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
3,299	**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. Melchor J. Manalo	**melchor.manalo @roxascompany.com.ph**	**(632) 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 June 2022**.

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	**2,230,711,002**
Preferred	**200,000,000**
Amount of loans outstanding as of 30 June 2022	**₱3,580,296,425**

Of the 2,911,885,870 subscribed and outstanding common shares, 681,174,868 common shares and 200,000,000 preferred shares were exempt securities under Section 10.1 of the SRC.

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

    Yes [√]   No [ ]

    2,911,885,870 common shares are listed with the Philippine Stock Exchange (PSE).

12. Check whether the issuer:

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

        Yes [√]   No [ ]

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

        Yes [√]   No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see Annex "A".

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

Please see Annex "B".

PART II – OTHER INFORMATION

1. New Projects or Investments in Another Project, Line of Business or Corporation
   None for the period.

2. Composition of the Board of Directors:

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

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

4. Suspension of operations:
   None for the period.

5. Declaration of dividends:
   None for the period.

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

7. Financing through loans:

Outstanding short-term and long-term loans amounting to ₱250.0 million and ₱3,330.3 million, respectively, were used for the working capital requirements and real estate, hotel, and coconut projects of the Group.

8. Offering of rights, granting of Stock Options and corresponding plans therefor:
None for the period.

9. Acquisition of other capital assets or patents, formula or real estates:
None for the period.

10. Any other information, event or happening that may affect the market price of the Company's shares:
None for the period.

11. Transferring of assets, except in the normal course of business:
None for the period.

SIGNATURE

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

ROXAS AND COMPANY, INC.
Issuer

By:

Atty. Melchor J. Manalo
Assistant Corporate Secretary

Date: 11 August 2022

Roxas & Company, Inc.

ANNEX "A"

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six Months Ended June 30, 2022 and 2021

ROXAS AND COMPANY, INC.
AND SUBSIDIARIES

Unaudited Interim Condensed
Consolidated Financial Statements
As of and for the six months ended
June 30, 2022 and 2021

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in Thousands

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash (Note 5)	**₱55,910**	₱63,572
Trade and other receivables (Notes 6 and 19)	**247,739**	162,533
Contract assets - current portion (Note 20)	**69,777**	21,808
Real estate for sale and development (Note 7)	**324,255**	394,437
Inventories (Note 8)	**58,450**	77,241
Other current assets (Note 9)	**340,999**	416,032
Total Current Assets	**1,097,130**	1,135,623
Noncurrent Assets		
Contract assets - net of current portion (Note 20)	**26,284**	95,778
Investments in associates (Note 10)	**930,542**	1,022,704
Property and equipment (Note 11):		
At cost model	**2,245,497**	2,307,508
At revaluation model	**871,622**	871,622
Right-of-use assets (Note 12)	**25,394**	25,394
Investment properties (Note 13)	**7,178,849**	7,178,849
Deferred income tax assets - net (Note 24)	**89,696**	89,696
Other noncurrent assets (Note 9)	**15,026**	38,542
Total Noncurrent Assets	**11,382,910**	11,630,093
TOTAL ASSETS	**₱12,480,040**	₱12,765,716
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 16 and 19)	**₱1,018,119**	₱1,013,499
Short-term borrowings (Note 14)	**250,000**	249,816
Current portion of long-term borrowings (Note 15)	**2,123,854**	2,210,413
Contract liabilities (Note 20)	**144,640**	144,563
Current portion of lease liability (Note 12)	**–**	38,056
Total Current Liabilities	**3,536,613**	3,656,347
Noncurrent Liabilities		
Long-term borrowings - net of current portion (Note 15)	**1,206,443**	1,206,443
Deferred income tax liabilities - net (Note 24)	**109,452**	109,452
Retirement liability (Note 17)	**88,433**	88,433
Lease liability (Note 12)	**15,838**	2,766
Total Noncurrent Liabilities	**1,420,166**	1,407,094
Total Liabilities	**4,956,779**	5,063,441

(Forward)

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Equity attributable to the Equity Holders of the Parent Company (Note 18)		
Capital stock	**₱3,111,886**	₱3,111,886
Additional paid-in capital	**1,608,101**	1,608,101
Other equity reserves	**740,954**	740,954
Retained earnings	**3,036,782**	3,200,551
Treasury stock	**(1,157,997)**	(1,172,713)
	7,339,726	7,488,779
Non-controlling Interests (Note 4)	**183,535**	213,496
Total Equity	**7,523,261**	7,702,275
TOTAL LIABILITIES AND EQUITY	**₱12,480,040**	₱12,765,716

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ROSSWELL C. DELOS REYES
Group 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 SIX MONTHS ENDED JUNE 30, 2022 AND 2021

	Three months (Apr-Jun)		Six Months (Jan-Jun)	
	2022 (Unaudited)	2021 (Unaudited)	**2022 (Unaudited)**	2021 (Unaudited)
REVENUES (Note 20)				
Hotel	**₱108,229**	₱90,636	**₱199,635**	₱178,098
Sale of goods	**22,517**	19,019	**79,079**	78,161
Real estate	**6,005**	2,161	**221,301**	398,877
	136,751	111,816	**500,015**	655,136
COST OF SALES AND SERVICES				
Cost of hotel sales and services (Note 21)	**(75,690)**	(34,360)	**(127,658)**	(69,368)
Cost of goods sold (Note 21)	**(54,407)**	(23,915)	**(122,412)**	(87,579)
Cost of real estate sales (Note 7)	**(2,938)**	(981)	**(75,046)**	(105,372)
	(133,035)	(59,256)	**(325,116)**	(262,319)
GROSS INCOME	**3,716**	52,559	**174,899**	392,817
OPERATING EXPENSES (Note 21)	**(73,830)**	(108,474)	**(168,415)**	(211,677)
OTHER INCOME (CHARGES)				
Equity in net loss of an associate (Note 10)	**(23,112)**	(7,085)	**(92,162)**	(112,170)
Interest expense (Notes 14 and 15)	**(54,238)**	(66,993)	**(120,525)**	(131,849)
Interest income (Notes 5 and 6)	**1,798**	3,645	**5,239**	5,709
Others - net (Note 23)	**2,677**	8,783	**6,709**	14,433
	(72,875)	(61,649)	**(200,739)**	(223,877)
INCOME (LOSS) BEFORE INCOME TAX	**(142,989)**	(117,564)	**(194,255)**	(42,737)
INCOME TAX EXPENSE (BENEFIT) (Note 24)				
Current	**(2,652)**	(18,315)	**(525)**	23,679
Deferred	**–**	(15,299)	**–**	31,769
	(2,652)	(33,614)	**(525)**	55,448
NET LOSS	**(₱140,337)**	(₱83,950)	**(₱193,730)**	(₱98,185)

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

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

FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

	Three months (Apr-Jun)		Nine Months (Jan-Jun)	
	2022 (Unaudited)	2021 (Unaudited)	**2022 (Unaudited)**	2021 (Unaudited)
Net Loss attributable to:				
Equity holders of the Parent Company	**(₱122,013)**	(₱65,991)	**(₱163,769)**	(₱77,181)
Non-controlling interests	**(18,324)**	(17,959)	**(29,961)**	(21,004)
	(₱140,337)	(₱83,950)	**(₱193,730)**	(₱98,185)
BASIC/DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY (Note 25)	**(₱0.05)**	(₱0.03)	**(₱0.07)**	(₱0.03)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ROSSWELL C. DELOS REYES
Group CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

	Three months		Six Months	
	2022 (Unaudited)	2021 (Unaudited)	**2022 (Unaudited)**	2021 (Unaudited)
NET LOSS	**(₱140,337)**	(₱83,950)	**(₱193,730)**	(₱98,185)
OTHER COMPREHENSIVE INCOME	**–**	–	**–**	–
TOTAL COMPREHENSIVE LOSS	**(₱140,337)**	(₱83,950)	**(₱193,730)**	(₱98,185)
Total Comprehensive Loss attributable to:				
Equity holders of the Parent Company	**(₱122,013)**	(₱65,991)	**(₱163,769)**	(₱77,181)
Non-controlling interests	**(18,324)**	(17,959)	**(29,961)**	(21,004)
	(₱140,337)	(₱83,950)	**(₱193,730)**	(₱98,185)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ROSSWELL C. DELOS REYES
Group CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Amounts in Thousands

FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

	2022 (Unaudited)	2021 (Unaudited)
CAPITAL STOCK (Note 18)	**₱3,111,886**	₱3,111,886
ADDITIONAL PAID-IN CAPITAL (Note 18)	**1,608,101**	1,616,915
TREASURY STOCK (Note 18)	**(1,157,997)**	(1,189,367)
OTHER EQUITY RESERVES (Note 18)	**740,954**	677,069
RETAINED EARNINGS (Note 18)		
Unappropriated		
Balance at beginning of period	**1,513,298**	1,225,472
Net loss	**(163,769)**	(77,181)
Cash dividends	**–**	(10,382)
Reversal for treasury stock	**14,716**	27,616
Balance at end of period	**1,392,165**	1,165,525
Appropriated		
Balance at beginning of period	**1,659,333**	1,703,603
Adjustment (reversal) for treasury stock	**(14,716)**	(27,616)
Balance at end of period	**1,644,617**	1,675,987
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**7,339,726**	7,058,015
NON-CONTROLLING INTERESTS		
Balance at beginning of period	**213,496**	264,452
Net loss	**(29,961)**	(21,004)
Balance at end of period	**183,535**	243,448
	₱7,523,261	₱7,301,463

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ROSSWELL C. DELOS REYES
Group CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

	2022 (Unaudited)	2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Lloss before income tax:	(₱194,255)	(₱38,862)
Adjustments for:		
Equity in net loss of associates (Note 10)	92,162	112,170
Interest expense (Notes 14 and 15)	120,525	115,416
Interest income (Notes 5, 6 and 19)	(5,239)	(5,228)
Depreciation and amortization (Notes 11 and 21)	55,897	53,233
Increase in retirement liability	–	2,170
Operating income before working capital changes	69,090	238,899
Decrease (increase) in:		
Trade and other receivables	(85,206)	17,435
Inventories	18,791	(41,346)
Real estate for sale and development	70,181	104,322
Other current assets	27,064	31,523
Other noncurrent assets	93,011	(9,069)
Increase in trade and other payables	(20,707)	52,054
Net cash generated from operations	172,224	393,818
Interest received	5,239	5,228
Income taxes paid including creditable withholding taxes	–	(55,448)
Net cash generated from operating activities	177,463	343,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase (decrease) in property and equipment	6,114	(6,729)
Net cash provided by (used in) investing activities	6,114	(6,729)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of interest (Note 15)	(140,649)	(131,850)
Net payments of long-term borrowings (Note 15)	(90,290)	(230,528)
Lease liability	24,984	31,505
Proceeds from issuances of treasury shares (Note 18)	14,716	17,462
Net cash used in financing activities	(191,239)	(313,411)
NET DECREASE IN CASH FOR THE PERIOD	(7,662)	23,458
CASH AT BEGINNING OF THE PERIOD	63,572	31,069
CASH AT END OF THE PERIOD	₱55,910	₱54,527

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ROSSWELL C. DELOS REYES
Group CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except When Otherwise Indicated)

1. Corporate Information

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

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

RCI is the holding company for a group of companies with interests in (i) the real estate, hotels and resorts development and management business thru its wholly-owned subsidiary, Roxaco Land Corporation (RLC), (ii) sugar milling and ethanol manufacturing businesses of Roxas Holdings, Inc (RHI), (iii) coconut processing and exports thru its subsidiary, Roxas Sigma Agriventures, Inc. (RSAI) and (iv) renewable energy development. RCI is owned by various individual shareholders and domestic corporations, namely: SPCI Holdings, Inc. and Pesan Holdings, Inc., among others. As at both June 30, 2022 and 2021; RCI has 3,299 and 3,300 shareholders respectively.

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

2. Basis of Preparation and Statement of Compliance

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

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

The unaudited interim consolidated financial statements, which have been prepared by the Group to be filed with the SEC for its quarterly reporting to comply with the amended Securities Regulation Code Rule 68, do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2021.

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, 2022

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

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

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

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

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

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

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

- Amendments to PAS 37, *Provisions, Contingent Liabilities, Onerous Contracts - Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

- Amendments to PFRS 9, *Fees in the '10 per cent' test for derecognition of financial liabilities*

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

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

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

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Income Taxes*, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*
  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction

of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

Effective beginning on or after January 1, 2024

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

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15 affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC Memorandum Circular No. 14, Series of 2018, and SEC Memorandum Circular No. 3, Series of 2019, respectively, providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of 3 years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC Memorandum Circular No. 34, Series of 2020, which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

  A summary of the PIC Q&A provisions covered by the SEC deferral follows:

		Deferral Period
a.	Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

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

  - PIC Q&A 2020-04 on determining whether the transaction price includes a significant financing component.

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

On July 8, 2021, the SEC issued SEC MC No. 8, series of 2021 amending the transition provision of the above PIC Q&A providing real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach. With this, real estate companies are finally able to fully comply with PFRS 15 and revert to full PFRS financial reporting for the calendar year 2021.

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC No. 8-2021.

The Group availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12-D (as amended by PIC Q&A 2020-04) in determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

- 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.

  On February 21, 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. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full of 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.

The Group opted to avail of the relief as provided by the SEC. The adoption has no significant impact to the Group since the Group has no borrowings for which capitalization of interest may be applicable.

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- 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

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, 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 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.

The Group continues to assess the impact of the above new and amended accounting standards and Interpretations effective subsequent to 2021 on the consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted. The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to the December 31, 2021 consolidated financial statements. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are 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 June 30, 2022 and December 31, 2021:

	Percentage of Ownership		Noncontrolling Interests		
	2022	2021	**2022**	2021	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)***	**94.98**	94.98	**5.02**	5.02	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.*

*** *In September 2021, RSAI amended its Articles of Incorporation increasing its authorized capital stock by ₱600 million.*

**** *The application for dissolution is still pending with the SEC and BIR as at June 30, 2022.*

5. **Cash**

This account consists of:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand	**₱3,190**	₱1,377
Cash in banks	**52,720**	62,165
Cash equivalents	**–**	30
	₱55,910	₱63,572

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

Total interest income earned from cash in banks amounted to ₱0.02 million and ₱0.81 million for the six months ended June 30, 2022 and 2021, respectively.

6. **Trade and Other Receivables**

This account consists of:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade	**₱96,772**	₱92,722
Due from:		
Related parties (Note 19)	**102,323**	45,082
Employees	**12,992**	12,130
Contractors and suppliers	**26,684**	25,086
Others	**43,875**	22,420
	282,646	197,440
Allowance for impairment losses	**(34,907)**	(34,907)
	₱247,739	₱162,533

Trade receivables represent the following:

a. Customers' accounts arising from the sale of real estate properties amounting to ₱7.5 million and ₱9.0 million as of both June 30, 2022 and December 31, 2021, respectively. Customers' accounts collectible after 12 months from the reporting period pertain to the contract assets-noncurrent portion (Note 20).

b. Outstanding individual, corporate and travel agency accounts earned from the hotel operation amounting to ₱73.1 million and ₱80.7 million as of as of June 30, 2022 and December 31, 2021, respectively, which generally have a 30-day term.

Total interest income on trade and other receivables amounted to ₱5.4 million and ₱1.3 million for the six months ended June 30, 2022 and 2021 respectively.

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

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

7. Real Estate for Sale and Development

This account consists of:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Real estate properties for sale	**₱250,201**	₱306,947
Raw land and land improvements for development	**74,054**	87,490
	₱324,255	₱394,437

Cost of real estate sales amounted to ₱75.0 million and ₱105.4 million for the six months ended June 30, 2022 and 2021, respectively. In March 2021, the Group sold its raw land with a cost of ₱72.0 million to a third party (Note 6).

Certain real estate properties for sale and development owned by RLC amounting to ₱359.5 million as at both June 30, 2022 and December 31, 2021 are being used as collateral for the loans availed by the Parent Company and RLC (see Note 15).

8. Inventories

Inventories account consists of:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At cost:		
Finished goods	**₱21,339**	₱58,828
Raw materials	**7,287**	–
Packaging materials	**11,702**	12,722
Work in process	**691**	–
Supplies	**17,431**	5,691
	58,450	77,241
At NRV - finished goods, net of provision for inventory write-down amounting to (₱58.7 million as of both June 30, 2022 and December 31, 2021)	**–**	–
	₱58,450	₱77,241

Cost of inventories charged to cost of goods sold amounted to ₱122.4 million and ₱87.6 million for the six months ended June 30, 2022 and 2021, respectively (Note 21).

Rollforward of provision for inventory write-down as of June 30, 2022 and December 31, 2021 are as follows:

	2022 (Unaudited)	2021 (Audited)
Beginning balance	**₱58,718**	₱56,397
Additions	**–**	2,321
	₱58,718	₱58,718

9. **Other Current and Noncurrent Assets**

Other current assets account consists of:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Creditable withholding taxes	**₱165,357**	₱152,274
Current and deferred input VAT	**106,937**	181,268
Prepaid expenses	**57,821**	74,155
Refundable deposits	**3,840**	3,838
Others	**7,044**	4,497
	₱340,999	₱416,032

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

Prepaid expenses pertain to prepaid rent, insurance, and taxes.

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

Other noncurrent assets account consists of:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Deferred input VAT	**₱6,285**	₱29,582
Franchise fee	**5,505**	5,940
Utility deposits	**3,236**	3,020
	₱15,026	₱38,542

Franchise fee pertains to RAHC's franchise fee to a third-party hotel chain company for the non-exclusive, non-assignable right to use the proprietary marks and system in connection with the establishment and operation of GoHotels. The agreement is for 10 years beginning the opening day of the hotels. Amortization expense amounted to ₱0.06 million for both six months ended June 30, 2022 and 2021.

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

10. **Investments in Associates**

Movements in investment in associates follow:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Associates		
Acquisition cost:		
Balance at beginning of period	**₱2,167,054**	₱2,167,054
Accumulated equity in net earnings (loss):		
Balance at beginning of period	**(1,388,258)**	(1,205,046)
Equity in net loss	**(92,162)**	(183,212)
Balance at end of period	**(1,480,420)**	(1,388,258)
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	**318,171**	261,584
Share in appraisal increase in land, net of tax	**–**	42,206
Share in remeasurement loss on retirement liability, net of tax	**–**	14,381
Balance at end of period	**318,171**	318,171
	945,775	1,037,937
Allowance for impairment loss	**(15,233)**	(15,233)
	₱930,542	₱1,022,704

The accumulated equity in net loss of associates amounting to ₱1,480.4 million and ₱1,388.3 million as at June 30, 2022 and December 31, 2021, respectively, is not available for dividend distribution to shareholders, unless received as cash dividends from the associates.

11. **Property and Equipment**

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

	June 30, 2022 (Six months, Unaudited)						
	Buildings and Improvements	**Machinery and Equipment**	**Land Improvement**	**Transportation Equipment**	**Office Furniture, Fixtures and Equipment**	**Construction in Progress**	**Total**
Cost							
Balance at beginning of period	**₱1,961,870**	**₱598,041**	**₱49,824**	**₱20,307**	**₱271,553**	**₱20,056**	**₱2,921,651**
Addition/adjustment	**–**	**–**	**–**	**–**	**(6,114)**	**–**	**(6,114)**
Balance at end of period	**1,961,870**	**598,041**	**49,824**	**20,307**	**265,439**	**20,056**	**2,915,537**
Accumulated Depreciation and Amortization							
Balance at beginning of period	**214,530**	**57,070**	**11,418**	**17,205**	**206,983**	**–**	**507,206**
Depreciation and amortization	**20,492**	**7,972**	**1,987**	**861**	**24,585**	**–**	**55,897**
Balance at end of period	**235,022**	**65,042**	**13,405**	**18,066**	**231,568**	**–**	**563,103**
Accumulated Impairment Loss							
Balance at beginning of year	**34,738**	**72,199**	**–**	**–**	**–**	**–**	**106,937**
Impairment loss	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at end of year	**34,738**	**72,199**	**–**	**–**	**–**	**–**	**106,937**
Net Book Value	**₱1,692,110**	**₱460,800**	**₱36,419**	**₱2,241**	**₱33,871**	**₱20,056**	**₱2,245,497**

	December 31, 2021 (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	₱1,647,659	₱588,804	₱49,824	₱18,377	₱230,071	₱12,189	₱2,546,924
Additions	269	9,237	–	1,930	5,822	7,867	25,125
Assets held for sale	313,942	–	–	-	35,660	–	349,602
Balance at end of year	1,961,870	598,041	49,824	20,307	271,553	20,056	2,921,651
Accumulated Depreciation and Amortization							
Balance at beginning of year	145,501	41,126	7,444	15,483	141,591	–	351,145
Depreciation & amortization	40,985	15,944	3,974	1,722	43,299	–	105,924
Assets held for sale	28,044	–	–	–	22,093	–	50,137
Balance at end of year	214,530	57,070	11,418	17,205	206,983	–	507,206
Accumulated Impairment Loss							
Balance at beginning of year	13,288	27,649	–	–	–	–	40,937
Impairment loss	21,450	44,550	–	–	–	–	66,000
Balance at end of year	34,738	72,199	–	–	–	–	106,937
Net Book Value	₱1,712,602	₱468,772	₱38,406	₱3,102	₱64,570	₱20,056	₱2,307,508

Certain assets were mortgaged and used as collateral to secure the loan obligations of RSAI and RAHC with the local banks as at June 30, 2022 and December 31, 2021 (see Note 15).

12. Right-of-use Assets and Lease Liabilities

The 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:

	2022			
	Hotel Suites	**Sales Office**	**Herb Garden**	**Total**
Cost				
At December 31, 2021	₱161,455	₱337	₱384	₱162,176
At June 30, 2022	161,455	337	384	162,176
Accumulated Depreciation and Amortization				
At December 31, 2021	136,135	337	310	136,782
At June 30, 2022	136,135	337	310	136,782
Net Book Value	₱25,320	₱–	₱74	₱25,394

	2021			
	Hotel Suites	Sales Office	Herb Garden	Total
Cost				
At December 31, 2020	₱161,455	₱337	₱384	₱162,176
At December 31, 2021	161,455	337	384	162,176
Accumulated Depreciation and Amortization				
At December 31, 2020	90,436	225	197	90,858
Depreciation and amortization (Note 22)	45,699	112	113	45,924
At December 31, 2021	136,135	337	310	136,782
Net Book Value	₱25,320	₱–	₱74	₱25,394

The rollforward analysis of lease liabilities follows:

	2022	2021
Balance at beginning of period	**₱40,822**	₱86,543
Interest expense	**1,168**	4,717
Payments	**(26,152)**	(50,438)
Balance at end of period	**₱15,838**	₱40,822

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

	2022	2021
Depreciation expense of right-of-use assets included in property and equipment and investment properties	**₱–**	₱11,481
Interest expense on lease liabilities	**1,168**	1,460
Expenses relating to short-term leases (included in operating expenses) (Note 21)	**85**	243
	₱1,253	₱13,184

The breakdown of lease liabilities as at June 30, 2022 and December 31, 2021 follows:

	2022	2021
Lease liabilities	**₱15,838**	₱40,822
Less: noncurrent portion of lease liabilities	–	2,766
Current portion of lease liabilities	**₱15,838**	₱38,056

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 ₱7,178.8 million as of both June 30, 2022 and December 31, 2021.

The Parent Company's investment properties include land properties that are subjected to CARP with total land area of 2,493.6 hectares. Unrealized fair value gain recognized on these investment properties amounted to nil for both six months ended June 30, 2022 and 2021.

14. **Short-term Borrowings**

This account represents unsecured and secured short-term loans obtained from various local banks for the Group's working capital requirements amounting to ₱250.0 million and ₱249.8 million as of June 30, 2022 and December 31, 2021, respectively, payable within 30 to 180 days. These loans bear an annual interest ranging from 4.50% to 9.75% for the six months ended June 30, 2022 and 2021.

15. **Long-term Borrowings**

Long-term borrowings consist of loans from:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Bank of the Philippine Islands (BPI)	**₱1,323,897**	1,372,203
Robinsons Bank Corporation (RBC)	**713,394**	754,285
United Coconut Planters Bank (UCPB)	**474,792**	472,950
Amalgamated Investment Bancorporation	**370,000**	370,000
China Bank Corporation (China Bank)	**185,714**	185,714
Asia United Bank	**182,500**	182,500
BDO Unibank, Inc.	**80,000**	80,000
	3,330,297	3,416,856
Current portion	**(2,123,854)**	(2,210,413)
Noncurrent portion	**₱1,206,443**	₱1,206,443

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
RAHC	**₱1,349,528**	₱1,368,573
RCI	**853,039**	855,964
RLC	**652,938**	720,165
RSAI	**474,792**	472,154
	₱3,330,297	₱3,416,856

<u>Loan of RLC</u>
The bank loan is classified as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Current portion	**₱465,807**	₱535,346
Noncurrent portion	**187,131**	184,819
	₱652,938	₱720,165

On June 30, 2016, RLC obtained a new loan from BPI, with RCI as the co-mortgagor, amounting to ₱500.0 million. The loan bears variable interest rate and is repriced every quarter. Principal amount is payable quarterly for five years until 2023 with the first payment payable after two years from the release of the loan. As at June 30, 2022 and December 31, 2021, the loan from BPI is secured by RLC's real estate properties for sale and development amounting to ₱196.0 million and certain properties of the Parent Company (see Note 7).

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

As at June 30, 2022 and December 31, 2021, 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:

	2022	2021
Shares of stock of RHI (299.6 million in both 2022 and 2021)	**₱311,594**	₱311,594
Real estate properties for sale and development of RLC (Note 7)	**196,000**	196,000
RCI treasury shares (120.0 million in both 2022 and 2021)	**78,000**	78,000
	₱585,594	₱585,594

Loans of RAHC

The bank loans are classified as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Current portion	**₱1,349,528**	₱1,368,573
Noncurrent portion	**–**	–
	₱1,349,528	₱1,368,573

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 amounting to ₱295.0 million and partially paid for the term loan of GoHotel North EDSA amounting to ₱95.0 million and GoHotel Timog amounting to ₱87.0 million.

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

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

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

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

The loan facilities are secured by RAHC's properties amounting to ₱1,813.0 million and ₱2,077.2 million as at June 30, 2022 and December 31, 2021, respectively.

Loans of RSAI

The bank loans are classified as follows:

	2022	2021
Current portion	**₱308,519**	₱305,881
Noncurrent portion	**166,273**	166,273
	₱474,792	₱472,154

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 ₱779.1 million and ₱772.2 million as at June 30, 2022 and December 31, 2021, respectively (see Note 11).

Loan of RCI

The bank loans are classified as follows:

	2022	2021
Current portion	**₱–**	₱613
Noncurrent portion	**853,039**	855,351
	₱853,039	₱855,964

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

In March 2021, RCI entered into a Restructuring and Financing Agreement with Amalgamated Investment Bancorporation (AIB) whereas the parties have agreed to restructure the subscription and the short term loan as follows: a) RCI as the Borrower shall secure a loan from AIB as Lender in the total amount of ₱370.0 million (the Loan); and b) the proceeds of the Loan shall be used by RCI to redeem 300 million preferred shares and fully paid the short term loan. The loan bears an interest rate equivalent to the a) higher of 7% per annum or b) one-year Base Rate plus an interest spread of 2.5% to be determined annually on each Interest Rate Setting Date.

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

Bank debts with recently approved repayment terms include BPI (₱1.6 billion), RBC (₱759.4 million), AUB (₱188.5 million), and BDO (₱80.0 million).

The following changes are made on the loan agreements:

RCI
BPI Loan
BPI and RCI signed a Medium Term Loan Agreement and converted the short term loan to medium term loan ₱474.5 million which will mature in August 2023. The principal payment of the loan will be due at maturity. Interest payment will be due annually.

RLC
BPI Loan
Short term loan amounting to ₱228.0 million was converted to medium term loan with a corresponding increase in interest rate from 6.25% to 7.5%. The principal payment of the loan will be due at maturity. Interest payment will be due semi-annually. The loan is due in August 2023.

For the outstanding long term loan amounting to ₱329.2 million, the principal payment was changed from quarterly payment to bullet payment and is due in July 2023. A payment of ₱280.0 million was made in February 2021 from sale of properties.

Total unpaid borrowings to BPI amounted to ₱276.8 million and ₱556.2 million as at June 30, 2022 and December 31, 2021, respectively. As of both June 30, 2022 and December 31, 2021, RLC has not met the D/E ratio requirement on its term loan.

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

BDO
Short term loan amounting to ₱80.0 million is converted to 3-year term loan maturing in June 2024. Interest rate is at 5.5%.

RAHC

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

RBCs Loan
a) Term Loan 1
In June 2020, the bank granted additional grace period for the loan payment amortization, to begin March 2023. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to repricing. The interest will be payable semi-annually.

b) Term Loan 2
In June 2020, the bank granted additional grace period from the last amortization. The original loan maturity was retained. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to repricing. The interest will be payable semi-annually.

As of both June 30, 2022 and December 31, 2021, RAHC has not met the D/E ratio requirements on its term loan.

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

Interest Expense
Total interest expense recognized from short-term and long-term loans amounted to ₱120.5 million and ₱131.9 million for the six months ended June 30, 2022 and 2021, respectively.

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Less than one year	**₱2,123,854**	₱2,210,413
Between one and two years	**664,249**	731,807
Between two and five years	**542,194**	474,636
Over five years	**–**	–
	₱3,330,297	₱3,416,856

Change in Liabilities Arising from Financing Activities

	Short-term borrowings (Note 14)		Long-term borrowings		Accrued interest	
	2022	2021	**2022**	2021	**2022**	2021
Balance at the beginning of the period	**₱249,816**	₱313,641	**₱3,416,856**	₱2,921,999	**₱118,233**	₱51,283
Availments	**–**	99,816	**–**	–	**–**	–
Interest incurred					**157,000**	235,644
Payments and reclassification from short-term to long-term	**184**	(163,641)	**(81,828)**	127,566	**(140,649)**	(168,694)
Transferred to assets held for sale	**–**	–	**–**	372,381	**–**	–
Debt transaction cost	**–**	–	**(4,731)**	(5,090)	**–**	–
Balance at the end of the year	**₱250,000**	₱249,816	**₱3,330,297**	₱3,416,856	**₱134,584**	₱118,233

16. **Trade and Other Payables**

This account consists of:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade	**₱279,901**	₱342,866
Accrued expenses	**179,561**	178,555
Interest	**134,584**	118,233
Due to related parties (Note 19)	**114,371**	126,182
Statutory payables	**74,229**	53,021
Retention payable	**68,127**	68,057
Outside services	**38,903**	25,719
Payroll and other employee benefits	**28,957**	26,623
Dividends (Note 18)	**21,921**	21,921
Payables to contractors	**5,883**	1,202
Others	**71,682**	51,120
	₱1,018,119	₱1,013,499

17. **Retirement Benefits**

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

	2022 (Six months)	2021 (Six months)
Net interest cost	**₱1,839**	₱1,832
Current service cost	**276**	338
	₱2,115	₱2,170

The cumulative remeasurement gain on retirement liability (shown as part of other equity reserve) recognized as other comprehensive income amounted to ₱2.31 million, net of tax, as of both June 30, 2022 and December 31, 2021.

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Present value of obligation	**₱95,540**	₱95,540
Fair value of plan assets	**(7,107)**	(7,107)
Retirement liability	**₱88,433**	₱88,433

Movements in the defined benefit obligation follow:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	**₱95,540**	₱79,698
Interest cost	**–**	4,340
Current service cost	**–**	11,502
Balance at end of period	**₱95,540**	₱95,540

Movements in the fair value of plan assets for the six months ended June 30, 2022 and year ended December 31, 2021 follow:

	2022	2021
Balance at beginning of the year	**₱7,107**	₱7,107
Interest income	**–**	–
Return on plan assets, excluding amounts included in interest income	**–**	–
Balance at end of the year	**₱7,107**	₱7,107

Plan assets of the Group as at June 30, 2022 and December 31, 2021 consist of:

Cash in banks and cash equivalents	18%
Government securities and other assets	82%
	100%

The Group does not expect to contribute to the respective plans in 2022.

The latest available actuarial valuation of the plan for RLC and the Parent Company is as of January 26, 2021; which was used for the estimation of the retirement benefits of the respective companies as at both June 30, 2022 and December 31, 2021.

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

	June 30, 2022	December 31, 2021
Discount rate	**3.60% to 4.10%**	3.60% to 4.10%
Future salary increases	**7.00%**	7.00%

The sensitivity analysis based on reasonably possible changes of the assumptions as at both June 30, 2022 and December 31, 2021 are as follows:

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

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

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

The maturity analysis of the undiscounted payments as of both June 30, 2022 and December 31, 2021 are as follows:

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

Weighted average duration of the defined benefit liability is 19.7 years as of both June 30, 2022 and December 31, 2021.

18. **Equity**

a. Capital Stock

	June 30, 2022 (Unaudited)		December 31, 2021 (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	**(689,831,368)**	**(1,172,713)**	(715,872,529)	(1,216,983)
Issuances	**8,656,500**	**14,716**	26,041,161	44,270
Balance at end of period	**(681,174,868)**	**(1,157,997)**	(689,831,368)	(1,172,713)
Issued and outstanding	**2,230,711,002**	**₱1,753,889**	2,222,054,502	₱1,739,173
Preferred stock - ₱1 par value				
Authorized, 1,000,000,000				
Issued and outstanding	**200,000,000**	**₱200,000**	200,000,000	₱200,000

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.

The BOD, in its Special Meeting held on 12 March 2021, resolved to redeem 300 million redeemable preferred shares, which are not listed with the PSE, issued to Amalgamated Investment Bancorporation pursuant to the Re-structuring and Financing Agreement entered into between the parties. The Board further resolved to redeem the said preferred shares at a redemption price of ₱1.00

per share. The Articles of Incorporation of Roxas and Company, Inc. provides that the preferred shares of the Corporation are redeemable after two (2) years from issuance and are re-issuable upon terms and conditions determined by its BOD. The Board has yet to determine the terms of re-issuance of the said preferred shares.

On August 12, 2021, the BOD approved and authorized the declaration of dividends to the preferred shareholders for the year 2021 as follows:

Description	November 2020 to March 3, 2021	March 4, 2021 to September 3, 2021
Record date	March 3, 2021	September 3, 2021
Payment date	Not yet determined	Not yet determined
Total dividend	₱12.4 million	₱8.1 million

In 2022, the Parent Company issued 8,656,500 treasury shares based on the average market rate of ₱0.61 per share aggregating ₱5.3 million, resulting to a decrease in additional paid-in capital amounting to nil, net of transaction costs of ₱0.0 million.

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

b. Track Record of Registration

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

** Par value was subsequently reduced to ₱1.00*

c. Other equity reserves

Details of other equity reserves follow:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Revaluation Increment on Land		
Balance at end of year	**₱280,091**	₱280,091
Share in Revaluation Increment on Land of an Associate		
Balance at beginning of period	**288,661**	288,661
Share in revaluation increment on land, net of tax	**–**	–
Balance at end of period	**288,661**	288,661
Cumulative Share in Changes in Fair Value of AFS Financial Assets of an Associate		
Balance at beginning and end of period	**5,129**	5,129
Revaluation Increment on Land of a Subsidiary		
Balance at beginning of period	**193,308**	129,118

Share in appraisal increase, net of tax	**–**	64,190
Balance at end of period	**193,308**	193,308
Cumulative Remeasurement Gain (Loss) on Retirement Liability		
Balance at beginning of period	**6,276**	6,276
Remeasurement gain, net of tax	**–**	–
Balance at end of period	**6,276**	6,276
Cumulative Share in Remeasurement Loss on Retirement Liability of Associates		
Balance at beginning of period	**(32,511)**	(32,206)
Share in remeasurement loss, net of tax	**–**	(305)
Balance at end of period	**(32,511)**	(32,511)
	₱740,954	₱740,954

d. Retained Earnings

Details of retained earnings follow:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Appropriated/Restricted		
Balance at beginning of period	**₱1,659,333**	₱1,703,603
Reversal for treasury stock and others	**(14,716)**	(44,270)
Balance at end of period	**₱1,644,617**	1,659,333
Unappropriated		
Balance at beginning of period	**1,541,218**	1,225,472
Net loss attributable to the Parent Company	**(163,769)**	292,195
Cash dividends	**–**	(20,719)
Reversal of restriction for treasury stock	**14,716**	44,270
Balance at end of period	**1,392,165**	1,541,218
	₱3,036,782	₱3,200,551

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Restricted for treasury stock	**₱1,157,997**	₱1,172,713
Gain on change in fair value of investment properties, net of debit balance of Other Equity Reserves closed to retained earnings	**296,967**	296,967
Fair value gains on investment properties included in the retained earnings	**2,920,690**	2,920,690
Deferred income tax assets	**123,145**	123,145
	₱4,498,799	₱4,513,515

e. Share Prices

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

Quarter	High	Low
January through December 2022		
First	₱0.78	₱0.48
Second	0.68	0.49
January through December 2021		
First	₱1.35	₱1.00
Second	1.12	1.00
Third	1.09	0.72
Fourth	0.86	0.62
January through December 2020		
First	₱2.29	₱1.21
Second	1.92	1.32
Third	1.58	1.10
Fourth	1.49	1.16

19. **Related Party Transactions and Balances**

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

Related Party	Nature of Transaction	Period	Transactions during the Period*	Trade and Other Receivables (see Note 6)	Amount Due to Related Parties (see Note 15)
Associates					
FDC	Dividends receivable	**June 30, 2022**	**₱–**	**40,287**	**₱13,211**
		December 31, 2021	–	40,287	₱13,211
FLC	Dividends receivable	**June 30, 2022**	**–**	**3,369**	**–**
		December 31, 2021	–	3,369	–
RADC	Noninterest-bearing advances	**June 30, 2022**	**–**	**–**	**10,966**
		December 31, 2021	–	–	10,966
CACI	Interest-bearing advances	**June 30, 2022**	**–**	**–**	**–**
		December 31, 2021	–	–	–
Joint Ventures					
VJPI	Noninterest-bearing advances	**June 30, 2022**	**–**	**116**	**182**
		December 31, 2021	–	116	182
Marilo Realty Development Corporation	Noninterest-bearing advances	**June 30, 2022**	**–**	**1,310**	**156**
		December 31, 2021	–	1,310	156
LPC	Defrayment of cost and expenses for restructuring	**June 30, 2022**	**–**	**–**	**23,729**
		December 31, 2021	–	–	23,729
Entities under common control	Interest-bearing advances	**June 30, 2022**	**8,886**	**57,241**	**66,127**
		December 31, 2021	5,567	–	77,938
		June 30, 2022		**₱102,323**	**₱114,371**
		December 31, 2021		₱45,082	₱126,182

**Amounts represent transactions for the six months ended June 30, 2022 and year ended December 31, 2021.*

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 June 30, 2022 and December 31, 2021, allowance for impairment loss amounting to ₱3.1 million pertains to due from LPC.

c. Compensation of key management personnel is as follows:

	June 30, 2022 (Six months, Unaudited)	June 30, 2021 (Six months, Unaudited)
Salaries and short-term benefits	**₱21,234**	₱22,946
Retirement benefits	**1,031**	1,628
	₱22,265	₱24,574

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
June 26, 2020	120,968	1.24	150,000	150,000	300,000
August 7, 2020	120,968	1.24	150,000	150,000	300,000
November 10, 2020	140,000	1.25	175,000	175,000	350,000
April 12, 2021	169,903	1.03	175,000	175,000	350,000
May 14, 2021	145,631	1.03	150,000	150,000	300,000
August 12, 2021	196,629	0.89	175,000	175,000	350,000
November 12, 2021	214,286	0.70	150,000	150,000	300,000
May 2, 2022	336,538	0.52	175,000	175,000	350,000

The expense recognized on the foregoing amounted to ₱0.4 million and ₱0.7 million for the six months ended June 30, 2022 and 2021, respectively; and presented as part of "Salaries and employee benefits" account in the unaudited interim consolidated statements of comprehensive income.

20. **Revenue from Contracts with Customers**

a. Disaggregated revenue information

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

	2022	2021
Real estate	**₱221,301**	₱398,877
Hotels and services	**199,635**	178,098
Sale of goods	**79,079**	78,161
	₱500,015	₱655,136

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

Hotel

	2022	2021
Room revenue	**₱125,556**	₱127,995
Food and beverage	**55,715**	33,255
Spa	**4,817**	567
Others	**13,547**	16,281
	₱199,635	₱178,098

i. Real Estate

	June 30, 2022							
Segments	Raw land	Palico Montana	Landing Townhomes	Landing Shophouses	Orchards	Palmstrip	SAMG	Total
Sale of real estate	**₱213,700**	**₱–**	**₱2,341**	**₱–**	**₱1,406**		**₱3,854**	**₱221,301**
Geographical markets								
Nasugbu, Batangas	**₱213,700**	**₱–**	**₱2,341**	**₱–**	**₱1,406**		**₱3,854**	**₱221,301**
Timing of revenue recognition								
Goods transferred over time	**₱–**	**₱–**	**₱2,341**	**₱–**	**₱1,406**		**₱3,854**	**₱7,601**
Goods transferred at a point in time	**₱213,700**							**₱213,700**

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

ii. Sale of goods

Sale of goods by product type

	2022	2021
Coco milk/cream	**₱57,474**	₱58,825
Coco water concentrate	**20,325**	12,067
Virgin coconut oil	**1,280**	7,269
	₱79,079	₱78,161

Sale of goods by sales type

	2022	2021
Export	**₱77,537**	₱70,550
Domestic	**1,542**	7,611
	₱79,079	₱78,161

b. Contract balances

The Company's contract balances as at June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Contract asset	**₱96,060**	₱117,586
Contract liabilities	**144,640**	144,563

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:

	2022	2021
Contract assets - current	**₱69,777**	₱21,808
Contract assets - noncurrent	**26,284**	95,778
	₱96,060	₱117,586

Contract liabilities

a. Deferred income amounting to ₱45.6 million and ₱48.0 million in 2022 and 2021, respectively, pertains to collections from buyers exceeding the recognized sale of real estate based on percentage-of-completion.

b. Customers' deposits amounting to ₱99.0 million and ₱96.1 million in 2022 and 2021 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 ₱7.9 million and ₱0.5 million as at period ended June 30, 2022 and year ended December 31, 2021, 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.

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 Hotels and Resorts Corporation.

(b) Food and beverage

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

Manufacturing

(a) Sale of coconut products

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

21. **Cost and Expenses**

Cost of hotel sales and services consist of:

	June 30, 2022 (Six months, Unaudited)	June 30, 2021 (Six months, Unaudited)
Outside services	**₱22,822**	₱9,235
Food and beverage cost	**22,267**	21,595
Depreciation and amortization	**22,069**	12,203
Salaries, wages and other employee benefits	**21,212**	14,538
Yield guarantee	**16,175**	2,172
Communication, light and water	**9,586**	9,508
Travel and transportation	**1,027**	30
Others	**12,500**	87
	₱127,658	₱69,368

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

Cost of goods sold consist of:

	June 30, 2022 (Six months, Unaudited)	June 30, 2021 (Six months, Unaudited)
Materials used and changes in inventory	**₱43,348**	₱29,693
Indirect labor	**20,509**	18,362
Packaging materials	**13,594**	6,212
Direct labor	**11,022**	5,201
Communication, light and water	**8,843**	7,483
Depreciation (see Note 11)	**8,515**	11,618
Factory supplies	**7,853**	6,100
Taxes and licenses	**3,170**	1,131
Repairs and maintenance	**2,007**	236
Rent expense	**689**	438
Others	**2,862**	1,105
	₱122,412	₱87,579

Operating expenses consist of:

	June 30, 2022 (Six months, Unaudited)	June 30, 2021 (Six months, Unaudited)
General and administrative expenses	**₱143,402**	₱187,225
Selling expenses	**25,013**	24,452
	₱168,415	₱211,677

General and administrative expenses from consist of:

	June 30, 2022 (Six months, Unaudited)	June 30, 2021 (Six months, Unaudited)
Salaries, wages and other employee benefits (Notes 17 and 22)	**₱60,183**	₱58,576
Depreciation and amortization (Note 11)	**33,374**	43,147
Taxes and licenses	**13,914**	19,507
Outside services	**11,609**	20,901
Communication, light and water	**11,176**	10,136
Representation and entertainment	**3,939**	3,672
Repairs and maintenance	**3,012**	2,968
Travel and transportation	**2,038**	1,179
Materials and consumables	**1,758**	1,621
Insurance	**1,056**	2,283
Rent	**1,022**	665
Yield guarantee	**–**	16,908
Others	**321**	5,662
	₱143,402	₱187,225

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

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

22. Personnel Costs

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

	June 30, 2022 (Six months, Unaudited)	June 30, 2021 (Six months, Unaudited)
Salaries and wages	**₱49,562**	₱49,221
Allowances and other employee benefits	**9,536**	8,053
Retirement benefits (Note 17)	**1,085**	1,302
	₱60,183	₱58,576

23. **Other Income**

Other income consists of:

	June 30, 2022 (Six months, Unaudited)	June 30, 2021 (Six months, Unaudited)
Sale of scrap	**₱4,335**	₱7,862
Penalty for late payment	**429**	138
Rent income	**198**	263
Dividend income	**–**	1,320
Others	**1,747**	4,850
	₱6,709	₱14,433

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:

	June 30, 2022 (Six months, Unaudited)	June 30, 2021 (Six months, Unaudited)
Current	**(₱525)**	₱23,679
Deferred	**–**	31,769
	(₱525)	₱55,448

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

	June 30, 2022 (Unaudited)		December 31, 2021 (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:				
Customers' deposit	**₱30,617**	**₱–**	₱30,617	₱–
Lease liabilities	**22,859**	**–**	22,859	–
Retirement liability	**20,630**	**–**	20,630	–
NOLCO	**17,713**	**–**	17,713	–
Excess MCIT over RCIT	**9,192**	**–**	9,192	–
Deferred income	**7,784**	**–**	7,784	–
Allowance for:				
Impairment losses of receivables	**7,015**	**–**	7,015	–
Impairment losses on investments in associates	**3,787**	**–**	3,787	–
Net discount on loans payable	**2,801**		2,801	
Various accruals	**634**	**–**	634	–
Unrealized foreign exchange loss	**25**	**–**	25	–
	123,057	**–**	123,057	–

Deferred tax liabilities on:				
Taxable temporary difference arising from use of installment method of revenue recognition for tax reporting	**(19,667)**	–	(19,667)	–
Revaluation increment on land	**(2,549)**	**(109,452)**	(2,549)	(109,452)
Prepaid commissions	**(1,593)**	–	(1,593)	–
Right-of-use assets	**(6,405)**	–	(6,405)	–
Actuarial gain	**(893)**	–	(893)	–
Rent receivable	**(2,254)**	–	(2,254)	–
	(33,361)	**(109,452)**	(33,361)	(109,452)
Net deferred tax assets (liabilities)	**₱89,696**	**(₱109,452)**	₱89,696	(₱109,452)

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

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

	June 30, 2022 (Six months, Unaudited)	June 30, 2021 (Six months, Unaudited)
Net loss attributable to the equity holders of the Parent Company: (Note 17)	**(₱163,769)**	(₱77,181)
Weighted average number of shares issued and outstanding:		
Issued and outstanding ordinary shares	**2,230,711,002**	2,212,258,058
Basic/diluted loss per share:	**(₱0.07)**	(₱0.03)

There are no potential dilutive common shares as at June 30, 2022 and 2021.

26. **Contingencies and Commitments**

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

Unused Credit Lines
As at June 30, 2022, 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. In addition, the Group, renegotiates the terms of its existing loan agreements with bank creditors and lenders as the need arises (see Notes 14 and 15).

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

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

Credit risks for contract receivables is mitigated as the Group has the right to cancel the sales contract without risk for any court action and can take possession of the subject property in case of refusal by the buyer to pay on time the contracts receivables due. This risk is further mitigated because of the corresponding title to the party sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a qualitative risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

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

Credit quality per class of financial assets
The credit quality of receivables is managed by the Group through its Marketing Department.

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

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

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

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

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

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

The quantitative disclosures on risks associated with the Group's financial instruments and the related risk management processes and procedures are disclosed in the annual consolidated financial statements as at and for the year ended December 31, 2021.

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

The dividend declaration is dependent on availability of retained earnings and operating requirements. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the six months ended June 30, 2022 and 2021.

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

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Total liabilities	**₱4,956,779**	₱5,063,441
Total equity	**7,523,261**	7,702,275
Total liabilities and equity	**₱12,480,040**	₱12,765,716
Debt-to-equity ratio	**0.66:1.0**	0.66:1.0

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 June 30, 2022 and December 31, 2021 were determined based on Level 2 in which the inputs are based on the discounted interest rate of the prevailing comparable instrument in the market.

The Group has no financial instruments carried at fair value in the consolidated financial statements as at June 30, 2022 and December 31, 2021.

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.

c. Anya Hospitality Group, a business segment of RLC, provides hotel management services to RAHC 4 GoHotels, Anya Resort Tagaytay, and other hotel properties in Batangas.

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

e. Others
Other segments of the Group include the Parent Company, which owns various tracts of lands in Nasugbu, Batangas and RGEC, an entity established primarily for renewable energy.

The Group has one geographical segment with all assets located in the Philippines. The Group operates and derives all revenues from domestic operations. Thus, geographical business information is not required.

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

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

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

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

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

	June 30, 2022 (Unaudited)					
	Real Estate	**Hotel**	**Manufacturing**	**Others**	**Eliminations**	**Consolidated Balances**
Sales	**₱221,695**	**₱208,896**	**₱79,079**	**₱–**	**(₱9,655)**	**₱500,015**
Cost of sales and services	**(75,046)**	**(128,601)**	**(122,412)**	**–**	**943**	**(325,116)**
Interest income	**5,425**	**2,749**	**–**	**1,012**	**(3,947)**	**5,239**
Interest expense	**(11,896)**	**(60,184)**	**(19,432)**	**(32,960)**	**3,947**	**(120,525)**
Others	**(63,699)**	**(62,658)**	**(18,999)**	**(16,350)**	**–**	**(161,706)**
Income (loss) before income tax	**76,479**	**(39,798)**	**(81,764)**	**(48,298)**	**(8,712)**	**(102,093)**
Income tax expense	**(9,953)**	**(933)**	**–**	**–**	**11,411**	**525**
Segment Income (loss)	**66,526**	**(40,731)**	**(81,764)**	**(48,298)**	**2,699**	**(101,568)**
Equity in net earnings of associates and a joint venture	**–**	**–**	**–**	**(92,162)**	**–**	**(92,162)**
Consolidated Net Income (Loss)	**₱66,526**	**(₱40,731)**	**(₱81,764)**	**(₱140,460)**	**₱2,699**	**(₱193,730)**
Assets and Liabilities						
Current assets	**₱1,185,888**	**₱306,903**	**₱146,791**	**₱212,209**	**(₱754,661)**	**₱1,097,130**
Noncurrent assets	**914,397**	**2,228,919**	**778,255**	**10,360,594**	**(2,899,255)**	**11,382,910**
Total Assets	**2,100,285**	**2,535,822**	**925,046**	**10,572,803**	**(3,653,916)**	**12,480,040**
Current liabilities	**794,226**	**2,226,678**	**815,445**	**362,064**	**(661,800)**	**3,536,613**
Noncurrent liabilities	**292,498**	**57,693**	**179,676**	**1,289,692**	**(399,393)**	**1,420,166**
Total Liabilities	**₱1,086,724**	**₱2,284,371**	**₱995,121**	**₱1,651,756**	**(₱1,061,193)**	**₱4,956,779**

	June 30, 2021 (Unaudited)					
	Real Estate	Hotel	Manufacturing	Others	Eliminations	Consolidated Balances
Sales	₱398,877	₱178,098	₱78,161	₱–	₱–	₱655,136
Cost of sales and services	(105,372)	(69,368)	(87,579)	–	–	(262,319)
Interest income	3,942	1,763	2	15,038	(15,036)	5,709
Interest expense	(18,854)	(67,624)	(30,829)	(29,578)	15,036	(131,849)
Others	(70,553)	(93,138)	(18,671)	(14,882)	–	(197,244)
Income (loss) before income tax	208,040	(50,269)	(58,916)	(29,422)	–	69,433
Income tax expense	(54,501)	(947)	–	–	–	(55,448)
Segment Income (loss)	153,539	(51,216)	(58,916)	(29,422)	–	13,985
Equity in net earnings of associates and a joint venture	–	–	–	(112,170)	–	(112,170)
Consolidated Net Income (Loss)	₱153,539	(₱51,216)	(₱58,916)	(₱141,592)	₱–	(₱98,185)
Assets and Liabilities						
Current assets	₱1,146,135	₱905,378	₱230,859	₱608,997	(₱1,205,200)	₱1,686,169
Noncurrent assets	838,058	1,812,387	863,164	9,188,188	(2,167,103)	10,534,694
Total Assets	1,984,193	2,717,765	1,094,023	9,797,185	(3,372,303)	12,220,863
Current liabilities	503,486	1,328,733	879,990	255,983	(1,163,399)	1,804,793
Noncurrent liabilities	766,666	1,048,340	401,099	1,298,945	(400,443)	3,114,607
Total Liabilities	₱1,270,152	₱2,377,073	₱1,281,089	₱1,554,928	(₱1,563,842)	₱4,919,400

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 impact of Covid-19 extended well into 2022, with people movement and business restriction adjusted based on alert levels. The strong LGU inoculation drive, coupled with the arrival of the corporate vaccine orders, pushed national vaccination rates to above 65% and is tracking towards achieving herd immunity.

Despite the difficulty of estimating the duration and the severity of the impact of the pandemic, the business plans and recovery measures of the Group assumed that Covid-19 will be present for the foreseeable future. Employee wellness is on high priority to ensure safe and productive work arrangements. The Roxas Companies achieved 100% vaccination rate for employees with 78% booster shots at the end of this quarter. There were no serious cases or fatalities.

The RAHC Go Hotels registered steady occupancy on its four hotels throughout the first quarter. Anya Resort Tagaytay finished the first semester strong with 46% increase of revenues due to more operational days, increase in occupancy, and average room rate improvement. For realty, the industry's slow activity in 2021 started to accelerate with the actual sale of property worth ₱214 million and more site visits and sales inquiries.

RSAI plant operation at Tupi, South Cotabato still required social distancing in the de-shelling and paring areas.

Roxas & Company, Inc.

ANNEX "B"

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

Six Months Ended June 30, 2022 and 2021

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

INTERIM RESULTS (UNAUDITED) – 1st Semester ending June 30, 2022

Results of Operation

Consolidated revenues amounted to ₱500 million, a decrease of 24% against 2021's 1st semester's ₱655 million. The Realty unit contributed ₱221 million due mainly from the sale of Sagbat property, hotel services at ₱200 million, and coconut products at ₱79 million.

The overall revenues were down due to lower raw land sale and lower selling price of Sagbat, lower room nights and rates, and lower export and sale of coconut products, offset by occupancy rebound on high-end hospitality and hotel consultancy revenues.

In March 2022, the Group sold its 14.6 hectares Sagbat property with a cost of ₱72 million to a third party for ₱214 million resulting to a gain of ₱142 million.

The Group's budget hotel guest profile is shifting to more regular clientele. Various dormant or quarantine-converted hotels are being refurbished or converted back to private accounts as hotel operators recoup market share in the price-sensitive travel segment. On Anya Hotel Tagaytay, the low alert level of Taal volcano, revival of local land travel, return of corporate meetings and social events like weddings and birthdays are emerging after two years of erratic performance.

The coconut export unit added four new accounts and reactivated major customers. 5 customers have accepted the higher selling prices, helping RSAI absorb the significant acquisition cost increase of raw nuts since 2020. The manufacturing plant improved its average throughput amidst lower production days and higher working capital requirements.

Gross income amounted to ₱175 million.

Operating expenses decreased by 20% to ₱168 million from last year's ₱212 million mainly due to lower revenues and the Group's cost reduction programs across business units.

Equity in net loss from the group's 23.05% investment in Roxas Holdings Inc. (RHI) amounted to ₱92 million, lower than last year's ₱112 million due to the higher sales volume generated by its sugar-related business.

Interest cost of ₱121 million was ₱11 million or 9% lower than same period of last year due to partial repayment of long-term loans.

Other income of ₱7 million represents scrap sale, realty fees, penalty for late payment, and forfeited reservation deposits.

Consolidated net loss for the six months ended June 30, 2022 of ₱194 million was higher than last year's loss of ₱98 million. This was mainly due to lower realty asset sales and decline in RAHC hotel room nights and rates, partly offset by lower equity net loss from RHI and improving high-end hospitality revenues in its Anya Hotel.

Financial Position

Consolidated total assets amounting to ₱12,480 million as at June 30, 2022 is lower than ₱12,766 million as at December 31, 2021 mainly due to sale of realty assets and share in equity loss of investments in RHI.

Current ratio is at 0.31:1 as at both June 30, 2022 and December 31, 2021.

Debt to equity (D/E) ratio of 0.66:1 as of December 31, 2021 is the same as of June 30, 2022 but still within the 0.75:1 ratio limit required by some banks for the company’s term loans.

To improve the Company’s liquidity, the Group will continue to increase its topline and sell non-core assets and investments and use the proceeds to reduce debt.

Book value per share is at ₱3.28 as at June 30, 2022.

Trade and other receivables of ₱248 million increased by 52% from December 31, 2021 balance of ₱163 million mainly due to higher hotel services credit sales.

Total liabilities decreased from ₱5,063 million to ₱4,957 million due to decrease of trade payables and partial repayment of long-term loans and interest.

Total equity amounting to ₱7,523 million as at June 30, 2022 decreased by 2% from December 31, 2021 balance of ₱7,702 million mainly due to net loss for this semester.

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*. Export sales represent revenues from products sold by the coconut processing business.

3. *Hotel occupancy and average daily room rate (ADR)*. The number represents the average rental income per paid occupied room in a given time period. ADR along with the property's occupancy are the foundations for the property's financial performance.

4. *Earnings before interest, taxes and depreciation (EBITDA)* - This is the measure of cash income from operations.

5. *Return on Equity* - denotes the capability of the Group to generate returns for the shareholders.

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

Performance Indicator	For the Period Ended June 30, 2022 (Six months)	December 31, 2021 (One Year)	December 31, 2020 (One Year)
Gross profit	₱174.9 million	₱436.5 million	₱57.1 million
Export sale of coconut products	₱79.1 million	₱ 184.9 million	₱ 193.3 million
Hotel occupancy and average daily room rate			
- *Anya Hotel*	54% / ₱4,373	36% / ₱5,755	15% / ₱5,626
- *Go Hotels*	46% / ₱1,454	55% / ₱1,572	51% / ₱1,587
EBITDA	(₱28.4 million)	₱683.8 million	(₱765.2 million)
Return on equity	(2.58%)	3.08%	(14.95%)

Key Variable and Other Qualitative and Quantitative Factors

- 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.
- 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.
- 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.
- The Group is not aware of any known trend, events or uncertainties that will have material impact on sales.
- Other than matters previously discussed, the Group is not aware of causes for any material changes from period to period in the financial statements.

The Group is actively managing the impact of COVID-19 and extended Ukraine-Russia conflict on global commodity prices. The latter is being managed through price escalation clauses and logistics coordination with shippers.

Plan of Operations

To establish Roxaco Land's property continued growth, management is pursuing land development in Nasugbu, Batangas through raw land sale and joint venture and partnerships with other real estate players. It successfully transitioned most of its RAHC budget hotel rooms from quarantine facilities into regular travel but faces competitive pricing pressure from other players. The Group's luxury wellness Anya Resort in Tagaytay offered new dishes by acclaimed Chef Chelle Gonzales in its premier restaurant Samira. It also expanded its spa offer. Through its world-class facilities and multi-awarded service excellence provided to guests, Anya has been nominated for the prestigious 2022 World Luxury Hotel Awards.

Amidst the commodity price shock as an aftermath of the Russia-Ukraine conflict, coconut cream, VCO, and concentrated water concentrate demand remained steady. RSAI participated in exhibits and visited existing and potential customers to take advantage of the sustained rise in demand of non-dairy alternatives in major markets in North America, Europe, and Asia Pacific. The plant requires additional financing for machine repairs, capacity enhancement, quality equipment, and CNO/copra and inflation-induced higher production cost.

ROXAS AND COMPANY, INC AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

	June 30, 2022	June 30, 2021	December 31, 2021
1. LIQUIDITY RATIO			
Current Ratio	0.31 : 1.00	0.93 : 1.00	0.31 : 1.00
2. SOLVENCY RATIO			
Debt to Equity ratio	0.66 : 1.00	0.67 : 1.00	0.66 : 1.00
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3. Asset to Equity Ratio	1.66	1.67	1.66
4. PROFITABILITY RATIOS			
Return on Assets	(1.55%)	(0.80%)	1.86%
Return on Equity	(2.58%)	(1.34%)	3.08%
Book Value per share	3.28	3.21	3.38

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
Aging of Receivables
As of June 30, 2022

in P'000	Total	Not yet due	Current	Past due 30 days	60 days	90 days	Over 90 days
Total trade receivables	96,772	37,991	2,359	4,963	7,457	6,409	37,594
Allowance for impairment losses	(22,766)	-	-	-	-	-	(22,766)
Trade receivables	**74,006**	**37,991**	**2,359**	**4,963**	**7,457**	**6,409**	**14,828**

	Total	Not yet due	Current	Past due 30 days	60 days	90 days	Over 90 days
Non-Trade receivables							
Related Parties	102,323	25,760		878	9,911	25,488	40,287
Suppliers and Contractors	26,684	229	-	633		12,879	12,943
Officers and Employees	12,992	12,992		-	-		-
Others	43,875	35,868	2,525	3,882	109		1,491
Total non-trade	185,874	74,849	2,525	5,392	10,020	38,367	54,721
Allowance for impairment losses	-	-	-	-	-	-	(12,141)
Non-Trade receivables	**185,874**	**74,849**	**2,525**	**5,392**	**10,020**	**38,367**	**42,580**

Summary

Trade	96,772	37,991	2,359	4,963	7,457	6,409	37,594
Non-Trade	185,874	74,849	2,525	5,392	10,020	38,367	54,721
Total trade and other receivables	282,646	112,840	4,884	10,355	17,477	44,775	92,315
Allowance for impairment losses	(34,907)	-	-	-	-	-	(34,907)
Trade and other receivables	**247,739**	**112,840**	**4,884**	**10,355**	**17,477**	**44,775**	**57,408**