.

iii. Loan with LBP

RHI
As of June 30, 2007, the outstanding loan from LBP amounting to ₱250.0 million that was availed by RHI is secured by a mortgage on sugar mills and machinery and equipment spun off to CACI with an aggregate carrying value of a ₱1.3 billion as of June 30, 2007. The loan is payable in 10 years, inclusive of three years grace period on principal amount, in equal quarterly installments commencing at the end of the 12th quarter from the initial drawdown until October 30, 2012. RHI fully paid the remaining balance of the loan amounting to ₱250.0 million in March 2008.

CADP, Inc.
As of June 30, 2007, the loan with LBP amounting to ₱303.4 million was initially made jointly by CADP, Inc. and RHI on October 28, 2002. Pursuant to the terms of the agreement, the loan was assumed by CADP, Inc. on June 26, 2003. The loan is payable in 10 years, inclusive of two years and three quarters grace period on principal repayments, in 20 equal quarterly installments commencing at the end of the 12th quarter from the initial draw down until October 30, 2012. The loan was used partly to finance capital expenditures on both the sugar mill and refinery, construction of support facilities, installation of air pollution abatement facilities, establishment of computerized key business system and for permanent working capital. Interest rate is based on 91-day Treasury bill rate plus 2.0% spread. In March 2008, CADP, Inc. preterminated the remaining balance of the loan amounting to ₱262.1 million. In accordance with the loan agreement, no pretermination penalty was paid.

c. Loans availed by RLC

On February 3, 2006, RLC entered into a loan agreement with AIB in the aggregate principal amount of ₱45.0 million for financing of RLC's ongoing development projects. These loans were secured by an assignment of ₱52.3 million installment contract receivables equivalent to 116% of the outstanding aggregate amount of the loans. The loan agreement provides that

RLC shall maintain at all times a specified current ratio, debt to equity ratio and debt service coverage ratio, beginning 2006. The RLC has complied with these requirements during the years ended June 30, 2009 and 2008. Full payment of the loan was made by RLC in 2009.

On May 4, 2009, RLC availed of a loan from BDO with principal amount of ₱8.0 million to finance the development of the Memorial Park. The loan bears interest of 6.63% for 92 days, to be repriced every quarter, and will mature on May 4, 2014. This loan is secured by investment property with a carrying value of ₱9.0 million (see Note 10).

The maturity of long-term borrowing as of June 30 is as follows:

	2009	2008
	(In Thousands)	
Between 1 and 2 years	**₱–**	₱149,450
Between 2 and 5 years	**1,453,037**	469,034
Over 5 years	**1,798,936**	1,219,925
	₱3,251,973	₱1,838,409

Total interest expense recognized from short and long-term borrowings, net of capitalized portion to property, plant and equipment (Note 11) amounted to ₱147.0 million, ₱67.0 million and ₱39.9 million in 2009, 2008 and 2007, respectively.

16. **Related Party Transactions**

a. RLC's outstanding balances and transactions with other related parties are as follows:

		2009		2008	
		Advances		Advances	
	Relationship	**To**	**From**	To	From
FDC	Associate	**₱68,980**	**₱9,150**	₱65,785	₱9,149
FLC	Associate	**–**	**26,324**	–	26,324
RADC	Associate	**–**	**10,968**	–	10,968
Marilo Realty Development Corporation	Joint Venture Partner	**–**	**3,929**	–	–
		₱68,980	**₱50,371**	₱65,785	₱46,441

i. In 2004, RLC and LPC by way of a Deed of Assignment of Rights, assigned to Punta Fuego Holdings Corporation (PFHC) the rights and privileges to their 105 and 245 club shares in CPFI, respectively. In consideration of the assignment of rights and privileges, PFHC will pay RLC and LPC an amount equivalent to 85% of the net income earned from the club shares to be remitted on or before May 5 of each year beginning 2005. The respective shares of RLC and LPC are to be computed in proportion to the number of club shares which they have each assigned. In 2005, PFHC and FDC merged with FDC as the surviving entity. As a result, FDC assumed the said liability of PFHC to RLC. As of June 30, 2009, RLC is in negotiation with FDC for the settlement of these advances through issuance of Club Punta Fuego stock. RLC will receive 30% of the money from the sale of the club shares. Assignment fee charged to the consolidated statements of income amounted to ₱5.47 million and ₱3.95 million for the years ended June 30, 2009 and 2008, respectively (see Note 23).

ii. Due to related parties represent advances from FLC, RADC, FDC and Marilo for working capital requirements of RLC. These advances are noninterest-bearing and have no fixed repayment terms.

b. Compensation of key management for the years ended June 30 follows:

	2009 (One Year)	2008 (One Year)	2007 (Six Months)
		(In Thousands)	
Salaries and other benefits	**₱52,538**	₱44,754	₱9,939
Pension cost (income)	**1,876**	(1,676)	6,316
	₱54,414	₱43,078	₱16,255

There are no other long-term benefits, termination benefits and share-based payment.

17. **Retirement Benefit Plans**

Net Pension Plan Assets

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

The amounts recognized as net pension assets in the consolidated balance sheet at June 30, are determined as follows:

	2009	2008
	(In Thousands)	
Present value of obligation	**₱127,998**	₱136,569
Fair value of plan assets	**(274,708)**	(250,155)
Surplus	**(146,710)**	(113,586)
Unrecognized actuarial gains (losses)	**315**	(8,262)
Unrecognized transitional liability	**(138)**	(413)
Net pension plan assets	**(₱146,533)**	(₱122,261)

Plan assets cannot be returned to the Company, RLC, and RHI unless on circumstances discussed in Note 2. The net pension assets as of June 30, 2009 and 2008 of ₱146.5 million and ₱122.3 million, respectively, will be used to reduce future contributions to the retirement fund. Consequently, a portion of the Group's 2009 and 2008 retained earnings related to net pension plan asset is not available for dividend declaration (see Note 25).

The movement in the defined benefit obligation over the year is as follows:

	2009	2008
	(In Thousands)	
Beginning of year	**₱136,569**	₱136,607
Interest cost	**13,389**	10,680
Current service cost	**5,460**	7,372
Benefits paid	**(1,768)**	(6,441)
Actuarial gain	**(25,652)**	(11,649)
End of year	**₱127,998**	₱136,569

The movement in the fair value of plan assets during the year is as follows:

	2009	2008
	(In Thousands)	
Beginning of year	**₱250,155**	₱272,420
Expected return on plan assets	**22,010**	22,331
Contributions	**4,916**	1,276
Benefits paid	**(1,768)**	(6,441)
Actuarial loss	**(605)**	(39,431)
End of year	**₱274,708**	₱250,155

Plan assets at June 30 consist of:

	2009		2008	
	Percentage	**Amount**	Percentage	Amount
		(In Thousands)		*(In Thousands)*
Stocks and government securities	**88%**	**₱241,743**	68%	₱170,742
Cash and receivables	**12%**	**32,965**	32%	79,413
	100%	**₱274,708**	100%	₱250,155

Net Pension Benefit Obligation

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

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

The amounts recognized as net pension benefit obligation in the consolidated balance sheets at June 30 are determined as follows:

	2009	2008
	(In Thousands)	
Present value of obligations	**₱376,537**	₱364,890
Fair value of plan assets	**(261,780)**	(244,021)
Deficit	**114,757**	120,869
Unrecognized net transition obligation	**(32,627)**	(65,255)
Unrecognized actuarial losses (gains)	**(7,920)**	8,158
Net pension benefit obligation	**₱74,210**	₱63,772

The movement in the defined benefit obligation follows:

	2009	2008
	(In Thousands)	
Beginning of year	**₱364,890**	₱473,623
Interest cost	**37,554**	37,890
Current service cost	**19,098**	24,946
Benefits paid	**(41,606)**	(81,904)
Curtailment loss (gain)	**(2,704)**	6,430
Actuarial gain	**(695)**	(96,095)
End of year	**₱376,537**	₱364,890

The movement in the fair value of plan assets follows:

	2009	2008
	(In Thousands)	
Beginning of year	**₱244,021**	₱216,688
Expected return on plan assets	**17,842**	16,012
Contributions	**56,531**	82,855
Benefits paid	**(41,606)**	(81,904)
Actuarial gain (loss)	**(15,008)**	10,370
End of year	**₱261,780**	₱244,021

The subsidiaries' plan assets at June 30 consist of:

	2009		2008	
	Percentage	**Amount**	Percentage	Amount
		(In Thousands)		*(In Thousands)*
Stocks and government securities	**73%**	**₱191,099**	79%	₱192,153
Cash and receivables	**27%**	**70,681**	21%	51,868
	100%	**₱261,780**	100%	₱244,021

CADP, Inc. and CACI are expected to contribute ₱98.0 million to the fund for the year ending June 30, 2010.

Pension Cost

The consolidated pension costs recognized for the periods ended June 30 follow:

	2009 (One Year)	2008 (One Year)	2007 (Six Months, Note 2)
		(In Thousands)	
Current service cost	**₱24,558**	₱32,318	₱25,089
Interest cost	**50,943**	48,570	55,690
Return on plan assets	**(39,852)**	(38,343)	(38,897)
Actuarial loss (gain) recognized	**(2,142)**	4,590	(501)
Amortization of net transitional liability	**32,627**	32,627	32,627
Curtailment loss (gain)	**(2,704)**	6,430	–
Asset ceiling adjustment	**–**	(9,624)	9,624
	₱63,430	₱76,568	₱83,632

The actual return on plan assets was ₱26.8 million, ₱8.9 million, and ₱29.3 million in 2009, 2008 and 2007, respectively.

The expected return on plan assets were determined based on a reputable fund trustee's yield rate for risk portfolio similar to that of the fund with consideration to the funds' past performance.

The principal actuarial assumptions used in determining retirement benefits and gratuities cost for the Group's plans as of July 1 of each year:

	2008	2007	2006
Discount rate	10.29%	8%	11%
Expected rate of return on plan assets	7 to 9%	7 to 9%	9%
Future salary increases	8%	8%	5%

As of June 30, 2009, the following are the assumptions: discount rate per annum of 10.3%, expected return on plan assets of 9% and future annual increase on salary of 8%.

Assumptions regarding future mortality and disability are based on advice from published statistics and experience in the Philippines.

The Group's consolidated amounts for the current and previous periods are as follows:

	2009 (One Year)	2008 (One Year)	2007 (Six Months, Note 2)
		(In Thousands)	
Present value of obligations	**₱504,535**	₱501,459	₱610,230
Plan assets	**536,488**	494,176	489,108
Deficit (surplus)	**(31,953)**	7,283	121,122
Experienced adjustments on plan assets-loss (gain)	**22,692**	(5,932)	(28,870)
Experienced adjustments on plan obligation-gain (loss)	**120**	(2,538)	51,553

Transition Liability

Upon the Group's adoption of PAS 19, CADP Inc., CACI and NAVI, computed their transitional liability for defined benefit plan as of July 1, 2005, total amount follows *(In thousands)*:

Present value of the obligation at the date of adoption	₱333,645
Fair value of plan assets at the date of adoption	(153,303)
Transitional liability	180,342
Pension liability already recognized	(17,207)
Increase in net pension liability	₱163,135

The Group recognizes the increase in net pension liability as an expense on a straight-line basis over a period of five years from July 1, 2005, as allowed under PAS 19. The amortization recognized amounts to ₱32.6 million each year.

CACI's Rightsizing Program

CACI implemented a rightsizing program which involved two phases. The first is an early retirement package and the second is the phasing out or abolition of departments, sections and positions that have been identified as redundant or no longer necessary to CACI's core business.

On July 20, 2007, CACI announced its early retirement program to employees, whereby the retirement benefit is equivalent to 1.2 times of monthly salary for every year of service. Total payments made in 2008 amounted to ₱43.2 million.

18. Commitments and Contingencies

a. CACI and CADP, Inc. (the "Mills") have milling contracts with the planters which provide for a 65% and 35% sharing between the planters and Mills, respectively, of sugar, molasses and other sugar cane by-products, except bagasse, produced every crop year.

b. As of June 30 the Group has in its custody the following sugar owned by quedan holders:

	2009		2008	
	Total volume (In thousand LKg*)	**Estimated market value *(In millions)***	Total volume (In thousand LKg*)	Estimated market value *(In millions)*
Refined sugar	**964**	**₱852**	1,037	₱1,409
Raw sugar	**1,014**	**1,034**	1,411	1,266
	1,978	**₱1,886**	2,448	₱2,675

**Equivalent to 50 kilogram bag per unit.*

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

c. CADP, Inc. entered into sales contracts with principal customers for the sale of raw and refined sugar and molasses. As of June 30, 2009 and 2008, CADP, Inc. has outstanding sales contracts for refined sugar with a total value of ₱1,279.60 million and ₱1,236.30 million, equivalent to 839,152 Lkg and 817,091 Lkg respectively. No losses are expected to arise from these contractual obligations.

CADP, Inc. received cash deposits from customers for the above transactions as of June 30, 2009 and 2008 (see Note 14), which will be applied against future deliveries of sugar and molasses.

d. CADP, Inc. entered into agreements as follows:

(i) Lease of offsite warehouse for a period of one year renewable at the option of the lessee through notification in writing not later than 90 days prior to the expiration of the agreement. Related rent expense charged to operations amounted to ₱3.5 million in 2009, ₱3.5 million in 2008 and ₱3.7 million in 2007.

(ii) Contract for hauling services for the transport of sugarcane from the plantation to the mill. Related hauling expense charged to operations in 2009, 2008 and 2007 amounted to ₱112.0 million, ₱172.3 million and ₱129.2 million, respectively.

e. On January 14, 2009, Roxol and World Bank signed a $3.2 million Emission Reduction Purchase Agreement (ERPA) for the purchase of carbon emission credits under the Clean Development Mechanism of the Kyoto Protocol. The ERPA will also avoid at least 50,000 metric tons of carbon dioxide each year and has a crediting period of 10 years starting 2010. As part of the ERPA, part of the revenue for the purchase of the credits will be used to finance Roxol's community development projects.

f. There are pending legal cases in the ordinary course of the Group's business as at June 30, 2009 and 2008, but in the opinion of management and legal counsel, the ultimate outcome of these cases will not have a material impact on the financial position and results of operations of the Group. Consequently, no provision related to these legal cases was made in the 2009, 2008 and 2007 consolidated financial statements.

g. As of June 30, 2009 and 2008, the Group has unused lines of credit from local banks amounting to ₱2,124.0 million and ₱3,165.0 million, respectively.

h. Land Properties Subjected to Comprehensive Agrarian Reform Law (CARL). The CARL (Executive Order No. 229 and RA No. 6657) provides, among others, the redistribution of all private and agricultural lands regardless of tenurial arrangements and commodity produced, subject to certain terms and conditions. On May 16, 2000, the Company filed with the DAR an application for CARL exemption of its three Haciendas in Nasugbu. This exemption application was based on Presidential Proclamation No. 1520, which declared the entire municipality of Nasugbu as a Tourist Zone.

   In October 2001, the DAR denied the Company's application for exemption. Upon appeal, the Court of Appeals reversed the DAR's ruling, in effect granting the Company's exemption application.

   The Court of Appeals decision in GR SP No. 72131 is currently the subject of two petitions filed with the Supreme Court by the farmer-beneficiaries (GR No. 167540) and the DAR (GR No. 167543). Both the Company and the farmer-beneficiaries have already filed their respective Memorandum in GR No. 167540. The DAR's Petition, on the other hand, has been previously dismissed by the Supreme Court. The DAR subsequently filed a Motion for Reconsideration, for which the Supreme Court's decision is still pending as of September 24, 2009.

19. **Revenue**

The components of revenue are as follows:

	2009 (One Year)	2008 (One Year)	2007 (Six Months, Note 2)
		(In Thousands)	
Refined sugar	**₱3,304,300**	₱3,481,489	₱2,564,182
Raw sugar	**1,909,110**	1,958,135	1,076,000
Tolling fees	**356,464**	360,687	216,658
Molasses	**293,450**	268,611	222,512
Sale of real estate	**67,726**	52,403	33,877
Others	**1,556**	8,624	–
	₱5,932,606	₱6,129,949	₱4,113,229

20. **Cost of Sales**

The components of cost of sales are as follows:

	2009 (One Year)	2008 (One Year)	2007 (Six Months, Note 2)
		(In Thousands)	
Purchased sugar	**₱2,808,927**	₱2,216,762	₱1,228,520
Cost of transporting cane to mill	**618,205**	714,573	487,588
Net changes in inventories	**(308,469)**	180,510	194,194
Direct labor (Note 22)	**347,908**	384,728	294,227
Trading cost	**1,525**	31,047	17,959
Tolling fees	**22,041**	1,313	50,374
Manufacturing overhead:			
Materials and consumables	**507,768**	403,945	323,624
Repairs and maintenance	**358,433**	365,696	242,048
Depreciation (Note 11)	**274,204**	301,858	223,197
Taxes and licenses	**104,243**	141,487	73,552
Outside services	**79,565**	64,224	48,768
Rental	**50,399**	38,723	20,145
Communication, light and water	**44,472**	55,342	56,322
Provision for inventory losses and obsolescence (Note 6)	**16,544**	15,001	27,180
Others	**29,830**	27,364	342
Cost of real estate	**44,924**	27,765	22,990
	₱5,000,519	₱4,970,338	₱3,311,030

21. **Operating Expenses**

The components of operating expenses are as follows:

	2009 (One Year)	2008 (One Year)	2007 (Six Months, Note 2)
		(In Thousands)	
Selling expenses	**₱37,338**	₱34,654	₱32,142
General and administrative:			
Salaries, wages and other employee benefits (Notes 17 and 22)	**221,802**	221,090	162,711
Outside services	**116,189**	64,065	29,502
Taxes and licenses	**83,495**	65,434	31,778
Depreciation (Note 11)	**32,883**	28,836	13,225
Materials and consumables	**31,829**	14,958	5,994
Insurance	**30,570**	16,182	11,293
Travel and transportation	**25,765**	34,892	6,749
Rental	**25,308**	21,197	13,447
Repairs and maintenance	**18,950**	10,993	890
Communication, light and water	**12,507**	11,431	4,150

(Forward)

	2009 (One Year)	2008 (One Year)	2007 (Six Months, Note 2)
		(In Thousands)	
Corporate social responsibility	**₱8,126**	₱8,984	₱3,279
Representation and entertainment	**6,193**	10,290	5,318
Provision for impairment of receivables and unrecoverable creditable withholding taxes	**9,832**	698	12,141
Others	**49,515**	62,310	27,701
	672,964	571,360	328,178
	₱710,302	₱606,014	₱360,320

22. Employee Benefits

The components of employee benefits are as follows:

	2009 (One Year)	2008 (One Year)	2007 (Six Months, Note 2)
		(In Thousands)	
Salaries and wages	**₱365,105**	₱463,781	₱281,126
Allowance and other employee benefits	**141,175**	65,469	92,180
Pension cost (Note 17)	**63,430**	76,568	83,632
	₱569,710	₱605,818	₱456,938

23. Other Income - net

The components of other operating income are as follows:

	2009 (One Year)	2008 (One Year)	2007 (Six Months, Note 2)
		(In Thousands)	
Sale of scrap	**₱20,632**	₱43,620	₱7,365
Sugar and molasses handling fees	**8,216**	9,801	4,507
Foreign exchange loss - net (Note 28)	**9,038**	(7,245)	(4,348)
Assignment fee (Note 16)	**5,466**	3,949	2,623
Gain on disposal of properties	–	–	5,981
Others	**17,200**	23,002	21,848
	₱60,552	₱73,127	₱37,976

24. **Income Taxes**

a. Components of the Group's recognized consolidated deferred income tax assets and liabilities at June 30:

	2009		2008	
	Net Deferred Income Tax Assets (1)	**Net Deferred Income Tax Liabilities (2)**	Net Deferred Income Tax Assets (3)	Net Deferred Income Tax Liabilities (4)
		(In Thousands)		
Deferred Income Tax Assets on:				
Allowance for:				
Impairment of receivables (Note 5)	**₱933**	**₱6,747**	₱7,714	₱–
Sugar inventory losses (Note 6)	–	**7,090**	911	–
Inventory obsolescence (Note 6)	–	**8,802**	11,839	–
Pension benefit obligation (Note 17)	–	**21,377**	21,911	–
Unamortized past service cost	**1,368**	**44,825**	43,376	1,370
Unrealized foreign exchange loss	–	–	850	12
NOLCO	–	**10,869**	–	2,551
Excess MCIT	–	**1,666**	6,894	–
Impairment of investment	**1,384**	–	1,213	–
Unrealized gross profit	**5,153**	–	8,835	411
	8,838	**101,376**	103,543	4,344
Deferred Income Tax Liabilities on:				
Revaluation increment on properties	–	**(642,871)**	(2,054)	(680,178)
Unamortized capitalized interest (Note 11)	–	**(111,115)**	(29,989)	–
Pension plan assets (Note 17)	**(657)**	**(42,766)**	(782)	(42,009)
Unamortized debt commitment fees (Note 15)	–	**(14,694)**	(13,274)	(4,145)
Unrealized foreign exchange gain	**(61)**	**(1,396)**	–	–
	(718)	**(812,842)**	(46,099)	(726,332)
Net Deferred Income Tax Assets (Liabilities)	**₱8,120**	**(₱711,466)**	₱57,444	(₱721,988)

(1) Pertain to the Company and RLC
(2) Pertain to RHI, CADP, Inc, CACI and NAVI
(3) Pertain to the Company, RLC, CACI and CADP, Inc.
(4) Pertain to RHI and NAVI

b. Details of NOLCO benefits and MCIT and the corresponding analysis of deferred income tax asset as of June 30 follow:

NOLCO

Incurred in	Amount	Applied	Expired	Balances as of June 30	Tax Effect	Available Until
			(In Thousands)			
2005	₱77,104	(₱69,358)	(₱7,746)	₱–	₱–	2008
2006	18,092	–	(18,092)	–	–	2009
2007	22,132	(8,291)	–	13,841	4,152	2010
2008	36,772	–	–	36,772	11,032	2011
2009	150,078	–	–	150,078	45,023	2012
	₱304,178	(₱77,649)	(₱25,838)	₱200,691	₱60,207	

MCIT

Incurred in	Amount	Applied	Expired	Balances as of June 30	Available Until
		(In Thousands)			
2005	₱4,871	₱–	(₱4,871)	₱–	2008
2006	6,588	–	(6,588)	–	2009
2007	4,856	–	–	4,856	2010
2008	7,409	(6,894)	–	515	2011
2009	1,517	–	–	1,517	2012
	₱25,241	(₱6,894)	(₱11,459)	₱6,888	

The Company and subsidiaries are subject to MCIT of 2% on its gross income as defined under the tax code, if normal income tax is less than the computed MCIT. The excess of MCIT over the normal income tax shall be carried forward on an annual basis and credited against the normal income tax for three immediately succeeding taxable years. Any balance of MCIT which has not been applied against the normal income tax for the three-year period will be closed to provision for income tax for financial reporting purposes.

c. Details of NOLCO, MCIT and other deductible temporary differences for which no deferred tax asset were recognized as of June 30 follow:

	2009	2008
	(In Thousands)	
NOLCO	**₱137,135**	₱34,577
MCIT	**5,222**	11,548
Allowance for impairment of receivables	**1,405**	1,404
Pension benefit obligation	**2,954**	4,017

Deferred income tax assets pertaining to NOLCO, MCIT and other deductible temporary differences amounting to ₱63.3 million and ₱71.5 million as of June 30, 2009 and 2008, respectively, were not recognized as management believes that it may not be probable that future taxable profit will be available against which the NOLCO can be utilized.

d. The reconciliation between the provision for income tax computed at the applicable statutory tax rates and provision for income tax presented in the consolidated statements of income follows:

	2009 (One Year)	2008 (One Year)	2007 (Six Months, Note 2)
		(In Thousands)	
Provision for income tax at statutory rates	**₱79,155**	₱237,957	₱189,019
Adjustments resulting from:			
Capital gains tax paid on disposal of subsidiaries (Note 1)	**106,328**	–	–
Application of temporary differences and NOLCO for which no deferred tax asset was previously recognized	**(2,695)**	(14,373)	–
Unrecognized deferred income tax assets arising from temporary differences and NOLCO	**18,770**	9,183	1,346
Effect of change in future income tax rates applied on deferred income tax assets and liabilities	**2,520**	(3,277)	–
Expiration of excess MCIT	–	4,827	–
Tax effects of:			
Equity in net earnings of associates	**(26,785)**	(32,056)	(21,045)
Interest and dividend income already subjected to final tax	**(1,265)**	(2,266)	(3,884)
Depreciation on appraisal increase	**6,190**	6,666	6,666
Others	**4,829**	10,971	(3,787)
Provision for income tax	**₱187,047**	₱217,632	₱168,315

e. The President signed into law on June 17, 2008 RA 9504 amending provisions of the 1997 Tax Code. RA 9504 became effective on July 7, 2008, 15 days after its publication last June 22, 2008 in major newspapers of general circulation. The new law shall be effective starting taxable year 2008. The new law includes provision relating to the availment of optional standard deductions (OSD). Corporations, except for nonresident foreign corporations, may now elect to claim standard deduction in an amount not exceeding 40% of their gross income. A corporation must signify in its returns its intention to avail the OSD. If no indication is made, it shall be considered as having availed of the itemized deductions. The availment of the OSD shall be irrevocable for the taxable year for which the return is made.

   Under Republic Act 9337, the Expanded Value-Added Tax Act of 2005, which took effect on November 1, 2005, the corporate income tax rate shall be 35% for three years effective on November 1, 2005, and 30% starting on January 1, 2009 and thereafter; and the unallowable deduction for interest expense shall be 42% of the interest income subject to final tax, effective November 1, 2005 and 33% effective January 1, 2009.

   On September 24, 2008, the Bureau of Internal Revenue has issued Revenue Regulation No. 10-2008 for the implementing guidelines of this law.

25. **Equity**

a. Share capital

Details of share capital at June 30, 2009 and 2008 follow:

Authorized share capital at ₱1 par value	3,375,000,000
Issued and outstanding share capital	2,911,886,000

Due to the effect of merger, the authorized capital stock increased from ₱1,962.5 million to ₱3,375.0 million. Further, the issued and outstanding share capital increased from ₱1,545.9 million to ₱2,911.9 million.

Group Restructuring and Merger of CADPGC and RCI
As discussed in Note 1, the Group has undertaken a corporate restructuring whereby a series of activities was consummated, the eventual result of which is the merger of CADPGC and RCI.

In December 2008, CADPGC sold its investments in operating subsidiaries and an associate to RHI, which previously owns 89.78% of CADPGC, for ₱3.8 billion. The effective ownership of RHI was increased from 89.78% to 100%. On January 23, 2009, RHI disposed its investment in CADPGC for ₱3.9 billion to RCI, RHI and CADPGC's ultimate parent company. Further, the Company has increased its effective ownership of 64.00% to 95.93%.

On June 23, 2009, the Philippine SEC approved the Plan and Articles of Merger executed on October 21, 2008 and April 29, 2009, respectively, between CADPGC and RCI. With the merger, CADPGC, which later renamed to Roxas and Company, Inc., became the surviving corporation effective June 29, 2009. The merger was accounted for similar to pooling of interests, resulting in a negative equity reserve of ₱3.8 billion and was presented as "Other equity reserve" section of the consolidated balance sheet and in the consolidated statement of changes in equity.

The Company plans to eliminate the Other equity reserve with a negative balance of ₱3.8 billion in the Company's consolidated financial statements by: (i) reclassifying the share premium of ₱1.6 billion to absorb the portion of the Other equity reserve pursuant to an equity restructuring for which approval from the SEC will be sought, and (ii) the remainder, by periodically applying a portion of the retained earnings of the Company, until the Other equity reserve is totally eliminated.

b. Retained earnings

The following amounts of retained earnings that are not available for dividend declaration as of June 30:

	2009	2008
Treasury shares	**₱–**	₱2,890,969
Application of revaluation increment against deficit	**203,074,578**	203,074,578
Share in Marina Trading Corp.'s negative goodwill upon adoption of PFRS 3	**–**	131,974,944
Pension plan asset - net of deferred tax liability	**–**	14,638,851
	₱203,074,578	₱352,579,342

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

Further, unrestricted retained earnings includes ₱1,770.9 million and ₱1,663.6 million as of June 30, 2009 and 2008, respectively, which represents accumulated earnings of consolidated subsidiaries and unconsolidated associate which are not available for distribution to the Company's shareholders unless received as cash dividends from investees.

Dividends declaration
Cash dividends declared by the Company from retained earnings during the period ended June 30, 2009, 2008 and 2007 follow:

Date Approved	Per Share	Total Amount	Date Paid/Issued
December 9, 2008	₱0.04	₱10,000,000	December 15, 2008
September 30, 2008	0.06	15,000,000	September 30, 2008
June 24, 2008	0.04	10,000,000	June 27, 2008
March 25, 2008	0.04	10,000,000	April 4, 2008
December 7, 2007	0.06	15,000,000	December 14, 2007
September 14, 2007	0.06	15,000,000	October 4, 2007
June 19, 2007	0.04	10,000,000	June 27, 2007
March 27, 2007	0.04	10,000,000	March 30, 2007

c. Share Prices

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

Quarter	High	Low
July 2008 through June 2009		
First	₱1.76	₱1.74
Second	2.75	2.75
Third	1.68	1.68
Fourth	1.70	1.70
July 2007 through June 2008		
First	2.20	1.08
Second	1.88	1.40
Third	2.34	1.70
Fourth	1.92	1.70
July 2006 through June 2007		
First	2.40	2.40
Second	3.50	1.00
Third	1.84	1.84
Fourth	1.84	1.84

d. Treasury shares

Reacquisitions of shares by RHI on its Share Buy Back Program are as follows:

Year Reacquired	Number of Shares	Cost
	(In Thousands)	
2009	8,094	₱29,153
2008	196,323	675,940
2007 and previous years	22,507	63,767

26. Earnings (Loss) Per Share

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

	2009 (One Year)	2008 (One Year)	2007 (Six Months, Note 2)
Net income (loss) attributable to the equity holders of the Company *(in thousands)*	**(₱4,487)**	₱273,595	₱186,173
Weighted average number of shares issued and outstanding *(in thousands)*	**2,911,886**	2,911,886	2,911,886
Basic/diluted earnings (loss) per share	**(₱0.002)**	₱0.09	₱0.06

There are no potential dilutive common shares as at June 30, 2009, 2008 and 2007.

27. **Capital Management**

The primary objective of the Group's capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Group's dividend declaration is dependent on availability of earnings and operating requirements. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2009.

Management considers the total equity reflected in the consolidated balance sheets as its capital. The Group monitors its use of capital using leverage ratios, specifically, debt ratio and debt-to-equity ratio. Liabilities and equity pertains to the total liabilities and equity as shown in the consolidated balance sheets. The table below shows the leverage ratios of the Group as of June 30:

	2009	2008
	(In Thousands)	
Liabilities	**₱8,137,525**	₱4,516,500
Equity	**6,276,411**	6,440,312
Liabilities and equity	**₱14,413,936**	₱10,956,812
Debt ratio	**0.56:1.00**	0.41:1.00
Debt-to-equity ratio	**1.30:1.00**	0.70:1.00

28. **Financial Instruments**

<u>Financial Risk Management Objectives and Policies</u>
The main risks arising from the Group's financial instruments are liquidity risk, credit risk, interest rate risk and foreign currency risk. Risk management is carried out by the President and Treasurer under the direction of the BOD of the Company.

<u>Liquidity risk</u>
Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations.

The Group's objective is to maintain sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the Group aims to maintain flexibility in funding by keeping track of daily cash flows and maintaining committed credit lines available.

The tables below summarize the maturity profile of the Group's financial liabilities at June 30 based on contractual undiscounted payments.

	2009						
	On demand	**<1 year**	**>1-<2 yrs**	**>2-<4 yrs**	**>4-<5 yrs**	**>5 yrs**	**Total**
				(In Thousands)			
Accounts payable and accrued expenses*	**₱612,590**	**₱183,134**	**₱31,132**	**₱–**	**₱–**	**₱–**	**₱826,856**
Short-term borrowings	–	**3,232,191**	–	–	–	–	**3,232,191**
Long-term borrowings - net of current portion	–	**346,897**	**417,917**	**665,585**	**1,312,025**	**2,095,386**	**4,837,810**
Dividends payable	–	**8,919**	–	–	–	–	**8,919**
	₱612,590	**₱3,771,141**	**₱449,049**	**₱665,585**	**₱1,312,025**	**₱2,095,386**	**₱8,905,776**

**Excludes payable to government agencies amounting to ₱57,835.*
**Includes expected interest payments for short-term and long-term borrowings of ₱229.7 million and ₱1,585.8 million, respectively.*

	2008						
	On demand	<1 year	>1-<2 yrs	>2-<4 yrs	>4-<5 yrs	>5 yrs	Total
				(In Thousands)			
Accounts payable and accrued expenses*	₱437,265	₱206,079	₱19,249	₱36,782	₱–	₱–	₱699,375
Short-term borrowings	225,000	582,223	–	–	–	–	807,223
Current portion of long-term debt	–	22,797	–	–	–	–	22,797
Long-term borrowings	–	39,009	45,723	161,344	169,993	1,904,759	2,320,828
Dividends payable	–	42,178	–	–	–	–	42,178
	₱662,265	₱892,286	₱64,972	₱198,126	₱169,993	₱1,904,759	₱3,892,401

**Excludes payable to government agencies amounting to ₱22,428.*
**Includes expected interest payments for short-term and long-term borrowings of ₱85.4 million and ₱482.4 million, respectively.*

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

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

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements
The table below shows the maximum exposure to credit risk for the financial assets presented in the consolidated balance sheets. The maximum exposure is shown at gross, before the effect of mitigation through the use of master netting and collateral agreements.

	2009	2008
	(In Thousands)	
Cash in banks and short-term placements, excluding cash on hand	**₱339,553**	₱381,395
Trade receivables	**786,695**	468,456
Advances to employees	**38,463**	59,021
Advances to related parties	**68,980**	65,785
Others receivables	**56,511**	11,010
Available-for-sale investments	**8,229**	8,329
	₱1,298,431	₱993,996

Collaterals and other credit enhancements
The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

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

The table below shows the credit quality of financial assets and an aging analysis of past due but not impaired accounts as of June 30:

	2009							
	Neither past due nor impaired			**Past due but not impaired**			**Impaired**	
	High Grade	**Standard Grade**	**Substandard Grade**	**Over 30 Days**	**Over 90 Days**	**Over 180 Days**	**Financial Assets**	**Total**
				(In Thousands)				
Cash in bank and short-term placements*	**₱335,151**	**₱4,402**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱339,553**
Trade receivables	**195,095**	**509,226**	**30,400**	**16,206**	**4,212**	**31,556**	**6,732**	**793,427**
Advances to employees**	**554**	**36,726**	**1,168**	–	**15**	–	**1,276**	**39,739**
Advances to related parties	**68,980**	–	–	–	–	–	–	**68,980**
Other receivables	**20,604**	**1,514**	**27,981**	**4,382**	**330**	**1,700**	**22,228**	**78,739**
Available-for-sale investments	–	**7,534**	**695**	–	–	–	–	**8,229**
Total	**₱620,384**	**₱559,402**	**₱60,244**	**₱20,588**	**₱4,557**	**₱33,256**	**₱30,236**	**₱1,328,667**

**Excludes cash on hand amounting to ₱3.4 million*
***Excludes advances to employees subject to liquidation amounting to ₱11.7 million*

	2008							
	Neither past due nor impaired			Past due but not impaired			Impaired	
	High Grade	Standard Grade	Substandard Grade	Over 30 Days	Over 60 Days	Over 90 Days	Financial Assets	Total
				(In Thousands)				
Cash in bank and time deposits*	₱377,780	₱3,615	₱–	₱–	₱–	₱–	₱–	₱381,395
Trade receivables	173,929	250,800	16,677	16,948	6,010	4,092	9,586	478,042
Advances to employees**	16,512	42,509	–	–	–	–	1,276	60,297
Advances to related parties	18,377	45,380	1,918	110	–	–	–	65,785
Other receivables	–	534	9,950	–	526	–	13,068	24,078
Available-for-sale investments	–	8,329	–	–	–	–	–	8,329
Total	₱586,598	₱351,167	₱28,545	₱17,058	₱536	₱4,092	₱23,930	₱1,017,926

** Excludes cash on hand amounting to ₱1.5 million*
***Excludes advances to employees subject to liquidation amounting to ₱13.6 million*

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

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

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

The Group recognized impairment loss on its financial assets amounting to ₱9.8 million, ₱0.7 million and ₱12.1 million in 2009, 2008 and 2007, respectively.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Group's cash flow interest rate risk arises from short and long-term borrowings issued at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group has long-term borrowings with interest being repriced on a quarterly basis. The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at June 30, 2009 and 2008.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's consolidated statement of income.

Percentage change in interest rates	Effect in consolidated income before income tax **2009**	2008
	(In Thousands)	
For more than a year:		
+ 17%	**₱24,114**	₱20,925
- 17%	**(24,114)**	(20,925)
For less than a year:		
+10%	**1,601**	6,801
-10%	**(1,601)**	(6,801)

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

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's foreign currency risk relates to its US Dollar ($)-denominated cash and cash equivalents. Management closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risks associated with the financial instruments. The Group currently does not enter into derivative transactions to hedge its currency exposure.

The Group's foreign currency denominated assets consist of US$ cash in banks and in amounting to US$0.90 million and US$0.8 million in 2009 and 2008, respectively. As of June 30, 2009 and 2008, the exchange rates were ₱48.30 and ₱44.90 per US$1.00, respectively.

Net foreign exchange gain (losses) recognized in the consolidated statements of income amounted to ₱9.0 million gains, ₱7.2 million loss and ₱4.3 million loss in 2009, 2008 and 2007, respectively.

Shown below is the impact on the Group's consolidated income before income tax of reasonably possible changes in exchange rate of the US$ against the Philippine Peso as of June 30, with all other variables held constant.

Movement in US$-Philippine peso exchange rates	Net effect in consolidated income before income tax **2009**	2008
	(In Thousands)	
+ 5.00%	**₱2,174**	₱2,532
- 5.00%	**(2,174)**	(2,532)

There is no other impact on the Group's equity other than those already affecting the consolidated income before income tax.

Fair Values

The following is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are reflected in the consolidated financial statements as of June 30:

	2009		2008	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
		(In Thousands)		
Financial Assets				
Cash on hand	**₱3,446**	**₱3,446**	₱1,493	₱1,493
Loans and receivables:				
Cash in banks and short-term placements	**339,553**	**339,553**	381,395	381,395
Trade receivables	**786,695**	**786,695**	468,456	468,456
Advances to employees	**38,463**	**38,483**	59,021	61,399
Advances to related parties	**68,980**	**68,980**	65,785	65,785
Other receivables	**56,511**	**56,511**	11,010	11,010
Available-for-sale investments - unquoted equity instruments	**8,229**	**8,229**	8,329	8,329
	₱1,301,877	**₱1,301,897**	₱995,489	₱997,867
Financial Liabilities:				
Other financial liabilities:				
Accounts payable and accrued expenses:				
Trade payables	**₱335,159**	**₱335,159**	₱250,024	₱250,024
Accrued expenses	**173,073**	**173,073**	200,044	200,044
Due to planters	**47,874**	**47,874**	134,343	134,343
Related parties	**50,371**	**50,371**	46,441	46,441
Other liabilities	**220,379**	**220,379**	68,523	68,523
Dividends payable	**8,919**	**8,919**	42,178	42,178
Short-term borrowings	**3,002,500**	**3,002,500**	768,052	768,052
Current portion of long-term borrowings	–	–	22,797	22,797
Long-term borrowings - net of current portion	**3,251,973**	**3,243,620**	1,838,409	1,833,854
	₱7,090,248	**₱7,081,895**	₱3,370,811	₱3,366,256

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

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

Long-term borrowings - fixed interest bearing loans. The fair values are based on the expected cash flows on the instruments, discounted using the prevailing interest rate of 6.9% and 7.0% at June 30, 2009 and 2008, respectively, for comparable instruments in the market. The rates were obtained from *Bangko Sentral ng Pilipinas*, representing bank average lending rates in 2009 and 2008.

Long-term borrowings - variable interest bearing loans. The carrying value of the financial instrument approximates the fair value at June 30, 2009 and 2008 due to regular repricing of its interest rates.

29. Segment Reporting

Business Segments

Financial information about business segments as of and for the years ended June 30, 2009, 2008 and 2007 follows:

	2009 (One Year)				
	Sugar Operation	**Real Estate Operation**	**Other Segments**	**Elimination/ Unallocated**	**Total**
			(In Thousands)		
Revenue					
External sales (Note 19)	**₱5,864,618**	**₱67,726**	**₱262**	**₱–**	**₱5,932,606**
Inter-segment sales	**736,409**	**–**	**–**	**(736,409)**	**–**
Total revenue	**₱6,601,027**	**₱67,726**	**₱262**	**(₱736,409)**	**₱5,932,606**
Segment Results	**₱142,529**	**₱7,021**	**₱8,626**	**(₱101,669)**	**₱56,507**
Other information					
Segment assets	**₱12,964,237**	**₱538,487**	**₱–**	**₱172,087**	**₱13,674,811**
Investment in share of stocks of associates (Note 9)	**557,432**	**181,693**	**–**	**–**	**739,125**
Consolidated segment assets	**₱13,521,669**	**₱720,180**	**₱–**	**₱172,087**	**₱14,413,936**
Consolidated segment liabilities	**₱7,805,065**	**₱187,299**	**₱–**	**₱145,161**	**₱8,137,525**
Additions to property, plant and equipment (Note 11)	**3,353,445**	**2,984**	**113**	**–**	**3,356,542**
Depreciation (Note 11)	**305,567**	**681**	**839**	**–**	**307,087**

	2008 (One Year)				
	Sugar Operation	Real Estate Operation	Other Segments	Elimination/ Unallocated	Total
			(In Thousands)		
Revenue					
External sales (Note 19)	₱6,077,312	₱52,403	₱234	₱–	₱6,129,949
Inter-segment sales	274,527	–	–	(274,527)	–
Total revenue	₱6,351,839	₱52,403	₱234	(₱274,527)	₱6,129,949
Segment Results	₱672,959	₱5,265	₱62,569	(₱278,548)	₱462,245
Other information					
Segment assets	₱9,320,796	₱532,986	₱–	₱376,646	₱10,230,428
Investment in share of stocks of associates (Note 9)	546,388	179,996	–	–	726,384
Consolidated segment assets	₱9,867,184	₱712,982	₱–	₱376,646	₱10,956,812
Consolidated segment liabilities	₱1,549,963	₱200,619	₱28,248	₱2,737,670	₱4,516,500
Additions to property, plant and equipment (Note 11)	2,193,738	455	865	195,156	2,390,214
Depreciation (Note 11)	304,426	24,804	858	606	330,694
Non-cash expenses other than depreciation	5,462	–	–	15,236	20,698

	2007 (Six Months, Note 2)				
	Sugar Operation	Real Estate Operation	Other Segments	Elimination/ Unallocated	Total
			(In Thousands)		
Revenue					
External sales (Note 19)	₱4,079,104	₱33,877	₱248	₱–	₱4,113,229
Inter-segment sales	305,436	–	–	(305,436)	–
Total revenue	₱4,384,540	₱33,877	₱248	(₱305,436)	₱4,113,229
Segment Results	₱383,110	₱37,600	₱–	(₱48,743)	₱371,967
Other information					
Segment assets	₱7,295,452	₱563,688	₱–	₱1,481,549	₱9,340,689
Investment in share of stocks of associates (Note 9)	545,454	157,630	–	–	703,084
Consolidated segment assets	₱7,840,906	₱721,318	₱–	₱1,481,549	₱10,043,773
Consolidated segment liabilities	₱2,401,887	₱224,078	₱–	₱77,492	₱2,703,457
Additions to property, plant and equipment (Note 11)	250,453	92	380	–	250,925
Depreciation (Note 11)	235,347	452	623	–	236,422
Non-cash expenses other than depreciation	30,919	–	–	–	30,919

Geographical Segments

Sales revenue from external customers by geographical market (regardless of where the goods were produced or service has been rendered) for the years ended June 30 follow:

	2009 (One Year)	2008 (One Year)	2007 (Six Months, Note 2)
		(In Thousands)	
Nasugbu, Batangas	**₱3,729,784**	₱3,902,969	₱2,869,475
La Carlota City, Negros Occidental	**2,202,560**	2,226,746	1,243,506
Other segments/unallocated	**262**	234	248
	₱5,932,606	₱6,129,949	₱4,113,229

The details of the carrying amounts of segment assets at June 30 and additions to property, plant and equipment by geographical area in which those assets are located for the years ended June 30 follow:

	Carrying amount of segment assets			Additions to property, plant and equipment		
	2009 (One Year)	2008 (One Year)	2007 (Six Months, Note 2)	**2009 (One Year)**	2008 (One Year)	2007 (Six Months, Note 2)
			(In Thousands)			
Nasugbu, Batangas	**₱10,664,180**	₱7,436,444	₱6,957,688	**₱2,178,481**	₱1,575,836	₱124,898
La Carlota City, Negros Occidental	**3,749,756**	2,793,976	2,383,001	**1,174,964**	617,902	125,555
	₱14,413,936	₱10,230,420	₱9,340,689	**₱3,353,445**	₱2,193,738	₱250,453

30. **Other Matter**

Registration with the Board of Investments (BOI)

On October 24, 2008, the BOI approved the registration of Roxol as New Producer of Bioethanol (Anhydrous) and Potable (Hydrous) Ethanol on a Pioneer Status under the Omnibus Investments Code of 1987 or Executive Order (E.O.) 226. Under the terms of its registration, Roxol is required to achieve certain production and sales volume for both anhydrous and hydrous ethanol. As a registered enterprise, Roxol is entitled to certain tax incentives, which include, among others: (1) income tax holiday (ITH) of six years for its anhydrous ethanol and for four years for its hydrous ethanol, from January 2010 or actual start of commercial operations, whichever is earlier; (2) extension of ITH provided that the aggregated ITH availment does not exceed eight years, subject to certain conditions; (3) for the first five years from the date of registration, additional deduction from taxable income of 50% of the wages arising from additional workers hired, provided that it is not simultaneously availed with the ITH; (4) tax credit for taxes and duties on raw materials and supplies and semi-manufactured products used in producing its export product; (5) exemption from wharfage dues, any export tax, duties imposts and fees for ten years from date of registration; (6) may qualify to import capital equipment, spare parts and accessories at 0% duty from date of registration up to June 16, 2011 pursuant to E.O. 528 and its Implementing Rules and Regulations and (7) tax- and duty-free importation of equipment.

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED BY SRC RULE 68.1,
SUPPLEMENTARY SCHEDULE ON RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AND THE REPORT OF INDEPENDENT
PUBLIC AUDITORS ON SUPPLEMENTARY SCHEDULES

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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www.sgv.com.ph

BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-1

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Roxas and Company, Inc.
7th Floor, Cacho-Gonzales Building
101 Aguirre Street, Legaspi Village
Makati City

We have audited in accordance with Philippine Standards on Auditing the consolidated financial statements of Roxas and Company, Inc. (formerly CADP Group Corporation) and subsidiaries as at June 30, 2009 and for the year then ended included in this Form 17-A and have issued our report thereon dated September 24, 2009. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules, including the supplementary schedule of retained earnings available for dividend declaration as of June 30, 2009, are the responsibility of Roxas and Company, Inc.'s management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68 and Securities and Exchange Commission Memorandum Circular No. 11, Series of 2008 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Josephine H. Estomo
Partner
CPA Certificate No. 46349
SEC Accreditation No. 0078-AR-1
Tax Identification No. 102-086-208
PTR No. 1566427, January 5, 2009, Makati City

September 24, 2009

ROXAS AND COMPANY, INC.
(Formerly CADP Group Corporation)
AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED JUNE 30, 2009
(Amounts in Thousands)

Unrestricted retained earnings, as adjusted to available for dividend declaration, beginning		₱1,161,263
Add (less):	Net income actually earned/realized during the year	
	Net income during the year closed to retained earnings	10,479
	Movement of deferred income tax assets	(635)
		9,844
Add (less):	Dividend declaration during the year	(117,663)
	Realization of revaluation increment on properties transferred to a subsidiary	7,801
	Other appropriation of retained earnings during the year	(203,075)
	Reversal of restriction on retained earnings	349,688
		36,751
Total unrestricted retained earnings available for dividend declaration, end		₱1,207,858

SECOND SECTION

SCHEDULE A

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

MARKETABLE SECURITIES
JUNE 30, 2009
(AMOUNTS IN THOUSAND PHILIPPINE PESOS)

Name of issuing entity and description of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at balance sheet date	Income received and accrued
		NONE		

SCHEDULE B

ROXAS AND COMPANY , INC. AND SUBSIDIARIES

AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES
AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES)
JUNE 30, 2009
(AMOUNTS IN THOUSAND PHILIPPINE PESOS)

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Various employees (educational loans/advances)	P97,921	₱19,586	P53,304	₱–	₱55,402	₱8,801	₱64,203

SCHEDULE C

ROXAS AND COMPANY , INC. AND SUBSIDIARIES

NON-CURRENT MARKETABLE EQUITY SECURITIES, OTHER LONG-TERM INVESTMENTS IN STOCK AND OTHER INVESTMENTS
JUNE 30, 2009
(AMOUNTS IN THOUSAND PHILIPPINE PESOS, EXCEPT NUMBER OF SHARES)

	Beginning Balance		Net additions (deductions)				Ending Balance		
Name of issuing entity And description of investment	Number of shares or principal amount of bonds and notes	Amount in Pesos	Equity in net earnings of investee for the period	Other	Distribution of earnings by investee	Other	Number of shares or principal amount of bonds and notes f	Amount in Pesos	Dividends received from investments not accounted for by the equity method
Hawaiian Philippine Company (45.09%)	285,549,365	546,388	79,564		68,520		285,549,365	557,432	
Fuego Development Corporation (30%)	39,933,013	104,193	(2,494)				39,933,013	101,699	
Fuego Land Corporation (30%)	29,998	49,755	6,348				29,998	56,103	
Club Punta Fuego Inc. (26.63%)	536	17,979	(2)				536	17,977	
Roxaco-ACM Development Corporation (50%)	6,249,997	8,062	(1,001)	(1,147)			6,249,997	5,914	
Others		7		(7)					
TOTAL		726,384	82,415	(1,154)	68,520			739,125	

Other : provision for impairment – P 1,147 and reclass to Other Non-Current Assets – P 7.

Refer to Note 9 of 2009 consolidated financial statements for additional information on Investment in Stocks of Associates

SCHEDULE D

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INDEBTEDNESS OF UNCONSOLIDATED SUBSIDIARIES AND RELATED PARTIES
JUNE 30, 2009
(AMOUNTS IN THOUSAND PHILIPPINE PESOS)

Name of Affiliates	Balance at beginning of period	Balance at end of period
	NONE	

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTANGIBLE ASSETS - OTHER ASSETS
JUNE 30, 2009
(AMOUNTS IN THOUSAND PHILIPPINE PESOS)

Description	Beginning balance	Additions	Charged to costs and expenses	Charged to other accounts	Other changes- additions (deductions)	Ending Balance
Excess of acquisition cost over net assets of subsidiaries' shares (Goodwill, shown under "Other noncurrent assets)	₱10,296	₱–	₱–	₱500	₱–	₱9,796

SCHEDULE F

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

LONG-TERM BORROWINGS
JUNE 30, 2009
(AMOUNTS IN THOUSAND PHILIPPINE PESOS)

Title of issue and type of obligation	Amount shown under caption "Current portion of long-term borrowings" in related consolidated balance sheets	Amount shown under caption" Long-term borrowings" in related consolidated balance sheets	Remarks
Loans payable to local banks:			
Banco De Oro	₱–	₱2,114,494	
Rizal Commercial Banking Corporation	–	219,944	
Bank of the Philippine Island	–	940,562	
	–	3,275,000	
Less: Unamortized debt commitment fees	–	(23,027)	
	₱–	₱3,251,973	

Refer to Note 15 of the 2009 consolidated financial statements for additional information on long-term borrowings.

SCHEDULE G

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
JUNE 30, 2009
(AMOUNTS IN THOUSAND PHILIPPINE PESOS)

Name of Affiliate	Balance at beginning of period	Balance at end of period
	NONE	

SCHEDULE H

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

GUARANTEES OF SECURITIES OF OTHER ISSUERS
JUNE 30, 2009
(AMOUNTS IN THOUSAND IN PHILIPPINE PESOS)

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issues of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
		NONE		

SCHEDULE I

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

SHARE CAPITAL
JUNE 30, 2009
(AMOUNTS IN THOUSAND PHILIPPINE PESOS, EXCEPT NUMBER OF SHARES)

Title of issue	Number of shares authorized	Number of shares issued and outstanding shown under related consolidated balance sheets caption	Number of shares reserved for options, warrants conversion, and other rights	Number of shares held by related parties	Directors and officers	Others
Common shares (P1 par value)	3,375,000,000	2,911,885,870	-	58	1,441,761,523	1,470,124,289

Please refer to Note 25 of the 2009 consolidated financial statements for additional information on share capital.

110132009000516

SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills,Mandaluyong City, Metro Manila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No.	PW00000834
Company Name	CADP GROUP CORPORATION
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	110132009000516
Document Type	17-L (FORM 11-L:NTCE TO DELAY RPT)
Document Code	17-L
Period Covered	October 13, 2009
No. of Days Late	0
Department	CFD
Remarks	PRESENT NAME: ROXAS AND COMPANY, INC.

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

(Company's Full Name)

7th Floor, CG Building, 101 Aguirre St., Legaspi Village, Makati City

(Company's Address)

(02) 810-89-01

(Telephone Number)

30 June

(Fiscal Year Ending)
(Month & day)

(Annual Meeting)

SEC FORM 17-L

(Form Type)

Amendment Designation (if applicable)

Period Ended Date

(Secondary License Type, If any)

Cashier

LCU

Central Receiving Unit

DTU

PW-834
S.E.C. Reg. No.

File Number

Document I.D.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-L
NOTIFICATION OF INABILITY TO FILE ALL OR ANY PORTION OF SEC FORM 17-A OR 17-Q

Check One:

Form 17-A [√]   Form 17-Q [ ]

Period-Ended/Date of Required Filing: 30 June 2009 / 13 October 2009.

Date of this Report: 12 October 2009.

Nothing in this Form shall be construed to imply that the Commission has verified any information contained herein.

If this notification relates to a portion or portions of the filing checked above, identify the item(s) to which the notification relates: N/A

1. SEC Identification Number: 834   2. BIR Tax Identification No. 000-269-435.

3. **ROXAS & COMPANY, INC.**
   Exact name of issuer as specified in its charter

4. Makati City, Philippines
   Province, country or other jurisdiction of incorporation

5. Industry Classification : _______________ (SEC Use Only)

6. 7F, CG Bldg., 101 Aguirre St., Legaspi Village, Makati City
   Address of principal office   Postal Code 1229

7. PLDT: (632) 810-89-01
   Issuer's telephone number, including area code

8. **CADP GROUP CORPORATION**
   6F, CG Bldg., 101 Aguirre St., Legaspi Village, Makati City
   Former name, former address, and former fiscal year, if changed since last report.

9. Are any of the issuer's securities listed on a Stock Exchange?

   Yes [√]   No [ ]

   If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

   Securities registered with the Philippine Stock Exchange:

   Securities registered: No. of shares

Class A, common shares 1,962,500,000

Part I - Representations

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

(a) The reasons described in reasonable detail in Part II of this Form could not be estimated without unreasonable effort or expense. [ ]

(b) The subject amended annual report on SEC Form 17-A, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date [√]; or the subject quarterly report on SEC Form 17-Q, or portion thereof, will be filed on or before the fifth (5^{th}) day following the prescribed due date. [ ]

(c) The accountant's statement or other exhibit required by paragraph 3 of SRC Rule 17-1 has been attached if applicable. [ ]

Part II - Narrative

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

RCI will not be able to file its Annual Report on SEC Form 17-A on or before the 13 October 2009 deadline because its sugar-manufacturing subsidiaries are still finalizing the material information on the sugar group's business risks, financial conditions and results of operations. The sugar group was not able to finalize the needed information due to numerous tasks likewise demanding immediate attention.

Without the information from the various sugar-operating companies under it, RCI will not be able to make a complete report.

In view of this, RCI requests permission to submit the report on or before **28 October 2009**.

Part III - Other Information

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

Atty. Fritzie P. Tangkia-Fabricante
Assistant Corporate Secretary
7th Floor, Cacho-Gonzales Bldg.
101 Aguirre Street, Legaspi Village
1229 Makati City, Metro Manila
810-8901 / 751-9537

(b) Have all other periodic reports required under Section 17 of the Code and under Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months, or for such shorter period that the issuer was required to file such report(s), been filed? If the answer is no, identify the report(s).

Yes [√] No [ ] Reports: ....

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

Yes [ ] No [√]

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

SIGNATURE

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

ROXAS & COMPANY, INC.
(Formerly **CADP GROUP CORPORATION)**

By:

FRITZIE P. TANGKIA-FABRICANTE
Assistant Corporate Secretary

12 October 2009.