CERTIFICATION

I, **MARCELINO C. BUNDOC**, the Finance and Accounting Manager of Roxas and Company, Inc. ("RCI") with SEC registration number **PW-00000834** with principal office at 7th Floor Cacho Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City, on oath state:

1) That on behalf of RCI, I have caused this Consolidated Financial Report for the third quarter of calendar year 2020, quarter ended **30 September 2020** (SEC17Q) to be prepared;
2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3) That RCI will comply with the requirements set forth in SEC Notice dated 24 June 2020 for a complete and official submission of reports and/or documents through electronic mail; and
4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this NOV 1 day of 2020 2020.

MARCELINO C. BUNDOC
(*Affiant*)

SUBSCRIBED AND SWORN to before me this NOV 11 2020 day of ____, 2020.

Doc. No. : 442 ;
Page No. : 89 ;
Book No. : 1 ;
Series of 2020.

LEYTON LORD LOZADA
Notary Public, Makati City
Appointment No. M-190
Roll of Attorney's No. 44964
PTR No.8117030; 02 January 2020; Makati City
IBP No. 099992; 27 December 2019; Makati City
MCLE VI No. 0017069, 28 December 2018, Pasig City

SEC Registration Number

PW-00000834

Company Name

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
SEC Form 17-Q	**CRMD**	**Not Applicable**

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.roxascompany.com.ph	**(02) 8810-8901**	**-**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
3,301	**Last Wednesday of May**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Monica Isabelle I. Villanueva	**miv@roxascompany.com.ph**	**(02) 8751-9537**	**-**

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 September 2020**.

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	**2,911,885,870**
Preferred	**500,000,000**
Amount of loans outstanding as of 30 September 2020	**₱3,572,099,904**

Of the 2,911,885,870 subscribed and outstanding common shares, 765,341,376 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 E. ROXAS	-	Chairman
FERNANDO L. GASPAR	-	President & CEO
FRANCISCO JOSE R. ELIZALDE	-	Director
SANTIAGO R. ELIZALDE	-	Director
AURELIO MONTINOLA III	-	Independent Director
CORAZON S. DE LA PAZ-BERNARDO		Independent Director
GUILLERMO D. LUCHANGCO	-	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:

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

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

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 ₱0.3 million and ₱3,258.5 million, respectively, were used for the working capital requirements and real estate, hotel and coconut projects of the Group.

   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.

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

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:

MONICA ISABELLE I. VILLANUEVA
Assistant Corporate Secretary/
Compliance Officer

Date: 10 November 2020

Roxas & Company, Inc.

ANNEX "A"

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3rd Quarter Ended September 30, 2020 and 2019

ROXAS AND COMPANY, INC.
AND SUBSIDIARIES

Unaudited Interim Condensed
Consolidated Financial Statements
As of and for the nine months ended
September 30, 2020 and 2019

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in Thousands

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS		
Current Assets		
Cash (Note 5)	**₱30,564**	₱75,395
Trade and other receivables (Notes 6 and 19)	**265,145**	284,758
Contract assets - current portion (Note 20)	**53,364**	47,025
Real estate for sale and development (Note 7)	**499,072**	503,892
Inventories (Note 8)	**112,758**	70,541
Other current assets (Note 9)	**263,052**	259,218
Total Current Assets	**1,223,955**	1,240,829
Assets held for sale	–	373,679
Noncurrent Assets		
Contract assets - net of current portion (Note 20)	**93,081**	91,854
Investments in associates (Note 10)	**1,142,866**	1,997,069
Property and equipment (Note 11):		
At cost model	**2,575,503**	2,647,407
At revaluation model	**816,394**	816,394
Right-of-use assets (Note 12)	**82,799**	117,243
Investment properties (Note 13)	**6,021,052**	6,010,836
Deferred income tax assets - net (Note 24)	**85,296**	85,296
Other noncurrent assets (Note 9)	**153,236**	183,359
Total Noncurrent Assets	**10,970,227**	11,949,458
TOTAL ASSETS	**₱12,194,182**	₱13,563,966
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings (Note 14)	**₱313,641**	₱1,265,634
Trade and other payables (Notes 16 and 19)	**735,758**	605,832
Current portion of long-term borrowings (Note 15)	**116,135**	429,597
Contract liabilities (Note 20)	**171,430**	167,972
Current portion of lease liability (Note 12)	**44,326**	40,136
Total Current Liabilities	**1,381,290**	2,509,171
Liabilities directly associated with the assets held for sale (Note 25)	–	231,502
Noncurrent Liabilities		
Long-term borrowings - net of current portion (Note 15)	**3,142,324**	2,039,247
Deferred income tax liabilities - net (Note 24)	**94,053**	94,053
Lease liability - net of current portion (Note 12)	**72,765**	86,582
Retirement liability (Note 17)	**58,358**	60,539
Total Noncurrent Liabilities	**3,367,500**	2,280,421
Total Liabilities	**4,748,790**	5,021,094

(Forward)

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Equity attributable to the Equity Holders of the Parent Company (Note 18)		
Capital stock	**₱3,411,886**	₱3,411,886
Additional paid-in capital	**1,653,276**	1,669,061
Other equity reserves	**597,550**	597,550
Retained earnings	**2,803,235**	4,017,126
Treasury stock	**(1,301,080)**	(1,463,825)
	7,164,867	8,231,798
Non-controlling Interests (Note 4)	**280,525**	311,074
Total Equity	**7,445,392**	8,542,872
TOTAL LIABILITIES AND EQUITY	**₱12,194,182**	₱13,563,966

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

Certified true and correct:

EDGAR P. ARCOS
EVP – CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

Amounts in Thousands, except Basic/Diluted Earnings (Loss) per Share Data

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

	Three Months (Jul-Sep)		**Nine months** (Jan-Sep)	
	2020 (Unaudited)	2019 (Unaudited)	**2020 (Unaudited)**	2019 (Unaudited)
REVENUES (Note 20)				
Hotel	**₱ 82,227**	₱113,914	**₱219,294**	₱340,225
Sale of goods	**55,405**	36,959	**118,488**	109,391
Real estate	**4,451**	57,679	**10,550**	174,804
	142,083	208,552	**348,332**	624,420
COST OF SALES AND SERVICES				
Cost of goods sold (Note 21)	**(57,936)**	(36,667)	**(131,738)**	(122,690)
Cost of hotel sales and services (Note 21)	**(39,270)**	(84,520)	**(127,143)**	(225,626)
Cost of real estate sales (Note 7)	**(2,527)**	(10,327)	**(6,018)**	(36,867)
	(99,733)	(131,514)	**(264,899)**	(385,183)
GROSS INCOME	**42,350**	77,038	**83,433**	239,237
OPERATING EXPENSES (Note 21)	**(91,172)**	(86,508)	**(259,627)**	(272,555)
OTHER INCOME (CHARGES)				
Equity in net loss of an associate (Note 10)	**(721,493)**	(36,302)	**(854,203)**	(140,932)
Interest expense (Notes 14 and 15)	**(70,931)**	(74,661)	**(207,159)**	(231,392)
Interest income (Notes 5 and 6)	**2,866**	6,021	**8,314**	13,461
Others - net (Note 23)	**9,664**	12,479	**15,722**	18,898
	(779,894)	(92,464)	**(1,037,326)**	(339,966)
LOSS BEFORE INCOME TAX	**(828,716)**	(101,933)	**(1,213,520)**	(373,283)
INCOME TAX EXPENSE (BENEFIT) (Note 24)				
Current	**920**	432	**2,280**	11,845
Deferred	**16,085**	–	**(2,279)**	(439)
	17,006	432	**1**	11,406
NET LOSS	**(₱845,721)**	(₱102,365)	**(₱1,213,521)**	(₱384,689)

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

Amounts in Thousands, except Basic/Diluted Earnings (Loss) per Share Data

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

	Three Months (Jul-Sep)		**Nine months** (Jan-Sep)	
	2020 (Unaudited)	2019 (Unaudited)	**2020 (Unaudited)**	2019 (Unaudited)
Net Loss attributable to:				
Equity holders of the Parent Company	**(₱841,054)**	(₱86,061)	**(₱1,182,973)**	(₱337,706)
Non-controlling interests	**(4,667)**	(16,304)	**(30,549)**	(46,983)
	(₱845,721)	(₱102,365)	**(₱1,213,521)**	(₱384,689)
BASIC/DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY (Note 25)	**(₱0.39)**	(₱0.04)	**(₱0.55)**	(₱0.17)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

EDGAR P. ARCOS
EVP – CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in Thousands

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

	Three Months		Nine months	
	2020 (Unaudited)	2019 (Unaudited)	**2020 (Unaudited)**	2019 (Unaudited)
NET LOSS	**(₱845,721)**	(₱102,365)	**(₱1,213,521)**	(₱384,689)
OTHER COMPREHENSIVE INCOME	**–**	–	**–**	–
TOTAL COMPREHENSIVE LOSS	**(₱845,721)**	(₱102,365)	**(₱1,213,521)**	(₱384,689)
Total Comprehensive Loss attributable to:				
Equity holders of the Parent Company	**(₱841,054)**	(₱86,062)	**(₱1,182,973)**	(₱337,706)
Non-controlling interests	**(4,667)**	(16,303)	**(30,549)**	(46,983)
	(₱845,721)	(₱102,365)	**(₱1,213,521)**	(₱384,689)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

EDGAR P. ARCOS
EVP – CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Amounts in Thousands

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

	2020 (Unaudited)	2019 (Unaudited)
CAPITAL STOCK (Note 18)	**₱3,411,886**	₱3,411,886
ADDITIONAL PAID-IN CAPITAL (Note 18)	**1,653,276**	1,654,939
TREASURY STOCK (Note 18)	**(1,301,080)**	(1,518,368)
OTHER EQUITY RESERVES (Note 18)	**597,550**	477,904
RETAINED EARNINGS (Note 18)		
Unappropriated		
Balance at beginning of period	**2,066,681**	1,785,887
Net loss	**(1,182,973)**	(337,706)
Cash dividends	**(30,918)**	(31,190)
Reversal for treasury stock	**162,745**	–
Balance at end of period	**1,015,535**	1,416,991
Appropriated		
Balance at beginning of period	**1,950,445**	2,029,877
Adjustment (reversal) for treasury stock	**(162,745)**	–
Balance at end of period	**1,787,700**	2,029,877
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**7,164,867**	7,473,229
NON-CONTROLLING INTERESTS		
Balance at beginning of period	**311,074**	330,913
Net loss	**(30,549)**	(46,983)
Balance at end of period	**280,525**	283,930
	₱7,445,392	₱7,757,159

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

EDGAR P. ARCOS
EVP – CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(*Amounts in Thousands*)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

	2020 (Unaudited)	2019 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax:	**(₱1,213,520)**	(₱373,283)
Adjustments for:		
Equity in net loss of an associate (Note 10)	**854,203**	140,932
Interest expense (Notes 14 and 15)	**207,159**	231,392
Interest income (Notes 5, 6 and 19)	**(8,314)**	(13,461)
Depreciation and amortization (Notes 11, 12, and 21)	**114,600**	77,929
Increase (decrease) in retirement liability	**(2,181)**	4,210
Operating income (loss) before working capital changes	**(48,053)**	67,719
Decrease (increase) in:		
Trade and other receivables	**12,047**	(17,954)
Inventories	**(42,217)**	(25,600)
Real estate for sale and development	**4,820**	3,729
Other current assets	**(3,834)**	3,785
Other noncurrent assets	**30,123**	20,168
Increase in trade and other payables	**82,923**	5,627
Net cash generated from operations	**35,809**	57,474
Interest received	**8,314**	13,461
Income taxes paid including creditable withholding taxes	**(1)**	(11,380)
Net cash generated from operating activities	**44,122**	59,555
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease in property and equipment	**365,535**	(4,755)
Decrease in investment properties	–	8,425
Net cash provided by (used in) investing activities	**365,535**	3,670
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payment of short-term borrowings (Note 15)	**(166,103)**	(12,285)
Payment of interest (Note 15)	**(207,159)**	(231,392)
Net availments (payments) of long-term borrowings (Note 15)	**(227,777)**	21,548
Payment of dividends (Note 18)	**(30,918)**	(31,190)
Lease liability	**30,509**	–
Proceeds from issuances of treasury shares (Note 18)	**146,960**	23,853
Net cash used in financing activities	**(454,488)**	(229,466)
NET DECREASE IN CASH FOR THE PERIOD	**(44,831)**	(166,241)
CASH AT BEGINNING OF THE PERIOD	**75,395**	215,888
CASH AT END OF THE PERIOD	**₱30,564**	₱49,647

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

EDGAR P. ARCOS
EVP – CFO

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 September 30, 2020 and 2019; RCI has 3,301 and 3,304 shareholders, respectively.

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

Status of Operations
The Group's current liabilities exceeded its current assets by ₱157.3 million and ₱1,268.3 million as of September 30, 2020 and December 31, 2019, respectively. As part of the Group's plans to reduce overall debts and to support its working capital requirements, management has been implementing aggressive sales and marketing strategies to reinforce the global and local demand of its target market to fund its operating and financing requirements and to reduce debts to manageable levels of its coconut manufacturing business. The Group is continuously improving its hospitality business operations, to reinforce the demand of its target market and further improve liquidity and reduce debts to manageable levels. Also, the Group has approved and ongoing negotiations with the creditor banks under the Bayanihan to Heal as One Act and Bayanihan to Recover as One Act to reschedule the repayment of interest and debts. In addition, the Group is focusing its efforts towards selling assets that give substantial income due to higher margins and generates cash to fund its operating and financing requirements.

Assessment of impairment of nonfinancial assets

The Group assesses at the end of each reporting period whether there is any indicator that the nonfinancial assets listed below may be impaired. If such indication exists, the Group estimates the recoverable amount of the asset, which is the higher of an asset's fair value less costs to sell and its value-in-use. In determining fair value less costs to sell, an appropriate valuation model is used, which can be based on quoted prices or other available fair value indicators. In estimating the value-in-use, the Group is required to make an estimate of the expected future cash flows from the cash generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. Any material adjustment will be made at the end of the year when there's an impact of this impairment.

Determining the recoverable amounts of nonfinancial assets which involves the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially affect the consolidated financial statements. Future events could indicate that these nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Group.

The preparation of estimated future cash flows involves significant judgment and estimations.

Investment in RHI's shares
The fair value of RHI's shares listed in the PSE is lower than its carrying amount as of both December 31, 2019 and September 30, 2020. Management assessed that this is an indicator that the investment may be impaired and evaluated its recoverable amount based on its value in use.

Coconut processing plant
As at both September 30, 2020 and December 31, 2019; the Group's coconut processing plant was underutilized. Management assessed this as an indicator of impairment and evaluated the recoverable amount of the property, plant and equipment based on its value in use.

Anya Resorts Tagaytay
In both September 30, 2020 and December 31, 2019; actual occupancy rate relating to the Group's operations in Anya Resorts Tagaytay (ART) is lower than budget. Consequently, the Group estimated the recoverable amount of the CGU relating to ART. The CGU is composed of working capital and property and equipment used in the operations of ART.

Go Hotel
In both September 30, 2020 and December 31, 2019; actual occupancy rate relating to the operations of certain Go Hotel sites is lower than budget. Consequently, the Group estimated the recoverable amount of the CGU relating to its operations. The CGU is composed of working capital and property and equipment used in RAHC's operations. Each hotel property is considered as a separate CGU in assessing recoverable amount.

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. 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, 2019.

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, 2020

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply on future business combinations of the Company.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - ✓ The rent concession is a direct consequence of COVID-19;
  - ✓ The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - ✓ Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - ✓ There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

Effective beginning on or after January 1, 2021

- 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, 2021, 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.

- *Deferment of Implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, Borrowing Cost) for the Real Estate Industry*

  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 par. 35(c) of IFRS 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 IAS 23 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, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 1, 2021, 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.

  For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.

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 September 30, 2020 and December 31, 2019:

	Percentage of Ownership		Noncontrolling Interests		
	2020	2019	**2020**	2019	Description of Business
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. On May 29, 2019, the RAHC's BOD and stockholders authorized RAHC to merge with its wholly owned subsidiary, Azgard Ventures Corporation (AVC), with RAHC as surviving entity. In December 2019, the Company and RAHC filed its application of merger in Philippine SEC, pending approval as of September 30, 2020.*

*** *The application for dissolution is still pending with the SEC and BIR as at September 30, 2020.*

5. Cash

This account consists of:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Cash on hand	**₱20,280**	₱2,316
Cash in banks	**10,254**	73,079
Cash equivalents	**30**	–
	₱30,564	₱75,395

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

Total interest income earned from cash in banks amounted to ₱1.05 million and ₱0.70 million for the nine months ended September 30, 2020 and 2019, respectively.

6. Trade and Other Receivables

This account consists of:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Trade	**₱174,743**	₱179,745
Due from:		
Related parties (Note 19)	**85,358**	89,129
Employees	**11,854**	7,403
Contractors and suppliers	**3,947**	12,595
Others	**3,853**	10,496
	279,755	299,368
Allowance for impairment losses	**(14,610)**	(14,610)
	₱265,145	₱284,758

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 ₱83.0 million and ₱35.1 million as of September 30, 2020 and December 31, 2019, respectively.

b. Outstanding individual, corporate and travel agency accounts earned from the hotel operation amounting to ₱63.6 million and ₱26.0 million as of as of September 30, 2020 and December 31, 2019, respectively, which generally have a 30-day term.

c. Sales arising from the premium coconut products amounting to ₱25.7 million and ₱4.2 million as of September 30, 2020 and December 31, 2019, respectively.

d. Fees earned from hotel management amounting to ₱2.4 million as of both September 30, 2020 and December 31, 2019.

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:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Real estate properties for sale	**₱311,333**	₱316,853
Raw land and land improvements for development	**187,739**	187,039
	₱499,072	₱503,892

Cost of real estate sales amounted to ₱6.0 million and ₱36.9 million for the nine months ended September 30, 2020 and 2019, respectively.

Borrowing costs incurred to finance the development of the Group's real estate projects amounting to nil in both the nine months ended September 30, 2020 and 2019, 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 both September 30, 2020 and December 31, 2019; are being used as collateral for the loans availed by the Parent Company and RLC (see Note 15).

8. Inventories

Inventories account consists of:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
At cost:		
Finished goods	**₱78,920**	₱42,295
Packaging materials	**9,125**	7,519
Supplies	**2,779**	1,931
Raw materials	**802**	–
	91,626	51,745
At NRV - finished goods, net of provision for inventory write-down amounting to ₱5.8 million as of September 30, 2020 (₱6.3 million as of December 31, 2019)	**21,132**	18,796
	₱112,758	₱70,541

9. Other Current and Noncurrent Assets

Other current assets account consists of:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Creditable withholding taxes	**₱133,596**	102,449
Current and deferred input VAT	**84,599**	₱114,712
Prepaid expenses	**36,601**	29,990
Refundable deposits	**4,640**	3,926
Others	**3,616**	8,141
	₱263,052	₱259,218

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:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Deferred input VAT	**₱140,813**	₱160,856
Franchise fee	**7,027**	7,713
Utility deposits	**3,117**	3,433
Others	**2,279**	11,357
	₱153,236	₱183,359

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 ₱0.14 million both nine months ended September 30, 2020 and 2019.

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:

	September 30, 2020 (Unaudited)	December 31, 2019 (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	**(267,025)**	121,180
Equity in net loss	**(854,203)**	(388,205)
Balance at end of period	**(1,121,228)**	(267,025)
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	**171,303**	₱101,468
Share in appraisal increase in land, net of tax	**–**	89,808
Share in remeasurement loss on retirement liability, net of tax	**–**	(19,973)
Balance at end of period	**171,303**	171,303
	1,158,099	2,012,302
Allowance for impairment loss	**(15,233)**	(15,233)
	₱1,142,866	₱1,997,069

The accumulated equity in net loss of associates amounting to ₱1,121.2 million and ₱267.0 million as at September 30, 2020 and December 31, 2019, respectively.

11. **Property and Equipment**

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

	September 30, 2020 (Nine 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	**₱1,959,544**	**₱588,122**	**₱104,175**	**₱21,127**	**₱260,555**	**₱10,511**	**₱2,944,034**
Additions and adjustments	**–**	**113**	**–**	**–**	**1,352**	**–**	**1,465**
Disposal	**(8,940)**	**–**	**–**	**(2,750)**	**(298)**	**–**	**(11,988)**
Balance at end of period	**1,958,340**	**588,235**	**104,175**	**18,377**	**252,766**	**10,511**	**2,933,511**
Accumulated Depreciation and Amortization							
Balance at beginning of period	**129,415**	**27,671**	**3,470**	**15,901**	**120,170**	**–**	**296,627**
Depreciation and amortization	**31,716**	**10,078**	**2,981**	**1,787**	**32,190**	**–**	**78,752**
Disposal	**(10,599)**	**–**	**–**	**(2,750)**	**(4,022)**	**–**	**(17,371)**
Balance at end of period	**150,532**	**37,749**	**6,451**	**13,831**	**148,338**	**–**	**358,008**
Net Book Value	**₱1,534,414**	**₱550,486**	**₱97,724**	**₱4,546**	**₱106,504**	**₱10,511**	**₱2,575,503**

	December 31, 2019 (Audited)						
	Buildings and Improvements	Machinery and Equipment	Land Improvement	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost							
Balance at beginning of year	₱2,230,551	₱587,438	₱205	₱19,534	₱266,378	₱112,656	₱3,216,762
Additions	9,800	–	–	1,593	22,357	2,648	36,398
Reclassifications	–	684	103,970	–	139	(104,793)	–
Disposals	(6,209)	–	–	–	–	–	(6,209)
Assets held for sale	(274,598)	–	–	–	(28,319)	–	(302,917)
Balance at end of year	1,959,544	588,122	104,175	21,127	260,555	10,511	2,944,034
Accumulated Depreciation and Amortization							
Balance at beginning of year	104,859	14,207	205	13,415	82,513	–	215,199
Depreciation & amortization	44,388	13,464	3,265	2,486	52,560	–	116,163
Reclassifications	–	–	–	–	–	–	–
Disposals	(6,209)	–	–	–	–	–	(6,209)
Assets held for sale	(13,623)	–	–	–	(14,903)	–	(28,526)
Balance at end of year	129,415	27,671	3,470	15,901	120,170	–	296,627
Net Book Value	₱1,830,129	₱560,451	₱100,705	₱5,226	₱140,385	₱10,511	₱2,647,407

During 2019, construction in progress reclassifications pertain to RGEC's solar power project and RSAI's ongoing construction of the machinery and equipment in the processing plant and in Tupi, South Cotabato.

In January 2020, RAHC sold Go Hotels Cubao properties to a certain buyer and collected the payment in February 2020.

Certain assets were mortgaged and used as collateral to secure the loan obligations of RSAI and RAHC with the local banks as at September 30, 2020 and December 31, 2019 (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:

	2020			
	Hotel Suites	**Sales Office**	**Herb Garden**	**Total**
Cost				
At December 31, 2019	₱161,455	₱337	₱384	₱162,176
Additions	–	–	–	–
At September 30, 2020	161,455	337	384	162,176
Accumulated Depreciation and Amortization				
At December 31, 2019	44,737	113	84	44,934
Depreciation and amortization	34,275	84	84	34,443
At September 30, 2020	79,012	197	168	79,377
Net Book Value	**₱82,443**	**₱140**	**₱216**	**₱82,799**

The rollforward analysis of lease liabilities follows:

	2020	2019
Balance at beginning of period	**₱126,718**	₱156,816
Additions	–	5,360
Interest expense	**2,153**	9,727
Payments	**(11,780)**	(45,185)
Balance at end of period	**₱117,091**	₱126,718

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

	2020
Depreciation expense of right-of-use assets included in property and equipment and investment properties	**₱34,443**
Interest expense on lease liabilities	**2,153**
Expenses relating to short-term leases (included in operating expenses) (Note 21)	**605**
Expenses relating to leases of low-value assets	–
	₱37,200

The breakdown of lease liabilities as at as at September 30, 2020 and December 31, 2019 follows:

	2020	2019
Lease liabilities	**₱117,091**	₱126,718
Less noncurrent portion of lease liabilities	**(72,765)**	(86,582)
Current portion of lease liabilities	**₱44,326**	₱40,136

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 ₱6,021.1 million and ₱6,010.8 million as of September 30, 2020 and December 31, 2019, respectively.

The Parent Company's investment properties include land properties that are subjected to CARL with total land area of 2,495 hectares. Unrealized fair value gain recognized on these investment properties amounted to nil for both nine months ended September 30, 2020 and 2019.

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 ₱0.3 billion and ₱1.3 billion as of September 30, 2020 and December 31, 2019, respectively, payable within 30 to 180 days. These loans bear an annual interest ranging from 4.50% to 9.75% for the nine months ended September 30, 2020 and 2019.

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 short-term borrowings amounting to ₱702.2 million and AUB short-term borrowings amounting to ₱188.5 million.

In September 2020, RCI and RLC converted its short-term loan facility from BPI amounting to ₱474.5 million and ₱227.7 million, respectively; 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 (see Note 15), and additional collateral as may be agreed upon.

In September 2020, RLC converted its short-term loan facility with AUB amounting to ₱188.5 million into a medium term loan which bears fixed interest rate of 6% per annum. Principal amounts are payable monthly which will start in December 2020 until its maturity date on July 30, 2023. This loan facility is partially secured by RCI 50 million treasury shares amounting to ₱60.0 million.

15. **Long-term Borrowings**

Long-term borrowings consist of loans from:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Bank of the Philippine Islands (BPI)	**1,640,457**	₱1,001,997
Robinsons Bank Corporation (RBC)	**757,302**	762,448
United Coconut Planters Bank (UCPB)	**472,200**	501,267
China Bank	**200,000**	200,000
Asia United Bank (AUB)	**188,500**	3,132
	3,258,459	2,468,844
Current portion	**(116,135)**	(429,597)
Noncurrent portion	**₱3,142,324**	₱2,039,247

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
RAHC	**1,363,153**	₱1,410,449
RLC	**945,316**	552,666
RSAI	**474,358**	504,398
Parent	**475,632**	1,331
	₱3,258,459	₱2,468,844

Loan of RLC
The bank loan is classified as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Current portion	**₱74,857**	₱108,050
Noncurrent portion	**870,459**	444,616
	₱945,316	₱552,666

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 September 30, 2020 and December 31, 2019, 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 September 30, 2020 and December 31, 2019, 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:

	2020	2019
Shares of stock of RHI (299.6 million as at September 30, 2020 and 99.6 million shares as at December 31, 2019, see Note 14)	**₱419,453**	₱322,265
Real estate properties for sale and development of RLC (Notes 7 and 14)	**196,000**	196,000
RCI treasury shares (90.0 million as at September 30, 2020 and 40.0 million shares as at December 31, 2019)	**108,000**	80,000
Investment properties (Note 13)	**6,838**	6,838
Property, plant and equipment (Note 11)	**797**	797
	₱731,088	₱605,900

Loans of RAHC
The bank loans are classified as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Current portion	**₱–**	₱207,103
Noncurrent portion	**1,363,153**	1,203,346
	₱1,363,153	₱1,410,449

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 Robinsons Bank Corporation 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 Robinsons Bank Corporation 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 ₱2,369.0 million as at both September 30, 2020 and December 31, 2019.

Loans of RSAI
The bank loans are classified as follows:

	2020	2019
Current portion	**₱84,135**	₱114,176
Noncurrent portion	**390,223**	390,222
	₱474,358	₱504,398

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 ₱913.4 as at both September 30, 2020 and December 31, 2019, respectively (see Note 11).

Loan Restructuring
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 14).

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

Interest Expense
Total interest expense recognized from short-term and long-term loans amounted to ₱207.2 million and ₱231.4 million for the nine months ended September 30, 2020 and 2019, respectively.

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Less than one year	**₱116,135**	₱430,649
Between one and two years	**385,368**	756,149
Between two and five years	**1,393,803**	1,006,160
Over five years	**1,363,153**	275,886
	₱3,258,459	₱2,468,844

Change in Liabilities Arising from Financing Activities

	Short-term borrowings (Note 14)		Long-term borrowings (Note 15)	
	2020	2019	**2020**	2019
Balance at the beginning of the year	**₱1,265,634**	₱1,311,000	**₱2,468,844**	₱2,726,901
Availments	**–**	229,634	**–**	388,691
Payments and reclassification from short-term to long-term	**(951,993)**	(275,000)	**796,075**	(439,509)
Transferred to assets held for sale	**–**	–	**–**	(200,000)
	₱313,641	₱1,265,634	**₱3,264,919**	₱2,476,083
Debt transaction cost	**–**	–	**(6,460)**	(7,239)
Balance at the end of the year	**₱313,641**	₱1,265,634	**₱3,258,459**	₱2,468,844

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:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Trade	**₱165,054**	₱197,241
Due to related parties (Note 19)	**163,692**	95,255
Accrued expenses	**154,614**	81,810
Interest	**71,912**	6,389
Retention payable	**70,746**	94,242
Payables to contractors	**51,741**	51,741
Payroll and other employee benefits	**12,453**	13,781
Statutory payables	**6,892**	6,740
Outside services	**6,276**	14,714
Dividends (Note 18)	**1,202**	1,202
Others	**31,176**	42,717
	₱735,758	₱605,832

17. **Retirement Benefits**

Retirement Benefits

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

	2020 (Nine months)	2019 (One Year)
Net interest cost	**₱3,198**	₱9,777
Current service cost	**234**	3,531
	₱3,432	₱13,308

The cumulative remeasurement gain on retirement liability (shown as part of other equity reserve) recognized as other comprehensive income amounted to ₱16.27 million, net of tax, as of both September 30, 2020 and December 31, 2019.

Retirement Liability

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Present value of obligation	**₱64,967**	₱67,148
Fair value of plan assets	**(6,609)**	(6,609)
Retirement liability	**₱58,358**	₱60,539

Movements in the defined benefit obligation follow:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Balance at beginning of period	**₱67,148**	₱56,535
Current service cost	**234**	9,777
Interest cost	**3,198**	4,217
Benefits paid	**(5,613)**	(1,810)
Benefits from plan assets		(5,023)
Actuarial (gain) loss on DBO due from:		
Experience adjustments	**–**	(5,351)
Changes in financial assumptions	**–**	8,803
Changes in demographic assumptions	**–**	–
Balance at end of period	**₱64,967**	₱67,148

Movements in the fair value of plan assets for the nine months ended September 30, 2020 and year ended December 31, 2019 follow:

	2020	2019
Balance at beginning of the year	**₱6,609**	₱10,278
Interest income	**–**	686
Benefits from plan assets	**–**	(5,023)
Return on plan assets, excluding amounts included in interest income	**–**	668
Balance at end of the year	**₱6,609**	₱6,609

Plan assets of the Group as at September 30, 2020 and December 31, 2019 consist of:

Cash in banks and cash equivalents	20%
Government securities and other assets	80%
	100%

The Group is expected to contribute a total of ₱4.1 million to its respective plans in 2020.

The latest available actuarial valuation of the plan for RLC and the Parent Company is as of February 27, 2020 and December 27, 2018, respectively, which was used for the estimation of the retirement benefits of the respective companies as at both September 30, 2020 and December 31, 2019.

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

	September 30, 2020	December 31, 2019
Discount rate	**4.90% to 7.80%**	4.90% to 7.80%
Future salary increases	**7.00%**	7.00%

The sensitivity analysis based on reasonably possible changes of the assumptions as at both September 30, 2020 and December 31, 2019 are as follows:

		2019
Discount Rate	+100 bps	**(₱4,701)**
	-100 bps	**5,551**
Salary Rate	+100 bps	**5,404**
	-100 bps	**(4,674)**
Turnover Rate	0%	**12,643**
	125%	**(2,019)**
	75%	**2,392**

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 September 30, 2020 and December 31, 2019 are as follows:

	2019
One year and less	**₱5,298**
More than one year to five years	**63,707**
More than five years to 10 years	**14,782**
More than 10 years to 15 years	**38,583**
More than 15 years to 20 years	**105,503**
More than 20 years	**452,514**

Weighted average duration of the defined benefit liability is 15.5 years and 14.5 years as of both September 30, 2020 and December 31, 2019.

18. **Equity**

a. Capital Stock

	September 30, 2020 (Unaudited)		December 31, 2019 (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	**(861,073,555)**	**(1,463,825)**	(907,798,463)	(1,543,257)
Issuances	**95,732,179**	**162,745**	46,724,908	79,432
Balance at end of period	**(765,341,376)**	**(1,301,080)**	(861,073,555)	(1,463,825)
Issued and outstanding	**2,146,544,494**	**₱1,610,806**	2,050,812,315	₱1,448,061
Preferred stock - ₱1 par value				
Authorized, 1,000,000,000				
Issued and outstanding	**500,000,000**	**₱500,000**	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	1st Tranche	2nd Tranche	3nd Tranche	4th 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 ₱30.9 million representing dividends for the nine months ended September 30, 2020.

The Parent Company has paid cash dividends on preferred shares amounting to ₱42.1 million representing dividends for the one year ended December 31, 2019.

In 2020, the Parent Company issued 95,732,179 treasury shares based on the average market rate of ₱1.50 per share aggregating ₱143.7 million, resulting to a decrease in additional paid-in capital amounting to ₱15.8 million, net of transaction costs of ₱3.3 million.

In 2019, the Parent Company issued 46,724,908 treasury shares based on the average market rate of ₱2.01 per share aggregating ₱92.5 million, resulting to an increase in additional paid-in capital amounting to ₱13.0 million, net of transaction costs of ₱3.8 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
September 30, 1969	3,000,000	10.00
January 13, 1977	5,000,000	10.00
May 21, 1990	12,500,000	10.00*
December 3, 1996	200,000,000	1.00
October 26, 1999	400,000,000	1.00
April 2, 2002	2,000,000,000	1.00
February 7, 2005	1,962,500,000	1.00
June 23, 2009	3,375,000,000	1.00

** Par value was subsequently reduced to ₱1.00*

c. Other equity reserves

Details of other equity reserves follow:

	September 30, 2020 (Unaudited)	December 31, 2019 (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	**177,749**	87,941
Share in revaluation increment on land, net of tax	**–**	89,808
Balance at end of period	**177,749**	177,749
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	**138,297**	86,550
Share in appraisal increase, net of tax	**–**	51,747
Balance at end of period	**138,297**	138,297
Cumulative Remeasurement Gain (Loss) on Retirement Liability		
Balance at beginning of period	**7,859**	9,795
Remeasurement gain, net of tax	**–**	(1,936)
Balance at end of period	**7,859**	7,859
Cumulative Share in Remeasurement Loss on Retirement Liability of Associates		
Balance at beginning of period	**(11,575)**	8,398
Share in remeasurement loss, net of tax	**–**	(19,973)
Balance at end of period	**(11,575)**	(11,575)
	₱597,550	₱597,550

d. Retained Earnings

Details of retained earnings follow:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Appropriated/Restricted		
Balance at beginning of period	**₱1,950,445**	₱2,029,877
Reversal for treasury stock and others	**(162,745)**	(79,432)
Balance at end of period	**₱1,787,700**	1,950,445
Unappropriated		
Balance at beginning of period	**2,066,681**	1,785,887
Net income (loss) attributable to the Parent Company (Note 25)	**(1,182,973)**	243,413
Cash dividends	**(30,918)**	(42,051)
Appropriation for treasury stock	**162,745**	79,432
Balance at end of period	**1,015,535**	2,066,681
	₱2,803,235	₱4,017,126

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Appropriation for treasury stock	**₱1,301,080**	₱1,463,825
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
Net unrealized fair value gains on investment properties included in the retained earnings	**1,756,154**	1,756,154
Undistributed earnings of subsidiaries and equity in net earnings of the associates	**330,914**	330,914
	₱3,685,115	₱3,847,860

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 September 2020		
First	₱2.29	₱1.21
Second	1.92	1.32
Third	1.58	1.10
January through December 2019		
First	₱2.21	₱1.70
Second	1.78	1.36
Third	1.97	1.30
Fourth	2.22	1.74
January through December 2018		
First	₱4.95	₱2.01
Second	2.85	1.82
Third	2.95	2.02
Fourth	2.65	1.76

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	**September 30, 2020**	**₱–**	**₱40,287**	**₱13,211**
		December 31, 2019	(₱76)	₱40,287	₱13,211
FLC	Dividends receivable	**September 30, 2020**	**–**	**3,852**	**–**
		December 31, 2019	–	3,852	–
RADC	Noninterest-bearing advances	**September 30, 2020**	**–**	**–**	**10,966**
		December 31, 2019	–	–	10,966
CACI	Interest-bearing advances	**September 30, 2020**	**–**	**–**	**–**
		December 31, 2019	–	–	–
Joint Ventures					
VJPI	Noninterest-bearing advances	**September 30, 2020**	**–**	**93**	**218**
		December 31, 2019	(1,027)	93	218
Marilo Realty Development Corporation	Noninterest-bearing advances	**September 30, 2020**	**–**	**949**	**892**
		December 31, 2019	57	949	892
LPC	Defrayment of cost and expenses for restructuring	**September 30, 2020**	**–**	**3,306**	**23,427**
		December 31, 2019	(12,820)	3,306	23,427
Entities under common control	Interest-bearing advances	**September 30, 2020**	**64,576**	**36,871**	**114,978**
		December 31, 2019	80,838	40,642	46,541
		September 30, 2020		**₱85,358**	**₱163,692**
		December 31, 2019		₱89,129	₱95,255

**Amounts represent transactions for the nine months ended September 30, 2020 and year ended December 31, 2019.*

a. 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.

b. 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 September 30, 2020 and December 31, 2019, allowance for impairment loss amounting to ₱3.1 million pertains to due from LPC.

c. Compensation of key management personnel is as follows:

	September 30, 2020 (Nine months, Unaudited)	September 30, 2019 (Nine months, Unaudited)
Salaries and short-term benefits	**₱36,537**	₱23,417
Retirement benefits	**3,057**	1,866
	₱39,594	₱25,283

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 6, 2018	68,496	2.19	150,006	150,000	300,006
May 11, 2018	73,170	2.05	149,999	150,000	299,999
August 10, 2018	66,794	2.62	175,000	175,000	350,000
December 10, 2018	93,583	1.87	175,000	175,000	350,000
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

The expense recognized on the foregoing amounted to ₱0.60 million and ₱0.95 million for the nine months ended September 30, 2020 and 2019, respectively; 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.

	2020	2019
Hotels and services	**₱219,294**	₱340,225
Sale of goods	**118,488**	109,391
Real estate	**10,550**	174,804
	₱348,332	₱624,420

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

i. Hotel

	2020	2019
Room revenue	**₱199,600**	₱283,457
Food and beverage	**5,243**	53,078
Spa	**81**	890
Others	**14,370**	2,800
	₱219,294	₱340,225

ii. Real Estate

	September 30, 2020						
Segments	Raw land	Palico Montana	Landing Townhomes	Landing Shophouses	Orchards	SAMG	Total
Sale of real estate	**₱–**	**₱5,304**	**₱347**	**₱36**	**₱2,431**	**₱2,432**	**₱10,550**
Geographical markets							
Nasugbu, Batangas	**₱–**	**₱5,304**	**₱347**	**₱36**	**₱2,431**	**₱2,432**	**₱10,550**
Timing of revenue recognition							
Goods transferred over time	**₱–**	**₱5,304**	**₱347**	**₱36**	**₱2,431**	**₱2,432**	**₱10,550**

	September 30, 2019						
Segments	Raw land	Palico Montana	Landing Townhomes	Landing Shophouses	Orchards	SAMG	Total
Sale of real estate	₱139,862	₱25,397	₱3,905	₱194	₱2,165	₱3,281	₱174,804
Geographical markets							
Nasugbu, Batangas	₱139,862	₱25,397	₱3,905	₱194	₱2,165	₱3,281	₱174,804
Timing of revenue recognition							
Goods transferred over time	₱–	₱25,397	₱3,905	₱194	₱2,165	₱3,281	₱34,942
Goods transferred at a point in time	₱139,862	₱–	₱–	₱–	₱–	₱–	₱139,862

iii. Sale of goods

Sale of goods by product type

	2020	2019
Coco milk/cream	**₱100,265**	₱76,748
Coco water concentrate	**12,176**	32,422
Virgin coconut oil	**6,047**	221
	₱118,488	₱109,391

Sale of goods by sales type

	2020	2019
Export	**₱115,073**	₱108,831
Domestic	**3,415**	560
	₱118,488	₱109,391

b. Contract balances

The Company's contract balances as at September 30, 2020 and December 31, 2019 are as follows:

	September 30, 2020	December 31, 2019
Contract asset	**₱146,445**	₱138,879
Contract liabilities	**171,430**	167,972

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:

	2020	2019
Contract assets - current	**₱53,364**	₱47,025
Contract assets - noncurrent	**93,081**	91,854
	₱146,445	₱138,879

Contract liabilities

a. Deferred income amounting to ₱52.6 million and ₱46.8 million in 2020 and 2019, respectively, pertains to collections from buyers exceeding the recognized sale of real estate based on percentage-of-completion.

b. Customers' deposits amounting to ₱101.5 million and ₱98.3 million in 2020 and 2019, 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 ₱17.3 million and ₱22.9 million as at years ended September 30, 2020 and December 31, 2019, 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 to ₱154.1 million and ₱142.2 million as at September 30, 2020 and December 31, 2019, respectively.

Hotel Revenues

(a) Hotel rooms

The Group also offers hotel room accommodations to customers through the four GoHotels of Roxaco Asia Hospitality Corporation and the resort of Anya Resort Tagaytay owned by RLC.

(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 ₱17.3 million and ₱22.9 million as at September 30, 2020 and December 31, 2019, respectively.

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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 nil and ₱2.4 million as at September 30, 2020 and December 31, 2019, respectively.

21. **Cost and Expenses**

Cost of hotel sales and services consist of:

	September 30, 2020 (Nine months, Unaudited)	September 30, 2019 (Nine months, Unaudited)
Depreciation and amortization	**₱47,905**	₱48,951
Salaries, wages and other employee benefits	**20,297**	56,281
Outside services	**19,164**	43,665
Communication, light and water	**18,097**	21,181
Food and beverage cost	**1,357**	6,949
Travel and transportation	**1,044**	2,429
Yield guarantee	**1,384**	34,412
Others	**17,894**	11,758
	₱127,142	₱225,626

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:

	September 30, 2020 (Nine months, Unaudited)	September 30, 2019 (Nine months, Unaudited)
Indirect labor	**₱31,842**	₱1,502
Materials used and changes in inventory	**24,847**	79,716
Depreciation (see Note 11)	**19,285**	8,641
Direct labor	**15,021**	14,426
Communication, light and water	**12,894**	8,950
Packaging materials	**9,368**	7,464
Factory supplies	**6,487**	680
Taxes and licenses	**6,219**	486
Repairs and maintenance	**2,831**	220
Rent expense	**1,216**	240
Others	**1,728**	365
	₱131,738	₱122,690

Operating expenses consist of:

	September 30, 2020 (Nine months, Unaudited)	September 30, 2019 (Nine months, Unaudited)
General and administrative expenses	**₱246,502**	₱248,813
Selling expenses	**13,125**	23,742
	₱259,627	₱272,555

General and administrative expenses from consist of:

	September 30, 2020 (Nine months, Unaudited)	September 30, 2019 (Nine months, Unaudited)
Salaries, wages and other employee benefits (Notes 17 and 22)	**₱92,121**	₱110,091
Depreciation and amortization (Note 11)	**46,474**	12,223
Outside services	**31,922**	20,253
Taxes and licenses	**27,190**	35,118
Communication, light and water	**8,144**	12,893
Representation and entertainment	**5,842**	5,712
Materials and consumables	**2,759**	3,804
Travel and transportation	**2,744**	6,676
Insurance	**2,164**	2,796
Repairs and maintenance	**2,052**	4,050
Rent	**849**	3,349
Yield guarantee	**–**	–
Others	**24,241**	31,848
	₱246,502	₱248,813

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 21) in the consolidated statements of income are as follows:

	September 30, 2020 (Nine months, Unaudited)	September 30, 2019 (Nine months, Unaudited)
Salaries and wages	**₱73,823**	₱90,633
Allowances and other employee benefits	**14,866**	18,074
Retirement benefits (Note 17)	**3,432**	1,384
	₱92,121	₱110,091

23. **Other Income**

Other income consists of:

	September 30, 2020 (Nine months, Unaudited)	September 30, 2019 (Nine months, Unaudited)
Sale of scrap	**₱6,053**	₱–
Rent income	**1,689**	437
Penalty for late payment	**394**	–
Interment income	**317**	101
Others	**7,269**	18,360
	₱15,722	₱18,898

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

24. **Income Taxes**

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

	September 30, 2020 (Nine months, Unaudited)	September 30, 2019 (Nine months, Unaudited)
Current	**₱2,280**	₱11,845
Deferred	**(2,279)**	(439)
	₱1	₱11,406

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

	September 30, 2020 (Unaudited)		December 31, 2019 (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	**₱28,615**	**₱–**	₱28,615	₱–
Customers' deposit	**22,687**	**–**	22,687	–
Allowance for:				
Impairment losses of receivables	**8,418**	**–**	8,418	–
Impairment losses on investments in associates	**4,544**	**–**	4,544	–
Retirement liability	**18,451**	**–**	18,451	–
Lease liabilities	**46,022**	**–**	46,022	–
Unrealized foreign exchange loss	**38**	**–**	38	–
Deferred income	**11,420**	**–**	11,420	–
Excess MCIT over RCIT	**9,393**	**–**	9,393	–
Various accruals	**634**	**–**	634	–
	150,222	**–**	150,222	–
Deferred tax liabilities on:				
Taxable temporary difference arising from use of installment method of revenue recognition for tax reporting	**(20,420)**	**–**	(20,420)	–
Revaluation increment on land	**(3,059)**	**(94,053)**	(3,059)	(94,053)
Prepaid commissions	**(2,213)**	**–**	(2,213)	–
Right-of-use assets	**(35,173)**	**–**	(35,173)	–
Actuarial gain	**(1,807)**	**–**	(1,807)	–
Rent receivable	**(2,254)**	**–**	(2,254)	–
	(64,926)	**(94,053)**	(64,926)	(94,053)
Net deferred tax assets (liabilities)	**₱85,296**	**(₱94,053)**	₱85,296	(₱94,053)

25. **Earnings (Loss) Per Share**

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

	September 30, 2020 (Nine months, Unaudited)	September 30, 2019 (Nine months, Unaudited)
Net loss attributable to the equity holders of the Parent Company: (Note 18d)	**(₱1,182,973)**	(₱337,706)
Weighted average number of shares issued and outstanding:		
Issued and outstanding ordinary shares	**2,146,544,494**	2,018,728,140
Basic/diluted loss per share:	**(₱0.55)**	(₱0.17)

There are no potential dilutive common shares as at September 30, 2020 and 2019.

26. **Contingencies and Commitments**

Yield Guarantee to Real Estate Buyers
During the year ended September 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 September 30, 2020, the Group has unused lines of credit with local banks amounting to nil (see Notes 14 and 15).

27. **Financial Instruments**

Risk Management, Objectives and Polices
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 (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, 2019.

<u>Capital Management</u>
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 nine months ended September 30, 2020 and 2019.

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:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Total liabilities	**₱4,748,790**	₱5,021,094
Total equity	**7,445,392**	8,542,872
Total liabilities and equity	**₱12,194,182**	₱13,563,966
Debt-to-equity ratio	**0.64:1.0**	0.59:1.0

28. **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 September 30, 2020 and December 31, 2019 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 September 30, 2020 and December 31, 2019.

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.

29. **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.
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.

c. Manufacturing
RSAI, a subsidiary of the Parent Company based in Tupi, South Cotabato, operates a plant primarily to process coconut-based products for export.

d. 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.

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.

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.

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. Segment liabilities include all operating liabilities and consist principally of trade payables, accruals and customers' deposits, and bank loans.

c. Inter-segment transfers
Segment revenue, expenses and results include transfers between business segments. Such transfers are accounted for at competitive market prices.

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

	September 30, 2020 (Unaudited)					
	Real Estate	**Hotel**	**Manufacturing**	**Others**	**Eliminations**	**Consolidated Balances**
Sales	**₱10,550**	**₱219,294**	**₱118,488**	**₱–**	**₱–**	**₱348,332**
Cost of sales and services	**(6,018)**	**(127,143)**	**(131,738)**	**–**	**–**	**(264,899)**
Interest income	**8,122**	**160**	**13**	**14,930**	**(14,911)**	**8,314**
Interest expense	**(66,631)**	**(82,530)**	**(44,350)**	**(28,559)**	**14,911**	**(207,159)**
Others	**(80,669)**	**(84,180)**	**(35,854)**	**(43,203)**	**–**	**(243,905)**
Income (loss) before income tax	**(134,646)**	**(74,399)**	**(93,441)**	**(56,832)**	**–**	**(359,317)**
Income tax expense	**2,062**	**(2,060)**	**–**	**(3)**	**–**	**(1)**
Segment Income (loss)	**(132,584)**	**(76,459)**	**(93,441)**	**(56,835)**	**–**	**(359,318)**
Equity in net loss of an associate	**–**	**–**	**–**	**–**	**(854,203)**	**(854,203)**
Consolidated Net Income (Loss)	**(₱132,584)**	**(₱76,459)**	**(₱93,441)**	**(₱56,835)**	**(₱854,203)**	**(₱1,213,521)**
Assets and Liabilities						
Current assets	**₱1,249,042**	**₱209,944**	**₱233,894**	**₱479,368**	**(₱948,293)**	**₱1,223,955**
Noncurrent assets	**959,650**	**2,469,085**	**915,685**	**8,127,746**	**(1,501,939)**	**10,970,227**
Total Assets	**2,208,692**	**2,679,029**	**1,149,579**	**9,328,607**	**(2,450,232)**	**12,194,182**
Current liabilities	**543,549**	**803,536**	**724,110**	**193,696**	**(883,601)**	**1,381,290**
Noncurrent liabilities	**1,030,561**	**1,438,307**	**400,541**	**932,134**	**(434,043)**	**3,367,500**
Total Liabilities	**₱1,574,110**	**₱2,241,843**	**₱1,124,650**	**₱1,092,447**	**(₱1,317,644)**	**₱4,748,790**

	September 30, 2019 (Unaudited)					
	Real Estate	Hotel	Manufacturing	Others	Eliminations	Consolidated Balances
Sales	₱174,804	₱340,225	₱109,391	₱–	₱–	₱624,420
Cost of sales and services	(36,867)	(225,626)	(122,690)	–	–	(385,183)
Interest income	10,749	1,168	5	6,113	(4,574)	13,461
Interest expense	(55,773)	(103,640)	(41,910)	(34,643)	4,574	(231,392)
Others	(77,089)	(103,414)	(44,651)	(28,504)	–	(253,657)
Income (loss) before income tax	15,824	(91,287)	(99,854)	(57,034)	–	(232,351)
Income tax expense	9,518	1,886	–	2	–	11,406
Segment Income (loss)	6,307	(93,173)	(99,854)	(57,036)	–	(243,757)
Equity in net earnings of associates and a joint venture	–	–	–	–	(140,932)	(140,932)
Consolidated Net Income (Loss)	₱6,307	(₱93,173)	(₱99,854)	(₱57,036)	(₱140,932)	(₱384,689)
Assets and Liabilities						
Current assets	₱1,141,328	₱275,961	₱184,069	₱286,572	(₱778,418)	₱1,109,512
Noncurrent assets	915,891	2,718,563	946,465	8,103,902	(1,082,791)	11,602,030
Total Assets	2,057,219	2,994,524	1,130,534	8,390,474	(1,861,209)	12,711,542
Current liabilities	916,725	1,111,836	553,556	778,821	(768,531)	2,592,407
Noncurrent liabilities	464,349	1,985,437	398,846	432,738	(919,394)	2,361,976
Total Liabilities	₱1,381,074	₱3,097,273	952,402	₱1,211,559	(₱1,687,925)	₱4,954,383

30. **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.

31. **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.

32. **Impact of COVID-19 Pandemic and Enhanced Community Quarantine**

The financial position and results of operations as of and for the period ended September 30, 2020 have not been adjusted to reflect the impact of COVID-19 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.

The initial impact of the closure of the hotels during the ECQ was mitigated by its reopening in the middle of April to cater to returning Overseas Filipino Workers (OFWs) required to undergo the mandatory 14-day quarantine stay before being released. The GoHotels during this period have been enjoying occupancy and room rates that are within or better than pre-Covid levels.

These measures have significantly impacted also RLC’s business 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 and, temporary employment adjustments such as flexible work arrangements. RLC’s ART was temporarily closed immediately after the imposition of ECQ and resumed its operations on September 9, 2020. 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 was temporarily closed immediately after the imposition of ECQ and resumed its operations upon implementation of modified GCQ.

RAHC’s Go Hotels are less affected by the current crisis. It continues to operate the hotel sites as quarantine facilities in coordination with numerous international placement agencies and the government. For 2021 and periods thereafter, with the government's direction to support domestic travel and tourism for economic recovery, RAHC foresees its target markets to recover given its large domestic customer base and aggressive sales and marketing strategies.

Roxas & Company, Inc.

ANNEX "B"

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

3rd Quarter Ended September 30, 2020 and 2019

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

INTERIM RESULTS – 3rd Quarter September 30, 2020

Results of Operation

Consolidated revenues as of the third quarter amounted to ₱348.3 million, a decrease of 44% versus last year revenue of ₱624.4M. The eruption of Taal volcano in January and the effect of Covid-19 pandemic resulted to the imposition of the enhanced community quarantine. We have to temporarily close all of our hotel operations in Anya Resort Tagaytay for most of 2020 and Go Hotels in Metro Manila for more than 1 month in compliance with the government directives. We were able to minimize the loss in revenue to 36% being the government partner in serving the Frontliners and as quarantine facility. Our coconut processing plant was not spared as well by the pandemic, but was able to increase sales by 8% versus the same period last year and 88% vs. Q2 (Q3 vs. Q2).

Gross profit for the third quarter was ₱83.4 million, ₱155.8 million (65%) lower than last year's ₱239.2 million due to lower revenues in real estate and hotel operations. Cost of sales and services of ₱264.9M also decreased by 31% than last year's ₱385.2 million due to lower salaries, wages & other employee benefits and direct outside services in real estate and hotel operations.

Operating expenses decreased by ₱12.9 million to ₱259.6 million from last year's ₱272.6 million as part of the Group's efforts for the continued reduction of controllable expenses.

Equity in net loss from the group's 23% investment in Roxas Holdings Inc. (RHI) amounted to ₱854.2 million, higher than last year's ₱140.9 million, due to the recognition of impairment losses.

Interest cost of ₱207.2 million was ₱24.2 million or 10.5% lower than last year due to lower RAHC's loans after the sale of Go Hotel-Cubao.

Other income of ₱15.7 million represents sale of scrap, realty fees and forfeited reservation deposits.

Consolidated net loss for the nine months ended September 30, 2020 of ₱1,213.5 million was higher than last year's loss of ₱384.7 million due to the effects of the Taal volcano, the suspension of operations after the mid-March lockdown and the ensuing business slowdown from the recession, as well as the equity in net loss from RHI.

Financial Position

Consolidated total assets amounting to ₱12,194.2 million as at September 30, 2020 is ₱1,369.8 million lower than ₱13,564.0 million as at December 31, 2019 mainly due to sale of the Cubao-GoHotel in February 2020, and share in equity loss of investments in RHI because of impairment of assets.

Current ratio improved from 0.49:1 as at December 31, 2019 to 0.88:1 as at September 30, 2020, due to the restructuring of loans.

Debt to equity (D/E) ratio slightly increased from 0.59:1 as of December 2019 to 0.64:1 as of September 30, 2020 but within the 0.75:1 ratio limit required by banks for term loans mainly due to the equity losses from a subsidiary.

To improve the Company's liquidity and D/E ratio, the group will continue to sell non-core assets and investments with the proceeds to be used to reduce debt. Due to the effects of the pandemic, the Group is availed the provisions of the Bayanihan Act 1 and 2 of 2020 to extend payment of unpaid principal and interest. It is in the process of completing renegotiations for the rescheduling of the repayment of the Group's total debt and for the renewal of its revolving credit lines to support operations.

Book value per share is at ₱3.24 as at September 30, 2020.

Trade and other receivables of ₱318.6 million decreased by 4% from December 31, 2019 balance of ₱331.8 million mainly due to the collection of the receivable from sale of investment property.

Total liabilities decreased from ₱5,021.1 million to ₱4,748.8 million due to the prepayment of RAHC loan covering GoHotel-Cubao.

Total equity amounting to ₱7,445.4 million as at September 30, 2020 decreased by ₱1,097.5 million from December 31, 2019 balance of ₱8,542.9 due to the loss incurred for the period, bulk of which is the equity losses from a subsidiary and sales of treasury shares.

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 September 30, 2020 (Nine Months)	December 31, 2019 (One Year)	December 31, 2018 (One Year)
Gross profit	₱83.4 million	₱340.3 million	₱192.2 million
Number of lots sold / reserved	12 units residential/ 84 memorial	26 units residential/ 65 memorial	89 units residential/ 193 memorial
Sale of coconut products	₱118.5 million	₱ 136.9 million	₱ 54.9 million
Hotel occupancy and average daily room rate			
- *Anya Hotel*	26% / ₱5,453	45% / ₱5,738	37% / ₱5,472
- *Go Hotels*	51% / ₱1,576	59% / ₱1,505	40% / ₱1,514
EBITDA	(₱891.8 million)	₱229.0 million	(₱181.0 million)
Return on equity	(16.30%)	2.07%	1.94%

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 2020 and sell the other areas previously planned as next phases development as raw land.

- Develop and increase processed coconut export sales and maximize plant capacity. Proceed with discussions with potential investors.

- Run the Go Hotels 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

	September 30, 2020	September 30, 2019	December 31, 2019
1. LIQUIDITY RATIO			
Current Ratio	0.88 : 1.00	0.43 : 1.00	0.49 : 1.00
2. SOLVENCY RATIO			
Debt to Equity ratio	0.64 : 1.00	0.64 : 1.00	0.59 : 1.00
`			
3. Asset to Equity Ratio	1.64	1.64	1.59
4. PROFITABILITY RATIOS			
Return on Assets	(9.95%)	(3.03%)	1.30%
Return on Equity	(16.30%)	(4.96%)	2.07%
Book Value per share	3.24	3.59	3.92