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

(Company's Full Name)

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

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

ATTY. ALEZANDRO S. CASABAR

810-8901

SEC Form 17-Q

(For the period ending December 31, 2013)

September 30
Month Day
Fiscal Year

Form Type

February 4th Wednesday
Month Day
Annual Meeting

Secondary License Type, If Applicable

Department Requiring this Document

Amended Articles Number/Section

3,440

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

TO BE ACCOMPLISHED BY SEC PERSONNEL CONCERNED

File Number

LCU

Document I.D.

Cashier

STAMPS

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**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF
THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended: **31 December 2013.**
2. SEC Identification Number: **834.**
3. BIR Tax Identification No. : **000-269-435-000.**
4. Exact name of issuer as specified in its charter: **ROXAS AND COMPANY, INC.**
5. **Philippines**
Province, Country or other jurisdiction of
Incorporation or Organization
6. (SEC Use Only)
Industry Classification Code
7. **7F Cacho-Gonzales Building, 101 Aguirre Street
Legaspi Village, Makati City 1229**
Address of Principal Office
8. **(632) 810-89-01 to 06**
Registrant's telephone number, including area code
9. **CADP GROUP CORPORATION**
6F Cacho-Gonzales Building, 101 Aguirre Street
Legaspi Village, Makati City 1229
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Stock Outstanding and Amount of Debt Outstanding |
|---|---|
| Authorized Capital Stock Common | ₱3,375,000,000.00 |
| No. of shares subscribed & outstanding: Common | 1,921,501,095 |
| Amount of debt outstanding as of 31 December 2013 | ₱380,785,000.00 |

Of the 1,921,501,095 subscribed and outstanding common shares, 1,365,990,294 shares were exempt securities under Section 10.1 of the SRC.

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

Yes [] No []

1,921,501,095 common shares are registered with the Philippine Stock Exchange (PSE).

12. Check whether the issuer:

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

Yes [] No []

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

Yes [] No []

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see Annex “A”.

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

Please see Annex “B”.

PART II – OTHER INFORMATION

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

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

2. Composition of the Board of Directors:

| | | |
|--------------------------------------|---|----------------------------|
| PEDRO E. ROXAS | - | Chairman / President & CEO |
| ANTONIO J. ROXAS | | |
| FRANCISCO JOSE R. ELIZALDE | | |
| CARLOS ANTONIO R. ELIZALDE | | |
| RENATO C. VALENCIA | | |
| CORAZON S. DE LA PAZ-BERNARDO | | Independent Director |
| GUILLERMO D. LUCHANGCO | - | Independent Director |
| PETER D. BAROT | - | Corporate Secretary |

3. Performance of the Corporation or result or progress of operations:

Required information is contained in Annexes "A" and "B".

4. Suspension of operations:

None for the period.

5. Declaration of dividends:

On 13 December 2013, the Board of Directors approved Php0.02 cash dividend per share for stockholders of record as of 06 January 2014 and payment date on 30 January 2014.

6. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements:

None for the period.

7. Financing through loans:

None for the period.

8. Offering of rights, granting of Stock Options and corresponding plans therefor:

None for the period.

9. Acquisition of other capital assets or patents, formula or real estates:

None for the period.

10. Any other information, event or happening that may affect the market price of the Company's shares:

None for the period.

11. Transferring of assets, except in the normal course of business:

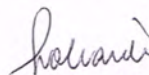
None for the period.

SIGNATURE

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

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

By:



VIRGINIA R. ALCAIDE
Alternate Corporate Information Officer

Date: 18 February 2014.



A N N E X “A”

CONSOLIDATED FINANCIAL STATEMENTS
First Quarter Ending December 31, 2013 and 2012

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013 AND SEPTEMBER 30, 2013
(Amounts in Thousands)

| | Note | December 31, 2013 (Unaudited) | September 30, 2013 (Audited) |
|--|------|-------------------------------------|------------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 7 | ₱395,556 | ₱198,626 |
| Trade and other receivables - net | 8 | 105,061 | 1,455,687 |
| Inventories | 9 | 34 | 1,550,894 |
| Real estate for sale and development - at cost | 10 | 460,361 | 387,943 |
| Other current assets | 11 | 56,971 | 538,484 |
| Total Current Assets | | 1,017,983 | 4,131,634 |
| Noncurrent Assets | | | |
| Receivables - net of current portion | 8 | 12,909 | 17,089 |
| Investments in associates | 12 | 1,938,629 | 757,559 |
| Property, plant and equipment - net: | 13 | | |
| At cost | | 6,249 | 7,896,563 |
| At appraised values | | - | 2,758,324 |
| Investment properties | 14 | 4,432,493 | 4,624,331 |
| Net retirement plan assets | 18 | 2,414 | 127,145 |
| Deferred tax assets - net | 26 | 3,912 | 35,629 |
| Other noncurrent assets | | 20,831 | 17,180 |
| Total Noncurrent Assets | | 6,417,437 | 16,233,820 |
| | | ₱7,435,420 | ₱20,365,454 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Short-term borrowings | 15 | ₱47,500 | ₱1,064,027 |
| Current portion of long-term borrowings | 16 | 31,410 | 158,277 |
| Trade and other payables | 17 | 226,846 | 781,361 |
| Income tax payable | | - | 51,513 |
| Dividends payable | 19 | 42,874 | 4,444 |
| Total Current Liabilities | | 348,630 | 2,059,622 |

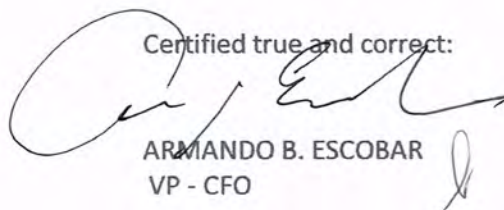
(Forward)



| | Note | December 31, 2013 (Unaudited) | September 30, 2013 (Audited) |
|--|------|-------------------------------------|------------------------------------|
| Noncurrent Liabilities | | | |
| Long-term borrowings - net of current portion | 16 | ₱301,875 | ₱7,211,340 |
| Net retirement benefit liability | 18 | - | 14,742 |
| Deferred tax liabilities – net | 26 | - | 798,491 |
| Total Noncurrent Liabilities | | 301,875 | 8,024,573 |
| Total Liabilities | | 650,505 | 10,084,195 |
| Equity attributable to the Equity Holders of the Parent Company | | | |
| Capital stock | 19 | 2,911,886 | 2,911,886 |
| Additional paid-in capital | 19 | 1,611,393 | 1,611,393 |
| Revaluation increment on land | 19 | 280,090 | 1,496,206 |
| Share in fair value reserve of an associate | 12 | 5,179 | 5,179 |
| Share in revaluation increment on land of an associate | 12 | - | 136,322 |
| Effect of change in equity interest in subsidiaries | | - | (81,066) |
| Retained earnings | 19 | 3,657,005 | 2,291,154 |
| Treasury stock - at cost | 19 | (1,683,654) | - |
| | | 6,781,899 | 8,371,074 |
| Noncontrolling Interests | | 3,016 | 1,910,185 |
| Total Equity | | 6,784,915 | 10,281,259 |
| | | ₱7,435,420 | ₱20,365,454 |

See accompanying Notes to Consolidated Financial Statements.

Certified true and correct:



ARMANDO B. ESCOBAR
VP - CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31, 2013 AND 2012*

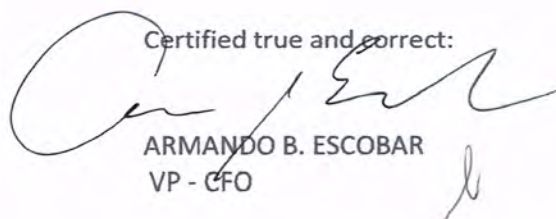
[Amounts in Thousands, Except Basic/Diluted Earnings (Loss) per Share Data]

| | Note | 2013 (Unaudited) | 2012 (Unaudited) |
|--|--------|---------------------|---------------------|
| REVENUE | 21 | ₱14,189 | ₱4,389 |
| COST OF SALES | 22 | (9,978) | (458) |
| GROSS INCOME | | 4,211 | 3,931 |
| GENERAL AND ADMINISTRATIVE EXPENSES | 23 | (28,186) | (20,373) |
| EQUITY IN NET EARNINGS OF ASSOCIATES | 12 | 16,860 | (1,959) |
| INTEREST EXPENSE | 15, 16 | (6,500) | (6,317) |
| SELLING EXPENSES | 23 | (3,977) | (3,110) |
| INTEREST INCOME | 7, 8 | 1,237 | 1,426 |
| GAIN ON SALE OF INVESTMENT IN A SUBSIDIARY | 6 | 1,316,942 | - |
| OTHER INCOME –Net | 25 | 4,214 | 3,274 |
| INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX | | 1,304,801 | (23,128) |
| CURRENT INCOME TAX EXPENSE | 26 | - | 299 |
| NET INCOME (LOSS) FROM CONTINUING OPERATIONS | | 1,304,801 | (23,427) |
| NET INCOME FROM DISCONTINUED OPERATIONS | 6 | 41,999 | 33,914 |
| NET INCOME | | ₱1,346,800 | ₱10,487 |
| Net income (loss) attributable to: | | | |
| Equity holders of the Parent Company | | ₱1,332,457 | (₱448) |
| Noncontrolling interests | | 14,343 | 10,935 |
| | | ₱1,346,800 | ₱10,487 |
| BASIC/DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY | 27 | ₱0.57 | (₱0.0002) |
| Net Income (Loss) from Continuing Operations Attributable to Equity Holders of the Parent | | ₱0.56 | (₱0.0001) |
| Net Income (Loss) from Discontinued Operations Attributable to Equity Holders of the Parent | | ₱0.01 | (₱0.0001) |

See accompanying Notes to Consolidated Financial Statements.

* On November 29, 2013, RHI was deconsolidated.

Certified true and correct:


 ARMANDO B. ESCOBAR
 VP - CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

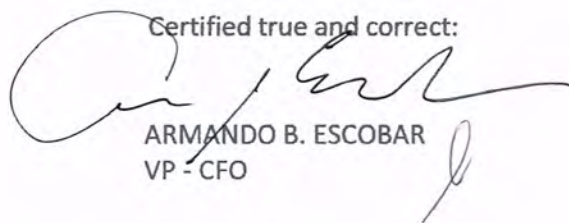
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31, 2013 AND 2012*
(Amounts in Thousands)

| | 2013 (Unaudited) | 2012 (Unaudited) |
|---|---------------------|---------------------|
| NET INCOME | ₱1,346,800 | ₱10,487 |
| OTHER COMPREHENSIVE INCOME | - | - |
| TOTAL COMPREHENSIVE INCOME | ₱1,346,800 | ₱10,487 |
| Total comprehensive income (loss) attributable to: | | |
| Equity holders of the Parent Company | ₱1,332,457 | (₱448) |
| Noncontrolling interests | 14,343 | 10,935 |
| | ₱1,346,800 | ₱10,487 |

See accompanying Notes to Consolidated Financial Statements.

** On November 29, 2013, RHI was deconsolidated.*

Certified true and correct:



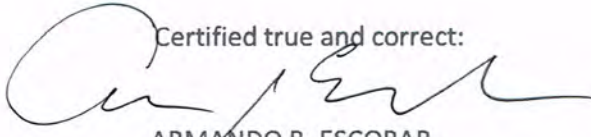

ARMANDO B. ESCOBAR
VP - CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31, 2013 AND 2012*
(Amounts in Thousands)

| | | 2013 (Unaudited) | 2012 (Unaudited) |
|--|----|---------------------|---------------------|
| CAPITAL STOCK | 19 | ₱2,911,886 | ₱2,911,886 |
| ADDITIONAL PAID-IN CAPITAL | 19 | 1,611,393 | 1,611,393 |
| REVALUATION INCREMENT ON LAND | 19 | 280,090 | 1,496,206 |
| SHARE IN FAIR VALUE RESERVE OF AN ASSOCIATE | 12 | 5,179 | 5,179 |
| SHARE IN REVALUATION INCREMENT ON LAND OF AN ASSOCIATE | 12 | - | 136,322 |
| EFFECT OF CHANGE IN EQUITY INTEREST IN SUBSIDIARIES | | - | (81,066) |
| RETAINED EARNINGS | 19 | | |
| Balance at beginning of period | | 2,291,154 | 2,204,215 |
| Effect of changes in ownership interest in subsidiaries | | 71,824 | - |
| Net income (loss) | | 1,332,457 | (448) |
| Cash dividends | | (38,430) | - |
| Balance at end of period | | 3,657,005 | 2,203,767 |
| TREASURY STOCK -at cost | | (1,683,654) | - |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | | 6,781,899 | 8,283,687 |
| NONCONTROLLING INTERESTS | | | |
| Balance at beginning of period | | 1,910,185 | 1,796,595 |
| Effect of changes in ownership interest in subsidiaries | | (1,921,512) | - |
| Net income (loss) | | 14,343 | 10,935 |
| Balance at end of period | | 3,016 | 1,807,530 |
| | | ₱6,784,915 | ₱10,091,217 |

See accompanying Notes to Consolidated Financial Statements.

* On November 29, 2013, RHI was deconsolidated.

Certified true and correct:

ARMANDO B. ESCOBAR
VP - CFO


ROXAS AND COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIODS ENDED DECEMBER 31, 2013 AND 2012*
(Amounts in Thousands)

| | Note | 2013 (Unaudited) | 2012 (Unaudited) |
|--|-------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Income (loss) before income tax from: | | | |
| Continuing operations | | P1,304,801 | (23,128) |
| Discontinued operations | 6 | 54,287 | 39,027 |
| Income before income tax | | 1,359,088 | 15,899 |
| Adjustments for: | | | |
| Gain on sale of investment in a subsidiary | 6 | (1,316,942) | - |
| Equity in net earnings of associates | 12 | (16,860) | (3,470) |
| Interest expense | 15,16 | 6,500 | 100,784 |
| Interest income | | (1,237) | (1,544) |
| Depreciation and amortization | 13 | 449 | 169,766 |
| Operating income before working capital changes | | 30,998 | 281,435 |
| Decrease (increase) in: | | | |
| Trade and other receivables | | 29,878 | 132,021 |
| Inventories | | (9) | (843,981) |
| Real estate for sale and development | | (72,418) | (12,386) |
| Other current assets | | (5,234) | (274,371) |
| Increase (decrease) in: | | | |
| Trade and other payables | | 63,531 | 537,583 |
| Net retirement benefit liability | | - | (732) |
| Net cash generated from (used) for operations | | 46,746 | (180,431) |
| Interest received | | 1,237 | 1,544 |
| Income taxes paid, including creditable withholding and final taxes | | - | (5,113) |
| Net cash provided by (used in) operating activities | | 47,983 | (184,000) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from disposal of investment in a subsidiary | 6 | 2,220,388 | - |
| Acquisition of treasury stock | 19 | (1,683,654) | - |
| Dividends received | | 35,856 | - |
| Decrease in other noncurrent assets | | 5,166 | 5,830 |
| Additions to property, plant and equipment | | (2,162) | (15,183) |
| Net cash provided by (used in) investing activities | | 575,594 | (9,353) |

(Forward)

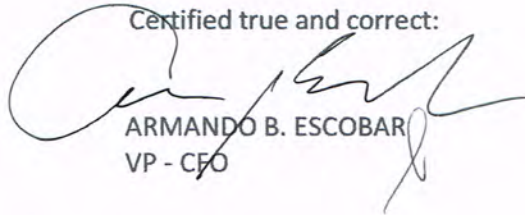


| | Note | 2013 (Unaudited) | 2012 (Unaudited) |
|---|----------|---------------------|---------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments of: | | | |
| Long-term borrowings | | (P255,039) | (P73,125) |
| Interest | | (9,655) | (100,857) |
| Net proceeds from short-term borrowings | | 4,000 | 283,169 |
| Proceeds from long-term borrowings | | - | 84,870 |
| Net cash provided by (used in) financing activities | | (260,694) | 194,057 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 362,883 | 704 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | | 32,673 | 199,168 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 7 | P395,556 | P199,872 |

See accompanying Notes to Consolidated Financial Statements.

* On November 29, 2013, RH1 was deconsolidated.

Certified true and correct:



ARMANDO B. ESCOBAR
VP - CFO

ROXAS AND COMPANY, INC AND SUBSIDIARIES
 AGING OF RECEIVABLES
 As of December 31, 2013

| IN P'000 | Total | Not yet due | Current | Past due | | | |
|--------------------------------------|--------|-------------|---------|----------|---------|---------|----------|
| | | | | 30 days | 60 days | 90 days | 120 days |
| TRADE RECEIVABLES | | | | | | | |
| Management | 1,324 | | 168 | 56 | 56 | 1,044 | |
| Real Estate Installment Buyers | | | | | | | |
| Palm Estates | 30,620 | 8,896 | 20,460 | 234 | 157 | 117 | 756 |
| Punta Fuego | 4,646 | | | | | | 4,646 |
| Role Subdivision | 1,480 | 917 | 62 | 8 | 25 | 48 | 420 |
| San Antonio Memorial Gardens | 3,504 | 3,096 | 159 | 81 | 59 | 44 | 65 |
| Leasing | 237 | | 26 | 19 | 19 | 19 | 154 |
| TOTAL | 41,811 | 12,909 | 20,875 | 398 | 316 | 1,272 | 6,041 |
| Less Allowance for doubtful accounts | 0 | | | | | | |
| Balance | 41,811 | 12,909 | 20,875 | 398 | 316 | 1,272 | 6,041 |

| NON TRADE | Total | Current | Past due | | | |
|--|----------|---------|----------|---------|---------|--------------|
| | | | 30 days | 60 days | 90 days | Over 90 days |
| Officers and Employees | 2,141 | 574 | 575 | 7 | 75 | 910 |
| Related Parties | 69,799 | 0 | 0 | 0 | 0 | 69,799 |
| Others | 16,920 | 914 | 50 | 44 | 68 | 15,844 |
| Total | 88,860 | 1,488 | 625 | 51 | 143 | 86,553 |
| Less : Allowance for doubtful accounts | (12,701) | | | | | (12,701) |
| | 76,159 | 1,488 | 625 | 51 | 143 | 73,852 |
| RECAP | | | | | | |
| Trade | 41,811 | 33,784 | 398 | 316 | 1,272 | 6,041 |
| Non-Trade | 88,860 | 1,488 | 625 | 51 | 143 | 86,553 |
| Total | 130,671 | 35,272 | 1,023 | 367 | 1,415 | 92,594 |
| Less : allowance for doubtful accounts | (12,701) | | | 0 | | (12,701) |
| | 117,970 | 35,272 | 1,023 | 367 | 1,415 | 79,893 |

Certified True and Correct.

ARMANDO B. ESCOBAR
 VP - CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information, Corporate Reorganizations and Approval of the Consolidated Financial Statements

Corporate Information

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

On November 29, 1948, the shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE).

The Parent Company is owned by various individual shareholders and domestic corporations, namely: Pesian Holdings, Inc. and SPCI Holdings, Inc.. As at December 31, 2013, the Company has 3,440 equity holders (3,459 as at September 30, 2013).

The subsidiaries of the Parent Company are as follows (see Note 4):

| | Line of Business | Percentage of Ownership | |
|-------------------------------------|-------------------|-------------------------|----------|
| | | Dec 2013 | Sep 2013 |
| Roxaco Land Corporation (RLC) | Real estate | 100.00 | 100.00 |
| United Venture Corporation (UVC) | Warehouse leasing | 100.00 | 100.00 |
| Nasugbu Feeds Corporation (NAFECOR) | Manufacturing | 100.00 | 100.00 |
| Roxas Holdings, Inc. (RHI) | Holding company | – | 65.70 |

All the subsidiaries were incorporated and domiciled in the Philippines.

On November 29, 2013, the Parent Company sold its 31% equity ownership in RHI to First Pacific Company, Ltd. (First Pacific), a Hong Kong-based company (see Note 6).The Parent Company remains the major shareholder at 35% of RHI while First Pacific has 34% equity ownership as it acquired additional shares of stock of the RHI from other stockholders. Subsequent to sale, the remaining investment in RHI is classified as investment in associate (see Note 12).

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

Corporate Reorganizations

Reorganization Program

In 2002, the Group undertook major activities relating to the Reorganization Program as approved by the Philippine SEC on December 11, 2001 (see Note19).

2009 Corporate Restructuring

Following the Reorganization Program, CADPGC (then subsidiary of RHI, a public company) emerged as a holding and investment company with specific focus on sugar milling and refining business, while RHI has been transformed into a diversified holding and investment corporation.

In 2008, RHI increased its equity ownership in CADPGC from 80.28% to 89.36% when CADPGC re-acquired portion of its shares (see Note 19). On December 16, 2008, RHI acquired all the sugar-related operating subsidiaries (Central Azucarera Don Pedro, Inc. - CADPI, Central Azucarera de La Carlota, Inc.- CACI, CADPI Farm Services, Inc. - CFSI, CADPI Consultancy Services, Inc. - CCSI, Jade Orient Management Services, Inc. - JOMSI, Najalin Agri Ventures, Inc. - NAVI) and an associate (Hawaiian-Philippine Company - HPCo), including certain assets and liabilities of CADPGC. On January 23, 2009, with no more sugar-related subsidiaries and an associate, RHI sold its investment in CADPGC to Roxas & Company, Inc. (RCI), an entity incorporated on December 16, 1981 and domiciled in the Philippines.

Merger of CADPGC and RCI

CADPGC was 95.93% owned by RCI prior to the merger. Effective June 29, 2009, upon approval by the Philippine SEC on June 23, 2009, CADPGC, as the surviving entity, merged with RCI 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 the change in corporate name of CADPGC to Roxas and Company, Inc.

2. Basis of Preparation and Statement of Compliance

The interim consolidated financial statements of the Group have been prepared on a historical cost basis, except for land and investment properties, which are stated at fair value. The consolidated financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Parent Company and its subsidiaries. All amounts are rounded to the nearest thousands, except amounts per share data and unless otherwise indicated.

The interim consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the Philippine SEC, including the Philippine SEC provisions.

The financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

The unaudited interim consolidated financial statements, which have been prepared by the Company to be filed with the Philippine SEC for its quarterly reporting to comply with Securities Regulation Code Rule 68 (as amended in 2011), do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at and year ended September 30, 2013.

3. Summary of Changes in Accounting Policies

Adoption of New and Revised PFRS

The Group adopted the following new and revised PFRS effective October 1, 2013. These are summarized below.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011) - This standard prescribes the application of the equity method to investments in joint ventures and associates.
- PFRS 7, *Financial Instruments Disclosures – Offsetting Financial Assets and Financial Liabilities* (Amendments)– The amendment requires entities to disclose information that will enable users to evaluate the effect or potential effect of netting arrangements on an entity’s financial position. The new disclosure is required for all recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement.
- PFRS 10, *Consolidated Financial Statements* - The standard replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements and SIC-12, *Consolidation - Special Purpose Entities*. It establishes a single control model that applies to all entities including special purpose entities. Management will have to exercise significant judgment to determine which entities are controlled, and are required to be consolidated by a parent company.
- PFRS 12, *Disclosure of Interests with Other Entities* - The standard includes all of the disclosures that were previously in PAS 27, *Consolidated and Separate Financial Statements*, related to consolidated financial statements, as well as all of the disclosure requirements that were previously included in PAS 31, *Interest in Joint Ventures* and PAS 28, *Investment in Associates*. These disclosures relate to an entity’s interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.
- Amendments to PFRS 10, PFRS 11 and PFRS 12: *Transition Guidance* - The amendments provide additional transition relief in PFRS 10, PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before PFRS 12 is first applied.
- PFRS 13, *Fair Value Measurement* - The standard establishes a single source of guidance under PFRS for all fair value measurements. It does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.
- Improvements to PFRS

The omnibus amendments to PFRS were issued in May 2012, which are effective for annual periods beginning on or after January 1, 2013, were issued primarily to clarify accounting and disclosure requirements to assure consistency in the application of the following standards.

- PAS 1, *Presentation of Financial Statements*
- PAS 16, *Property, Plant and Equipment*
- PSA 32, *Financial Instruments: Presentation*

Under prevailing circumstances, the adoption of the foregoing new and revised PFRS does not have any material effect on the interim consolidated financial statements. Additional disclosures are included in the interim consolidated financial statements, as applicable.

The Group determined that the impact of the amended PAS 19, *Employee Benefits*, would not be significant and the effect will be included in the second quarter consolidated financial statements.

New and Revised PFRS not yet Adopted

Relevant new and revised PFRS, which are not yet effective for the three-month period ended December 31, 2013 and have not been applied in preparing the interim consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2014:

- Amendments to PFRS 10, PFRS 12 and PAS 27: *Investment Entities* – The amendments provide an exception from the requirements of consolidation to investment entities and instead require these entities to present their investments in subsidiaries as a net investment that is measured at fair value. Investment entity refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both.
- Amendments to PAS 32: *Offsetting Financial Assets and Financial Liabilities* -The amendments address inconsistencies in current practice when applying the offsetting criteria in PAS 32, *Financial Instruments: Presentation*. The amendments clarify (a) the meaning of “currently has a legally enforceable right of set-off”; and (2) that some gross settlement systems may be considered equivalent to net settlement.

Effective for annual periods beginning on or after January 1, 2015:

- PFRS 9, *Financial Instruments: Classification and Measurement*– This standard is the first phase in replacing PAS 39, *Financial Instruments: Recognition and Measurement*, and applies to classification and measurement of financial assets as defined in PAS 39.

Effectivity date to be determined:

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as 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. On July 28, 2011, the Philippine SEC resolved to further defer the implementation of IFRIC 15 until the final Revenue Standard is issued by the IASB and after an evaluation on the requirements and guidance in the said standard vis-a-vis the practices and regulations in the

Philippine real estate industry is completed.

The Group is in the process of quantifying the impact of the adoption of this interpretation on the Group's financial position and performance.

4. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The interim consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, which it controls. Control is normally evidenced when the Parent Company owns, either directly or indirectly, more than 50% of the voting rights of the entity's shares of stock.

The following is the list of the subsidiaries:

| | Percentage of Ownership | | Line of Business |
|-----------|-------------------------|-----------------------|-------------------|
| | December 31, 2013 | September 30, 2013 | |
| RLC | 100.00 | 100.00 | Real estate |
| UVC | 100.00 | 100.00 | Warehouse leasing |
| NAFECOR** | 100.00 | 100.00 | Manufacturing |
| RHI* | – | 65.70 | Holding company |

* On November 29, 2013, the Parent Company sold 31% of its 65.7% equity ownership in RHI to First Pacific (see Note 1). As a result, the remaining 35% interest of the Parent Company in RHI is now accounted for as an investment in associate. Thus, the interim consolidated figures of the Group as at and for the three-month period ended December 2013 excludes RH and its subsidiaries.

** Currently, no commercial operations.

The following are the subsidiaries of RHI:

| | Effective Percentage of Ownership | Line of Business |
|---------------------------------------|--------------------------------------|---|
| CADPI ⁽¹⁾ | 100.00 | Production and selling of raw and refined sugar, molasses and related products |
| CACI | 100.00 | Production and selling of raw sugar and molasses |
| CADP Insurance Agency, Inc. (CIAI)(2) | 100.00 | Insurance agency |
| CCSI | 100.00 | Management, investment and technical consultancy services |
| CFSI | 100.00 | Land preparation and other related farm services |
| JOMSI | 100.00 | Managing and operating agricultural land and planting and cultivation of sugar cane and other farm products |
| NAVI | 50.84 | Agricultural and industrial development |
| Roxol Bioenergy Corporation (RBC) | 100.00 | Production and selling of bioethanol fuel |

| | Effective Percentage of Ownership | Line of Business |
|--|--------------------------------------|------------------------------|
| CADP Port Services, Inc. (CPSI) ⁽³⁾ | 100.00 | Providing ancillary services |
| Roxas Power Corporation (RPC) ⁽³⁾ | 32.85 | Sale of electricity |

⁽¹⁾ On August 31, 2012, RHI assigned 238,417,831 RBC shares in favor of CADPI out of its 300 million RBC shares. As a result, RHI's direct ownership in RBC was reduced from 100% to 20.53% while CADPI acquired 79.47% equity ownership in RBC. Thus, making RBC a direct subsidiary of CADPI.

⁽²⁾ CIAI was incorporated on May 8, 1997 and has not yet started commercial operations.

⁽³⁾ CPSI was incorporated on July 17, 2008 while RPC was incorporated on July 16, 2008. Both companies have not yet started commercial operations. The Parent 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.

The following are the subsidiaries of RLC:

| | Effective Percentage of Ownership | Line of Business |
|--|---|------------------------------|
| Roxaco Commercial Properties Corporation (RCPC)* | 100.00 | Real estate |
| Fuego Hotels and Properties management Corporation (FHPMC) | 63.00 | Hotel and resort management |
| SAMG Memorial and Management Services, Inc. (SMMSI) | 100.00 | Funeral and related services |

* RCPC was incorporated on January 14, 1999

All the foregoing subsidiaries were incorporated in the Philippines.

The interim consolidated financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Parent Company and its subsidiaries. Each entity determines its own functional currency, which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity, and items included in the interim consolidated financial statements of each entity are measured using that functional currency.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group. All significant intercompany balances and transactions including inter-group unrealized profits and losses, are eliminated in preparing the interim consolidated financial statements.

The financial statements of the subsidiaries are included in the interim consolidated financial statements from the date when the Parent Company obtains control and continue to be interim consolidated until the date when such control ceases. The results of operations of the subsidiaries acquired or disposed of during the period are included in the interim consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

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

Non-controlling interests represent the portion of profit or loss and net assets of FHMPC not held by the Group, directly or indirectly, and are presented separately in the interim consolidated statement of income and within the equity section of the interim consolidated statement of financial position and interim consolidated statement of changes in equity, separately from Parent Company's equity. Total comprehensive income is attributed to the portion held by the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at its proportionate share in the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in general and administrative expenses. The excess of the cost of acquisition over the fair value of the Parent 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 Parent Company's share of the net assets of the subsidiary acquired, the difference is recognized directly in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Common Control Transactions. 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 non-controlling interest, are being considered.

In cases where the business combination has no substance, the Parent Company accounts for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values. The difference in the amount recognized and the fair value of the consideration given, is accounted for as an equity transaction (i.e., as either a contribution or distribution of equity). Further, when a subsidiary is transferred in a common control transaction, the difference in the amount recognized and the fair value of consideration received, is also accounted for as an equity transaction.

Comparatives balances are restated to include balances and transactions as if the entities have been acquired at the beginning of the earliest year presented and as if the entities have always been combined.

Goodwill. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net

identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative exchange differences arising from the translation and goodwill is recognized in profit or loss.

The goodwill on investments in associates is included in the carrying amount of the related investments.

Financial Instruments

Date of Recognition. The Group recognizes a financial asset or a financial liability in the interim consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. 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.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss (FVPL). 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 rate of interest for similar instruments with similar maturities.

Day 1 Difference. Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data observable from the market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in profit or loss unless it qualifies for recognition as some other type of asset. For each transaction, the Group determines the appropriate method of recognizing a day 1 difference amount.

Classification of Financial Instruments. 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 recognized 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.

The Group classifies its financial assets in the following categories: FVPL financial assets, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. The Group classifies its financial liabilities as either financial liabilities at FVPL or other financial liabilities. The classification of financial instruments depends on the purpose for which these were acquired and whether these are quoted in an active market. The Group determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Group does not have financial instruments classified as financial assets or liabilities at FVPL and HTM investments as at December 31, 2013 and September 30, 2013.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest method, less any impairment in value. Any interest earned on loans and receivables shall be recognized as part of "Interest income" in profit or loss using effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The periodic amortization is also included as part of "Interest income" in profit or loss. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

Classified as loans and receivables are the cash in banks and short-term placements, receivables, and restricted cash included in "Other current assets" (see Notes 7, 8, 11 and 20).

Cash equivalents include short-term highly liquid interest-bearing fund placements with original maturities of three months or less from the date of acquisition and subject to insignificant risk in fluctuations in value.

Trade receivables with average credit terms of 30 days are recognized and carried at original invoice amount less any allowance for impairment.

AFS Financial Assets. AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. These include equity investments, money market papers and other debt instruments. The unrealized gains and losses arising from the fair valuation of AFS financial assets, except for the foreign exchange fluctuations on AFS debt securities and the related effective interest, are excluded, net of tax, from reported earnings, and are reported in the interim consolidated statement of

comprehensive income and in the equity section of the interim consolidated statement of financial position. 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 profit or loss.

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 profit or loss 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 end of reporting period.

Classified as AFS financial assets are the unquoted equity investments as at December 31, 2013 and September 30, 2013.

Other Financial Liabilities. Other financial liabilities pertain to financial liabilities that are not held for trading and are not designated at FVPL upon the inception of the liability. These include liabilities arising from operating (e.g., trade and other payables) and financing (e.g., short and long-term borrowings, due to related parties, dividends payable) 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 profit or loss over the term of the borrowings using the effective interest method.

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 end of reporting period.

Trade and other payables 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.

This category includes trade and other payables (excluding statutory liabilities), dividends payable and short-term and long-term borrowings as at December 31, 2013 and September 30, 2013 (see Notes 15, 16, 17 and 20).

Impairment of Financial Assets. The Group assesses at the end of each reporting period whether a financial asset or a group of financial assets is impaired.

a. Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables 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 rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of loss is recognized in profit or loss.

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 a default or delinquency in interest or principal payments, or the increasing 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 the end of each reporting period. 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 profit or loss, 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, 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. AFS financial assets

For equity investments classified as AFS 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, 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 profit or loss - is removed from equity and recognized in profit or loss. Impairment losses on equity investments are not reversed through income. Increases in fair value after impairment are recognized directly in the interim consolidated statement of comprehensive income and presented in the interim consolidated statement of changes in equity.

Derecognition of Financial Assets and Liabilities. 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 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 benefits of the asset, or (b) has neither transferred nor retained substantially all the risks and benefits 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 benefits 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 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.

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 profit or loss.

Determination of Fair Values. The fair value of financial instruments traded in active market at the end of reporting period 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. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques.

Offsetting Financial Instruments. Financial assets and liabilities are offset and the net amount reported in the interim consolidated statement of financial position 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 liabilities are presented gross in the interim consolidated statement of financial position.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV) for the following types of inventories:

Raw and Refined Sugar, Molasses and Alcohol Inventories. Cost is being determined using the weighted average method. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion of production and the estimated costs necessary to make the sale. Production cost is allocated using the relative sales value of each of the joint products, i.e., raw sugar and molasses. The cost of alcohol includes direct materials and labor and a proportion of manufacturing overhead costs with unit cost determined using the moving average method.

Materials and Supplies Inventory. Cost is being determined using the moving average method. NRV is the current replacement cost.

Provision for inventory losses and obsolescence is provided for slow moving, obsolete, defective and damaged inventories based on physical inspection and management evaluation.

Real Estate for Sale and Development

Real estate for sale and development consists of developed real estate properties for sale, raw land and land improvements.

Developed real estate properties for sale, raw land and land improvements 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. 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.

Other Current Assets

This account consists of creditable withholding taxes, input value-added tax (VAT) and prepayments. Creditable withholding taxes are deducted from income tax payable on the same year the revenue was recognized. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current assets. Otherwise, these are classified as other noncurrent assets.

Investments in Associates

Investments in associates are recognized initially at cost and subsequently accounted for using the equity method.

An associate is an entity in which the Group has significant influence but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights of the entity.

The Group's share of its associate's post-acquisition profits or losses is recognized in profit or loss, 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 associates. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial statements of the associates are prepared for the

same reporting period of the Parent Company. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

The Group determines at the end of each reporting period whether there is any evidence that the investment is impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investment and recoverable amount.

Property, Plant and Equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation and any impairment in value, 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 profit or loss in the period 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 intended operational use. Upon completion, these properties are reclassified to the appropriate property, plant and equipment account.

The net appraisal increment resulting from the revaluation of land is presented under "Revaluation increment on Land," net of related deferred tax effect, in the interim consolidated statement of financial position and consolidated statement of changes in equity. The Group's share in net appraisal increase resulting from the revaluation of land of an associate is presented as "Share in revaluation increment on land of an associate," net of related deferred tax effect, in the consolidated statement of financial position and interim consolidated statement of changes in equity. Increases in the carrying amount arising on revaluation of land are recognized in the interim consolidated statement of comprehensive income and credited to revaluation increment in the interim consolidated statement of changes in equity, net of related deferred tax effect. Any resulting decrease is directly charged against the related revaluation increment on land 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 profit or loss. Valuations are performed frequently enough to ensure that the fair value of land does not differ significantly from its carrying amount.

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

The Group used the carrying amount of CADPI's depreciable assets as at July 1, 2004, which is the revalued amount, less accumulated depreciation from the Group's perspective, as the deemed costs at that date when the Group adopted PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*. An annual transfer from the asset revaluation reserve to retained earnings is made until 2010 for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets' original cost. The asset revaluation reserve was fully transferred to retained earnings as at June 30, 2010.

Depreciation on depreciable property, plant and equipment is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

| <u>Asset Category</u> | <u>Number of Years</u> |
|--|------------------------|
| Buildings and improvements | 5 to 40 |
| Machinery and equipment: | |
| Factory machinery and installations | 17 to 25 |
| Safety equipment | 5 |
| Transportation equipment | 3 to 6 |
| Office furniture, fixtures and equipment | 3 to 10 |

Depreciation 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 qualified 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 assets' estimated useful lives and depreciation 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.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment are derecognized. Gains and losses on retirement or disposal are determined by comparing the proceeds with carrying amount of the asset and are recognized in profit or loss.

Fully depreciated property and equipment are retained in the books until these are no longer in use.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in fair value of investment property are included in profit or loss in the period in which these arise.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale. The fair value of investment property should reflect market conditions at the end of the reporting period.

Derecognition of an investment property 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 profit or loss.

Transfers are made to investment property when, and only when, there is change in use, evidenced by cessation of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Other Noncurrent Assets

Other noncurrent assets include goodwill, software cost and deposits. Goodwill represents excess of purchase price over fair values of net assets at ₱9.8 million.

The software cost is amortized on a straight-line basis over its estimated economic useful life of three years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization commences when the software cost is available for use. The amortization period and the amortization method for the software cost are reviewed at each financial year end.

Gains and losses arising from derecognition of software cost are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Impairment of Nonfinancial Assets

The carrying values of investments in associates, property, plant and equipment and other nonfinancial assets 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 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 are recognized in profit or loss under the expense category 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 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.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds. The excess of proceeds from issuance of shares over the par value of shares are credited to additional paid-in capital.

Additional Paid-in Capital. Additional paid-in capital includes any premium received in the initial issuances of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of tax.

Treasury Stock. Where any member of the Group purchases the Parent Company's capital (treasury stock), the consideration paid, including any directly attributable incremental costs (net of related taxes), is deducted from equity 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 transactions costs and the related income tax effect, is included in equity attributable to the Parent Company's equity holders.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of the changes in accounting policy and other capital adjustments. Restricted retained earnings represent that portion, which has been restricted and are not available for any dividend declaration. Unrestricted retained earnings represent that portion, which can be declared as dividends to stockholders.

Dividend Distribution. Dividend distribution to the Parent Company's stockholders is recognized as a liability and deducted from equity in the period in which the dividends are approved by the Parent Company's BOD. Dividends that are approved after the reporting period are dealt with as event after the reporting period.

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 VAT, 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 Real Estate. Sale of real estate consists of revenue from sale of developed real estate properties and residential properties. Income from sale of developed real estate properties is recognized in full when the collectability of the sales price is reasonably assured and when risks and benefits over the developed assets have been transferred, usually at the time of receipt of at least 25% of the total contract price. Revenue from the sale of residential properties where there are material obligations under the sales contract to provide improvements after the property is sold, are recognized under the percentage of completion method. Under this method, revenue on sale is recognized when the related obligations are fulfilled.

Cash received from the sale of real estate properties, over which the Group maintains continuing managerial involvement or related risks and benefits have not yet been transferred or where

collectability is not reasonably assured, is recognized as customers' deposits in the interim consolidated statement of financial position.

Rent income. Rent income from operating lease is recognized using the straight-line method over the term of the lease.

Interest Income. Interest income is recognized on a time proportion basis using the effective interest rate method.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) comprises items of income and expenses (including items previously presented under the interim consolidated statement of changes in equity) that are not recognized in profit or loss for the period in accordance with PFRS.

Costs and Expenses Recognition

Cost and expenses are recognized in profit or loss upon receipts of goods, utilization of services, or as the date the cost and expenses are incurred.

Cost of Real Estate Sales. Cost of real estate sales consists of the land and development cost and is recognized consistent with revenue recognition method applied. Cost of subdivision land sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development cost, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

Selling, General and Administrative Expenses. Selling expenses are costs incurred to sell or distribute goods. General and administrative expenses are costs of administering the business such as salaries and wages of administrative department, professional fees and rental and utilities and general office expenses. These costs are expensed when incurred.

Employee Benefits

The Parent Company and its subsidiary, RLC, have individual and separate defined benefit plan. A defined benefit plan is a retirement plan that defines an amount of retirement benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The plan is generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations.

Retirement Benefits. Retirement benefits 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 present value of 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.

Past service costs are recognized immediately in income, 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.

Net Retirement Plan Assets. Net retirement plan assets of the Group recognized in the interim consolidated statement of financial position in respect of defined benefit retirement plan 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 end of reporting period 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 Company 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 end of reporting period 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 Company; (b) are available to be used only to pay or fund employees benefits; and (c) are not available to the Company's own creditors, and cannot be returned to the Company unless: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the Company; or (ii) the assets are returned to the Company to reimburse it for employee benefits already paid.

Net Retirement Benefit Liability. The net retirement liability recognized in the interim consolidated statement of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of reporting period 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 that are denominated in Philippine Peso (currency in which the benefits will be paid) and that have terms to maturity approximating the terms of the related retirement liability.

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 either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of reporting period are discounted to present value.

Borrowing Costs

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. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably. Other borrowing costs are recognized in profit or loss when incurred.

Capitalization of borrowing costs is suspended during extended periods in which the Group suspends active development of a qualifying asset and ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use is complete. An asset is normally ready for its intended use when the physical construction of the asset is complete even though routine administrative work might still continue.

Debt arrangement fees relating to the drawn loan amount are amortized using the effective interest rate method and are presented as reduction in the principal loan balance. Debt arrangement fees relating to the undrawn loans are recorded as deferred charges and are amortized using the straight-line method. Amortization of debt arrangement fees is recognized as interest expense and presented in profit or loss.

Leases

The determination of whether the arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception on the lease only if one of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the arrangement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or (d) there is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

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

Provisions and Contingencies

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company 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 reporting period and adjusted to reflect the current best estimate.

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

Foreign Currency-Denominated Transactions and Translations

Items included in the interim consolidated financial statements of each of the Group's entities are measured using the functional 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 end of the reporting period. Foreign exchange differences are credited or charged directly to profit or loss.

Income Taxes

Current Tax. Current 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 rate and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Deferred Tax. Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax liability 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. However, deferred income tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures.

Deferred tax assets are recognized for all deductible temporary differences, carry forward 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 sufficient future taxable profit will be available against which the deductible temporary differences and carry forward benefits of unused tax credits and unused tax losses can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Deferred tax assets and 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.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

VAT. Revenue, expenses and assets are recognized, net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Other current assets" account and "Trade and other payables" account, respectively, in the interim consolidated statement of financial position.

Related Parties Relationship

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 its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

Earnings (Loss) per Share attributable to the Equity Holders of the Parent Company

Basic earnings (loss) per share is calculated by dividing the profit (loss) attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the period, excluding common shares purchased by the Parent Company and held as treasury shares.

Diluted earnings (loss) per share is computed by adjusting the weighted average number of common shares outstanding to assume conversion of all the dilutive potential common shares into common shares.

The Parent Company has no dilutive potential common shares.

Segment Reporting

Operating segments are components of the Group: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources

to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

Events after the Reporting Period

Post year-end events that provide additional information about the Group's financial position at the end of the reporting period (adjusting events) are reflected in the interim consolidated financial statements when material. Post year-end events that are non-adjusting events are disclosed in the notes to interim consolidated financial statements when material.

5. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the interim consolidated financial statements 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 interim consolidated financial statements as these become reasonably determinable.

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

The Group believes the summary of significant judgments, accounting estimates and assumptions disclosed in the Group's annual consolidated financial statements as at September 30, 2013 represent a summary of judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, as well as to the related revenues and expenses, within the next fiscal year, and related impact and associated risk in the interim consolidated financial statements.

6. Disposal of a Subsidiary

As discussed in Note 1, on November 29, 2013, the Parent Company sold its 31% equity ownership in RHI to First Pacific for a total consideration of ₱2,220.3 million. The Parent Company remains the major shareholder at 35% of RHI while First Pacific has 34% equity ownership as it acquired additional shares of stock of the RHI from other stockholders. The sale resulted to a gain amounting to ₱1,316.9 million. Subsequent to the sale, the remaining investment in RHI with carrying amount of ₱1,030.0 million is classified as investment in associate (see Note 12).

The sale also resulted to loss of control over RHI and is treated as discontinued operations in accordance with the Amended PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.

The results of operations of RHI and its subsidiaries for the three-month periods ended December 31, 2013 and 2012 included under “Net income (loss) from discontinued operations” account are summarized below:

| | Note | 2013 | 2012 |
|---|------|-------------------|-----------|
| Revenue | 21 | ₱1,194,430 | ₱644,116 |
| Cost of sales and services | 22 | 954,041 | (395,684) |
| Gross income | | 240,389 | 248,432 |
| General and administrative expenses | | (63,579) | (135,668) |
| Equity in net earnings (losses) of an associate | | (134,135) | 9,710 |
| Interest expenses - net | | 8,342 | (94,325) |
| Other income - net | | 3,270 | 10,878 |
| Income before income tax | | 54,287 | 39,027 |
| Income tax expense | 26 | 12,288 | 5,113 |
| Net income from discontinued operations | | ₱41,999 | ₱33,914 |

The net income (loss) attributable to equity holders of the Parent Company for the three-month periods ended December 31, 2013 and 2012 amounted to ₱27.3 million and (₱0.3 million), respectively.

The net cash provided by (used in) discontinued operations for the three-month periods ended December 31, 2013 and 2012 are as follows:

| | 2013 | 2012 |
|--|------------------|------------|
| Net cash provided by (used in): | | |
| Operating activities | ₱909,879 | (₱173,909) |
| Investing activities | (13,845) | (9,235) |
| Financing activities | (866,274) | 198,997 |
| Net increase in cash and cash equivalents | 29,760 | 15,853 |
| Cash and cash equivalents at beginning of period | 165,953 | 164,408 |
| Cash and cash equivalents at end of period | ₱195,713 | ₱180,261 |

7. Cash and Cash Equivalents

This account consists of:

| | December 31, 2013 | September 30, 2013 |
|-----------------------|----------------------|-----------------------|
| Cash on hand | ₱200 | ₱1,317 |
| Cash in banks | 18,750 | 161,624 |
| Short-term placements | 376,606 | 35,685 |
| | ₱395,556 | ₱198,626 |

Cash in banks earn interest at the respective bank deposit rates. Short-term placements are made at varying periods of up to 90 days, depending on the immediate cash requirements of the Group. Short-term placements earn interest ranging from 0.3% to 1.25%.

Interest income recognized amounted to ₱0.3million and ₱0.2 million for the three-month periods ended December 31, 2013 and 2012, respectively.

8. Trade and Other Receivables

This account consists of:

| | Note | December 31, 2013 | September 30, 2013 |
|--|------|----------------------|-----------------------|
| Trade | | ₱41,811 | ₱1,347,239 |
| Due from: | | | |
| Related parties | 20 | 69,799 | 83,610 |
| Employees | | 2,141 | 35,853 |
| Planters and cane haulers | | – | 45,955 |
| Dividends | | – | 19,484 |
| Advances for raw sugar purchases | | – | 18,222 |
| Receivables from Land Bank of the Philippines (LBP) | | – | 6,228 |
| Others | | 16,920 | 11,695 |
| | | 130,671 | 1,568,286 |
| Allowance for impairment losses | | (12,701) | (95,510) |
| | | ₱117,970 | ₱1,472,776 |

Breakdown of this account as to current and noncurrent portion follows:

| | December 31, 2013 | September 30, 2013 |
|------------|----------------------|-----------------------|
| Current | ₱105,061 | ₱1,455,687 |
| Noncurrent | 12,909 | 17,089 |
| | ₱117,970 | ₱1,472,776 |

Trade receivables include customers' accounts arising from the sale of real estate properties collectible in monthly installments over a period of 18 to 84 months and bear annual interest ranging from 8% to 20% depending on the terms of the sales contract. Cash received from the sale of real estate properties, which did not meet the revenue recognition criteria as set out in Note 4 are recognized under the "Customers' deposits" account in the interim consolidated statement of financial position.

The aggregate future installment receivables under the sales contracts are as follows:

| | December 31, 2013 | September 30, 2013 |
|------------|----------------------|-----------------------|
| Current | ₱27,578 | ₱59,510 |
| Noncurrent | 12,909 | 11,897 |
| | ₱40,487 | ₱71,407 |

Due from planters and cane haulers pertains to cash advances, which will be settled in the form of raw sugar from the planters and rendering of the service by the cane haulers.

Due from employees salary, housing and educational loans that are collected from the employees through salary deduction and advances subject to liquidation. The loans to employees are noninterest-bearing, except for certain housing loans extended in 2008 to the employees, which bear interest of 8.0% per annum and are payable in 10 years.

Receivable from LBP represent the unquoted debt security issued by LBP received as a consideration for the investment property expropriated in 2012. The unquoted debt security, which is receivable in ten equal annual installments until 2019, earns interest, which is receivable on a quarterly basis, ranging from 0.1% to 1.0% in 2013 based on a 91 day Treasury Bills. Interest earned amounted to ₱ 0.1 million in 2013. These receivables were discounted on October 30, 2013 with net proceeds of ₱ 5.3 million.

Other receivables, which are normally settled within one year, also include advances to suppliers and contractors and other nontrade receivables.

9. Inventories

This account consists of:

| | December 31, 2013 | September 30, 2013 |
|------------------------|------------------------------|-----------------------|
| At cost: | | |
| Refined sugar | ₱– | ₱523,636 |
| Alcohol | – | 326,560 |
| Molasses | – | 161,019 |
| At NRV: | | |
| Raw sugar | – | 244,666 |
| Materials and supplies | 34 | 295,013 |
| | ₱34 | ₱1,550,894 |

10. Real Estate for Sale and Development

This account consists of:

| | December 31, 2013 | September 30, 2013 |
|---------------------------------|------------------------------|-----------------------|
| Raw land and land improvements | ₱417,723 | ₱345,142 |
| Real estate properties for sale | 42,638 | 42,801 |
| | ₱460,361 | ₱387,943 |

Borrowing costs incurred from loans availed specifically to finance the development of the real estate projects amounted to ₱0.8 million for the three-month period ended December 31, 2013.

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

| | December 31, | September 30, |
|--|---------------------|---------------|
|--|---------------------|---------------|

| | 2013 | 2013 |
|---|-----------------|----------|
| Aggregate cash price values | ₱88,744 | ₱74,699 |
| Aggregate carrying costs | (42,638) | (42,801) |
| Excess of aggregate cash price values over aggregate carrying costs | ₱46,106 | ₱31,898 |

11. Other Current Assets

This account consists of:

| | December 31, 2013 | September 30, 2013 |
|------------------------------------|----------------------|-----------------------|
| Creditable withholding taxes - net | ₱43,655 | ₱254,561 |
| Input VAT | 11,930 | 217,654 |
| Deposit to suppliers | 157 | 8,372 |
| Restricted cash | – | 32,839 |
| Insurance | – | 5,463 |
| Others | 1,229 | 19,595 |
| | ₱56,971 | ₱538,484 |

Input VAT mainly arises from construction relating to the Ethanol Plant of RBC and purchases of and purchases of goods and services for operations.

On January 31, 2011, RHI, CACI and CADPI entered into an agreement with Banco de Oro Unibank, Inc. (BDO) for the reduction of interest rate on long-term borrowings to 6.5% subject to certain conditions. Restricted cash represents savings from the reduction of the interest rate, deposited to the Company's escrow account as required under the provision of the agreement with BDO, to be applied as partial principal payments of long-term borrowings on top of the required loan amortization (see Note 16).

Deposit to suppliers pertains to purchases of goods and services.

Other current assets consist of prepaid rent and others.

12. Investments in Associates

Movements of investments in associates follow:

| | Note | December 31, 2013 | September 30, 2013 |
|-------------------------------------|------|----------------------|-----------------------|
| Acquisition cost: | | | |
| Balance at beginning of period | | ₱308,162 | ₱308,162 |
| Reclassification of: | | | |
| Investment in RHI | 6 | 1,029,982 | – |
| Investment in HPCo. | 6 | (127,983) | – |
| Balance at end of period | | 1,210,161 | 308,162 |
| Accumulated equity in net earnings: | | | |
| Balance at beginning of period | | 310,989 | 265,920 |

| Note | December 31, 2013 | September 30, 2013 |
|-------------------------------------|----------------------|-----------------------|
| Reclassification of: | | |
| Investment in RHI | 785,015 | – |
| Investment in HPCo. | (279,456) | – |
| Equity in net earnings | 16,860 | 68,027 |
| Dividends received | (35,856) | (22,958) |
| Balance at end of period | 797,552 | 310,989 |
| Unrealized gain on transfer of land | (59,030) | (59,030) |
| Share in: | | |
| Revaluation increment on land | – | 207,492 |
| Fair value reserve | 5,179 | 5,179 |
| Allowance for impairment losses | (15,233) | (15,233) |
| | ₱1,938,629 | ₱757,559 |

On November 29, 2013, the Parent Company sold its 31% equity ownership in RHI to First Pacific, a Hong Kong-based company. The Parent Company remains the major shareholder at 35% of RHI while First Pacific has 34% equity ownership as it acquired additional shares of stock of the RHI from other stockholders. As a result, the remaining 35% interest in RHI is now accounted for as an investment in associate.

The following are the associates of the Group:

| | Percentage of Ownership | Principal Activity |
|---|----------------------------|---|
| HPCo | 29.62 ⁽¹⁾ | Sugar mill |
| Fuego Land Corporation (FLC) | 30.00 ⁽²⁾ | Real estate developer |
| Fuego Development Corporation (FDC) | 30.00 ⁽²⁾ | Real estate developer |
| Club Punta Fuego, Inc. (CPFI) | 25.20 ⁽²⁾ | Social recreational and athletic activities |
| Roxaco-ACM Development Corporation (RADC) | 50.00 ⁽²⁾ | Real estate developer |
| Roxas Holdings, Inc | 35.00 ⁽³⁾ | Holding Company |

(1) Effective ownership through RHI as at September 30, 2013. This was derecognized upon disposal of RHI.

(2) Effective ownership through RCI. In 2012, RCI has 26.12% effective ownership interest in CPFI.

(3) Effective December 2013. (See Note 1)

All the associates are incorporated in the Philippines.

Investment in RADC amounting to ₱3.7 million was provided with allowance for impairment loss as at December 31, 2013 and September 30, 2013.

The accumulated equity in net earnings of associates amounting to ₱ 797.5 million and ₱311.0 million as at December 31, 2013 and September 30, 2013, respectively, is not available for dividend distribution to shareholders, unless received as cash dividends from the associates.

13. Property, Plant and Equipment

Details and movements of property, plant and equipment valued at cost, are shown below:

| December 31, 2013 | | | | | | |
|---------------------------------|----------------------------|-------------------------|--------------------------|--|-----------------------|---------------|
| | Buildings and Improvements | Machinery and Equipment | Transportation Equipment | Office Furniture, Fixtures and Equipment | Land and Improvements | Total |
| Cost | | | | | | |
| Balance at beginning of year | ₱10,345 | ₱2,423 | ₱7,197 | ₱13,371 | ₱1,081 | ₱34,417 |
| Additions | – | – | 2,053 | 109 | – | 2,162 |
| Balance at end of year | 10,345 | 2,423 | 9,250 | 13,480 | 1,081 | 36,579 |
| Accumulated Depreciation | | | | | | |
| Balance at beginning of year | 8,643 | 2,423 | 6,281 | 11,948 | 553 | 29,848 |
| Depreciation | 68 | – | 180 | 229 | 5 | 482 |
| Balance at end of year | 8,711 | 2,423 | 6,462 | 12,177 | 558 | 30,330 |
| Net Book Value | ₱1,634 | ₱– | ₱2,788 | ₱1,303 | ₱523 | ₱6,249 |

| September 30, 2013 | | | | | | |
|------------------------------|----------------------------|-------------------------|--------------------------|--|-----------------------|-------------------|
| | Buildings and Improvements | Machinery and Equipment | Transportation Equipment | Office Furniture, Fixtures and Equipment | Land and Improvements | Total |
| Cost | | | | | | |
| Balance at beginning of year | ₱2,769,756 | ₱11,935,543 | ₱34,587 | ₱81,046 | ₱63,506 | ₱14,884,438 |
| Additions | 5,344 | 46,887 | – | 2,962 | 162,556 | 217,749 |
| Disposals | – | (28,564) | – | (68) | – | (28,632) |
| Reclassifications | 11,067 | 111,959 | – | 1,107 | (124,133) | – |
| Balance at end of year | 2,786,167 | 12,065,825 | 34,587 | 85,047 | 101,929 | 15,073,555 |
| Balance at beginning of year | 974,802 | 5,433,890 | 23,668 | 68,657 | – | 6,501,017 |
| Depreciation | 112,960 | 557,492 | 5,923 | 5,765 | – | 682,140 |
| Disposal | – | (6,101) | – | (64) | – | (6,165) |
| Balance at end of year | 1,087,762 | 5,985,281 | 29,591 | 74,358 | – | 7,176,992 |
| Net Book Value | ₱1,698,405 | ₱6,080,544 | ₱4,996 | ₱10,689 | ₱101,929 | ₱7,896,563 |

Land at appraised values and had it been carried at cost amounts to ₱2,758.3 million as at September 30, 2013.

Construction in progress pertains mainly to uncompleted regular Sugarplant improvements and rehabilitation of milling equipment.

The Group has no borrowing cost capitalized during the 2013. Unamortized capitalized borrowing cost as at September 30, 2013 amounted to ₱483.8 million with corresponding deferred tax liability of ₱145.1 million (see Note 26). The Group amortizes such capitalized interest over the useful life of the qualifying asset to which it relates.

The amount of depreciation charged to operations for the three-month period ended December 31, 2013 and 2012 follows:

| | Note | 2013 | 2012 |
|-------------------------------------|------|-------------|-----------------|
| Cost of goods sold | 22 | ₱– | ₱157,228 |
| General and administrative expenses | 23 | 449 | 12,538 |
| | | ₱449 | ₱169,766 |

As at December 31, 2013 and September 30, 2013, certain property, plant and equipment were mortgaged and used as collateral to secure the loan obligations with the local banks (see Note 16).

14. Investment Properties

This account consists of:

| | December 31, 2013 | September 30, 2013 |
|-----------------|------------------------------|-----------------------|
| Land properties | ₱4,424,074 | ₱4,615,912 |
| Building | 8,419 | 8,419 |
| | ₱4,432,493 | ₱4,624,331 |

Movements on investment properties are as follows:

| | Note | December 31, 2013 | September 30, 2013 |
|--------------------------------------|------|------------------------------|-----------------------|
| Balance at beginning of period | | ₱4,624,331 | ₱4,624,562 |
| Unrealized fair value gains (losses) | | – | (231) |
| Effect of deconsolidation of RHI | 7 | (191,838) | – |
| Balance at end of period | | ₱4,432,493 | ₱4,624,331 |

The Parent Company

The total carrying amount of the Parent Company's investment properties includes land properties that are subjected to the Comprehensive Agrarian Reform Law (CARL) with total land area of 2,514.76 hectares and total value of ₱4,223.4 million as at September 30, 2013 and 2012 (see Note 28).

As at December 30, 2013 and September 30, 2013, the fair value of investment properties, including those land properties subjected to CARL, are based on the appraised values of the properties as at November 30, 2012, as determined by a professionally qualified independent appraiser. Management believes that there is no significant change in fair value of investment properties in 2013.

Investment properties with carrying value of ₱6.2 million are used as collateral for the long-term borrowings (see Note 16).

RLC

Investment property of RLC pertains to a commercial building for lease in Nasugbu, Batangas. The fair value of the investment property as at September 30, 2013 and 2012 are based on the appraisal reports dated November 17, 2013 and October 25, 2012, respectively, as determined by a professionally qualified independent appraiser.

In 2013, RLC recognized additional unrealized loss on fair value adjustment amounting to ₱0.2 million.

Rental income from this investment property amounted to ₱0.157 million and ₱0.154 million for the three month periods ended December 31, 2013 and December 31, 2012, respectively

The investment property was used as collateral for RLC's long-term borrowings (see Note 16).

NAVI

The agricultural land of NAVI is being leased for a period of four years until fiscal year ending September 30, 2015. Rent income from this investment property amounted to ₱5.3 million in 2013.

As at September 30, 2013, the fair value of the investment property amounting to ₱191.8 million based on the appraised value of the property using a market comparison approach, as determined by a professionally qualified independent appraiser. The latest appraisal report was made as on October 24, 2012. Management believes that there is no significant change in fair value in 2013.

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

15. Short-term BorrowingsLoans availed by RLC, CACI, CADPI and RBC

Short-term borrowings consist of unsecured short-term loans obtained from various local banks to meet the working capital requirements of the Group. These short-term borrowings are payable within 30 days to 120 days in 2013 and bears annual interest ranging from 3.0% to 7.0% in 2013.

As at December 31, 2013 and September 30, 2013, short-term borrowings amounted to ₱47.5 million and ₱1,064 million, respectively.

Total interest expense arising from short-term borrowings amounted to ₱ 6.5 million and ₱100.8 million for the three-month periods ended December 31, 2013 and 2012, respectively.

16. Long-term Borrowings

Long-term borrowings consist of loans from:

| | December 31, 2013 | September 30, 2013 |
|---|------------------------------|-----------------------|
| BDO | ₱130,000 | ₱5,120,694 |
| BPI | 200,000 | 900,000 |
| BPI Family Savings Bank | 3,285 | 4,095 |
| Syndicated Loans: | | |
| BPI | – | 896,552 |
| Rizal Commercial Banking Corporation (RCBC) | – | 448,276 |
| | 333,285 | 7,369,617 |
| Current portion | (31,410) | (158,277) |
| Noncurrent portion | ₱301,875 | ₱7,211,340 |

Outstanding balance of long-term loans availed by the Group follows:

| | December 31, 2013 | September 30, 2013 |
|---------------------------|------------------------------|-----------------------|
| Parent Company | ₱200,000 | ₱400,000 |
| RLC | 133,285 | 134,095 |
| RHI and subsidiaries | – | 6,835,522 |
| Noncurrent portion | ₱333,285 | ₱7,369,617 |

Loans availed by the Parent Company

In September 2013, the Company availed ₱400 Million short term loans with BPI to pay off its long term loans with BDO. The loans with BDO were obtained to finance the group restructuring in 2009.

On January 21, 2013, BPI approved the modified principal repayment schedule of the short-term loans into long term loan, which bears interest ranging from 4.5% to 5.05%. Interest is payable quarterly in arrears. Principal is payable in twenty (20) equal amortizations commencing at the end of 9th quarter after the drawdown until 2019.

As at December 31, 2013 and September 30, 2013, the said loan is secured by real estate mortgages and pledge over shares of stock held by the Company as follows:

| | Note | Amount |
|--|------|---------------------|
| Shares of stock of RHI (99.6 million shares) | | ₱322,265,093 |
| Real estate for sale and development of RLC | 8 | 178,820,765 |
| Investment property | 12 | 6,216,000 |
| Property and equipment | 11 | 369,989 |
| | | ₱507,671,847 |

Loans availed by RHI and its subsidiaries

BDO Loan Facilities

On February 8, 2008, RHI signed the long-term loan facility with BDO for an aggregate amount of ₱ 6,189.0 million to finance the Group's Expansion Project, by purchasing second-hand mills and related equipment, and Share Buyback Program. The loan facility is shared by RHI and CADPI/CACI amounting to ₱1,570.0 million and ₱4,619.0 million, respectively. Drawdowns in 2008 by RHI, CADPI and CACI from said facility amounted to ₱ 718.3 million, ₱ 824.9 million and ₱395.3 million, respectively, payable in 28 quarterly installments, beginning August 5, 2011, with interest subject to quarterly repricing.

In 2009, CACI obtained additional loan from BDO amounting to ₱781.0 million with fixed interest at 8.94%. Furthermore, in 2010, CADPI availed additional loan amounting to ₱1,050.5 million, with fixed interest at 8.84%. Both loans are payable in 28 monthly installments beginning August 5, 2011.

In 2010, RHI, CADPI and CACI exercised its option to fix the quarterly interest of the loans at 8.93% beginning August 5, 2009 until the end of the terms of the loans. However, in 2011, pursuant to the agreement with BDO, the interest has been reduced to 6.5%, subject to certain conditions. Such conditions required, among others, that the amount of savings from the reduction of the interest rate be deposited to the Group's escrow account to be applied for partial principal payments of the loans on top of the loan amortization (see Note 9).

In 2012, RHI, CADPI and CACI entered into another agreement with BDO to modify the interest and repayment schedule of the loans. Such an agreement includes an option to convert the interest into fixed rate and revise the repayment schedule to a seven-year amortization period with equal quarterly payments commencing on November 5, 2014. To date, RHI, CADPI and CACI have not exercised its option to convert the interest into fixed rate.

On June 17, 2011, RBC availed long-term loan with BDO amounting to ₱925.0 million to finance its working capital requirements. The loan is payable quarterly starting on the 3rd year of the 10-year term from drawdown date until October 17, 2017. The grace period on the principal amortization has been extended from the first 24 to the first 36 months as requested by RBC and approved by BDO on May 9, 2013. The loan bears interest ranging from 5.00% to 5.25% in 2013, which is being repriced quarterly.

In February 2012, RHI availed of three-year car loan amounting to ₱1.6 million. The principal and interest of the loan are payable in equal monthly installments until February 2015.

On February 1, 2013, RHI, CADPI and CACI entered into a new loan facility agreement with BDO for an aggregate amount of ₱800.0 million to finance their working capital requirements. On February 15, 2013, CADPI's drawdown of ₱800.0 million against this new loan facility is secured by a pledge of shares of HPCo. The interest, which is payable every after 30 days, is subject to a quarterly repricing based on prevailing market rate. The loan is payable on February 15, 2016.

Syndicated Loans with BPI and RCBC

On February 14, 2008, CADPI and CACI entered into a Syndicated Loan Agreement with BPI (as the lead bank) and RCBC for a total credit line of ₱1,500.0 million. On March 12, 2008, CADPI and CACI signed an amendment to the Syndicated Loan Agreement clarifying certain provisions of the original agreement. In 2008, CADPI and CACI availed of a 10-year term loans from BPI amounting to ₱ 310.8 million and ₱ 129.8 million, respectively, and from RCBC amounting to ₱155.0 million and ₱64.9 million, respectively. The loans are payable in 29 quarterly installments until August 2018, with floating interest subject to quarterly re-pricing.

In 2009, CACI availed of additional loans from undrawn portion of the total credit facility from BPI amounting to ₱230.2 million, with fixed interest of 8.74% and from RCBC amounting to ₱113.8 million, with fixed interest of 8.80%. In 2010, CADPI also obtained additional loans from BPI amounting to ₱329.3 million, with fixed interest of 8.70%, and from RCBC amounting to ₱166.2 million, with fixed interest of 8.76%. These loans are payable in 29 equal quarterly installments beginning May 5, 2011 until May 5, 2018.

In 2010, interest was fixed to 8.79% for BPI loans and 8.93% and RCBC loans beginning August 5, 2009 until the end of the loan terms.

On February 6, 2012, CADPI and CACI entered into a Second Amendment with BPI and RCBC for the modification of interest and principal repayment schedule of the loans. The amendment provides for a floating interest, which is similar to the interest for the 2012 amendment in the BDO loans, with a one-time option to convert the interest into fixed rate. The one-time option to convert the interest into fixed rate is equivalent to: (a) benchmark rate plus 1.36% for BPI loans, and; (b) benchmark rate plus 1.50% for RCBC loans. The amendment also provides that CADPI and CACI repay the balance of the loans in 15 equal consecutive quarterly installments beginning November 5, 2013.

BPI Loan Facility

On June 14, 2012, CADPI availed of additional loan from BPI thru a separate loan agreement amounting to ₱500.0 million, the proceeds of which was used to pay-off CADPI's then existing long-term loan with BPI - Asset Management and Trust Group. The loan bears interest equivalent to the higher of: (a) the sum of the base rate plus 1.50%, or (b) the BSP RRP overnight rate plus 1.50%. Gross receipts tax is for the account of CADPI. The loan is payable in 15 equal quarterly installments on each scheduled repayment date, with the first installment commencing not later than November 5, 2014, until May 5, 2018.

On various dates in 2013, principal loan payments of RHI, CADPI and CACI, amounted to ₱24.0 million, ₱60.6 million and ₱38.6 million, respectively.

Loans availed by RLC

On February 3, 2009, RLC obtained a term-loan facility from BDO amounting to ₱40.0 million to finance the development of its real estate projects (see Note 8). The loan facility was released on a staggered basis, with the first ₱8.0 million issued in 2009 and the remaining ₱32.0 million released in 2010. The loans bear fixed interest rates ranging from 6.1% to 6.6% for the first 45 to 92 days to be repriced every 30 to 180 days. Principal amounts are payable quarterly after the two-year grace period allowed by the bank, until May 4, 2014.

The loan facility is secured by RLC's investment property, with fair value of ₱8.4 million as at September 30, 2013 (₱8.7 million as at December 31, 2012), as well as the assignment of leasehold rentals from the said property (see Note 14).

Suretyship Agreements and Mortgage Trust Indenture and Debt Covenants

Parent Company. In relation to the BDO loan facility, the Parent Company, RHI and RLC entered in a Continuing Suretyship Agreement with BDO. Under the Agreement, BDO shall have the right to proceed against the surety for the payment of the secured obligations. The suretyship shall remain in full force and effect to secure any future indebtedness until released by the bank at the request of the surety.

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

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

Further in 2009, RHI, CADPI and CACI executed a MTI to secure the loans obtained from BDO, BPI and RCBC. The MTI covers properties in: (a) Nasugbu, Batangas, which consist mainly of RHI's land and CADPI's properties with an aggregate carrying value of ₱2.2 billion and ₱3.5 billion, respectively, as at September 30, 2013 (₱2.2 billion and ₱3.8 billion as at September 30, 2012, respectively); and (b) CACI's properties in La Carlota, Negros Occidental with an aggregate carrying value of ₱3.4 billion as at September 30, 2013.

In 2011, RBC executed an MTI to secure the loans obtained from BDO. The MTI covers RBC's properties in La Carlota, Negros Occidental with an aggregate carrying value of ₱1.5 billion as at September 30, 2013.

Interest

Total interest expense recognized from short-term and long-term amounted to ₱6.5 million for the three-month period ended December 2013.

Loan Covenants

The foregoing loan agreements are subject to certain covenants, such as but not limited to:

- maintenance of debt service coverage ratio (DSCR) of at least 1.25 times and debt to equity ratio of not more than 70:30;
- prohibition on purchase of additional equipment except in pursuance of its sugar expansion and ethanol project;
- prohibition on any material change in ownership or control of its business or capital stock or in the composition of its top level management; and
- prohibition on declaration or payment of dividends or any other capital or other asset distribution to its stockholders, unless the required financial ratios are maintained.

In November 2013, the Group obtained from creditor banks a letter consenting on the sale of 31% of the 66% shares of stock owned by the Parent Company in favor of First Pacific (see Note 1).

As at December 31, 2013 and September 30, 2013, the Group is in compliance with these loan covenants, particularly on the required financial ratio.

Maturities of Long-term Borrowings

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

| | December 31, 2013 | September 30, 2013 |
|----------------------------|------------------------------|-----------------------|
| Less than one year | ₱31,410 | ₱158,277 |
| Between one and two years | 72,500 | 1,278,994 |
| Between two and five years | 189,375 | 2,589,478 |
| Over five years | 40,000 | 3,342,868 |
| | ₱333,285 | ₱7,369,617 |

17. Trade and Other Payables

This account consists of:

| | December 31, 2013 | September 30, 2013 |
|--|------------------------------|-----------------------|
| Trade | ₱78,742 | ₱245,609 |
| Due to: | | |
| Related parties | 59,465 | 59,465 |
| Contractors | – | 21,385 |
| Planters | – | 11,158 |
| Customers' deposit | 25,215 | 47,430 |
| Retention payable | 8,185 | 7,285 |
| Accrued expenses: | | |
| Outside services | 7,847 | 318 |
| Interest | 1,927 | 51,132 |
| Payroll and other benefits | 1,079 | 40,209 |
| Others | 7,564 | 31,810 |
| Statutory payables for taxes and statutory contributions | 3,841 | 130,561 |
| Provision for losses | – | 48,438 |
| Others | 32,981 | 86,561 |
| | ₱226,846 | ₱781,361 |

Trade payables are noninterest-bearing and are generally settled within 30 days.

Payable to government agencies and other payables are noninterest-bearing and are normally settled throughout the year.

Accrued other expenses consist principally of accruals for purchase of goods and services such as utilities, freight and handling and repairs and maintenance.

Other payables mainly pertain to reimbursements to employees and to third parties for sugar liens and other related fees.

Details of customers' deposits follows:

| | December 31, 2013 | September 30, 2013 |
|------------------------|------------------------------|-----------------------|
| Real estate properties | ₱25,215 | ₱17,036 |
| Sugar and molasses | – | 30,394 |
| | ₱25,215 | ₱47,430 |

Customers' deposits represent noninterest-bearing cash deposits from buyers of the sugar and molasses, and cash received from the sale of real estate properties, which did not meet the revenue recognition criteria as set out in Note 4. Deposits from buyers of sugar and molasses will be applied against future deliveries of sugar and molasses which are expected to be completed in the next 12 months. Deposits from sale of real estate properties will be applied against the receivable from the customers upon recognition of revenue.

18. Retirement Benefits

The Parent Company and its subsidiary, RLC, maintain individual and separately funded non-contributory defined benefit plans (the Plans) covering all eligible employees.

The following tables summarize the components of retirement benefits recognized in the consolidated statement of income and net retirement assets of ₱127.4 and net retirement benefit liability of ₱14.7 million recognized in the consolidated statement of financial position for the respective Plans.

Retirement Benefit Costs

The consolidated retirement benefit costs recognized follow for the three-month period ended September 30, 2013:

| | |
|--|----------------|
| Current service cost | ₱32,142 |
| Interest cost | 29,719 |
| Expected return on plan assets | (28,473) |
| Actuarial loss (gain) | 4,834 |
| Curtailment loss | 13,828 |
| Amortization of net transitional liability | 6,219 |
| | ₱58,269 |

Net Retirement Plan Assets

The net retirement plan assets recognized in the consolidated statement of financial position follows:

| | December 31, 2013 | September 30, 2013 |
|-----------------------------|----------------------|-----------------------|
| Present value of obligation | P19,343 | P92,570 |
| Fair value of plan assets | 13,456 | 83,393 |
| Surplus (deficit) | (5,887) | (9,177) |
| Unrecognized actuarial loss | 8,301 | 136,322 |
| Net retirement plan assets | P2,414 | P127,145 |

Plan assets cannot be returned to the Parent Company and RLC unless on circumstances discussed in Note 4. The net retirement plan assets as at December 31, 2013 and September 30, 2013 amounting to P2.4 million and P127.1 million, respectively, will be used to reduce future contributions to the retirement fund. Consequently, a portion of the Group's retained earnings related to retirement plan asset, net of deferred tax effect, is not available for dividend declaration.

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

The amounts recognized as net retirement benefit liability in the consolidated statement of financial position as at September 30, 2013 follows:

| | |
|--------------------------------|----------------|
| Present value of obligation | P437,295 |
| Fair value of plan assets | (215,215) |
| Deficit | 222,080 |
| Unrecognized actuarial loss | (207,338) |
| Net pension benefit obligation | P14,742 |

19. Equity

a. Capital Stock

Details of capital stock follow:

| | Number of Shares | Amount |
|--|---------------------|-----------------|
| Common stock "Class A" -P1 par value | | |
| Authorized | 3,375,000,000 | P3,375,000,000 |
| Issued shares as at September 30, 2013 | 2,911,885,869 | P2,911,885,869 |
| Treasury shares-at cost | (990,384,775) | (1,683,654,117) |
| Issued and outstanding as at December 31, 2013 | 1,921,501,094 | 1,228,231,752 |

On December 3, 2013, RCI implemented the buyback of 990,384,775 shares from four of its stockholders at the price of P1.70 per share in a private sale, representing 34% of the

outstanding capital stock of RCI. The BOD approved the said plan to buy-back shares on November 13, 2013.

b. Track Record of Registration

| Date | Number of Shares Licensed | Issue/Offer Price |
|--------------------|---------------------------|-------------------|
| October 7, 1918 | 15,000 | ₱100.00 |
| February 15, 1963 | 2,500,000 | 10.00 |
| September 30, 1969 | 3,000,000 | 10.00 |
| January 13, 1977 | 5,000,000 | 10.00 |
| May 21, 1990 | 12,500,000 | 10.00* |
| December 3, 1996 | 200,000,000 | 1.00 |
| October 26, 1999 | 400,000,000 | 1.00 |
| April 2, 2002 | 2,000,000,000 | 1.00 |
| February 7, 2005 | 1,962,500,000 | 1.00 |
| June 23, 2009 | 3,375,000,000 | 1.00 |

* *Par Value was subsequently reduced to ₱1.00*

c. Additional Paid-in Capital and Revaluation Increment on Land

In 2002, RHI undertook major activities relating to the Reorganization Program. As part of the Reorganization Program, the sugar milling and refinery business in Nasugbu, Batangas was spun-off to CADPI. The assets and liabilities, excluding the land in Nasugbu, were transferred by RHI as capital contribution to CADPI. Such properties transferred include revaluation increment on depreciable property, plant and equipment amounting to ₱150.6 million. Thus, the carrying value of the net assets transferred to CADPI, including the revaluation increment, was deemed as the historical cost of such assets for CADPI (see Note 4).

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

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

d. Restructuring on Equity

As discussed in Note 1, CADPGC and RCI have undertaken a merger effective June 29, 2009, with CADPGC, as the surviving entity. The transaction was accounted for under pooling of interests and as such, comparative balances were presented as if the combining entities have always been

combined. As a result, RCI's investment in CADPGC amounting to ₱119.0 million in 2008 prior to the merger was accounted for as treasury stock. Further, the excess between the consideration received and equity acquired arising from the merger was recognized by the combined entities as a component of equity under "Other equity reserve", which amounted to ₱4.0 billion in 2009.

In fiscal year ended June 30, 2011, the Group opted to transfer the balance of the "Other equity reserve" arising from the merger between RCI and CADPGC as discussed in the preceding paragraph to restricted retained earnings as management believes that such transfer of the "Other equity reserve" arising from the merger will result to a more useful and relevant financial statements. In January 2011, SEC had concurred with the adjustments made by the Parent Company (see Note 14).

e. Retained Earnings

Restricted retained earnings

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

| | Note | December 31, 2013 | September 30, 2013 |
|--|------|----------------------|-----------------------|
| Net unrealized fair value gains on investment properties included in the retained earnings | 12 | ₱283,545 | ₱283,545 |
| Application of revaluation increment against deficit | | 203,075 | 203,075 |
| | | ₱486,620 | ₱486,620 |

On October 14, 1999, the Philippine SEC approved the Parent Company's quasi-reorganization which involved the elimination of deficit amounting to ₱203.1 million as at July 31, 1999 by offsetting the entire amount against the revaluation increment on land.

For purposes of dividend declaration, the retained earnings of the Parent Company shall be restricted to the extent of the deficit wiped out by the appraisal increment and the gain on changes in fair value on investment properties that was closed to retained earnings, net of the debit balance of "Other equity reserve."

Dividend declaration

Cash dividends declared by the Company from retained earnings as follows:

| Date Approved | Per Share | Total Amount | Stockholders of Record Date | Date Payable |
|-------------------|-----------|--------------|--------------------------------|------------------|
| December 13, 2013 | 0.02 | ₱38,430 | January 6, 2014 | January 30, 2014 |

No dividends were declared by the Parent Company in 2013 and 2012.

Outstanding dividends payable amounted to ₱42.9 million and ₱4.4 million as at December 31, 2013 and September 30, 2013, respectively.

f. Share Prices

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

| Quarter | High | Low |
|-------------------------------------|-------|-------|
| October 2013 through December 2013 | ₱7.86 | ₱2.35 |
| October 2012 through September 2013 | | |
| First | 3.50 | 1.68 |
| Second | 2.39 | 2.25 |
| Third | 3.00 | 2.27 |
| Fourth | 2.25 | 1.51 |
| October 2011 through September 2012 | | |
| First | 2.10 | 1.10 |
| Second | 3.20 | 1.26 |
| Third | 2.85 | 1.51 |
| Fourth | 2.25 | 1.51 |
| July 2011 through September 2011 | 1.11 | 1.10 |

20. Related Party Transactions

The transactions and related balances of the Group with other related parties as at and for the three-month period ended December 31, 2013 are as follows:

| Related Party | Nature of Transaction | Transactions During the Year | Net Amount Due from Related Parties | Net Amount Due to Related Parties |
|---------------------------------------|---|------------------------------------|---|---|
| Associates | | | | |
| FDC | Noninterest-bearing advances | (₱5,986) | ₱38,124 | ₱2,388 |
| | Dividends receivable | – | 4,500 | – |
| | Interest-bearing advances | (3) | – | 10,825 |
| FLC | Noninterest-bearing advances | – | – | 8,816 |
| | Dividends receivable | – | 14,984 | – |
| RADC | Noninterest-bearing advances | – | – | 10,966 |
| Joint Venture Partner | | | | |
| VJ Properties, Inc. (VJPI) | Noninterest-bearing advances | (71) | 8,742 | – |
| Marilo Realty Development Corporation | Noninterest-bearing advances | (1,185) | – | 318 |
| LPC | Defrayment of cost and expenses for restructuring | 7,023 | 3,112 | 24,061 |
| Affiliates | | | | |
| Others | Noninterest-bearing advances | 129 | 328 | 94 |
| | | | 69,799 | 59,465 |
| Allowance for impairment | | | (3,110) | – |
| | | | ₱66,689 | ₱59,465 |

- a. 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 pays RLC and LPC an amount equivalent to 85% of the net income earned from the club shares to be remitted on or before May 5 of each year beginning 2005. The respective shares of RLC and LPC shall be computed in proportion to the number of club shares which they have each assigned. In 2005, PFHC and FDC merged with FDC as the surviving entity. As a result, FDC assumed the said liability of PFHC to RLC. As at September 30, 2013, RLC is still in negotiation with FDC for the allocation of the actual number of shares assigned.
- b. Advances to and from related parties used for working capital requirements are noninterest-bearing and have no fixed repayment terms.
- c. As at September 30, 2013, the Company's outstanding receivables from CADPRFI represent advance payments made by the Parent Company to its redundated employees.

Outstanding balances at year-end are unsecured and settlement occurs in cash, unless otherwise indicated above. No guarantees have been provided or received for these balances. Advances to and from related parties are noninterest bearing and have no fixed repayment terms. Impairment review is undertaken each financial year.

As at December 30, 2013 and September 30, 2013, allowance for impairment loss amounted to ₱3.1 million pertains to LPC.

Compensation of key management for the three-month periods ended December 31 2013 and 2012 is as follows:

| | 2013 | 2012 |
|--|---------------|----------------|
| Salaries and other short-term benefits | ₱3,716 | ₱53,901 |
| Retirement benefits | 498 | 3,470 |
| | ₱4,214 | ₱57,371 |

On May 14, 2013, the BOD of the Parent Company approved the increase in the directors' remuneration payable in cash and shares of stock of the Parent Company. The issuance of the share component is pending the approval of the SEC as at December 31, 2013. Management considers that the amount of director's remuneration in the form of stocks is not significant.

There are no other long-term benefits, termination benefits and share-based payment.

21. Revenue

Revenue from continuing operations consists for the three-month periods ended December 31, consist of:

| | 2013 | 2012 |
|---------------------|----------------|---------------|
| Sale of Real estate | ₱14,140 | ₱4,389 |
| Others | 49 | - |
| | ₱14,189 | ₱4,389 |

Revenue from discontinued operations for the three-month periods ended December 31, consists of:

| | Note | 2013 | 2012 |
|---------------|------|-------------------|----------|
| Sale of: | | | |
| Refined sugar | | ₱586,235 | ₱262,385 |
| Raw Sugar | | 432,770 | 344,925 |
| Alcohol | | 121,881 | 33,566 |
| Molasses | | 53,544 | – |
| Tolling fees | | – | 3,240 |
| | 6 | ₱1,194,430 | ₱644,116 |

22. Cost of Sales

Cost of sales from continuing operations pertains to cost of real estate amounting to ₱9,978.0 million and ₱458.0 million for the three-month periods ended December 31, 2013 and 2012, respectively.

Cost of sales from discontinued operations consists of:

| | Note | 2013 | 2012 |
|---|------|------------------|-----------|
| Purchased sugar | | ₱810,332 | ₱136,906 |
| Purchased molasses | | 43,423 | 6,567 |
| Cost of transporting cane to mill | | 138,361 | 233,174 |
| Direct labor | | 51,380 | 78,164 |
| Net changes in inventories | | (858,532) | (744,108) |
| Manufacturing overhead: | | | |
| Depreciation | | 105,102 | 157,228 |
| Materials and consumables | | 528,250 | 85,070 |
| Fuel and oil | | 14,550 | 5,184 |
| Repairs and maintenance | | 54,810 | 77,405 |
| Taxes and licenses | | 19,818 | 28,962 |
| Outside services | | 15,046 | 31,601 |
| Communication, light and water | | 14,944 | 53,067 |
| Rent | | – | 21,040 |
| Others | | 16,557 | 212,388 |
| Provision for inventory losses and obsolescence | | – | 13,036 |
| | 6 | ₱954,041 | ₱396,142 |

23. Operating Expenses

General and Administrative Expenses

The components of general and administrative expenses consist of:

| | 2013 | 2012 |
|---|----------------|----------|
| Salaries, wages and other employee benefits | ₱11,936 | ₱55,121 |
| Provision for impairment of receivables and unrecoverable creditable withholding taxes | – | 2,246 |
| Provision for loss | – | 4,563 |
| Outside services | 8,669 | 17,227 |
| Taxes and licenses | 943 | 15,745 |
| Depreciation | 444 | 12,537 |
| Insurance | 82 | 2,379 |
| Rent | 415 | 6,510 |
| Materials and consumables | 123 | 5,690 |
| Travel and transportation | 280 | 2,043 |
| Communication, light and water | 713 | 2,930 |
| Repairs and maintenance | 407 | 2,082 |
| Representation and entertainment | 1,125 | 1,414 |
| Corporate social responsibility | 123 | 2,309 |
| Selling and marketing expenses | 3,977 | 16,950 |
| Others | 2,926 | 9,405 |
| | ₱32,163 | ₱159,151 |

Others include association dues, training and development and other miscellaneous charges.

Selling Expenses

Selling expenses mainly pertain to delivery charges, marketing, commission on real estate sales and advertising and promotion expenses.

The foregoing includes the operating expenses from discontinued operations amounting to ₱63.6 million and ₱135.7 million for the three-month periods ended December 31, 2013 and 2012, respectively (see Note 6).

24. Personnel Costs

The components of employee benefits as for the three-month periods ended December 31, 2013 and 2012 are as follows:

| | 2013 | 2012 |
|--|----------------|---------|
| Salaries and wages | ₱5,993 | ₱49,138 |
| Allowances and other employee benefits | 4,898 | 240 |
| Pension costs | 1,045 | 5,743 |
| | ₱11,936 | ₱55,121 |

25. Other Income

This account consists of:

| | 2013 | 2012 |
|--|---------------|---------|
| Rental | ₱295 | ₱302 |
| Storage fees and penalties | - | 3,117 |
| Sugar and molasses handling fees | - | 3,627 |
| Sale of scrap | - | 71 |
| Recovery from performance bond/insurance | - | 782 |
| Others | 3,919 | 6,253 |
| | ₱4,214 | ₱14,152 |

Recovery from insurance claims pertains to the amount collected from the insurer which represents recovery from loss of irreparable equipment. Others pertain mainly to replenishment fees.

The foregoing include includes other income from discontinued operations amounting to ₱3.2 million and ₱10.9 million for the three-month periods ended December 31, 2013 and 2012, respectively (see Note 6).

26. Income Taxes

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

| | December 31, 2013 | September 30, 2013 | |
|--|--|---|--|
| | Net Deferred Tax Assets⁽¹⁾ | Net Deferred Tax Assets ⁽¹⁾ | Net Deferred Tax Liabilities ⁽²⁾ |
| Deferred tax assets on: | | | |
| Unamortized past service cost | ₱1,246 | ₱71,490 | ₱398 |
| Allowance for: | | | |
| Investments in associates | 1,384 | 1,384 | - |
| Impairment losses of receivables | 933 | 34,942 | - |
| Inventory losses and obsolescence | - | 4,275 | - |
| Creditable withholding taxes | - | 3,663 | - |
| Taxable temporary difference arising from use of installment method | 1,626 | 1,626 | - |
| Pre-operating expenses | - | - | 27,711 |
| Various accruals | - | 23,418 | - |
| Excess MCIT | - | 9,521 | - |
| Net retirement benefit liabilities | - | 4,423 | - |
| Deferred gross profit on inventory | - | 4,390 | 50 |
| Employee stock option | - | 155 | 427 |
| | 5,189 | 159,287 | 28,586 |
| Deferred tax liabilities on: | | | |
| Unamortized capitalized interest | | (117,386) | (27,760) |
| Revaluation increment on land | | (4,995) | (743,289) |
| Net retirement plan assets | (724) | (724) | (37,419) |

| | December 31, 2013 | September 30, 2013 | |
|---|--|---|--|
| | Net Deferred Tax Assets⁽¹⁾ | Net Deferred Tax Assets ⁽¹⁾ | Net Deferred Tax Liabilities ⁽²⁾ |
| (Forward) | | | |
| Unrealized gain on fair value adjustment on investment property | (P381) | (P381) | (P1,605) |
| Share of non-controlling interest on revaluation increment on land | - | - | (17,004) |
| Unrealized foreign exchange loss | (1) | (1) | |
| Unrealized share in fair value reserve of an associate | (171) | (171) | - |
| | (1,277) | (123,658) | (827,077) |
| Net deferred tax assets (liabilities) | P3,912 | P35,629 | (P798,491) |

(1) The recognized net deferred tax assets pertain to the Parent Company, RHI, RLC, CADPI and CACI.

(2) The recognized net deferred tax liabilities pertain to RHI and NAVI.

27. Earnings Per Share

Basic/diluted earnings per share are computed as follows:

| Attributable to the equity holders of the Parent Company | December 31, 2013 | December 31, 2012 |
|---|------------------------------|----------------------|
| Net income (loss) | P1,332,457 | (P448) |
| <i>Net income (loss) from continuing operations</i> | 1,305,158 | (157) |
| <i>Net income (loss) from discontinued operations</i> | 27,299 | (291) |
| Weighted average number of shares issued and outstanding | 2,350,668 | 2,911,886 |
| Basic/diluted earnings (loss) per share | P0.57 | (P0.0002) |
| <i>Continuing operations</i> | 0.56 | (P0.0001) |
| <i>Discontinued operations</i> | 0.01 | (P0.0001) |

There are no potential dilutive common shares as at December 30, 2013 and 2012.

28. Commitments and Contingencies

The Company

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

Prior to the effectivity of the CARL, the Parent Company was the registered owner of around 2,900 hectares of land located in Nasugbu, Batangas. In 1993, the Department of Agrarian Reform (DAR)

issued Notices of Coverage, and subsequently, Certificates of Land Ownership Awards (CLOAs) covering 2,676 hectares of the Company's three *haciendas*—Palico, Banilad and Carmen/Caylaway.

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

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

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

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

In February 2012, the Supreme Court affirmed the exemption of the 21.1236-hectare property from the coverage of the CARP.

In October 2012, the Parent Company disclosed that DAR published the Notice of Coverage on several RCI properties aggregating 2,514.76 hectares. The Parent Company filed a protest in the office of the DAR against the wrongful coverage (failure to observe the proper rules before publishing the said Notice of Coverage and the applicable law (RA 6657 vs. RA 9700)). The protest is still pending before the DAR.

In total, there are about 222 hectares of land that were declared by the courts or the DAR as exempt from the coverage of CARL, including the 21 hectare property declared exempt by the Supreme Court in its Decision dated September 5, 2011 in GRN 169331.

On May 14, 2013, the BOD approved the authority of management to begin negotiations with the DAR for possible voluntary offer to sell (VOS) of 76 hectares in Hacienda Palico and 26 hectares in Hacienda Caylaway. The intention by management of whether to push through with the VOS is dependent on the outcome of the applications for exemption, exclusion or conversion of land covered by CARP. As at the date of the report, there is no agreement yet with the DAR on the properties approved for VOS. Thus, the VOS has no financial impact in 2013.

On December 13, 2013, the BOD of the Parent Company approved management's request for reconfirmation of management's plan to explore the government's VOS program using 76 hectares

in Hacienda Palico and 26 hectares in Hacienda Caylaway under certain conditions. This supersedes all previous proposals relating to the government's VOS program.

a. Unused Credit Lines

As at December 31, 2013, the Group has unused lines of credit with local banks amounting to ₱4.248 million and ₱2,922.5 million as at September 30, 2013.

b. Joint Venture

On December 2, 2009, RLC entered into a joint venture agreement with VJ Properties, Inc. (VJPI) for the development of Anya Resorts and Residences in Tagaytay, Cavite. RLC agreed to contribute the business and conceptual development plan, land development costs and management expertise and manpower for the full and effective implementation of the development plan. In addition, RLC also advanced ₱10.0 million to VJPI as an indication of its commitment to the project. In return for their respective contributions, the parties agreed to distribute and allocate among themselves the developed saleable lots and villas. Total costs incurred for the project as at December 31, 2013 amounted to ₱96.84 million, and are presented as part of "Raw land and land improvements" under "Real estate for sale and development" in the consolidated statement of financial position (see Note 8).

29. Seasonality of Operations

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

30. Financial Instruments

Risk Management, Objectives and Policies

The Group's principal financial instruments comprise of cash in banks and cash equivalents, receivables and payables, which arise directly from its operations, and short and long-term borrowings. The Group has other financial instruments such as restricted cash and dividends payable.

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

Liquidity risk. Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations.

The Group's objective is to maintain sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of

the business, the Group aims to maintain flexibility in funding by keeping track of daily cash flows and maintaining committed credit lines available (see Notes 13 and 14).

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

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base and their dispersion across different geographic areas. It has policies in place to ensure that sales of goods are made to customers with an appropriate credit history. There is no concentration of credit risk with respect to receivables relating to real estate sales.

Credit risks for contract receivables is mitigated as the Group has the right to cancel the sales contract without risk for any court action and can take possession of the subject property in case of refusal by the buyer to pay on time the contracts receivables due. This risk is further mitigated because of the corresponding title to the party sold under this arrangement is transferred to the buyers only upon full payment of the contract price. The financial effect of this arrangement is equivalent to the total contracts receivables which amounts to ₱73.4 million as at September 30, 2013.

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 qualitative risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Commodity price risk. The Group is exposed to commodity price risk from conventional physical sales and purchase of sugar managed through volume, timing and relationship strategies. The Group does not enter into commodity derivatives.

The Group's sales commitments are contracted at fixed prices and, thus, have no impact on the consolidated cash flows in the next 12 months.

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

The quantitative disclosures on risks associated with the Group's financial instruments and the related risk management processes and procedures are disclosed in the annual consolidated financial statements as at September 30, 2013.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Group's dividend declaration is dependent on availability of earnings and operating requirements. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the

dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the three-month periods ended December 31, 2013 and 2012.

Management considers the total consolidated equity reflected in the consolidated balance sheets as its capital. The Group monitors its use of capital using leverage ratios, specifically, DSCR and debt-to-equity ratio. It also monitors its DSCR to ensure that there would be sufficient amount of cash flow available to meet annual interest and principal payments on debt.

The Group is required to maintain a maximum debt-to-equity ratio of 2.33:1 and minimum DSCR of 1.25:1 by its creditor banks. The Group has the following financial ratios:

| | December 31, 2013 | September 30, 2013 |
|------------------------------|------------------------------|-----------------------|
| Total liabilities | ₱650,505 | ₱10,084,195 |
| Total equity | 6,784,915 | 10,281,282 |
| Total liabilities and equity | ₱7,435,420 | ₱20,365,454 |
| Debt-to-equity ratio | 0.10:1.00 | 0.98:1.00 |

31. Segment Reporting

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

a. The Parent Company

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

b. Real Estate

RLC is the real estate arm of the Group. RLC acquires, develops, improves, subdivides, leases and sells agricultural, industrial, commercial, residential and other real properties. The Group, through RLC, has investments in other real estate companies, namely Fuego Hotels and Properties Management Corporation, Fuego Development Corporation, Fuego Land Corporation, Club Punta Fuego, Inc. and Roxaco-ACM Development Corporation.

c. Sugar-Related Businesses

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

- CADPI is engaged in the business of producing, marketing and selling raw and refined sugar, molasses and other related products or by-products and offers tolling services to traders and

planters. It has a raw sugar milling and refinery plant located in Nasugbu, Batangas with daily cane capacity of 18,000 metric tons as at December 31, 2013 and 2012. CADPI's raw sugar milling is involved in the extraction of juices from the canes to form sweet granular sugar which is light brown to yellowish in color. Canes are sourced from both district and non-district planters and are milled by CADPI under a production sharing agreement. The refinery operation, on the other hand, involves the processing of raw sugar (mill share and purchased) into refined sugar, a lustrous white-colored sugar. To ensure maximum utilization of the refinery, CADPI also offers tolling services, which converts raw sugar owned by planters and traders into refined sugar in consideration for a tolling fee.

- CACI produces raw sugar and molasses and trades the same on wholesale/retail basis. It also sells refined sugar upon tolling its raw sugar with other sugar mills. Its sugar milling plant, which has a similar process with CADPI and has a daily cane capacity of 13,000 metric tons as at December 31, 2013 and 2012, is located in La Carlota, Negros Occidental.
- RBC was established to engage in the business of producing, marketing and selling of bio-ethanol fuel, both hydrous and anhydrous products from sugarcane and related raw materials. Its plant facility is located in La Carlota, Negros Occidental.
- CFSI was established to engage in the business of transporting sugar cane, sugar and its by-products including all kinds of commercial cargoes to and from sugar factories, sugar refineries, mill sites or warehouses and/or similar establishments by land. CFSI caters various planters in Batangas, Negros, and other provincial areas in Visayas and Southern Luzon.

d. Others

Other segments of the Group, includes which are not reported separately pertain mainly to consultancy business, dealer and trader of agricultural products and pre-operating companies.

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

The Parent Company's BOD regularly reviews the operating results of the business units to make decisions on resource allocation and assess performance. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenues and segment expenses are consistent with the consolidated statement of income.

Financing costs (including interest expense) and income taxes are managed on a per company basis and are not allocated to operating segments. Further, the measurement of the segments is the same as those described in the summary of significant accounting and financial reporting policies.

The segment information of the Group is disclosed in the annual consolidated financial statements as at September 30, 2013.

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

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

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

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



A N N E X “B”

MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

First Quarter Ending December 31, 2013 and 2012

MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

INTERIM RESULTS – 1ST QUARTER FY 2013-2014

On November 29, 2013, the Parent Company sold its 31% equity ownership in Roxas Holdings Inc. (RHI) to First Pacific Natural Resources Holdings BV (First Pacific), a Hong Kong-based company. The Parent Company remains the major shareholder at 35% of RHI while First Pacific has 34% equity ownership as it acquired additional shares of stock of the RHI from other stockholders.

As a result, the remaining 35% interest in RHI is now accounted for as an investment in associate. Based on accounting standards for investment in associate, RHI (the sugar group) will be deconsolidated in the financial statements and RCI will take up its share in net earnings of the company as another line item in the consolidated statement of income. What remained in the main items of consolidated financial statements are those of the property group and the parent company.

In addition, the loss of control is treated as a discontinued operation in accordance with the Amended PFRS 5, Non-current Assets Held for Sale and Discontinued Operations. Thus, the October-November 2013 and October-December 2012 share in net income of RHI is shown as Net Income from Discontinued Operations in the consolidated statements of income.

Results of Operation

The Group's gross revenues for the first quarter of the fiscal year amounted to ₱14.189 million or 223% better than that of last year due to recognition of the sale of the last two remaining residential lots in Peninsula de Punta Fuego.

Gross profit for the first quarter amounted to ₱4.21 million or 30% of revenues. The Gross profit rate was higher last year, at 90%, due to revenues from sales of commercial properties with higher selling margins relative to its cost.

Operating expenses of ₱28.186 million was 38% higher than last year's due to expenses related to the sale of RHI shares to First Pacific and the acquisition of treasury shares by RCI from its shareholders.

Selling and marketing expenses amounting to ₱3.977 million was 28% higher than last year's due to commissions and marketing expenses incurred by the property group for its Anya Resort project which were upfront expenses.

Equity in net earnings of RHI for the month of December 2013 amounted to ₱16.86 million.

Interest expenses amounted to ₱6.5 million or 3% higher than last year's. This was due to the higher interest rate for long term borrowings.

The Company (RCI) sold 31% of its ownership in Roxas Holding, Inc. (RHI) at ₱8.0 per share or ₱2.23 Billion which generated a net gain on sale of ₱1.316 Billion. Part of the

proceeds from the sale was used by RCI to acquire treasury shares from its shareholders for P1.68 billion representing 34% of outstanding shares.

Other Income amounted to ₱4.214 million, 29% higher than last year's ₱3.274 million due to higher sales operations' fees generated by Fuego Hotels, a Roxaco's subsidiary.

Income from discontinued operation amounted to ₱41.999 million or 24% higher than last year's due to favorable operating results of the Sugar Group.

The consolidated net income for the 1st quarter amounted to ₱1,347 million, substantially higher than the ₱10.5 million of last year due to the gain on sale of the investment in RHI and the gain on improved operations.

Financial Condition

Consolidated total assets of the Group amounted to ₱7.435 billion or 63% lower than the consolidated ₱20.365 billion as at September 30, 2013, as a result of the deconsolidation of RHI. Consolidated current assets went down from ₱4.131 billion to ₱1.017 billion. Likewise, consolidated current liabilities went down from ₱2.008 billion to ₱0.31 billion.

The Group's current ratio improved from 2.01:1.00 in September 2013 to 2.92:1.00 in December 2013. Debt to equity ratio as at December 31, 2013 likewise improved to 0.10:1 compared to 0.98:1 as at September 30, 2013.

The Group likewise has existing credit lines/facilities with banks for its working capital requirements. Unused working capital lines as at December 31, 2013 and September 30, 2013 from local banks amounted to ₱4.248 billion and ₱3.459 billion, respectively.

Book values per share were ₱5.54 and ₱3.53 as at December 31, 2013 and September 30, 2013, respectively.

There are no:

- Known trends or any known demands, commitments, events or uncertainties that would result in or that would 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.

Cash and cash equivalents amounted to ₱396 million, 99% higher than the balances of September 30, 2013 due to proceeds from sale of the company's 31% equity in RHI.

Total receivables and inventories dropped in December 2013 as a result of the deconsolidation of RHI from RCI.

Real estate for sale and development increased by 19% from ₱387 million as at September 2013 to ₱460 million as at December 2013. This was mainly due to land acquisition and development costs incurred for the Anya Resort and Residences project.

Prepayments and other current assets dropped to ₱57 million. Bulk of the ₱538 million balance as of September 2013 pertained to input taxes and CWT of the Sugar Group.

Investment in shares of stock of an associate increased to ₱1.939 billion from ₱758 million in September 2013 as a result of the deconsolidation of RHI.

The decrease in investment properties from ₱4.624 billion to ₱4.432 billion pertained to the land value of NAVI, an associate of RHI.

The decrease in net pension plan assets and deferred taxes resulted from the deconsolidation of RHI.

Trade and other payables decreased by 73% from ₱734 million as of September 30, 2013 to ₱202 million as of December 31, 2013.

Short-term borrowings amounted to ₱ 47.5 million as of December 2013, 96% lower than the ₱1.017 billion consolidated level in September 2013. On the other hand, total Long-term borrowings amounted to ₱333 million, 95% lower than September 2013 level.

The net pension benefit obligation and deferred tax liabilities as at September 30, 2013 that belonged to Sugar group were deconsolidated as of December 2013.

Total of equity decreased by 33% from ₱10.281 billion as at September 30, 2013 to ₱6.785 billion as at December 31, 2013 as a result of the sale of the investment in RHI and the buy back of shares to treasury shares.

Top Five Performance Indicators

A conclusion from the foregoing description of the business of Roxaco, the company's financial performance was determined to a large extent by the following key results:

1. *Realized gross profit (RGP) on sale of developed real estate (lots only).* This is recognized in full when the collection of the total contract price has reached 25%. At this stage, it is reasonably assured that the risks and rewards over the developed assets have been transferred to the lotbuyer.
2. *Number of lots sold.* The lot sold and its terms of sale determine the revenue to be recognized and the amount of potential income to the Company.
3. *Collection efficiency on trade receivables.* Income recognition is a factor of collection. Also the interest income is recognized.
4. *Earnings before interest, taxes and depreciation* – Measures the cash income from operations.

5. *Return on Equity* – denotes the capability of the Company to generate returns for the shareholders.

The table below presents the top five performance indicators of Roxaco:

| Performance Indicator | Oct-Dec 2013 Three months | 2012-2013 one year | 2011-2012 one year |
|--|--------------------------------------|-------------------------------------|------------------------------------|
| Realized gross profit on real estate sales | ₱4.195 million | ₱ 48.8 Million | ₱ 54.3 Million |
| Number of lots sold / reserved | 26 units residential / 30 memorial | 121 unit residential / 164 memorial | 85 lots residential / 127 memorial |
| Collection efficiency | 98% | 99% | 99% |
| EBITDA | (₱6.074 million) | (₱ 2,353 million) | ₱ 25.5 million |
| Return on equity | (8%) | (1,97%) | 2.35% |

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.
For FY 2013-2014, Roxaco has programmed ₱410 Million for project development costs of which ₱200 million is for Anya Resorts and ₱48 million is for new projects.
5. The company is not aware of any known trend, events or uncertainties that will have material impact on sales.
6. The company is not aware of causes for any material changes from period to period in the financial statements.

Plan of Operation

To establish the property operation's continued growth and to ensure its viability, management intends to push through with the following plans and projects:

- Complete the land development of the two (2) current Batangas residential projects, Landing Townhomes and Orchards Ph2.
- Complete the development of phase one (open lot phase) of Anya Resort and Residences and turn over to the homeowners' association.

- Formally launch Anya Resort and Residences phase two and break ground for the construction of the resort core.
- Aggressively pursue acquisition of new properties within greater Metro Manila for potential low-to-medium-density residential development.
- Form Joint Venture with Vanguard Hotels for the construction and operation of five Go Hotel properties within Metro Manila.
- Increase capitalization of Fuego Hotels to finance its investment in restaurant business with “Lizarran” as its initial venture.

ROXAS AND COMPANY, INC AND SUBSIDIARIES
 FINANCIAL SOUNDNESS INDICATORS

| | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|----------------------------------|--------------------------|--------------------------|
| 1. LIQUIDITY RATIO | | |
| Current Ratio | 2.92 : 1.00 | 1.06 : 1.00 |
| 2. SOLVENCY RATIO | | |
| Debt to Equity ratio | 0.10 : 1.00 | 1.04 : 1.00 |
| 3. Asset to Equity Ratio | 1.1 | 2.04 |
| 4. Interest Rate Coverage Ratio* | 199.02 | 2.75 |
| 5. PROFITABILITY RATIOS | | |
| Return on Assets | 18.11% | 0.05% |
| Return on Equity | 19.85% | 0.10% |
| Book Value per share | 5.52 | 3.47 |

* computed as EBITDA / Interest Expense



102142014003206



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 ROXAS AND COMPANY, INC.
Industry Classification
Company Type Stock Corporation

Document Information

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Remarks

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

(Company's Full Name)

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

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

ATTY. ALEZANDRO S. CASABAR

810-8901

September 30
Month Day
Fiscal Year

SEC Form 17-L
Form Type

February 4th Wednesday
Month Day
Annual Meeting

Secondary License Type, If Applicable

Department Requiring this Document

Amended Articles Number/Section

3,440

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

TO BE ACCOMPLISHED BY SEC PERSONNEL CONCERNED

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

**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: 31 December 2013/ 14 February 2014

Date of this Report: 14 February 2014

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 AND 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. 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 | 1,921,501,095 |

Part I - Representations

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

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

Part II - Narrative

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

The Company will not be able to file its Quarterly Report (SEC Form 17-Q) for the period ending on 31 December 2013 on or before the 14 February 2014 deadline because the Board of Directors has yet to review and approve the company's Financial Statement for the quarter.

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

Part III - Other Information

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

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

(b) Have all other periodic reports 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

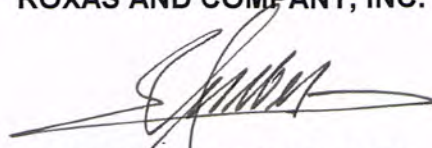
If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

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 AND COMPANY, INC.

By:



ALEZANDRO S. CASABAR
Compliance Officer

14 February 2014.