

SEC Registration Number

P W - 0 0 0 0 0 8 3 4

Company Name

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D	I	A	R	I	E	S																										

Principal Office (No./Street/Barangay/City/Town) Province)

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Form Type

SEC Form 17-Q

Department requiring the report

C R M D

Secondary License Type, If Applicable

Not Applicable

COMPANY INFORMATION

Company's Email Address

www.roxascompany.com.ph

Company's Telephone Number/s

(02) 8810-8901

Mobile Number

-

No. of Stockholders

3,300

Annual Meeting
Month/Day

Last Wednesday of May

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Marcelino C. Bundoc

Email Address

marbundoc@
roxascompany.com.ph

Telephone Number/s

(632) 8810-4804

Mobile Number

-

Contact Person's Address

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

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

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

1. For the quarterly period ended: **30 June 2021**.
2. SEC Identification Number: **PW- 00000834**.
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. **7th Floor Cacho-Gonzales Building, 101 Aguirre Street
Legaspi Village, Makati City 1229**
Address of Principal Office
8. **(632) 8810-89-01 to 06**
Registrant's telephone number, including area code
9. Former name, former address and former fiscal year, if changed since last report
Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the 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
Preferred	1,000,000,000
No. of shares subscribed & outstanding:	
Common	2,212,258,058
Preferred	200,000,000
Amount of loans outstanding as of 30 June 2021	₱3,568,417,622

Of the 2,911,885,870 subscribed and outstanding common shares, 715,872,529 common shares and 500,000,000 preferred shares were exempt securities under Section 10.1 of the SRC.

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

Yes [☒] No [☐]

2,911,885,870 common shares are listed 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
None for the period.

2. Composition of the Board of Directors:

PEDRO O. ROXAS	-	Chairman
EDGAR P. ARCOS	-	President & CEO
FRANCISCO JOSE R. ELIZALDE	-	Director
SANTIAGO R. ELIZALDE	-	Director
AURELIO R. MONTINOLA III	-	Independent Director
CORAZON S. DE LA PAZ-BERNARDO	-	Independent Director
GERARDO C. ABLAZA, JR.	-	Independent Director

3. Performance of the Corporation or result or progress of operations:
Required information is contained in Annexes “A” and “B”.

4. Suspension of operations:
None for the period.

5. Declaration of dividends:
None for the period.

6. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements:
None for the period.

7. Financing through loans:
Outstanding short-term and long-term loans amounting to ₱159.0 million and ₱3,409.4 million, respectively, were used for the working capital requirements and real estate, hotel and coconut projects of the Group.
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.
Issuer

By:


MARCELINO C. BUNDOC
Alternate Compliance Officer

Date: 12 August 2021



ANNEX “A”

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**2nd Quarter Ended June 30, 2021
and 2020**

**ROXAS AND COMPANY, INC.
AND SUBSIDIARIES**

Unaudited Interim Condensed
Consolidated Financial Statements
As of and for the six months ended
June 30, 2021 and 2020

ROXAS AND COMPANY, INC. AND SUBSIDIARIES**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***Amounts in Thousands*


	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current Assets		
Cash (Note 5)	₱54,527	₱31,069
Trade and other receivables (Notes 6 and 19)	228,038	245,473
Contract assets - current portion (Note 20)	26,680	26,680
Real estate for sale and development (Note 7)	397,166	501,488
Inventories (Note 8)	112,926	71,580
Other current assets (Note 9)	260,662	292,185
	1,079,999	1,168,475
Assets held for sale (Note 24)	606,170	606,170
Total Current Assets	1,686,169	1,774,645
Noncurrent Assets		
Contract assets - net of current portion (Note 20)	117,407	90,032
Investments in associates (Note 10)	1,037,159	1,149,329
Property and equipment (Note 11):		
At cost model	2,119,819	2,154,842
At revaluation model	549,922	549,922
Right-of-use assets (Note 12)	59,837	71,318
Investment properties (Note 13)	6,412,991	6,412,991
Deferred income tax assets - net (Note 25)	106,400	138,169
Other noncurrent assets (Note 9)	131,159	117,696
Total Noncurrent Assets	10,534,694	10,684,299
TOTAL ASSETS	₱12,220,863	₱12,458,944
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 16 and 19)	₱812,868	₱731,131
Short-term borrowings (Note 14)	159,000	313,641
Current portion of long-term borrowings (Note 15)	205,523	205,857
Contract liabilities (Note 16)	188,036	154,096
Current portion of lease liability (Note 12)	42,382	44,161
	1,407,809	1,448,886
Liabilities directly associated with the assets held for sale (Note 24)	396,984	396,984
Total Current Liabilities	1,804,793	1,845,870
Noncurrent Liabilities		
Long-term borrowings - net of current portion (Note 14)	2,940,589	2,716,142
Deferred income tax liabilities - net (Note 25)	88,380	89,391
Lease liability (Note 12)	10,877	42,382
Retirement liability (Note 17)	74,761	72,591
Total Noncurrent Liabilities	3,114,607	2,920,506
Total Liabilities	4,919,400	4,766,376

(Forward)

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Equity attributable to the Equity Holders of the Parent Company (Note 18)		
Capital stock	₱3,111,886	₱3,411,886
Additional paid-in capital	1,616,915	1,627,069
Other equity reserves	677,069	677,069
Retained earnings	2,841,512	2,929,075
Treasury stock	(1,189,367)	(1,216,983)
	7,058,015	7,428,116
Non-controlling Interests (Note 4)	243,448	264,452
Total Equity	7,301,463	7,692,568
TOTAL LIABILITIES AND EQUITY	₱12,220,863	₱12,458,944

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

Certified true and correct:


 EDGAR P. ARCOS
 President & CEO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES**INTERIM CONSOLIDATED STATEMENTS OF INCOME***Amounts in Thousands, except Basic/Diluted Earnings (Loss) per Share Data***FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020**

	Three months		Six Months	
	(Apr-Jun)		(Jan-Jun)	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUES (Note 20)				
Hotel	₱75,786	₱49,129	₱155,001	₱112,563
Sale of goods	19,019	44,117	78,161	63,083
Real estate	2,161	1,713	398,877	6,099
	96,966	94,959	632,039	181,745
COST OF SALES AND SERVICES				
Cost of hotel sales and services (Note 21)	(29,242)	(28,746)	(61,339)	(79,852)
Cost of goods sold (Note 21)	(23,915)	(48,509)	(87,579)	(73,802)
Cost of real estate sales (Note 7)	(981)	(919)	(105,372)	(3,491)
	(54,138)	(78,174)	(254,290)	(157,145)
GROSS INCOME	42,828	16,785	377,749	24,600
OPERATING EXPENSES (Note 21)	(100,525)	(62,991)	(196,437)	(153,679)
OTHER INCOME (CHARGES)				
Equity in net loss of an associate (Note 10)	(7,085)	(110,594)	(112,170)	(132,710)
Interest expense (Notes 14 and 15)	(58,023)	(60,829)	(115,416)	(122,234)
Interest income (Notes 5 and 6)	3,386	2,424	5,228	5,410
Others - net (Note 23)	8,783	(23)	14,433	6,058
	(52,939)	(169,022)	(207,925)	(243,476)
LOSS BEFORE INCOME TAX	(110,636)	(215,228)	(26,613)	(372,555)
INCOME TAX EXPENSE (BENEFIT) (Note 25)				
Current	(18,376)	863	23,609	1,360
Deferred	(15,299)	(18,563)	31,769	(18,563)
	(33,676)	(17,700)	55,378	(17,203)
NET LOSS FROM CONTINUING OPERATIONS	(₱76,960)	(₱197,528)	(₱81,991)	(₱355,352)
NET LOSS FROM DISCONTINUED OPERATIONS (Note 24)	(6,990)	(2,809)	(16,194)	(12,448)
NET LOSS	(₱83,950)	(₱200,337)	(₱98,185)	(₱367,800)

ROXAS AND COMPANY, INC. AND SUBSIDIARIES**INTERIM CONSOLIDATED STATEMENTS OF INCOME***Amounts in Thousands, except Basic/Diluted Earnings (Loss) per Share Data***FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020**

	Three months (Apr-Jun)		Six Months (Jan-Jun)	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net Loss attributable to:				
Equity holders of the Parent Company	(₱65,991)	(₱195,123)	(₱77,181)	(₱341,918)
Non-controlling interests	(17,959)	(5,214)	(21,004)	(25,882)
	(₱83,950)	(₱200,337)	(₱98,185)	(₱367,800)

BASIC/DILUTED LOSS PER SHARE**ATTRIBUTABLE TO THE****EQUITY HOLDERS OF THE****PARENT COMPANY (Note 26)****(₱0.03)**

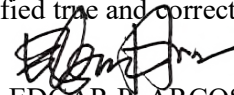
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(₱0.03)

(₱0.16)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

**EDGAR P. ARCOS**
President & CEO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME***Amounts in Thousands***FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020**

	Three months		Six Months	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
NET LOSS	(₱83,950)	(₱200,337)	(₱98,185)	(₱367,800)
OTHER COMPREHENSIVE INCOME	—	—	—	—
TOTAL COMPREHENSIVE LOSS	(₱83,950)	(₱200,337)	(₱98,185)	(₱367,800)
Total Comprehensive Loss				
attributable to:				
Equity holders of the Parent Company	(₱65,991)	(₱195,123)	(₱77,181)	(₱341,918)
Non-controlling interests	(17,959)	(5,214)	(21,004)	(25,882)
	(₱83,950)	(₱200,337)	(₱98,185)	(₱367,800)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

**EDGAR P. ARCOS**
President & CEO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY***Amounts in Thousands***FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020**

	2021 (Unaudited)	2020 (Unaudited)
CAPITAL STOCK (Note 18)	₱3,111,886	₱3,411,886
ADDITIONAL PAID-IN CAPITAL (Note 18)	1,616,915	1,666,385
TREASURY STOCK (Note 18)	(1,189,367)	(1,365,265)
OTHER EQUITY RESERVES (Note 18)	677,069	597,550
RETAINED EARNINGS (Note 18)		
Unappropriated		
Balance at beginning of period	1,225,472	2,066,681
Net loss	(77,181)	(341,918)
Cash dividends	(10,382)	(10,382)
Reversal for treasury stock	27,616	98,560
Balance at end of period	1,165,525	1,812,941
Appropriated		
Balance at beginning of period	1,703,603	1,950,445
Adjustment (reversal) for treasury stock	(27,616)	(98,560)
Balance at end of period	1,675,987	1,851,885
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	7,058,015	7,975,382
NON-CONTROLLING INTERESTS		
Balance at beginning of period	264,452	311,074
Net loss	(21,004)	(25,882)
Balance at end of period	243,448	285,192
	₱7,301,463	₱8,260,574

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:


EDGAR P. ARCOS
President & CEO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

	2021 (Unaudited)	2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax:	(₱26,613)	(₱384,804)
Loss before income tax from discontinued operations (Note 24)	(12,249)	
Adjustments for:		
Equity in net loss of associates (Note 10)	112,170	132,710
Interest expense (Notes 14 and 15)	115,416	136,228
Interest income (Notes 5, 6 and 19)	(5,228)	(5,448)
Depreciation and amortization (Notes 11 and 21)	53,233	79,097
Increase in retirement liability	2,170	2,264
Operating income (loss) before working capital changes	238,899	(39,953)
Decrease (increase) in:		
Trade and other receivables	17,435	7,912
Inventories	(41,346)	(23,443)
Real estate for sale and development	104,322	2,169
Other current assets	31,523	(7,466)
Other noncurrent assets	(9,069)	(1,180)
Increase in trade and other payables	52,054	298,445
Net cash generated from (used in) operations	393,818	236,484
Interest received	5,228	5,448
Income taxes paid including creditable withholding taxes	(55,448)	(1,360)
Net cash generated from (used in) operating activities	343,598	240,572
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase (decrease) in property and equipment (Note 11)	(6,729)	(1,141)
Net cash provided by investing activities	(6,729)	(1,141)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments (payment) of short-term borrowings (Note 15)	—	(74,927)
Payment of interest (Note 15)	(131,850)	(136,228)
Net availments (payments) of long-term borrowings (Note 15)	(230,528)	(100,449)
Payment of dividends (Note 18)	—	(10,382)
Lease liability	31,505	—
Proceeds from issuances of treasury shares (Note 18)	17,462	95,884
Net cash used in financing activities	(313,411)	(226,102)
NET DECREASE IN CASH FOR THE PERIOD	23,458	13,329
CASH AT BEGINNING OF THE PERIOD	31,069	75,395
CASH AT END OF THE PERIOD	₱54,527	₱88,724

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:


EDGAR P. ARCOS
 President & CEO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except When Otherwise Indicated)

1. Corporate Information

Roxas and Company, Inc. (the Parent Company or RCI), formerly CADP Group Corporation (CADPGC), was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 7, 1918.

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

RCI is the holding company for a group of companies with interests in (i) the real estate, hotels and resorts development and management business thru its wholly-owned subsidiary, Roxaco Land Corporation (RLC), (ii) sugar milling and ethanol manufacturing businesses of Roxas Holdings, Inc (RHI), (iii) coconut processing and exports thru its subsidiary, Roxas Sigma Agriventures, Inc. (RSAI) and (iv) renewable energy development. RCI is owned by various individual shareholders and domestic corporations, namely: SPCI Holdings, Inc. and Pesan Holdings, Inc., among others. As at both June 30, 2021 and 2020; RCI has has 3,300 and 3,301 shareholders respectively.

The principal and registered office of RCI is located at 7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City.

2. Basis of Preparation and Statement of Compliance

The unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis, except for land properties under property and equipment and investment properties that are stated at fair value and assets held for sale that are stated at lower of cost and fair value less cost to sell. The unaudited interim consolidated financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Group. All amounts are rounded to the nearest thousands, unless otherwise indicated.

The unaudited interim consolidated financial statements of the Group have been prepared in compliance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The unaudited interim consolidated financial statements, which have been prepared by the Group to be filed with the SEC for its quarterly reporting to comply with the amended Securities Regulation Code Rule 68, do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2020.

3. Summary of Changes in Accounting Policies

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial periods. The adoption of the following new and revised Philippine Financial Reporting Standards (PFRS) did not have any material effect on the unaudited interim condensed consolidated financial statements of the Group, unless otherwise indicated. Additional disclosures have been included in the notes to unaudited interim consolidated financial statements, as applicable.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact to the Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact to the Group.
 - Amendments to PFRS 9, *Financial Instruments, Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact to the Group.
 - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely

based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint

venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- *Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
1. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
2. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
3. Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
4. Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

- The accounting policies applied.
- Discussion of the deferral of the subject implementation issues in the PIC Q&A.
- Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
- Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component

- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of IFRS 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under Philippine Accounting Standards (PAS) 23, *Borrowing Costs*, considering that these inventories are ready for their intended sale in their current condition.

The IFRIC Agenda Decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of the IFRIC agenda decision would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and the opening balance of retained earnings. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

- *Deferral of PIC Q&A 2018-14, Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*

On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

The Group has opted to adopt fair value less cost to repossess approach in its accounting for sales cancellation effective January 1, 2019.

As prescribed by SEC MC No. 34-2020, for financial reporting periods beginning on or after January 1, 2021, the availment of the above deferral will impact the Group's financial reporting during the period of deferral as follows:

- a. The financial statements are not considered to be in accordance with PFRS and should specify in the "*Basis of Preparation of the Financial Statements*" section of the financial statements that the accounting framework is:
PFRS, as modified by the application of the following financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic: (enumerate reliefs availed of).
 - Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)
 - IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)
- b. The Auditor's report will:
 - i. reflect in the Opinion paragraph that the financial statements are prepared in accordance with the compliance framework described in the notes to the financial statements; and
 - ii. include an Emphasis of Matter paragraph to draw attention to the basis of accounting that has been used in the preparation of the financial statements.

Upon full adoption of the above deferred guidance, the accounting policies will have to be applied using full retrospective approach following the guidance under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

4. Basis of Consolidation

The unaudited interim consolidated financial statements of the Group include the financial statements of the Parent Company and following subsidiaries (all incorporated and domiciled in the Philippines) as at June 30, 2021 and December 31, 2020:

	Percentage of Ownership		Noncontrolling Interests		Description of Business
	2021	2020	2021	2020	
RLC*	100.00	100.00	–	–	Real estate
Roxaco-Asia Hospitality Corporation (RAHC)**	51.00	51.00	49.00	49.00	Hotel and leisure
SAMG Memorial Management & Services Inc. (SMMSI)	100.00	100.00	–	–	Funeral and related services
Roxas Green Energy Corporation (RGEC)	100.00	100.00	–	–	Generation and distribution of energy
Roxas Sigma Agriventures, Inc. (RSAI)	88.81	88.81	11.19	11.19	Coconut processing
United Ventures Corporation (UVC)***	100.00	100.00	–	–	Warehouse leasing

* On April 16, 2018, its BOD and stockholders authorized the Company to merge with Anya Hotels and Resorts Corporation (AHRC), with RLC as the surviving entity. On December 6, 2018, the Philippines SEC approved the merger of RLC and AHRC.

On July 23, 2018, the Company's BOD and stockholders authorized RLC to merge with Anya Hospitality Corporation (AHC), with RLC as the surviving entity. On February 18, 2019, the Philippine SEC approved the merger of AHC into RLC with RLC being the surviving corporation.

** On May 21, 2018, its BOD approved to change its corporate name from Roxaco-Vanguard Hotels Corporation (RVHC) to Roxaco-Asia Hospitality Corporation (RAHC) and amended the Articles of Incorporation. The Philippine SEC approved the amendment on October 19, 2018.

*** The application for dissolution is still pending with the SEC and BIR as at June 30, 2021.

5. Cash

This account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash on hand	₱14,530	₱5,216
Cash in banks	39,967	25,820
Cash equivalents	30	33
	₱54,257	₱31,069

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

Total interest income earned from cash in banks amounted to ₱0.81 million and ₱0.70 million for the six months ended June 30, 2021 and 2020, respectively.

6. Trade and Other Receivables

This account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade	₱122,324	₱125,205
Due from:		
Related parties (Note 18)	89,368	89,368
Employees	14,271	10,429
Contractors and suppliers	26,178	26,615
Others	377	18,336
	252,518	269,953
Allowance for impairment losses	(24,480)	(24,480)
	₱228,038	₱245,473

Trade receivables represent the following:

- a. 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 14% to 18% depending on the terms of the sales contract amounting to ₱20.4 million and ₱1.0 million as of both June 30, 2021 and December 31, 2020, respectively.
- b. Outstanding individual, corporate and travel agency accounts earned from the hotel operation amounting to ₱88.9 million and ₱112.5 million as of June 30, 2021 and December 31, 2020, respectively, which generally have a 30-day term.
- c. Sales arising from the premium coconut products amounting to ₱10.6 million and ₱9.3 million as of June 30, 2021 and December 31, 2020, respectively.
- d. Fees earned from hotel management amounting to ₱2.4 million as of both June 30, 2021 and December 31, 2020.

Due from employees pertains to the salary, housing and educational loans that are collected from the employees through salary deduction, and advances for business purposes subject to liquidation.

Other receivables, which are normally settled within one year, pertains to nontrade receivables.

7. Real Estate for Sale and Development

This account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Real estate properties for sale	₱308,990	₱311,299
Raw land and land improvements for development	88,176	190,189
	₱397,166	₱501,488

Cost of real estate sales amounted to ₱105.4 million and ₱2.6 million for the six months ended June 30, 2021 and 2020, respectively.

Borrowing costs incurred to finance the development of the Group's real estate projects amounting to nil in the six months ended June 30, 2021 and 2020, respectively, were capitalized using a weighted average rate of 6.75%.

Certain real estate properties for sale and development owned by RLC amounting to ₱196.0 million as at June 30, 2021 and December 31, 2020 are being used as collateral for the loans availed by the Parent Company and RLC (see Note 15).

8. Inventories

Inventories account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
At cost:		
Finished goods	₱102,145	₱64,335
Packaging materials	6,601	5,577
Supplies	4,007	1,668
Raw materials	173	—
	112,926	71,580
At NRV - finished goods, net of provision for inventory write-down amounting to (₱56.4 million as of both June 30, 2021 and December 31, 2020)	—	—
	₱112,926	₱71,580

9. Other Current and Noncurrent Assets

Other current assets account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Creditable withholding taxes	₱103,209	₱111,181
Current and deferred input VAT	98,305	121,729
Prepaid expenses	52,143	51,335
Refundable deposits	3,838	3,850
Others	3,167	4,090
	₱260,662	₱292,185

Current input VAT mainly arises from construction of real estate for sale, construction of the hotel and plant buildings and purchases of goods and services for operations. Deferred input VAT pertains to input VAT on outstanding payable on purchase of services.

Prepaid expenses pertain to prepaid rent, insurance and taxes.

Others consist of advance payments for outside services and other expenses which are normally utilized within one year.

Other noncurrent assets account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Deferred input VAT	₱121,667	₱107,771
Franchise fee	6,375	6,809
Utility deposits	3,117	3,116
	₱131,159	₱117,696

Franchise fee pertains to RAHC's franchise fee to a third-party hotel chain company for the non-exclusive, non-assignable right to use the proprietary marks and system in connection with the establishment and operation of GoHotels. The agreement is for 10 years beginning the opening day of the hotels. Amortization expense amounted to ₱0.06 million both six months ended June 30, 2021 and 2020.

Deferred input VAT includes unamortized input VAT from purchases or importation of capital goods, which are depreciable assets for income tax purposes, whose aggregate acquisition in a calendar month exceeds ₱1.0 million and input VAT on unpaid purchase of services.

10. Investments in Associates

Movements in investment in associates follow:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Associates		
Acquisition cost:		
Balance at beginning of period	₱2,167,054	₱2,167,054
Accumulated equity in net earnings (loss):		
Balance at beginning of period	(1,205,046)	(267,025)
Equity in net loss	(112,170)	(938,021)
Balance at end of period	(1,317,216)	(1,205,046)
Unrealized loss on transfer of land -		
Balance at beginning and end of period	(59,030)	(59,030)
Other comprehensive income:		
Balance at beginning of period	261,584	171,303
Share in appraisal increase in land, net of tax	–	110,912
Share in remeasurement loss on retirement liability, net of tax	–	(20,631)
Balance at end of period	261,584	261,584
	1,052,392	1,164,562
Allowance for impairment loss	(15,233)	(15,233)
	₱1,037,159	₱1,149,329

The accumulated equity in net loss of associates amounting to ₱1,317.2 million and ₱1,205.0 million as at June 30, 2021 and December 31, 2020, respectively, is not available for dividend distribution to shareholders, unless received as cash dividends from the associates.

11. Property and Equipment

Details and movements of the property and equipment carried at cost follows:

	June 30, 2021 (Six months, Unaudited)						
	Buildings and Improvements	Machinery and Equipment	Land Improvement	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost							
Balance at beginning of period	₱1,647,659	₱588,804	₱49,824	₱18,377	₱230,071	₱12,189	₱2,546,924
Additions	–	–	–	–	6,729	–	6,729
Balance at end of period	1,647,659	588,804	49,824	18,377	236,800	12,189	2,553,653
Accumulated Depreciation and Amortization							
Balance at beginning of period	145,501	41,126	7,444	15,483	141,591	–	351,145
Depreciation and amortization	15,317	5,128	3,786	936	16,585	–	41,752
Balance at end of period	160,818	46,254	11,230	16,419	158,176	–	392,897
Accumulated Impairment Loss							
Balance at beginning of year	13,288	27,649	–	–	–	–	40,937
Impairment loss	–	–	–	–	–	–	–
Balance at end of year	13,288	27,649	–	–	–	–	40,937
Net Book Value	₱1,473,553	₱514,901	₱38,594	₱1,958	₱78,624	₱12,189	₱2,119,819

	December 31, 2020 (Audited)						Total
	Buildings and Improvements	Machinery and Equipment	Land Improvement	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	
Cost							
Balance at beginning of year	₱1,959,544	₱588,122	₱104,175	₱21,127	₱260,555	₱10,511	₱2,944,034
Additions	2,057	—	—	—	5,171	2,365	9,593
Reclassifications	—	682	—	—	5	(687)	—
Write-off	—	—	(54,351)	—	—	—	(54,351)
Assets held for sale	(313,942)	—	—	—	(35,660)	—	(349,602)
Disposals	—	—	—	(2,750)	—	—	(2,750)
Balance at end of year	1,647,659	588,804	49,824	18,377	230,071	12,189	2,546,924
Accumulated Depreciation and Amortization							
Balance at beginning of year	129,415	27,671	3,470	15,901	120,170	—	296,627
Depreciation & amortization	44,130	13,455	3,974	2,332	43,514	—	107,405
Assets held for sale	(28,044)	—	—	—	(22,093)	—	(50,137)
Disposals	—	—	—	(2,750)	—	—	(2,750)
Balance at end of year	145,501	41,126	7,444	15,483	141,591	—	351,145
Accumulated Impairment Loss							
Balance at beginning of year	—	—	—	—	—	—	—
Impairment loss	13,288	27,649	—	—	—	—	40,937
Balance at end of year	13,288	27,649	—	—	—	—	40,937
Net Book Value	₱1,488,870	₱520,029	₱42,380	₱2,894	₱88,480	₱12,189	₱2,154,842

In February 2020, RAHC sold its GoHotel Cubao for ₱411 million to reduce debt and improve profitability.

Certain assets were mortgaged and used as collateral to secure the loan obligations of RSAI and RAHC with the local banks as at June 30, 2021 and December 31, 2020 (see Note 15).

12. Right-of-use Assets and Lease Liabilities

Group as a lessee

The Group has lease contracts for sales office, herb garden and hotel suites used in its operations. Leases of sales office generally have lease terms between 1 and 3 years, while herb garden and hotel suites generally have lease terms of 5 and 25 years, respectively. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of office space for hospitality group with lease terms of 12 months or less and leases of dishwashing machine and house for an expatriate with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of this right-of-use assets account follows:

	2021			
	Hotel Suites	Sales Office	Herb Garden	Total
Cost				
At December 31, 2020	₱161,455	₱337	₱384	₱162,176
At June 30, 2021	161,455	337	384	162,176
Accumulated Depreciation and Amortization				
At December 31, 2020	90,436	225	197	90,858
Depreciation and amortization	11,425	28	28	11,481
At December 31, 2020	101,861	253	225	102,339
Net Book Value	₱59,594	₱84	₱159	₱59,837

	2020			
	Hotel Suites	Sales Office	Herb Garden	Total
Cost				
At December 31, 2019	₱161,455	₱337	₱384	₱162,176
At December 31, 2020	161,455	337	384	162,176
Accumulated Depreciation and Amortization				
At December 31, 2019	44,737	112	84	44,933
Depreciation and amortization	45,699	112	113	45,924
At December 31, 2020	90,436	225	197	90,858
Net Book Value	₱71,018	₱112	₱188	₱71,318

The rollforward analysis of lease liabilities follows:

	2021	2020
Balance at beginning of period	₱86,543	₱126,718
Interest expense	1,460	7,568
Payments	(34,744)	(47,743)
Balance at end of period	₱53,259	₱86,543

The following are the amounts recognized in consolidated statement of income:

Depreciation expense of right-of-use assets included in property and equipment and investment properties	₱11,481
Interest expense on lease liabilities	1,460
Expenses relating to short-term leases (included in operating expenses) (Note 21)	243
	₱13,184

The breakdown of lease liabilities as at as at June 30, 2021 and December 31, 2020 follows:

	2021	2020
Lease liabilities	₱53,259	₱86,543
Less noncurrent portion of lease liabilities	10,877	42,382
Current portion of lease liabilities	₱42,382	₱44,161

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

13. Investment Properties

The Parent Company

This account consists of land properties of the Parent Company located in Nasugbu, Batangas, which are held either to earn rentals and/or for capital appreciation amounting to ₱6,413.0 million as of both June 30, 2021 and December 31, 2020.

The Parent Company's investment properties include land properties that are subjected to CARL with total land area of 2,300.6 hectares. Unrealized fair value gain recognized on these investment properties amounted to nil for both six months ended June 30, 2021 and 2020.

14. Short-term Borrowings

This account represents unsecured short-term loans obtained from various local banks for the Group's working capital requirements amounting to ₱159.0 million and ₱313.6 million as of June 30, 2021 and December 31, 2020, respectively, payable within 30 to 180 days. These loans bear an annual interest ranging from 4.50% to 9.75% for the six months ended June 30, 2021 and 2020.

15. Long-term Borrowings

Long-term borrowings consist of loans from:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Bank of the Philippine Islands (BPI)	₱1,164,119	₱1,288,883
Robinsons Bank Corporation (RBC)	753,728	774,713
United Coconut Planters Bank (UCPB)	473,098	473,236
China Bank	206,284	206,284
Amalgamated Investment Bancorporation	370,000	—
Asia United Bank	178,883	178,883
	3,146,112	2,921,999
Current portion	(205,523)	(205,857)
Noncurrent portion	₱2,940,589	₱2,716,142

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
RAHC	₱1,089,302	₱1,008,396
RLC	724,993	950,352
RSAI	473,098	473,556
Parent	858,719	489,695
	₱3,146,112	₱2,921,999

Loan of RLC

The bank loan is classified as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current portion	₱101,143	₱102,142
Noncurrent portion	623,850	848,210
	₱724,993	₱950,352

On September 30, 2016, RLC obtained a new loan from BPI, with RCI as the co-mortgagor, amounting to ₱500.0 million. The loan bears variable interest rate and is repriced every quarter. Principal amount is payable quarterly for five years until 2023 with the first payment payable after two years from the release of the loan. As at June 30, 2021 and December 31, 2020, the loan from BPI is secured by RLC's real estate properties for sale and development amounting to ₱196.0 million and certain properties of the Parent Company (see Note 7).

In September 2019, RLC converted its short-term loan facility with China Bank amounting to ₱200.0 million into a 5-year term loan including a 1 ½ year grace period. The loan bears variable interest rate and repriced quarterly. Principal amount is payable quarterly until 2024.

As at June 30, 2021 and December 31, 2020, RLC loans are secured by real estate mortgages, RCI treasury shares, and pledge over RHI shares of stock owned by the Parent Company (*amounts in thousands*) as follows:

	2021	2020
Shares of stock of RHI (356.5 million as at both 2021 299.6 million in 2020)	₱509,814	₱419,453
Real estate properties for sale and development of RLC (Note 7)	196,000	196,000
RCI treasury shares (120.0 million in 2021 and 90.0 million in 2020)	124,800	108,000
Investment properties (Note 13)	6,838	6,838
Property, plant and equipment (Note 11)	797	797
	₱838,249	₱731,088

Loans of RAHC

The bank loans are classified as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current portion	₱20,625	₱19,573
Noncurrent portion	1,068,677	988,823
	₱1,089,302	₱1,008,396

In September 2016, RAHC converted its short-term loan facility from BPI amounting to ₱628.0 million into term loan facility for GoHotel North EDSA and Cubao. The loan bears variable interest rate for the first two years and fixed interest rate for the succeeding five years until maturity. Principal amount is payable quarterly after the two-year grace period for seven years until 2023.

In February 2020, loan pertaining to GoHotel Cubao was fully paid.

In May 2017, RAHC converted its short-term loan facility from BPI amounting to ₱460.0 million into a term loan for GoHotel Timog. The loan bears variable interest rate for the first two years and fixed interest rate for the succeeding five years until maturity. Principal amount is payable quarterly after the two-year grace period for seven years until 2024.

In September 2017, RAHC entered into a ten-year term loan facility with RBC amounting to ₱330.0 million to take out existing loan with BDO which funded the development of GoHotel Manila Airport Road and for general working capital purposes. The loan bears minimum interest rate of 3.75% for the first two years and indicative interest of 6% for the succeeding years until maturity. Principal amount is payable quarterly after the two-year grace period for eight years until 2027.

On September 25, 2019, the outstanding balance due to BDO was fully paid amounting to ₱385.0 million.

In September 2019, RAHC obtained a ten-year term loan from RBC amounting to ₱450.0 million to take out the BDO loan which funded the development of GoHotel Ermita and for general working capital purposes. Principal amount is payable quarterly after the two-year grace period for eight years until 2029.

The loan facilities are secured by RAHC's properties amounting to ₱2,012.6 million as at both June 30, 2020 and December 31, 2020.

Loans of RSAI

The bank loans are classified as follows:

	2021	2020
Current portion	₱83,755	₱83,873
Noncurrent portion	389,343	389,683
	₱473,098	₱473,556

On June 1, 2017, RSAI converted its short-term loan facility from UCPB amounting to ₱500.0 million into a term loan. Principal amounts are payable quarterly after the two-year grace period for seven years until 2024.

The loan facility is secured by RSAI's coconut processing plant amounting to ₱856.1 million and ₱898.8 million as at both June 30, 2021 and December 31, 2020, respectively (see Note 11).

Loan of RCI

The bank loans are classified as follows:

	2021	2020
Current portion	₱–	₱269
Noncurrent portion	858,719	489,426
	₱858,719	₱489,695

In September 2020, the Parent Company converted its short-term loan facility from BPI amounting to ₱474.5 million into a three-year medium term loan which bears variable interest rate. Principal repayments bullet on maturity in the year 2023. This loan facility is secured (via Cross Collateral Agreement) by real estate mortgages and pledge over RHI shares of stock owned by the Parent Company and additional collateral as may be agreed upon.

Loan Restructuring

In 2020, the Company has restructured its loans from banks to address the negative impact of COVID-19 pandemic on its cash flows. In September 2020, the Group received the full support of its creditor banks which recently approved to grant up to three years additional grace period for the repayment of ₱2.6 billion of the Group's debts (see Note 15).

Bank debts with recently approved repayment terms include BPI (₱1.6 billion), RBC (₱759.4 million), and AUB (₱188.5 million).

The following changes are made on the loan agreements:

RCI*BPI Loan*

BPI and RCI signed a Medium Term Loan Agreement and converted the short term loan to medium term loan P474.5 million which will mature in August 2023. The principal payment of the loan will be due at maturity. Interest payment will be due annually.

RLC*BPI Loan*

Short term loan amounting to ₱227.0 million was converted to medium term loan with a corresponding increase in interest rate from 6.25% to 7.5%. The principal payment of the loan will be due at maturity. Interest payment will be due semi-annually. The loan is due in August 2023.

For the outstanding long term loan amounting to ₱329.2 million, the principal payment was changed from quarterly payment to bullet payment and is due in July 2023. As at December 31, 2020, total unpaid borrowings to BPI of ₱556.8 million.

AUB

Short term loan amounting to ₱188.5 million is converted to 3-year term loan maturing in July 2023. Interest rate is reduced from 7.5% to 6.0%.

RAHC*BPI Loan*

BPI and RAHC signed an amendment to terms and condition of the Loan Agreement for the P610.0 million loan balance. The agreement amended the quarterly amortization of principal to bullet payment at the maturity of the loan. Interest payment was likewise amended from quarterly to semi-annually. The bank waived the DSCR requirement but maintained the DE ratio to 3.0.

RBCs Loan

a) Term Loan 1

In June 2020, the bank granted additional grace period for the loan payment amortization, to begin March 2023. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to repricing. The interest will be payable semi-annually.

b) Term Loan 2

In June 2020, the bank granted additional grace period from the last amortization. The original loan maturity was retained. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to repricing. The interest will be payable semi-annually.

Based on the Group's assessment, these modifications in the contractual cash flows are not substantial and therefore do not result in the derecognition of the affected financial liabilities. Total modification gain/loss recognized in the statement of income as a result of these modifications amounted to ₱35.7 million.

Interest Expense

Total interest expense recognized from short-term and long-term loans amounted to ₱115.4 million and ₱122.2 million for the six months ended June 30, 2021 and 2020, respectively.

Maturities

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

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Less than one year	₱206,503	₱205,858
Between one and two years	532,522	435,552
Between two and five years	1,904,433	1,858,238
Over five years	502,654	422,351
	₱3,146,112	₱2,921,999

Change in Liabilities Arising from Financing Activities

	Short-term borrowings (Note 14)		Long-term borrowings	
	2021	2020	2021	2020
Balance at the beginning of the year	₱313,641	₱1,265,634	₱2,921,999	₱2,468,844
Availments	–	50,318	–	–
Payments and reclassification from short-term to long-term	(154,641)	(1,002,311)	229,760	831,723
Transferred to assets held for sale	–	–	–	(372,381)
	₱159,000	313,641	₱3,151,759	₱2,928,186
Debt transaction cost	–	–	(5,647)	(6,187)
Balance at the end of the year	₱159,000	₱313,641	₱3,146,112	₱2,921,999

There are no non-cash changes in short-term borrowings, long-term borrowings and accrued interests.

16. Trade and Other Payables

This account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade	₱237,612	₱243,843
Due to related parties (Note 19)	136,678	123,989
Interest	107,544	51,284
Accrued expenses	103,730	126,633
Retention payable	91,149	91,000
Outside services	44,566	18,953
Statutory payables	35,096	19,422
Payroll and other employee benefits	24,420	39,216
Dividends (Note 18)	11,584	4,247
Payables to contractors	7,257	1,202
Others	13,232	11,342
	₱812,868	₱731,131

17. Retirement Benefits

Retirement Benefits

The amounts recognized as retirement benefits in the consolidated statements of income are as follows:

	2021 (Six months)	2020 (One Year)
Net interest cost	₱1,832	₱12,080
Current service cost	338	3,315
Settlement gain	–	(429)
	₱2,170	₱14,966

The cumulative remeasurement gain on retirement liability (shown as part of other equity reserve) recognized as other comprehensive income amounted to ₱2.31 million, net of tax, as of both June 30, 2021 and December 31, 2020.

Retirement Liability

Retirement liability recognized in the consolidated statements of financial position follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Present value of obligation	₱81,868	₱79,698
Fair value of plan assets	(7,107)	(7,107)
Retirement liability	₱74,761	₱72,591

Movements in the defined benefit obligation follow:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at beginning of period	₱79,698	₱67,148
Interest cost	1,832	3,665
Current service cost	338	12,080
Benefits paid	–	(5,228)
Settlement gain	–	(429)
Benefits from plan assets	–	–
Actuarial (gain) loss on DBO due from:		
Experience adjustments	–	(8,328)
Changes in financial assumptions	–	10,790
Balance at end of period	₱81,868	₱79,698

Movements in the fair value of plan assets for the six months ended June 30, 2021 and year ended December 31, 2020 follow:

	2021	2020
Balance at beginning of the year	₱7,107	₱6,609
Interest income	–	350
Benefits from plan assets	–	–
Return on plan assets, excluding amounts included in interest income	–	148
Balance at end of the year	₱7,107	₱7,107

Plan assets of the Group as at June 30, 2021 and December 31, 2020 consist of:

Cash in banks and cash equivalents	18%
Government securities and other assets	82%
	<u>100%</u>

The Group is expected to contribute a total of ₱4.1 million to its respective plans in 2021.

The latest available actuarial valuation of the plan for RLC and the Parent Company is as of January 26, 2021; which was used for the estimation of the retirement benefits of the respective companies as at both June 30, 2021 and December 31, 2020.

The principal actuarial assumptions used in determining retirement benefits and gratuities cost as at beginning of each period follows:

	June 30, 2021	December 31, 2020
Discount rate	3.60% to 4.10%	3.60% to 4.10%
Future salary increases	7.00%	7.00%

The sensitivity analysis based on reasonably possible changes of the assumptions as at both June 30, 2021 and December 31, 2020 are as follows:

		2020
Discount Rate	+100 bps	(₱7,204)
	-100 bps	8,778
Salary Rate	+100 bps	8,396
	-100 bps	(7,058)
Turnover Rate	0%	25,612
	125%	(3,772)
	75%	4,512

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement liability at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The corresponding change in the retirement liability was expressed as a percentage change from the base retirement liability. There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses.

The Group does not currently employ any asset-liability matching.

The maturity analysis of the undiscounted payments as of both June 30, 2021 and December 31, 2020 are as follows:

	2020
One year and less	₱14,821
More than one year to five years	46,939
More than five years to 10 years	22,004
More than 10 years to 15 years	42,443
More than 15 years to 20 years	92,743
More than 20 years	402,987

Weighted average duration of the defined benefit liability is 19.7 years as of both June 30, 2021 and December 31, 2020.

18. Equity

a. Capital Stock

	June 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Number of Shares	Amount	Number of Shares	Amount
"Class A" common stock - ₱1 par value				
Authorized	3,375,000,000	₱3,375,000	3,375,000,000	₱3,375,000
Issued -				
Balance at beginning and end of period	2,911,885,870	2,911,886	2,911,885,870	2,911,886
Treasury stock:				
Balance at beginning of period	(715,872,529)	(1,216,983)	(861,073,555)	(1,463,825)
Issuances	16,244,717	27,616	145,201,026	246,842
Balance at end of period	(699,627,812)	(1,189,367)	(715,872,529)	(1,216,983)
Issued and outstanding	2,212,258,058	₱1,722,519	2,196,013,341	₱1,694,903
Preferred stock - ₱1 par value				
Authorized, 1,000,000,000				
Issued and outstanding	200,000,000	₱200,000	500,000,000	₱500,000

On November 13, 2018, the Parent Company issued 500.0 million preferred shares (500,000,000 preferred shares offered at par value of 1 per share) with a fixed dividend rate of 8.5%, with a corresponding reduction to additional paid-in capital stock pertaining to transaction costs of ₱5.0 million. The preferred shares are cumulative, non-participating, non-voting, and redeemable at the option of the Parent Company, as determined by the BOD.

On November 13, 2019, the BOD likewise approved and authorized the declaration of dividends to the preferred shareholders for the year 2020 as follows:

Description	1 st Tranche	2 nd Tranche	3 rd Tranche	4 th Tranche
Record date	February 6, 2020	May 7, 2020	August 6, 2020	November 6, 2020
Payment date	February 13, 2020	May 13, 2020	August 13, 2020	November 13, 2020
Dividend rate	₱0.02 per share	₱0.02 per share	₱0.02 per share	₱0.02 per share

The Parent Company has paid cash dividends on preferred shares amounting to ₱41.3 million representing dividends for the one year ended December 31, 2020.

The BOD, in its Special Meeting held on 12 March 2021, resolved to redeem 300 million redeemable preferred shares, which are not listed with the PSE, issued to Amalgamated Investment Bancorporation pursuant to the Re-structuring and Financing Agreement entered into between the parties. The Board further resolved to redeem the said preferred shares at a redemption price of ₱1.00 per share. The Articles of Incorporation of Roxas and Company, Inc. provides that the preferred shares of the Corporation are redeemable after two (2) years from issuance and are re-issuable upon terms and conditions determined by its BOD. The Board has yet to determine the terms of re-issuance of the said preferred shares.

The Parent Company has also declared preferred dividends for the remaining 200 million redeemable preferred shares on February 13, 2021 amounting to ₱10.4 million.

In 2021, the Parent Company issued 16,244,717 treasury shares based on the average market rate of ₱1.07 per share aggregating ₱17.4 million, resulting to a decrease in additional paid-in capital amounting to ₱10.2 million, net of transaction costs of ₱0.02 million.

In 2020, the Company issued 5,996,849 treasury shares based on the average market rate of ₱1.80 per share aggregating ₱10.8 million, resulting to an increase in additional paid-in capital amounting to ₱0.55 million, net of transaction costs of ₱0.02 million.

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
June 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. Other equity reserves

Details of other equity reserves follow:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Revaluation Increment on Land		
Balance at end of year	₱280,091	₱280,091
Share in Revaluation Increment on Land of an Associate		
Balance at beginning of period	288,661	177,749
Share in revaluation increment on land, net of tax	—	110,912
Balance at end of period	288,661	288,661
Cumulative Share in Changes in Fair Value of AFS Financial Assets of an Associate		
Balance at beginning and end of period	5,129	5,129
Revaluation Increment on Land of a Subsidiary		
Balance at beginning of period	129,118	138,297
RAHC sale of Cubao	—	(23,542)
Share in appraisal increase, net of tax	—	14,363
Balance at end of period	129,118	129,118
Cumulative Remeasurement Gain (Loss) on Retirement Liability		
Balance at beginning of period	6,276	7,859
Remeasurement gain, net of tax	—	(1,583)
Balance at end of period	6,276	6,276
Cumulative Share in Remeasurement Loss on Retirement Liability of Associates		
Balance at beginning of period	(32,206)	(11,575)
Share in remeasurement loss, net of tax	—	(20,631)
Balance at end of period	(32,206)	(32,206)
	₱677,069	₱677,069

d. Retained Earnings

Details of retained earnings follow:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Appropriated/Restricted		
Balance at beginning of period	₱1,703,603	₱1,950,445
Reversal for treasury stock and others	(27,616)	(246,842)
Balance at end of period	₱1,675,987	1,703,603
Unappropriated		
Balance at beginning of period	1,225,472	2,066,681
Net loss attributable to the Parent Company	(77,181)	(1,080,298)
Cash dividends	(10,382)	(41,302)
Transfer of appraisal increase in land to retained earnings	—	33,549
Reversal of restriction for treasury stock	27,616	246,842
Balance at end of period	1,165,525	1,225,472
	₱2,841,512	₱2,929,075

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

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Restricted for treasury stock	₱1,189,367	₱1,216,983
Gain on change in fair value of investment properties, net of debit balance of Other Equity Reserves closed to retained earnings	296,967	296,967
Fair value gains on investment properties included in the retained earnings	2,154,210	2,154,210
Undistributed earnings of subsidiaries and equity in net earnings of the associates	(1,421,756)	(1,309,586)
	₱2,218,788	₱2,358,574

e. 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 periods are as follows:

Quarter	High	Low
January through December 2021		
First	₱1.35	₱1.00
Second	1.12	1.00
January through December 2020		
First	₱2.29	₱1.21
Second	1.92	1.32
Third	1.58	1.10
Fourth	1.49	1.16
January through December 2019		
First	₱2.21	₱1.70
Second	1.78	1.36
Third	1.97	1.30
Fourth	2.22	1.74

19. Related Party Transactions and Balances

The transactions and related balances of the Group with other related parties are as follows:

Related Party	Nature of Transaction	Period	Transactions during the Period*	Trade and Other Receivables (see Note 6)	Amount Due to Related Parties (see Note 15)
Associates					
FDC	Dividends receivable	June 30, 2021	₱—	40,287	₱13,211
		December 31, 2020	—	40,287	₱13,211
FLC	Dividends receivable	June 30, 2021	—	3,852	—
		December 31, 2020	—	3,852	—
RADC	Noninterest-bearing advances	June 30, 2021	—	—	10,966
		December 31, 2020	—	—	10,966
CACI	Interest-bearing advances	June 30, 2021	—	—	—
		December 31, 2020	—	—	—
Joint Ventures					
VJPI	Noninterest-bearing advances	June 30, 2021	—	93	218
		December 31, 2020	—	93	218
Marilo Realty Development Corporation	Noninterest-bearing advances	June 30, 2021	—	949	892
		December 31, 2020	—	949	892
LPC	Defrayment of cost and expenses for restructuring	June 30, 2021	—	3,306	26,362
		December 31, 2020	—	3,306	26,362
Entities under common control					
	Interest-bearing advances	June 30, 2021	12,689	40,880	85,029
		December 31, 2020	6,173	40,880	72,340
		June 30, 2021		₱89,368	₱136,678
		December 31, 2020		₱89,368	₱123,989

*Amounts represent transactions for the six months ended June 30, 2021 and year ended December 31, 2020.

- In the normal course of business, the Parent Company extends/avails of advances to/from its related parties under common control, with definite repayment terms. The advances to and from related parties are interest-bearing.
- 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 were computed in proportion to the number of club shares 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.

Outstanding balances at year end are unsecured and settlement normally 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 unless otherwise indicated above. Impairment review is undertaken each reporting date. As at June 30, 2021 and December 31, 2020, allowance for impairment loss amounting to ₱3.1 million pertains to due from LPC.

- Compensation of key management personnel is as follows:

	June 30, 2021 (Six months, Unaudited)	June 30, 2020 (Six months, Unaudited)
Salaries and short-term benefits	₱22,946	₱24,358
Retirement benefits	1,628	2,038
	₱24,574	₱26,396

Directors' Remuneration

The Parent Company settled director's remuneration through cash and issuance of treasury shares for the regular board meetings held as follows:

Date of Meeting	No. of shares	Market Value per Share	Share-Based	Cash Compensation	Total Compensation
April 5, 2019	102,941	1.70	175,000	175,000	350,000
May 10, 2019	88,757	1.69	149,999	150,000	299,999
August 5, 2019	95,544	1.57	150,004	150,000	300,004
November 12, 2019	73,347	2.04	149,628	150,000	299,628
June 26, 2020	120,968	1.24	150,000	150,000	300,000
August 7, 2020	120,968	1.24	150,000	150,000	300,000
November 10, 2020	140,000	1.25	175,000	175,000	350,000
April 12, 2021	169,903	1.03	175,000	175,000	350,000
May 14, 2021	116,505	1.03	150,000	150,000	300,000

The expense recognized on the foregoing amounted to ₱0.7 million and ₱0.6 million for the six months ended June 30, 2021 and 2020, respectively, and presented as part of "Salaries and employee benefits" account in the unaudited interim consolidated statements of comprehensive income.

20. Revenue from Contracts with Customers
a. Disaggregated revenue information

The Group presented below the disaggregation of revenue from contracts with customers which are based on type of contracts and timing of revenue recognition. This presentation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

	2021	2020
Real estate	₱398,877	₱6,099
Hotels and services	155,001	112,563
Sale of goods	78,161	63,083
	₱632,039	₱181,745

Except for the revenues earned for the sale of real estate, all revenues were earned at the point in time.

Hotel

	2021	2020
Room revenue	₱104,496	₱96,653
Food and beverage	33,241	5,601
Spa	567	80
Others	16,697	10,229
	₱155,001	₱112,563

i. Real Estate

June 30, 2021							
Segments	Raw land	Palico Montana	Landing Townhomes	Landing Shophouses	Orchards	SAMG	Total
Sale of real estate	₱392,771	₱2,253	₱404	₱36	₱537	₱2,876	₱398,877
Geographical markets							
Nasugbu, Batangas	₱392,771	₱2,253	₱404	₱36	₱537	₱2,876	₱398,877
Timing of revenue recognition							
Goods transferred over time	₱—	₱2,253	₱404	₱36	₱537	₱2,876	₱6,106
Goods transferred at a point in time	₱392,771						₱392,771

June 30, 2020							
Segments	Raw land	Palico Montana	Landing Townhomes	Landing Shophouses	Orchards	SAMG	Total
Sale of real estate	₱—	₱4,104	₱347	₱36	₱—	₱1,612	₱6,099
Geographical markets							
Nasugbu, Batangas	₱—	₱4,104	₱347	₱36	₱—	₱1,612	₱6,099
Timing of revenue recognition							
Goods transferred over time	₱—	₱4,104	₱347	₱36	₱—	₱1,612	₱6,099

ii. Sale of goods

Sale of goods by product type

	2021	2020
Coco milk/cream	₱58,825	₱55,975
Coco water concentrate	12,067	5,689
Virgin coconut oil	7,269	1,419
	₱78,161	₱63,083

Sale of goods by sales type

	2021	2020
Export	₱70,550	₱59,874
Domestic	7,611	3,209
	₱78,161	₱63,083

b. Contract balances

The Company's contract balances as at June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Contract asset	₱144,087	₱116,712
Contract liabilities	188,036	154,096

Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

Cash received from the sale of real estate properties that does not meet the revenue recognition criteria are recognized in “Customers’ deposits” account which is presented as part of “Contract liabilities and customer’s deposits” account in the consolidated statements of financial position.

Breakdown as to current and noncurrent portion of the amount recorded under “Contract assets” account follows:

	2021	2020
Contract assets - current	₱26,680	₱26,680
Contract assets - noncurrent	117,407	90,032
	₱144,087	₱116,712

Contract liabilities

- a. Deferred income amounting to ₱52.1 million and ₱19.1 million in 2021 and 2020 respectively, pertains to collections from buyers exceeding the recognized sale of real estate based on percentage-of-completion.
- b. Customers’ deposits amounting to ₱100.4 million and ₱104.0 million in 2021 and 2020 respectively, represent noninterest-bearing 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 sale of real estate properties will be applied against the receivable from the customers upon recognition of revenue
- c. Guests’ deposits pertain to the advance payments of guests for room reservations in the hotels amounting to ₱19.3 million and ₱23.1 million as at years ended June 30, 2021 and December 31, 2020, respectively.
- c. Performance obligations (PO)

The following are the PO of the Company:

Real Estate Sales*(a) House and lot*

For sale of house and lot, house and lot are separately identifiable promises but are expected to be combined as one performance obligation since these are not distinct within the context of the contract. The obligation to deliver the house duly constructed in a specific lot is fully integrated in the lot in accordance with the approved plan. If sale occurs upon completion, the Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the house and lot. If sale occurs prior to completion, the Group expects the revenue recognition to occur over time when satisfying the criterion of which the Group’s performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(b) Residential land

The developer performs significant activities of land development in accordance with the approved subdivision plan. This includes, but is not limited to, provision of drainage, sewerage, water and electricity system which integrates the common areas and saleable lots. These development activities, however, are not distinct promises but rather necessary and required inputs relative to the developer’s promise to deliver the residential lot.

The developer integrates the saleable lots with the land development to be able to transfer the “residential lot” promised in the CTS.

(c) Memorial lot

The Company performs significant activities of land development in accordance with the approved memorial garden plan. This includes grading and landscaping, construction of pathways and interment amenities, and installation of water source. These development activities however, are not distinct promises but rather necessary and required inputs relative to the developer’s promise to deliver the memorial lot.

Buyer can elect the payment means either as spot cash or in installment for a period ranging from one year to eight years. The Company determines that the payment of the consideration will not coincide with the percentage of completion of the real estate project and concluded that there is a significant financing component for these contracts.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) in relation to real estate sales amounted ₱152.5 million and ₱125.7 million as at June 30, 2021 and December 31, 2020, respectively.

Hotel Revenues

(a) Hotel rooms

The Group also offers hotel room accommodations to customers through the five GoHotels of Roxaco Asia Hospitality Corporation and the resort of Anya Hotels and Resorts Corporation.

(b) Food and beverage

For the sale of food and beverages, the performance obligation is satisfied when the goods are sold. Payment is generally due within 30 days as the customer receives the goods and services except for some customers with specific credit terms. The Company applies the practical expedient and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) in relation to Hotel revenues amounted to ₱19.7 million and ₱24.0 million as at June 30, 2021 and December 31, 2020, respectively.

Manufacturing

(a) Sale of coconut products

The Group is involved in manufacturing of some coconut products that are being sold either domestic or by export.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) in relation to manufacturing revenues is ₱16.1 million and ₱9.5 million as at June 30, 2021 and December 31, 2020, respectively.

21. Cost and Expenses

Cost of hotel sales and services consist of:

	June 30, 2021 (Six months, Unaudited)	June 30, 2020 (Six months, Unaudited)
Salaries, wages and other employee benefits	₱16,224	₱17,659
Food and beverage cost	16,602	1,357
Depreciation and amortization	12,203	34,175
Communication, light and water	9,708	11,201
Outside services	3,840	12,359
Travel and transportation	30	1,044
Others	2,732	10,078
	₱61,339	₱73,802

Other cost of hotel sales and services are expensed as incurred which are incurred for the generation of revenue from ancillary services like laundry.

Cost of goods sold consist of:

	June 30, 2021 (Six months, Unaudited)	June 30, 2020 (Six months, Unaudited)
Materials used and changes in inventory	₱29,693	₱13,573
Indirect labor	18,362	18,206
Depreciation (see Note 11)	11,618	12,908
Communication, light and water	7,483	3,224
Packaging materials	6,212	9,368
Factory supplies	6,100	1,802
Direct labor	5,201	7,263
Repairs and maintenance	236	2,050
Rent expense	438	777
Taxes and licenses	–	3,455
Others	2,236	1,176
	₱87,579	₱73,802

Operating expenses consist of:

	June 30, 2021 (Six months, Unaudited)	June 30, 2020 (Six months, Unaudited)
General and administrative expenses	₱173,678	₱159,105
Selling expenses	22,759	9,350
	₱196,437	₱168,455

General and administrative expenses from consist of:

	June 30, 2021 (Six months, Unaudited)	June 30, 2020 (Six months, Unaudited)
Salaries, wages and other employee benefits (Notes 17 and 22)	₱58,576	₱61,865
Depreciation and amortization (Note 11)	38,103	32,014
Taxes and licenses	19,507	13,467
Outside services	17,164	20,630
Communication, light and water	7,136	6,105
Yield guarantee	6,954	—
Representation and entertainment	3,672	3,546
Travel and transportation	1,179	1,764
Repairs and maintenance	1,484	1,546
Insurance	1,283	1,442
Materials and consumables	621	1,758
Rent	333	709
Others	17,666	14,259
	₱173,678	₱159,105

Others include professional fees, training and development and other miscellaneous charges.

Selling Expenses

This account mainly pertains to marketing, commission on real estate sales and advertising and promotion expenses.

22. Personnel Costs

The components of employee benefits from continuing operations presented under “General and administrative expenses” account (see Note 22) in the consolidated statements of income are as follows:

	June 30, 2021 (Six months, Unaudited)	June 30, 2020 (Six months, Unaudited)
Salaries and wages	₱45,014	₱49,611
Allowances and other employee benefits	5,466	9,990
Retirement benefits (Note 17)	1,085	2,264
	₱51,565	₱61,865

23. Other Income

Other income consists of:

	June 30, 2021 (Six months, Unaudited)	June 30, 2020 (Six months, Unaudited)
Sale of scrap	₱7,862	₱2,508
Dividend income	1,320	—
Rent income	263	108
Penalty for late payment	138	178
Others	4,850	3,264
	₱14,433	₱6,058

Others include other hotel charges such as shuttle services, laundry services, early and late checkout fees, realty fees, and forfeited reservation deposits.

24. Discontinued Operations and Assets Held for Sale

On November 10, 2020, the Board of Directors of RAHC approved the plan to sell the GoHotel Timog property. As at December 31, 2020, GoHotel Timog was classified as a disposal group held for sale and as a discontinued operation. The results of GoHotel Timog for the quarter ended June 30, 2021 and 2020 are presented below:

	2021	2020
Revenue from contracts with customers	₱23,098	₱24,504
Cost of services	(8,029)	(8,021)
Gross operating profit	15,069	16,482
Operating expenses	(15,239)	(14,775)
Finance costs	(16,434)	(13,994)
Interest income	480	38
Loss before tax from a discontinued operation	(₱16,124)	(₱12,249)
Tax expense:	70	199
Loss from discontinued operations	(₱16,194)	(₱12,448)

The restatement of the June 30, 2020 consolidated statements of income as a result of the discontinued operations are presented below:

	2020 Balances as Previously Reported	Balances Attributable to Discontinued Operations	2020 Balances after Restatement
Revenue from			
Hotel revenues	₱137,067	₱24,504	₱112,563
Real estate sales	6,099	—	6,099
Sale of goods	63,083	—	63,083
	206,249	24,504	181,745
Cost of sales and services			
Cost of hotel sales and services	(87,873)	(8,021)	(79,852)
Cost of real estate sales	(3,491)	—	(3,491)
Cost of goods sold	(73,802)	—	(73,802)
	(165,166)	(8,021)	(157,145)
Gross income	41,083	16,483	24,600
(Forward)			
Operating expenses	(168,455)	(14,776)	(153,679)

Other income (charges)			
Interest expense	(136,228)	(13,994)	(122,234)
Interest income	5,448	38	5,410
Equity in net earnings (loss) of associates	(132,710)	–	(132,710)
Others – net	6,058	–	6,058
	(257,433)	(13,956)	(243,476)
Loss before income tax	(384,804)	(12,249)	(372,555)
Income tax benefit (expense):	17,004	(199)	17,203
Net loss	(P367,800)	(P12,448)	(P355,352)

The major classes of assets and liabilities of GoHotel Timog as held for sale as at both June 30, 2021 and December 31, 2020 are as follows:

Assets

Plant and equipment (Note 12)	P606,170
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Liabilities

Trade and other payables	7,911
Deferred tax liability	16,692
Borrowings (Note 15)	372,381
Liabilities directly associated with assets held for sale	396,984

Net assets directly associated with disposal group	P209,186
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25. Income Taxes

- a. Provision for (benefit from) income taxes comprise the following:

	June 30, 2021 (Six months, Unaudited)	June 30, 2020 (Six months, Unaudited)
Current	P23,609	P1,360
Deferred	31,769	(18,563)
	P55,378	(P17,203)

- b. The components of the recognized deferred tax assets and liabilities represent the tax effects of the following temporary differences:

	June 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Net Deferred Income Tax Assets	Net Deferred Income Tax Liabilities	Net Deferred Income Tax Assets	Net Deferred Income Tax Liabilities
Deferred tax assets on:				
NOLCO	P45,006	P–	P76,776	P–
Customers' deposit	26,225	–	26,225	–
Allowance for:				
Impairment losses of receivables	8,418	–	8,418	–
Impairment losses on investments in associates	4,544	–	4,544	–
Retirement liability	21,127	–	21,127	–
Lease liabilities	41,147	–	41,147	–
Unrealized foreign exchange loss	30	–	30	–
Deferred income	4,039	–	678	–
Net discount on loans payable	–	–	3,360	–
Excess MCIT over RCIT	8,522	–	8,522	–
Various accruals	634	–	634	–
	159,692	–	191,461	–

Deferred tax liabilities on:				
Taxable temporary difference arising from use of installment method of revenue recognition for tax reporting	(23,600)	–	(23,600)	–
Revaluation increment on land	(3,059)	(88,380)	(3,059)	(89,391)
Prepaid commissions	(1,911)	–	(1,911)	–
Right-of-use assets	(21,396)	–	(21,396)	–
Actuarial gain	(1,072)	–	(1,072)	–
Rent receivable	(2,254)	–	(2,254)	–
	(53,292)	(88,380)	(53,292)	(89,391)
Net deferred tax assets (liabilities)	₱106,400	(₱88,380)	₱138,169	(₱89,391)

26. Earnings (Loss) Per Share

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

	June 30, 2021 (Six months, Unaudited)	June 30, 2020 (Six months, Unaudited)
Net loss attributable to the equity holders of the Parent Company: (Note 17)	(₱77,181)	(₱341,918)
Weighted average number of shares issued and outstanding:		
Issued and outstanding ordinary shares	2,212,258,058	2,108,788,580
Basic/diluted loss per share:	(₱0.03)	(₱0.16)

There are no potential dilutive common shares as at June 30, 2021 and 2020.

27. Contingencies and Commitments

Yield Guarantee to Real Estate Buyers

During the year ended June 30, 2014, RLC entered into a yield guarantee agreement with buyers of Anya Resort Suites. The said buyers will be entitled to a yield guaranteed along with the usage allowance for the first five years inclusive of fixtures, furniture and equipment and VAT.

Unused Credit Lines

As at June 30, 2021, the Group has unused lines of credit with local banks amounting to nil (see Notes 14 and 15).

28. Financial Instruments

Risk Management, Objectives and Policies

The principal financial instruments comprise of cash in banks, 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 financial instruments are liquidity risk, interest rate risk and credit 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 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. In addition, the Group, renegotiates the terms of its existing loan agreements with bank creditors and lenders as the need arises (see Notes 14 and 15).

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 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.

Collaterals and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Credit quality per class of financial assets

The credit quality of receivables is managed by the Group through its Marketing Department.

High grade accounts are those receivables from counterparties with whom collections are made without much collection effort. Standard grade accounts consist of receivables from its distributors with good financial condition and with relatively low defaults. Substandard grade accounts on the other hand, are receivables from other counterparties with history of defaulted payments.

Impairment assessment

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

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

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

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 Group has interest-bearing loans which bear floating interest rate and expose the Group to interest rate risk.

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 and for the year ended December 31, 2020.

Capital Management

The primary objective of the 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 dividend declaration is dependent on availability of retained 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 six months ended June 30, 2021 and 2020.

Management considers the total consolidated equity reflected in the consolidated statements of financial position as its capital. The Group monitors its use of capital using leverage ratios, specifically, debt-to-equity ratio.

The Group is required to maintain a maximum debt-to-equity ratio of 3:1. The Group has the following debt-to-equity ratio:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Total liabilities	₱4,919,400	₱4,766,376
Total equity	7,301,463	7,692,568
Total liabilities and equity	₱12,220,863	₱12,458,944
Debt-to-equity ratio	0.67:1.0	0.62:1.0

29. Fair Value Measurement

The Group has assets and liabilities that are measured at fair value on a recurring and non-recurring basis in the consolidated statements of financial position after initial recognition. Recurring fair value measurements are those that another PFRS requires or permits to be recognized in the consolidated statements of financial position at the end of each reporting period. These include AFS financial assets. Non-recurring fair value measurements are those that another PFRS requires or permits to be recognized in the consolidated statements of financial position in particular circumstance. These include investment properties and land under property and equipment at revalued amount.

The Group's management determines the policies and procedures for both recurring and non-recurring fair value measurement.

External valuers are involved for valuation of significant assets which are investment properties and land under property and equipment. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussion with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash in banks and short-term placements, receivables, short-term borrowings, current portion of long-term borrowings, accounts payable and accrued expenses, dividends payable and due to related parties

The carrying amounts of these instruments approximate their fair values due to their short-term maturities.

Long-term borrowings

Fair values of long-term borrowings as at June 30, 2021 and December 31, 2020 were determined based on Level 2 in which the inputs are based on the discounted interest rate of the prevailing comparable instrument in the market.

The Group has no financial instruments carried at fair value in the consolidated financial statements as at June 30, 2021 and December 31, 2020.

Investment Properties

The valuation technique used for the investment properties and land under property and equipment is Sales Comparison Approach which is a process to value based on sales of similar or substitute properties and related market data and establishes a value estimated by processes involving comparison.

There are no transfers to Level 1 and Level 2 fair value measurement.

30. Segment Reporting

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

- a. **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 subsidiaries namely SMMSI and RAHC.
- b. **Hotel**
RAHC, a subsidiary of RLC, owns and operates four GoHotels in Metro Manila. Anya Resort Tagaytay, a business segment of RLC, operates the Anya Hotel and Resort in Tagaytay City.
- c. **Anya Hospitality Group**, a business segment of RLC, provides hotel management services to RAHC 4 GoHotels, Anya Resort Tagaytay, and other hotel properties in Batangas.
- d. **Manufacturing**
RSAI, a subsidiary of the Parent Company based in Tupi, South Cotabato, operates a plant primarily to process coconut based products for export.
- e. **Others**
Other segments of the Group include the Parent Company, which owns various tracts of lands in Nasugbu, Batangas and RGEC, an entity established primarily for renewable energy.

The Group has one geographical segment with all assets located in the Philippines. The Group operates and derives all revenues 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 to assess performance. Segment revenue and expenses are measured in accordance with PFRS. The presentation and classification of segment revenues and expenses are consistent with the consolidated statements 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.

- a. **Segment revenue and expenses**
The Group's main revenue stream comes from real estate sales, hotel revenues and export of coconut based products. The real estate and hotel operations segment's customers are mainly direct.
- b. **Segment assets and liabilities**
Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, real estate for sale and development, inventories, prepaid expenses and property, plant and equipment, net of related accumulated depreciation. Segment liabilities include all operating liabilities and consist principally of trade payables, accruals and customers' deposits, and bank loans. Segments assets and liabilities do not include deferred income taxes.

c. Inter-segment transfers

Segment revenue, expenses and results include transfers between business segments. Such transfers are accounted for at competitive market prices charged to unrelated customers or by suppliers for similar goods or services.

The following tables present information about the Group's operating segments:

June 30, 2021 (Unaudited)						
	Real Estate	Hotel	Manufacturing	Others	Eliminations	Consolidated Balances
Sales	₱398,877	₱178,099	₱78,161	₱–	₱–	₱655,136
Cost of sales and services	(105,372)	(69,368)	(87,579)	–	–	(262,319)
Interest income	3,942	1,763	2	15,038	(15,036)	5,708
Interest expense	(18,854)	(67,626)	(30,829)	(29,578)	15,036	(131,850)
Others	(70,553)	(93,138)	(18,671)	(14,882)	–	(197,243)
Income (loss) before income tax	208,040	(50,270)	(58,916)	(29,422)	–	69,432
Income tax expense	(54,501)	(946)	–	(0)	–	(55,448)
Segment Income (loss)	153,539	(51,216)	(58,916)	(29,422)	–	13,985
Equity in net earnings of associates and a joint venture	–	–	–	(112,170)	–	(112,170)
Consolidated Net Income (Loss)	₱153,539	(₱51,216)	(₱58,916)	(₱141,592)	₱–	(₱98,185)
Assets and Liabilities						
Current assets	₱1,146,135	₱905,378	₱230,859	₱608,997	(₱1,205,200)	₱1,686,169
Noncurrent assets	838,058	1,812,387	863,164	9,188,188	(2,167,103)	10,534,694
Total Assets	1,984,193	2,717,765	1,094,023	9,797,185	(3,372,303)	12,220,863
Current liabilities	503,486	1,328,733	879,990	255,983	(1,163,399)	1,812,706
Noncurrent liabilities	766,666	1,048,340	401,099	1,298,945	(400,443)	3,114,607
Total Liabilities	₱1,270,152	₱2,377,073	₱1,281,089	₱1,554,928	(₱1,563,842)	₱4,919,400

June 30, 2020 (Unaudited)						
	Real Estate	Hotel	Manufacturing	Others	Eliminations	Consolidated Balances
Sales	₱6,099	₱137,067	₱63,083	₱–	₱–	₱206,249
Cost of sales and services	(3,491)	(87,873)	(73,802)	–	–	(165,166)
Interest income	5,265	159	9	14	–	5,448
Interest expense	(44,345)	(52,999)	(20,149)	(18,735)	–	(136,228)
Others	(49,083)	(69,608)	(22,584)	(21,121)	–	(162,397)
Income (loss) before income tax	(85,555)	(73,254)	(53,443)	(39,842)	–	(252,094)
Income tax expense	18,238	(1,231)	–	(3)	–	17,004
Segment Income (loss)	(67,317)	(74,485)	(53,443)	(39,845)	–	(235,090)
Equity in net loss of an associate	–	–	–	–	(132,710)	(132,710)
Consolidated Net Income (Loss)	(₱67,317)	(₱74,485)	(₱53,443)	(₱39,845)	(₱132,710)	(₱367,800)
Assets and Liabilities						
Current assets	₱1,244,951	₱243,008	₱223,363	₱436,482	(₱880,656)	₱1,267,148
Noncurrent assets	874,365	2,561,640	923,366	8,839,130	(1,442,342)	11,756,159
Total Assets	2,119,316	2,804,648	1,146,729	9,275,612	(2,322,998)	13,023,307
Current liabilities	1,008,342	1,074,882	710,181	658,926	(847,085)	2,605,246
Noncurrent liabilities	530,845	1,255,543	371,621	433,521	(434,043)	2,157,487
Total Liabilities	₱1,539,187	₱2,330,425	₱1,081,802	₱1,092,447	(₱1,281,128)	₱4,762,733

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

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

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

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

33. Impact of COVID-19 Pandemic and Enhanced Community Quarantine

The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Group for future periods.

RAHC's Go Hotels are less affected by the current crisis. The GoHotels during this period have been enjoying occupancy and room rates that are within or better than pre-Covid levels. It continues to operate the hotel sites as quarantine facilities in coordination with numerous international placement agencies, corporate accounts and the government. RAHC also foresees its target markets to recover given its large domestic customer base and aggressive sales and marketing strategies.

RLC's business was significantly impacted by the COVID-19 due to international and domestic travel restrictions which resulted in forced cancellations of hotels bookings and postponement of events driving down hospitality, travel and tourism for business and pleasure. The development of the realty projects was also suspended as well as the collection of payments have been delayed, free of penalty charges, in support of government directives.

The RSAI's plant operation at Tupi, South Cotabato continue in this first semester.



ANNEX “B”

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

**2nd Quarter Ended June 30, 2021
and 2020**

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

INTERIM RESULTS – 1st Semester ending June 30, 2021

Results of Operation

Consolidated revenues for the first semester of CY 2021 amounted to ₱632.0 million, an increase of 47.8% against last year's ₱181.7 million. Revenues were up across all business units. The Realty unit contributed ₱399 million or an increase of 650%, hotel services ₱155 million or an 38% improvement and coconut products, ₱78 million or 24% better than 2020.

The re-imposition of MECQ due to Covid-19 pandemic, resulted to the temporary closure of our hotel operations in Any Resort Tagaytay. Occupancy is recovering. Our GoHotels units in Metro Manila continue to be used as a quarantine facility and realizing occupancy higher than pre-Covid. The coconut processing plant continue to produce in Tupi, South Cotabato.

Gross income for the first half of CY 2021 amounted to ₱377.7 million, 1,536% or ₱353.1 million higher than last year's ₱24.6 million due to higher revenues from all business units.

Operating expenses increased by ₱42.8 million to ₱196.4 million from last year's ₱153.7 million mainly due to higher activity and commission from sales of realty assets. The Group continued its cost reduction programs.

Equity in net loss from the group's 23% investment in Roxas Holdings Inc. (RHI) amounted to ₱112.1 million, lower than last year's ₱132.7 million due to the decline in quality of canes and lower sales.

Interest cost of ₱115.4 million was ₱6.8 million or 5.5% lower than same period last year due to loan restructuring and prepayment of loan from sale of land assets.

Other income of ₱14.4 million represents sale of other scrap, realty fees and forfeited reservation deposits.

Consolidated net loss for the six months ended June 30, 2021 of ₱98.2 million was lower than last year's loss of ₱367.8 million mainly due to the sale of realty assets offset by the equity in net loss from RHI.

Financial Position

Consolidated total assets amounting to ₱12,220.9 million as at June 30, 2021 is ₱238.0 million lower than ₱12,458.9 million as at December 31, 2020 mainly due to sale of realty assets and share in equity loss of investments in RHI.

Current ratio decreased from 0.96:1 as at December 31, 2020 to 0.93:1 as at June 30, 2021.

Debt to equity (D/E) ratio slightly increased from 0.62:1 as of December 2020 to 0.67:1 as of June 30, 2021 but still within the 0.75:1 ratio limit required by banks for term loans.

To improve the Company's liquidity and D/E ratio, the group will continue to increase its topline and sell non-core assets and investments with the proceeds to be used to reduce debt.

Book value per share is at ₱3.21 as at June 30, 2021.

Trade and other receivables of ₱254.7 million decreased by 7% from December 31, 2020 balance of ₱272.2 million mainly due to the collection of receivables from government accounts.

Total liabilities increased from ₱4,766.4 million to ₱4,919.4 million due to the increase in accounts payable and conversion of preferred shares to term loan.

Total equity amounting to ₱7,301.5 million as at June 30, 2021 decreased by ₱391.1 million from December 31, 2020 balance of ₱7,692.6 due to the redemption of preferred shares of P300 million and accumulated losses for the year.

Other than the matters discussed above, there are no:

- Significant elements of income or loss that arose from continuing operations; and
- Seasonal aspects that had a material effect on the financial condition or results of operations.

Top Five Performance Indicators

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

1. *Gross profit.* This is recognized in full when the collection of the total contract price reached 10% on real estate sales. At this stage, it is reasonably assured that the risks and benefits over the developed assets have been transferred to the lot buyer. In manufacturing and hotel industry, this is the margin on the revenue net of cost of sales.
2. *Export sales and lots sold.* Export sales represent revenues from products sold by its Coconut processing business while lot sold and the terms of the sale will determine when income would be recognized and how much is the potential income to the Group.
3. *Hotel occupancy and average daily room rate (ADR).* The number represents the average rental income per paid occupied room in a given time period. ADR along with the property's occupancy are the foundations for the property's financial performance.
4. *Earnings before interest, taxes and depreciation (EBITDA)* - This is the measure of cash income from operations.
5. *Return on Equity* - denotes the capability of the Group to generate returns for the shareholders.

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

Performance Indicator	For the Period Ended		
	June 30, 2021 (Six Months)	December 31, 2020 (One Year)	December 31, 2019 (One Year)
Gross profit	₱377.7 million	₱57.1 million	₱328.2 million
Number of lots sold / reserved	2 units residential/ 143 memorial	16 units residential/ 104 memorial	26 units residential/ 65 memorial
Sale of coconut products	₱78.2 million	₱ 193.3 million	₱ 136.9 million
Hotel occupancy and average daily room rate			
- Anya Hotel	38% / ₱5,459	39% / ₱5,626	45% / ₱5,738
- Go Hotels	47% / ₱1,529	51% / ₱1,587	59% / ₱1,505
EBITDA	₱129.8 million	(₱789.6 million)	₱642.6 million
Return on equity	(1.34%)	(14.95%)	2.06%

Key Variable and Other Qualitative and Quantitative Factors

1. The Group is not aware of any known trends, events or uncertainties that will result in or that are reasonably likely to result in any material cash flow or liquidity problem.
2. The Group is not aware of any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.
3. The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
4. Other than the ongoing Hotel operations of Anya Tagaytay Resort and the 4 GoHotels, realty project developments in Hacienda Palico in Nasugbu and the Coconut processing operations in Tupi, South Cotabato, the Group is not aware of any known trend, events or uncertainties that will have material impact on sales.
5. Other than matters previously discussed, the Group is not aware of causes for any material changes from period to period in the financial statements.

Plan of Operations

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

- Continue to implement Covid-19 Health and Safety procedures for employee, customer, and business partner well-being, avoidance of disruption, and financial exposure.
- Prioritize the land development of Hacienda Palico to the ongoing residential project in Nasugbu, Batangas in 2021 and sell the other areas previously planned as next phases development as raw land.
- Develop and increase processed coconut export and local sales and maximize plant capacity. Proceed with discussions with potential investors to support working capital and product expansion plans.
- Run the Go Hotels safely and efficiently and retain manning agency arrangements for quarantine facility. Continue negotiations for the sale of Go Hotel-Timog.

ROXAS AND COMPANY, INC AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

	June 30, 2021	June 30, 2020	December 31, 2020
1. LIQUIDITY RATIO			
Current Ratio	0.93 : 1.00	0.49 : 1.00	0.96 : 1.00
2. SOLVENCY RATIO			
Debt to Equity ratio	0.67 : 1.00	0.58 : 1.00	0.62 : 1.00
3. Asset to Equity Ratio	1.67	1.58	1.62
4. PROFITABILITY RATIOS			
Return on Assets	(0.80%)	(2.82%)	(9.23%)
Return on Equity	(1.34%)	(4.45%)	(14.95%)
Book Value per share	3.21	3.68	3.28