SEC Registration Number

PW-834

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) 810-8901**	**-**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
3,317	**Last Wednesday of May**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Monica Isabelle I. Villanueva	**miv@roxascompany.com.ph**	**(632) 751-9537**	**-**

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 2018.**

2. SEC Identification Number: **PW-834**.

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

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

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

6. (SEC Use Only)
   Industry Classification Code

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

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

9. 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**
No. of shares subscribed & outstanding:	
Common	**1,992,881,022**
Amount of loans outstanding as of 30 June 2018	**₱4,295,513,978**

Of the 1,992,881,022 subscribed and outstanding common shares, 1,365,990,294 shares were exempt securities under Section 10.1 of the SRC.

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

Yes [√] No [ ]

1,992,881,022 common shares are registered with the Philippine Stock Exchange (PSE).

12. Check whether the issuer:

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

Yes [√]   No [ ]

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

Yes [√]   No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see Annex "A".

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

Please see Annex "B".

PART II – OTHER INFORMATION

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

2. Composition of the Board of Directors:

PEDRO E. ROXAS	-	Chairman
FERNANDO L. GASPAR	-	President & CEO
FRANCISCO JOSE R. ELIZALDE		
CARLOS ANTONIO R. ELIZALDE		
AURELIO MONTINOLA III	-	Independent Director
CORAZON S. DE LA PAZ-BERNARDO		Independent Director
GUILLERMO D. LUCHANGCO	-	Independent Director

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

4. Suspension of operations:
None for the period

5. Declaration of dividends:
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 ₱1,447.0 million and ₱2,848.5 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:

MONICA ISABELLE I. VILLANUEVA
Assistant Corporate Secretary/Compliance Officer

Date: 10 August 2018

Roxas & Company, Inc.

ANNEX "A"

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Second Quarter Ended June 30, 2018 and 2017

ROXAS AND COMPANY, INC.
AND SUBSIDIARIES

Unaudited Interim Condensed
Consolidated Financial Statements
As of and for the six months ended
June 30, 2018 and 2017

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in Thousands

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
ASSETS		
Current Assets		
Cash (Note 7)	**₱109,867**	₱136,859
Trade and other receivables (Notes 8 and 19)	**125,649**	236,696
Real estate for sale and development (Note 9)	**498,167**	565,307
Inventories	**84,322**	65,460
Other current assets (Note 10)	**353,977**	262,628
Total Current Assets	**1,171,982**	1,266,950
Noncurrent Assets		
Receivables - net of current portion (Note 8)	**294,964**	120,445
Investments in associates (Note 11)	**2,316,068**	2,288,523
Property and equipment (Note 12):		
At cost model	**3,045,956**	3,063,502
At revaluation model	**733,592**	733,592
Investment properties (Note 13)	**4,570,834**	4,570,834
Deferred tax assets - net (Note 23)	**57,105**	21,220
Other noncurrent assets (Note 10)	**107,875**	205,718
Total Noncurrent Assets	**11,126,394**	11,003,834
TOTAL ASSETS	**₱12,298,376**	₱12,270,784

LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 16 and 19)	**₱729,255**	₱637,534
Short-term borrowings (Note 14)	**1,447,000**	1,347,000
Current portion of long-term borrowings (Note 15)	**305,978**	594,165
Total Current Liabilities	**2,482,233**	2,578,699
Noncurrent Liabilities		
Long-term borrowings - net of current portion (Note 15)	**2,542,536**	2,273,190
Retirement liability (Note 17)	**35,915**	32,297
Deferred income tax liabilities - net (Note 23)	**36,688**	31,217
Total Noncurrent Liabilities	**2,615,139**	2,336,704
Total Liabilities	**5,097,372**	4,915,403

(Forward)

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Equity attributable to the Equity Holders of the Parent Company (Note 18)		
Capital stock	**2,911,886**	₱2,911,886
Additional paid-in capital	**1,654,311**	1,630,408
Treasury stock	**(1,562,067)**	(1,587,296)
Other equity reserves	**420,855**	420,855
Retained earnings	**3,401,373**	3,578,111
	6,826,358	6,953,964
Non-controlling Interests (Note 6)	**374,646**	401,417
Total Equity	**7,201,004**	7,355,381
TOTAL LIABILITIES AND EQUITY	**₱12,298,376**	₱12,270,784

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ARMANDO B. ESCOBAR
EVP – CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

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

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

	Three Months		Six Months	
	2018 (Unaudited)	2017 (Unaudited)	**2018 (Unaudited)**	2017 (Unaudited)
REVENUES				
Hotel	**₱101,567**	₱41,292	**₱179,738**	₱59,899
Real estate	**29,160**	92,337	**76,588**	175,044
Sale of goods	**9,732**	–	**21,106**	–
	140,459	133,629	**277,432**	234,943
COST OF SALES AND SERVICES				
Cost of hotel sales and services (Note 20)	**(60,572)**	(39,438)	**(104,481)**	(46,126)
Cost of real estate sales (Note 9)	**(26,772)**	(56,533)	**(57,018)**	(108,051)
Cost of goods sold	**(8,712)**	**–**	**(18,687)**	–
	(96,056)	(95,971)	**(180,186)**	(154,177)
GROSS INCOME	**44,403**	37,658	**97,246**	80,766
OPERATING EXPENSES (Note 20)	**(146,191)**	(99,815)	**(267,811)**	(177,178)
OTHER INCOME (CHARGES)				
Equity in net earnings (loss) of associates and a joint venture (Note 11	**(16,146)**	28,545	**27,547**	72,424
Interest expense (Notes 14 and 15)	**(52,474)**	(25,505)	**(97,106)**	(40,347)
Interest income (Notes 7 and 8)	**7,672**	2,654	**10,822**	4,996
Others - net (Note 22)	**7,684**	3,511	**19,894**	16,206
	(53,264)	9,205	**(38,843)**	53,279
LOSS BEFORE INCOME TAX	**(155,052)**	(52,952)	**(209,409)**	(43,133)
INCOME TAX BENEFIT (EXPENSE) (Note 23)				
Current	**(581)**	(972)	**(1,129)**	(1,742)
Deferred	**461**	(1,942)	**7,029**	(5,204)
	(120)	(2,914)	**5,900**	(6,946)
NET LOSS	**(₱155,172)**	(₱55,866)	**(₱203,509)**	(₱50,079)

(Forward)

Net Loss attributable to:				
Equity holders of the Parent Company	**(₱143,145)**	(₱34,286)	**(₱176,738)**	(₱18,818)
Non-controlling interests	**(12,027)**	(21,580)	**(26,771)**	(31,261)
	(₱155,172)	(₱55,866)	**(₱203,509)**	(₱50,079)
BASIC/DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY (Note 24)	**(₱0.07)**	(₱0.02)	**(₱0.09)**	(₱0.01)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ARMANDO B. ESCOBAR
EVP – CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in Thousands

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

	Three Months		Six Months	
	2018 (Unaudited)	2017 (Unaudited)	**2018 (Unaudited)**	2017 (Unaudited)
NET LOSS	**(₱155,172)**	(₱55,866)	**(₱203,509)**	(₱50,079)
OTHER COMPREHENSIVE INCOME	**–**	–	**–**	–
TOTAL COMPREHENSIVE LOSS	**(₱155,172)**	(₱55,866)	**(₱203,509)**	(₱50,079)
Total Comprehensive Loss attributable to:				
Equity holders of the Parent Company	**(₱143,145)**	(₱34,286)	**(₱176,738)**	(₱18,818)
Non-controlling interests	**(12,027)**	(21,580)	**(26,771)**	(31,261)
	(₱155,172)	(₱55,866)	**(₱203,509)**	(₱50,079)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ARMANDO B. ESCOBAR
EVP – CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Amounts in Thousands

FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

	2018 (Unaudited)	2017 (Unaudited)
CAPITAL STOCK (Note 18)	**₱2,911,886**	₱2,911,886
ADDITIONAL PAID-IN CAPITAL (Note 18)	**1,654,311**	1,628,937
TREASURY STOCK (Note 18)	**(1,562,067)**	(1,590,851)
OTHER EQUITY RESERVES (Note 18)	**420,855**	322,122
RETAINED EARNINGS (Note 18)		
Unappropriated		
Balance at beginning of period	**1,504,195**	1,644,013
Net loss	**(176,738)**	(18,818)
Reversal for treasury stock	**25,229**	3,780
Balance at end of period	**1,352,686**	1,628,975
Appropriated		
Balance at beginning of period	**2,073,916**	2,081,251
Reversal for treasury stock	**(25,229)**	(3,780)
Balance at end of period	**2,048,687**	2,077,471
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**6,826,358**	6,978,540
NON-CONTROLLING INTERESTS		
Balance at beginning of period	**401,417**	380,904
Net loss	**(26,771)**	(31,261)
Balance at end of period	**374,646**	349,643
	₱7,201,004	₱7,328,183

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ARMANDO B. ESCOBAR
EVP – CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(***Amounts in Thousands***)

FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

	2018 (Unaudited)	2017 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax:	**(₱209,409)**	(₱43,133)
Adjustments for:		
Equity in net loss of associates (Note 11)	**(27,547)**	(72,424)
Interest expense (Notes 14 and 15)	**97,106**	40,347
Interest income (Notes 7, 8 and 19)	**(10,822)**	(4,996)
Depreciation and amortization (Notes 12 and 20)	**50,226**	28,795
Increase in retirement liability	**3,619**	8,206
Operating loss before working capital changes	**(96,827)**	(43,205)
Decrease (increase) in:		
Trade and other receivables	**(63,472)**	65,862
Inventories	**(18,862)**	–
Real estate for sale and development	**67,140**	65,119
Other current assets	**(91,348)**	(22,048)
Other noncurrent assets	**96,566**	(57,922)
Increase (decrease) in trade and other payables	**67,207**	(86,162)
Net cash used for operations	**(39,596)**	(78,356)
Interest received	**10,822**	4,996
Income taxes paid including creditable withholding taxes	**–**	–
Net cash used in operating activities	**(28,774)**	(73,360)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in:		
Property and equipment (Note 12)	**(32,681)**	(370,207)
Other noncurrent assets	**1,278**	(3,571)
Net cash used in investing activities	**(31,403)**	(373,778)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availment (payment) of short-term borrowings (Note 14)	**100,000**	(257,926)
Payment of interest including capitalized borrowing costs	**(97,106)**	(51,918)
Proceeds from (payment of) long-term borrowings (Note 15)	**(18,841)**	856,960
Proceeds from issuances of treasury shares (Note 18)	**49,132**	4,806
Net cash provided by financing activities	**33,185**	551,922
NET INCREASE (DECREASE) IN CASH FOR THE PERIOD	**(26,992)**	104,784
CASH AT BEGINNING OF THE PERIOD	**136,859**	63,875
CASH AT END OF THE PERIOD	**₱109,867**	₱168,659

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ARMANDO B. ESCOBAR
EVP – 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), formerly CADP Group Corporation (CADPGC), was organized in the Philippines and registered with the Securities and Exchange Commission (SEC) on October 7, 1918, primarily to acquire, own, develop, sell and hold investment in real estate and sugar business. The corporate life of the Parent Company will end by October 7, 2018, three months from June 30, 2018. On June 16, 2017, the stockholders, representing more than two-thirds of the outstanding capital stock, approved the extension of the corporate term and the corresponding amendments of the Articles of Incorporation of the Parent Company. As of August 10, 2018, the Parent Company is in the process of completing the requirements in relation to the extension of its corporate term for filing with the Philippine SEC.

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.

The Parent Company is owned by various individual shareholders and domestic corporations, namely: SPCI Holdings, Inc. and Pesan Holdings, Inc., among others. As at June 30, 2018 and 2017, the Parent Company has 3,320 and 3,350 shareholders, respectively.

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

The unaudited interim condensed 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 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, 2017.

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 or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

- PFRS 9, *Financial Instruments*

  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments*: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The Company continues to assess the impact of this standard.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

  In addition, as the presentation and disclosure requirements in PFRS 15 are more detailed than under current PFRSs, the Group is currently assessing what necessary changes it needs to make on its current systems, internal controls, policies and procedures to enable the Group to collect and disclose the required information.

  The recognition and measurement requirements in PFRS 15 also apply to gains or losses on disposal of nonfinancial assets (such as items of property and equipment and intangible assets), when that disposal is not in the ordinary course of business.

Based on its initial assessment, the requirements of PFRS 15 on the following may have significant impact on the Group's consolidated financial position, performance and disclosures in relation to its real estate agreements:

- Significant financing component in relation to advance payments received from customers or advance proportion of work performed.
- Determination if existing documentation would meet the definition of the contracts for real estate agreements
- Accounting for cost in obtaining contract for real estate agreements
- Measurement of progress of work performed

- Amendments to Philippine Accounting Standard (PAS) 28, *Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs* 2014 - 2016 Cycle)

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

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, 2018 and December 31, 2017:

	Percentage of Ownership		Noncontrolling Interests		
	2018	2017	**2018**	2017	Description of Business
RLC	**100.00**	100.00	**–**	–	Real estate
Anya Hospitality Corporation (AHC)	**75.33**	75.33	**24.67**	24.67	Hotel and resort management
Anya Hotels and Resorts Corporation(AHRC)	**100.00**	100.00	**–**	–	Real estate
AHR1 Hotels & Resorts Corporation (A1HRC)	**100.00**	100.00	**–**	–	Real estate
Roxaco-Vanguard Hotels Corporation (RVHC) (see Note 11)	**51.00**	51.00	**49.00**	49.00	Hotel and leisure
United Ventures Corporation (UVC)	**100.00**	100.00	**–**	–	Warehouse leasing
Nasugbu Feeds Corporation (NAFECOR)*	**100.00**	100.00	**–**	–	Manufacturing
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)	**81.13**	81.13	**18.87**	18.87	Manufacturing

** On April 10, 2008, its BOD approved the cessation of operations, closure of business and dissolution of NAFECOR. The application for dissolution is still pending with the SEC.*

5. Significant Judgments, Accounting Estimates and Assumptions

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

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

6. Acquisition of Subsidiaries

Investment in AHRC
In November 2017, the Parent Company paid ₱1.0 million for future subscription on the shares of stock of AHRC. The payment by Parent Company was related to the application for increase of capital stock filed by AHRC with Philippine SEC on January 4, 2018. On April 11, 2018, the Philippine SEC issued the Certificate of Increase in Authorized Capital Stock of AHRC.

Merger of AHRC with RLC
On April 19, 2018, the shareholders of AHRC and RLC approved the merger of these two entities as RLC, being the surviving entity. On May 3, 2018, the Application for Merger had been filed with the Philippine SEC.

7. Cash

This account consists of:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Cash on hand	**₱2,000**	₱1,741
Cash in banks	**107,867**	135,118
	₱109,867	₱136,859

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

Total interest income earned from cash in banks amounted to ₱2.00 million and ₱0.39 million for the six months ended June 30, 2018 and 2017, respectively.

8. **Trade and Other Receivables**

This account consists of:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Trade	**₱220,558**	₱223,163
Advances to:		
Contractors	**74,334**	34,432
Supplier	**5,477**	10,449
Due from:		
Related parties (Note 19)	**139,560**	120,455
Employees	**4,753**	4,702
Others	**21,795**	9,804
	466,477	403,005
Allowance for impairment losses	**(45,864)**	(45,864)
	₱420,613	₱357,141

Breakdown as to current and noncurrent portion follows:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Current	**₱125,649**	₱236,696
Noncurrent	**294,964**	120,445
	₱420,613	₱357,141

Trade receivables include the following:

a. Customers' accounts arising from the sale of real estate properties collectible in monthly installments over a period of 18 to 84 months and bear annual interest ranging from 14% to 18% depending on the terms of the sales contract amounting to ₱197.1 million as of June 30, 2018.

b. Outstanding individual, corporate and travel agency accounts earned from the hotel operation amounting to ₱13.8 million as of June 30, 2018 which generally have a 30-day term.

c. Total interest income earned from installment trade receivables amounted to ₱8.8 million and ₱4.6 million for the six months ended June 30, 2018 and 2017, respectively.

Cash received from the sale of real estate properties, that does not meet the revenue recognition criteria are recognized as "Customers' deposits," which is presented as part of "Trade and other payables" account in the unaudited interim consolidated statements of financial position.

Breakdown as to current and noncurrent portion of the installment contract receivables recorded under "Trade receivables" account follows:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Current	**₱88,883**	₱66,357
Noncurrent	**108,217**	120,445
	₱197,100	₱186,802

Advances to contractors pertain to advances made for services to be rendered.

Advances to supplier pertain to advances made for services to be rendered, which are refundable upon noncompliance of the agreed terms.

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.

9. Real Estate for Sale and Development

This account consists of:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Raw land and land improvements	**₱192,180**	₱192,180
Real estate properties for sale	**305,987**	373,127
	₱498,167	₱565,307

Cost of real estate sales amounted to ₱57.0 million and ₱108.1 million for the six months ended June 30, 2018 and 2017, respectively.

Borrowing costs incurred to finance the development of the Group’s real estate projects amounting to ₱0.8 million and ₱11.6 million in the six months ended June 30, 2018 and 2017, respectively, were capitalized using a weighted average rate of 3.63%.

Certain properties for sale and development owned by RLC amounting to ₱180.9 million as at June 30, 2018 and December 31, 2017 are being used as collateral for the loans availed by the Parent Company and RLC (see Note 15).

10. Other Current and Noncurrent Assets

Other current assets account consists of:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Input VAT	**₱237,974**	₱160,184
Creditable withholding taxes - net	**78,604**	80,682
Prepaid expenses	**12,059**	7,712
AFS financial assets - net of allowance for impairment loss	**7,534**	7,534
Refundable deposits	**1,473**	2,949
Others	**16,333**	3,567
	₱353,977	₱262,628

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.

As at June 30, 2018 and December 31, 2017, allowance for impairment loss on creditable withholding taxes and AFS financial assets amounted to ₱5.6 million. No provision for impairment losses was recognized for the six months ended June 30, 2018 and 2017.

Prepaid expenses pertain to prepaid rent, insurance and taxes.

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

Other noncurrent assets account consists of:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Deferred input VAT	**₱93,589**	₱190,155
Franchise fee	**9,413**	9,983
Utility deposits	**4,873**	5,580
	₱107,875	₱205,718

Franchise fee pertains to RVHC'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 ₱0.65 million and nil for the six months ended June 30, 2018 and 2017, respectively.

11. Investments in Associates and Investment in a Subsidiary with Material Non-controlling Interest

Movements in investment in associates follow:

	June 30, 2018 (Unaudited)	December 31, 2017 (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	**128,688**	105,533
Equity in net earnings	**27,547**	23,155
Balance at end of period	**156,235**	128,688
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	**67,044**	34,900
Share in appraisal increase in land, net of tax	**–**	26,863
Share in remeasurement gain on retirement liability, net of tax	**–**	5,281
Balance at end of period	**67,044**	67,044
	2,331,303	2,303,756
Allowance for impairment loss	**(15,235)**	(15,233)
	₱2,316,068	₱2,288,523

The following are the associates of the Group:

	Percentage of Ownership		
	June 30, 2018	December 31, 2017	Description of Business
RHI and subsidiaries**	**23.05**	23.05	Production and selling of sugar and related products
Roxaco-ACM Development Corporation (RADC)*	**50.00**	50.00	Real estate
Fuego Land Corporation (FLC)*	**30.00**	30.00	Real estate
Fuego Development Corporation (FDC)*	**30.00**	30.00	Real estate
Club Punta Fuego, Inc. (CPFI)*	**25.00**	25.00	Social recreational and athletic activities

* *Effective ownership through RLC.*
***Accounting period ends September 30 of every year due to seasonality of its business. For purposes of the Group's consolidation, RHI and subsidiaries, report its financial statements from January 1 to December 31.*

The following are the subsidiaries of RHI:

	Percentage of Ownership		
	June 30, 2018	December 31, 2017	Description of Business
Central Azucarera Don Pedro, Inc. (CADPI)	**100.00**	100.00	Production and selling of raw and refined sugar, molasses and related products
Central Azucarera de la Carlota, Inc. (CACI)	**100.00**	100.00	Production and selling of raw sugar and molasses
CADP Insurance Agency, Inc. (CIAI)	**100.00**	100.00	Insurance agency
Roxol Bioenergy Corp. (RBC)	**100.00**	100.00	Production and selling of bioethanol fuel and trading of goods such as sugar and related products
CADP Port Services, Inc. (CPSI)	**100.00**	100.00	Providing ancillary services
RHI Agri-Business Development Corporation (RABDC)	**100.00**	100.00	Agricultural business
Roxas Pacific Bioenergy Corporation (RPBC)	**100.00**	100.00	Holding company for bioethanol investments
RHI Pacific Commercial Corp. (RHIPCC)	**100.00**	100.00	Selling arm of products of RHI Group
San Carlos Bioenergy, Inc. (SCBI)	**93.35**	93.35	Production and selling of bioethanol fuel
Najalin Agri Ventures, Inc. (NAVI)	**86.91**	86.91	Agricultural and industrial development
Roxas Power Corporation (RPC)	**50.00**	50.00	Sale of electricity

The carrying amounts of investments in associates are as follow:

	June 30, 2018	December 31, 2017
Associates		
RHI and subsidiaries	**₱2,187,394**	₱2,160,757
FLC	**87,543**	88,883
CPFI	**17,802**	16,110
FDC	**14,902**	14,345
RADC	**8,427**	8,428
	₱2,316,068	₱2,288,523

Associates

On November 29, 2013, the Parent Company sold its 31% equity interest in RHI to First Pacific Company, Ltd. (First Pacific), a Hong Kong-based company. The Parent Company remained the major shareholder with 35% equity interest in RHI as at September 30, 2014.

On October 1, 2014, the Parent Company bought 5.0 million shares of stock of RHI for ₱34.5 million increasing its equity interest to 36%.

On February 27, 2015, the equity interest of the Parent Company in RHI was further diluted from 36% to 28% as a result of the issuance by RHI of 241.8 million treasury shares at ₱7.00 a share amounting to ₱1,692.6 million to First Agri Holdings Corporation, a subsidiary of First Pacific. As a result, the Parent Company recognized a gain on deemed disposal amounting to ₱84.8 million in 2015. Also, on the same date, the Parent Company purchased 33.1 million shares of RHI from various stockholders for a total purchase price of ₱231.8 million, increasing the Parent Company's equity interest from 28% to 31%.

On May 31, 2016, the equity interest of the Parent Company was further diluted from 31% to 25%, as a result of the exercise of SRO by other stockholders of RHI. Consequently, the Parent Company recognized a loss on deemed disposal amounting to ₱73.7 million for the year ended September 30, 2016. It was further diluted into 23% in July 2017 as a result of the converted debt securities into 125 million common shares of RHI. As at June 30, 2018, the Parent Company has 23% equity interest in RHI.

Shares of stock of RHI totaling 99.6 million are used as security for long-term loan of the Parent Company amounting to ₱322.3 million as at June 30, 2018 and December 31, 2017 (see Note 15).

Investments in CPFI, RADC and FLC were provided with allowance for impairment loss amounting to ₱7.9 million, ₱3.7 million and ₱3.6 million, respectively, as at June 30, 2018 and December 31, 2017.

<u>Joint Venture (accounted for as a subsidiary effective April 13, 2016)</u>
On December 3, 2013, RLC entered into a Joint Venture Agreement with VH Select Investments (Phil) Pte Ltd to form a joint venture company, namely - RVHC [formerly Vanguard Hospitality Assets (Phils.), Inc.] duly registered and incorporated with the SEC on December 8, 2010, primarily to build and own a minimum of five "Go Hotels" (the Projects) in Metro Manila and in selected provincial destinations over the next two to three years.

On May 15, 2014, the SEC approved RVHC's increase in authorized capital stock from ₱4.0 million or 40,000 common shares to 800.0 million common shares with a reduction of par value from ₱100.0 to ₱1.0 a share and additional 200.0 million preferred shares at ₱0.01 par value a share aggregating ₱802.0 million.

On October 23, 2015, RLC made additional investment amounting to ₱25.0 million maintaining the same equity interest of 50% in RVHC.

On April 13, 2016, RLC made an additional investment of ₱61.0 million which increased the equity interest in RVHC from 50% to 51%. On the same date, certain provisions of the Shareholder's Agreements were amended, particularly increasing RLC's BOD representation in RVHC from two to three directors out of the five directors, representing increase from 50% to 60%, to obtain control over RVHC. Consequently, RVHC became a subsidiary from that date.

On May 25, 2016, and August 18, 2016, RLC made additional investment amounting to ₱51.0 million and ₱41.0 million, respectively. On May 24, 2016 and September 8, 2016, VH Select Investments (Phil) Pte Ltd made additional investments amounting to ₱50.0 million and ₱38.0 million, respectively. The said investments from RLC and VH Select Investments (Phil) Pte Ltd maintain the same equity interest in RVHC.

GoHotel Manila Airport Road, North EDSA, Cubao, Malate, and Timog started its commercial operations in October 2016, February 2017, April 2017, June 2017, and October 2017, respectively.

The accumulated equity in net earnings of associates and a joint venture amounting to ₱156.2 million and ₱128.7 million as at June 30, 2018 and December 31, 2017, respectively, is not available for dividend distribution to shareholders, unless received as cash dividends from the associates.

12. Property and Equipment

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

	June 30, 2018 (Six months, Unaudited)					
	Buildings and Improvements	**Machinery and Equipment**	**Transportation Equipment**	**Office Furniture, Fixtures and Equipment**	**Construction in Progress**	**Total**
Cost						
Balance at beginning of period	**₱2,273,830**	**₱642,136**	**₱17,564**	**₱97,905**	**₱118,404**	**₱3,149,839**
Additions	**79**	**4,629**	**2,050**	**24,367**	**1,556**	**32,681**
Balance at end of period	**2,273,909**	**646,765**	**19,614**	**122,272**	**119,960**	**3,182,520**
Accumulated Depreciation and Amortization						
Balance at beginning of period	**40,421**	**8,312**	**12,180**	**25,425**	**–**	**86,338**
Depreciation and amortization	**29,589**	**3,089**	**847**	**16,701**	**–**	**50,226**
Balance at end of period	**70,010**	**11,401**	**13,027**	**42,126**	**–**	**136,564**
Net Book Value	**₱2,203,899**	**₱635,364**	**₱6,587**	**₱80,146**	**₱119,960**	**₱3,045,956**

	December 31, 2017 (One Year, Audited)					
	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost						
Balance at beginning of year	₱20,324	₱248,102	₱14,649	₱62,471	₱1,749,987	₱2,095,533
Additions	3,431	394,034	2,915	35,434	618,492	1,054,306
Reclassifications	2,250,075	–	–	–	(2,250,075)	–
Balance at end of year	2,273,830	642,136	17,564	97,905	118,404	3,149,839
Accumulated Depreciation and Amortization						
Balance at beginning of year	14,694	–	10,524	13,563	–	38,781
Depreciation and amortization	25,727	8,311	1,656	11,862	–	47,556
Balance at end of year	40,421	8,311	12,180	25,425	–	86,337
Net Book Value	₱2,233,409	₱633,825	₱5,384	₱72,480	₱118,404	₱3,063,502

Construction in progress pertains to the RGEC’s solar power project and RSAI coconut processing plant.

Fully depreciated property and equipment with an aggregate cost of ₱14.5 million as at June 30, 2018 and December 31, 2017, respectively, are still being used in the operations.

Land at appraised values and had it been carried at cost are as follows:

	June 30, 2018 (Six Months, Unaudited)	December 31, 2017 (One Year, Audited)
At appraised values:		
Beginning balance	**₱733,592**	₱551,240
Reclassification from real estate for sale and development to property and equipment (Note 9)	**–**	36,143
Appraisal increase	**–**	146,209
Ending balance	**₱733,592**	₱733,592
At cost	**₱540,345**	₱540,345

Certain assets were mortgaged and used as collateral to secure the loan obligations of the Parent Company, RSAI and RVHC with the local banks amounting to ₱3,784.7 million as at June 30, 2018 and December 31, 2017 (see Note 15).

13. **Investment Properties**

The Parent Company

This account consists of land properties located in Nasugbu, Batangas, which are held either to earn rentals and/or for capital appreciation amounting to ₱4,570.8 million as of June 30, 2018 and December 31, 2017.

The total carrying amount of the Parent Company's investment properties includes land properties that are subjected to the CARL with total land area of 2,300.6 hectares and total value of ₱4,316.3 million as at June 30, 2018 and December 31, 2017 (see Note 25).

As at June 30, 2018 and December 31, 2017, the fair value of investment properties, including land properties subjected to the CARL, are based on the appraised values of the properties as at January 8, 2018 as determined by a professional qualified independent and SEC-accredited appraiser. The fair value measurement for investment properties has been categorized under Level 3, which was determined by using the Sales Comparison Approach that disregards all existing liens and encumbrances, and appraises the properties as though free and with clean titles. Such approach is a comparative approach that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison and adjustments to sales price which pertain to factors affecting value such size, location, time and shape (see Note 27).

The Philippine SEC, in its letter dated January 26, 2011 to the Parent Company, approved the change in the accounting measurement of investment properties of the Parent Company, including land properties subjected to the CARL, from cost to fair value method and the transfer of the debit balance in the "Other equity reserve" to deficit. The debit balance in the "Other equity reserve" amounting to ₱4.0 billion in 2009 resulted from the excess of the considerations received over the net assets acquired arising from the merger of CADPGC and Roxas & Company, Inc., the parent company of CADPGC, which was absorbed and liquidated. The Philippine SEC approved the foregoing accounting treatment on the basis of the facts and circumstances provided by the Parent Company.

Investment properties with carrying value of ₱6.8 million as at June 30, 2018 and December 31, 2017 are used as collateral for the long-term borrowings of the Parent Company and RLC (see Note 15).

14. **Short-term Borrowings**

This account represents unsecured short-term loans obtained from various local banks for the Group's working capital requirements amounting to ₱1.4 billion and ₱1.3 billion as of June 30, 2018 and December 31, 2017, respectively, payable within 30 to 180 days. These loans bear an annual interest ranging from 2.75% to 4.00% for the six months ended June 30, 2018 and 2017.

In various dates of this half year, the Group availed unsecured short-term loan from a local bank amounting to ₱100.0 million bearing an average annual interest of 5.30%.

15. **Long-term Borrowings**

Long-term borrowings consist of loans from:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Bank of the Philippine Islands (BPI)	**₱1,626,760**	₱1,648,000
United Coconut Planters Bank (UCPB)	**500,000**	500,000
Banco de Oro Unibank, Inc. (BDO)	**385,000**	389,355
Robinsons Bank Corporation	**330,000**	330,000
Asia United Bank	**6,754**	–
	2,848,514	2,867,355
Current portion	**(305,978)**	(594,165)
Noncurrent portion	**₱2,542,536**	₱2,273,190

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Parent	**₱45,000**	₱60,000
RLC	**493,760**	504,355
RVHC	**1,803,000**	1,803,000
RSAI	**506,754**	500,000
	₱2,848,514	₱2,867,355

<u>Loan of the Parent Company</u>
The bank loan is classified as follows:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Current portion	**₱30,000**	₱30,000
Noncurrent portion	**15,000**	30,000
	₱45,000	₱60,000

On September 20, 2012, the Parent Company obtained a short-term loan from BPI amounting to ₱400.0 million, which bore interest at prevailing market rate (initially at 4.50%) with a maturity period of 30 days.

On January 21, 2013, BPI approved the modified principal repayment schedule of the short-term loan into a long-term loan, which bears interest ranging from 4.50% to 5.50% and is payable quarterly in arrears. The principal is payable in 20 equal amortization starting January 20, 2015 until December 20, 2019.

As at June 30, 2018 and December 31, 2017, the said loan is secured by real estate mortgages and pledge over shares of stock owned by the Parent Company as follows:

	2018	2017
Shares of stock of RHI (99.6 million shares) (Note 11)	**₱322,265**	₱322,265
Real estate for sale and development of RLC (Note 9)	**178,800**	178,800
Investment properties (Note 13)	**6,838**	6,838
Property and equipment (Note 12)	**797**	797
	₱508,700	₱508,700

Loan of RLC

The bank loan is classified as follows:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Current portion	**₱94,050**	₱504,355
Noncurrent portion	**399,710**	–
	₱493,760	₱504,355

In 2013, RLC obtained a new term loan facility from BDO amounting to ₱130.0 million. The loans bear fixed interest of 4.25%, which is being repriced every 30 to 180 days. Principal amounts are payable quarterly after the one-year grace period for five years until 2018.

The loan facility is secured by RLC's real estate for sale and development amounting to ₱2.1 million as at June 30, 2018 and December 31, 2017 (see Note 9).

On September 30, 2016, RLC obtained a new loan from BPI, with RCI as the co-mortgagor, amounting to ₱500.0 million. The loan bears variable interest rate and is repriced every quarter. Principal amount is payable quarterly for five years until 2023 with the first payment payable after two years from the release of the loan. As at June 30, 2018 and December 31, 2017, the loan from BPI is secured by RLC's real estate for sale and development amounting to ₱178.8 million and certain properties of the Parent Company (see Note 9).

Loan of RVHC

The bank loan is classified as follows:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Current portion	**₱158,119**	₱59,810
Noncurrent portion	**1,644,881**	1,743,190
	₱1,803,000	₱1,803,000

In September 2014, RVHC entered into a new term loan facility with BDO amounting to ₱220.0 million for the development of GoHotel Manila Airport Road. The loan bears interest rate of 3.75% and is repriced every quarter. Principal amount is payable quarterly after the two-year grace period for seven years until 2022.

In October 2015, RVHC obtained another term loan facility from BDO amounting to ₱385.0 million for the development of GoHotel Malate that bears interest of 3.75% and is repriced every quarter. Principal amount is payable quarterly after the three-year grace period for eight years until 2023.

In September 2016, RVHC converted its short-term loan facility from BPI amounting to ₱628.0 million into term loan facility for the development of 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 May 2017, RVHC converted another short-term loan facility from BPI amounting to ₱460.0 million into term loan facility for the development of 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, RVHC entered into a new term loan facility with Robinsons Bank Corporation amounting to ₱330.0 million to take out existing loan with BDO which funded the development of GoHotel Manila Airport Road and for general working capital purposes. The loan bears minimum interest rate of 3.75% for the first two years and indicative interest of 6% for the succeeding years until maturity. Principal amount is payable quarterly after the two-year grace period for eight years until 2027.

As at June 30, 2018, RVHC had drawn total loan of ₱1,088.0 million from BPI, ₱385.0 million from BDO and ₱330.0 million from Robinsons Bank to fund the construction and development of the five GoHotel sites.

The loan facilities are secured by RVHC's properties amounting to ₱2,264.7 million as at June 30, 2018 and December 31, 2017 (see Note 12).

Loan of RSAI
On June 1, 2017, RSAI converted its short-term loan facility from UCPB amounting to ₱500.0 million into term loan facility that bears fixed interest of 4.79%. 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 ₱723.0 million as at June 30, 2018 and December 31, 2017 (see Note 12).

Interest Expense
Total interest expense recognized from short-term and long-term loans amounted to ₱97.1 million and ₱40.3 million for the six months ended June 30, 2018 and in 2017, respectively.

Loan Covenants
Parent Company and RLC
The long-term borrowings of the Parent Company and RLC are subject to certain covenants, such as but not limited to:

- maintenance of debt service coverage ratio (DSCR) of at least 1.0:1.0 and 1.10:1.0, respectively, and debt to equity ratio of not more than 0.75:1.00;
- prohibition on sale, lease, transfer, or otherwise disposal of any of its properties and assets, or its existing investments therein;
- prohibition on any material change in ownership or control of its business or capital stock or in the composition of its top level management; and
- prohibition on declaration or payment of dividends or any other capital or other asset distribution to its stockholders.

As of December 31, 2017, RLC has not met the DSCR requirement. As of December 31, 2017, RLC reclassified the ₱500.0 million loan from BPI as current liability. On March 16, 2018, RLC obtained a letter from BPI approving the suspension of the DSCR requirement effective from January 1, 2018 until December 31, 2018. As a result, the ₱500.0 million loan from BPI was reclassified back as noncurrent liability as of June 30, 2018.

The Parent Company obtained a letter from BPI approving the suspension of the DSCR requirement effective for the period starting October 1, 2016 until December 31, 2017. On March 16, 2018, BPI approved the extension of the suspension of the DSCR requirement until December 31, 2018.

RVHC

The significant covenants attached to the borrowings of RVHC include the following restrictions:

- Materially change the character of its business from that being carried on at a date of agreement;
- Materially change ownership or control of its business or its capital stock or its composition of top level management;
- Secure indebtedness by or to benefit of any lien, unless the benefit of such lien is at the same time extended equally and ratably to secure the payment of principal, interest, and other sums payable;
- Declare or pay dividends to its stockholders or partners upon the occurrence of an event of default;
- Sell, lease, transfer, or otherwise dispose of all or substantially all of its properties and assets, divest any of its existing investments therein or consolidate or merge with any other person or acquire all or substantially all of the properties or assets of any other persons;
- Extend loans, advances or subsidies to any corporation or entity owned or in which it may have equity other than advances in the ordinary course of business;
- Extend loans or advances to any of its directors, officers, or stockholders except duly approved employee benefit loans;
- Incur any long-term loan or increase its borrowings or re-avail of existing facilities with other bank or financial institutions, except for working capital requirement;
- Act as guarantor or surety for any obligation of any person unless in ordinary course of business; and
- Undertake nor incur any capital expenditure or purchase of capital equipment or other fixed assets outside ordinary course of business.

Maturities

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

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Less than one year	**₱305,978**	₱594,165
Between one and two years	**519,463**	469,313
Between two and five years	**1,544,327**	1,547,893
Over five years	**478,746**	255,984
	₱2,848,514	₱2,867,355

Change in Liabilities Arising from Financing Activities

June 30, 2018

	Short-term borrowings	Long-term borrowings
Balance at the beginning of period	₱1,347,000	₱2,867,355
Availments	147,500	7,297
Payments	(47,500)	(26,138)
Balance at the end of period	₱1,447,000	₱2,848,514

December 31, 2017

	Short-term borrowings	Long-term borrowings
Balance at the beginning of period	₱1,410,226	₱1,926,390
Availments	2,664,700	940,965
Payments	(2,727,926)	–
Balance at the end of period	₱1,347,000	₱2,867,355

16. **Trade and Other Payables**

This account consists of:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Trade	**₱106,736**	₱57,385
Retention payable	**132,163**	137,499
Payables to contractors	**67,454**	101,423
Accrued expenses:		
Outside services	**24,201**	90,547
Interest	**11,243**	9,093
Payroll and other benefits	**13,961**	5,926
Others	**60,005**	32,249
Due to related parties (Note 19)	**165,416**	80,742
Customers' deposits	**58,392**	42,101
Payables to government agencies for taxes and statutory contributions	**29,100**	21,631
Deferred income	**14,973**	15,639
Dividends (Note 18)	**1,202**	1,202
Others	**44,409**	42,097
	₱729,255	₱637,534

Other payables are noninterest-bearing and are normally settled within one year.

17. **Retirement Benefits**

The Parent Company, AHC and RLC have an unfunded, noncontributory defined benefit retirement plan based on the minimum amount required by law, covering its permanent employees.

The cumulative remeasurement gain on retirement liability (shown as part of other equity reserve) recognized as other comprehensive income amounted to ₱3.3 million, net of tax, as at June 30, 2018 and December 31, 2017.

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

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Present value of obligation	**₱46,658**	₱43,040
Fair value of plan assets	**(10,743)**	(10,743)
Retirement liability	**₱35,915**	₱32,297

Movements in the defined benefit obligation follow:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Balance at beginning of period	**₱43,040**	₱30,397
Current service cost	**1,733**	11,782
Interest cost	**1,885**	861
Balance at end of period	**₱46,658**	₱43,040

No movements in the fair value of plan assets for the six months ended a June 30, 2018 and 2017

Plan assets of the Parent Company and RLC as at June 30, 2018 and December 31, 2017 consist of:

Cash in banks and cash equivalents	25%
Government securities and other assets	75%
	100%

The Parent Company and RLC are expected to contribute a total of ₱4.1 million to its respective plans in 2018.

The latest actuarial valuation of the plan is as of September 30, 2016, which was also used for the estimation of the retirement benefits as at June 30, 2018 and December 31, 2017.

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

	June 30, 2018	December 31, 2017
Discount rate	**4.34% to 4.42%**	4.34% to 4.42%
Future salary increases	**5.00%**	5.00%

The sensitivity analysis based on reasonably possible changes of the assumptions as at June 30, 2018 are as follows:

	Change in Assumption	Effect on Retirement Liability
Discount Rate	+0.5%	(₱1,412)
	-0.5%	1,525
Salary Rate	+1%	3,042
	-1%	(2,664)

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.

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

The maturity analysis of the undiscounted payments as of June 30, 2018 are as follows:

	Amount
One year and less	₱2,200
More than one year to five years	6,400
More than five years to 10 years	38,400
More than 10 years to 15 years	33,100
More than 15 years to 20 years	29,900
More than 20 years	139,300

Weighted average duration of the defined benefit liability is 21 years.

18. **Equity**

a. Capital Stock

	June 30, 2018 (Unaudited)		December 31, 2017 (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 begining and end of period	**2,911,885,869**	**2,911,886**	2,911,885,869	2,911,886
Treasury stock:				
Balance at beginning of period	**(933,703,514)**	**(1,587,296)**	(938,018,483)	(1,594,631)
Issuances	**14,698,665**	**25,229**	4,314,969	7,335
Balance at end of period	**(919,004,847)**	**(1,562,067)**	(933,703,514)	(1,587,296)
Issued and outstanding	**1,992,881,022**	**1,349,819**	1,978,182,355	₱1,324,590

On December 3, 2013, the Company implemented the buyback of 990,384,775 shares from four of its stockholders at the price of ₱1.70 a share in a private sale, amounting to ₱1,683.7 million and representing 34% of the issued and outstanding capital stock of the Company. The BOD approved the plan to buy back shares on November 13, 2013.

Consequently, the BOD approved the appropriation of a portion of retained earnings amounting to ₱1,683.7 million for the cost of treasury shares acquired.

On May 18, 2015, the Company has issued 50.0 million treasury shares for ₱2.00 a share aggregating ₱100.0 million, resulting to an increase in additional paid-in capital amounting to ₱15.0 million.

For the six months ended June 30, 2017, the Parent Company has issued 2.3 million treasury shares, on various dates, ranging from ₱2.21 to ₱2.47 a share aggregating ₱3.9 million, resulting to an increase in additional paid-in capital amounting to ₱1.5 million.

For the year ended December 31, 2017, the Parent Company issued 4,314,969 treasury shares based on the average market rate of ₱2.25 per share aggregating ₱9.7 million, resulting to an increase in additional paid-in capital amounting to ₱2.4 million, net of transaction costs of ₱120,719.

For the six months ended June 30, 2018, the Parent Company issued 14,698,665 treasury shares based on the market rate of ₱3.30 per share aggregating ₱49.1 million, resulting to an increase in additional paid-in capital amounting to ₱23.9 million, net of transaction costs of ₱426,540.

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
March 31, 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, 2018 (Unaudited)	December 31, 2017 (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	**72,360**	45,497
Share in revaluation increment on land, net of tax	**–**	26,863
Balance at end of period	**72,360**	72,360
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	**70,439**	12,280
Share in appraisal increase, net of tax	**–**	58,159
Balance at end of period	**70,439**	70,439
Cumulative Remeasurement Gain (Loss) on Retirement Liability		
Balance at beginning of period	**8,553**	3,281
Remeasurement gain, net of tax	**–**	5,272
Balance at end of period	**8,553**	8,553
Cumulative Share in Remeasurement Loss on Retirement Liability of Associates		
Balance at beginning of period	**(15,717)**	(15,726)
Share in remeasurement loss, net of tax	**–**	9
Balance at end of period	**(15,717)**	(15,717)
	₱420,855	₱420,855

d. Retained Earnings

Details of retained earnings follow:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Appropriated/Restricted		
Balance at beginning of period	**₱2,073,916**	₱2,081,251
Reversal for treasury stock	**(25,229)**	(7,335)
Balance at end of period	**₱2,048,687**	₱2,073,916
Unappropriated		
Balance at beginning of period	**₱1,504,195**	₱1,644,013
Net loss	**(176,738)**	(147,153)
Cash dividends	**–**	–
Appropriation for treasury stock	**25,229**	7,335
Balance at end of period	**1,352,686**	1,504,195
	₱3,401,373	₱3,578,111

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

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Appropriation for treasury stock	**₱1,562,067**	₱1,587,296
Net unrealized fair value gains on investment properties included in the retained earnings	**283,545**	283,545
Undistributed earnings of subsidiaries and equity in net earnings of the associates	**128,968**	101,421
Application of revaluation increment against deficit	**203,075**	203,075
	₱2,177,655	₱2,175,337

Dividend Declaration

Cash dividends declared by the Parent Company against the unappropriated retained earnings are as follows:

	Dividend		Stockholders of	
Date Approved	Per Share	Total Amount	Record Date	Payment Date
December 18, 2015	₱0.01	₱19,734	January 15, 2016	February 5, 2016
December 12, 2014	0.02	38,430	January 15, 2015	January 30, 2015
December 13, 2013	0.02	38,430	January 6, 2014	January 30, 2014

Dividends payable amounted to ₱1.2 million as at June 30, 2018 and December 31, 2017 (see Note 16).

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 2018		
First	₱4.95	₱2.01
Second	4.95	1.82
January through December 2017		
First	2.37	2.00
Second	2.40	1.85
Third	2.34	1.92
Fourth	3.30	1.92
October 2016 through December 2016	2.34	2.20
October 2015 through September 2016		
First	3.20	2.07
Second	2.88	1.88
Third	3.60	2.23
Fourth	2.53	2.22

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 8)	Amount Due to Related Parties (see Note 16)
Associates					
FDC	Interest-bearing advances	**June 30, 2018**	**₱–**	**₱40,329**	**₱13,211**
		December 31, 2017	–	40,329	13,211
	Interest-bearing advances	**June 30, 2018**	**–**	**–**	**10,822**
		December 31, 2017	–	–	10,822
FLC	Dividends receivable and nomination fees	**June 30, 2018**	**(437)**	**3,853**	**–**
		December 31, 2017	–	4,290	–
RADC	Noninterest-bearing advances	**June 30, 2018**	**–**	**–**	**10,966**
		December 31, 2017	–	–	10,966
CACI	Interest-bearing advances	**June 30, 2018**	**–**	**–**	**–**
		December 31, 2017	(3,600)	–	–
Joint Ventures					
VJPI	Noninterest-bearing advances	**June 30, 2018**	**85**	**–**	**76**
		December 31, 2017	–	3	164
Marilo Realty Development Corporation	Noninterest-bearing advances	**June 30, 2018**	**(400)**	**976**	**514**
		December 31, 2017	94	1,167	305
LPC	Defrayment of cost and expenses for restructuring	**June 30, 2018**	**3,528**	**3,127**	**20,060**
		December 31, 2017	2,948	3,112	23,573
Entities under common control	Interest-bearing advances	**June 30, 2018**	**()**	**91,275**	**109,767**
		December 31, 2017	(18,341)	71,554	21,701
		June 30, 2018		**₱139,560**	**₱165,416**
		December 31, 2017		₱120,455	₱80,742

**Amounts represent transactions for the six months ended June 30, 2018 and year ended December 31, 2017.*

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. RLC did not recognize assignment fee in 2018 and 2017.

   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, 2018 and December 31, 2017, 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, 2018 (Six months, Unaudited)	June 30, 2017 (Six months, Unaudited)
Salaries and short-term benefits	**₱22,248**	₱21,462
Retirement benefits	**1,579**	2,253
	₱23,827	₱23,715

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

Date of Meeting	Number of shares	Market Value per Share	Amount
December 18, 2015	52,085	₱2.40	₱125,004
May 19, 2016	67,266	2.28	153,366
August 12, 2016	56,305	2.21	124,434
December 16, 2016	68,184	2.19	149,323
April 6, 2017	75,000	2.02	151,500
May 12, 2017	62,190	2.01	125,002
June 19, 2017	86,632	2.02	174,997
November 10, 2017	91,147	1.92	175,002

The expense recognized on the foregoing amounted to ₱0.6 million and ₱0.3 million for the six months ended June 30, 2018 and 2017, respectively, presented as part of "Salaries and employee benefits" account in the unaudited interim consolidated statements of comprehensive income.

20. **Cost and Expenses**

Cost of hotel sales and services consist of:

	June 30, 2018 (Six months, Unaudited)	June 30, 2017 (Six months, Unaudited)
Salaries, wages and other employee benefits	**₱30,564**	₱14,743
Depreciation and amortization	**29,961**	19,062
Outside services	**20,104**	10,286
Food and beverage cost	**7,649**	–
Communication, light and water	**3,079**	1,795
Travel and transportation	**2,642**	192
Others	**10,482**	48
	₱104,481	₱46,126

Operating expenses consist of:

	June 30, 2018 (Six months, Unaudited)	June 30, 2017 (Six months, Unaudited)
General and administrative expenses	**₱232,286**	₱145,558
Selling expenses	**35,525**	31,620
	₱267,811	₱177,178

General and administrative expenses from consist of:

	June 30, 2018 (Six months, Unaudited)	June 30, 2017 (Six months, Unaudited)
Salaries, wages and other employee benefits (Notes 17 and 21)	**₱70,059**	₱85,169
Provision for inventory write-down	**41,162**	–
Communication, light and water	**21,294**	14,329
Yield guarantee	**18,889**	–
Outside services	**16,575**	15,811
Taxes and licenses	**16,291**	5,435
Depreciation and amortization (Note 12)	**16,191**	6,090
Travel and transportation	**3,594**	2,379
Insurance	**1,996**	487
Rent	**1,597**	2,426
Repairs and maintenance	**1,416**	940
Materials and consumables	**1,131**	1,402
Representation and entertainment	**810**	1,878
Others	**21,281**	9,212
	₱232,286	₱145,558

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.

21. Personnel Costs

The components of employee benefits from continuing operations presented under "General and administrative expenses" account (see Note 20) in the consolidated statements of income are as follows:

	June 30, 2018 (Six months, Unaudited)	June 30, 2017 (Six months, Unaudited)
Salaries and wages	**₱54,786**	₱70,600
Allowances and other employee benefits	**12,267**	10,807
Retirement benefits (Note 17)	**3,006**	3,762
	₱70,059	₱85,169

22. **Other Income**

Other income consists of:

	June 30, 2018 (Six months, Unaudited)	June 30, 2017 (Six months, Unaudited)
Rent income	**₱892**	₱896
Interment income	**166**	320
Others	**18,836**	14,990
	₱19,894	₱16,206

Others include sale of furniture and fixtures, other hotel charges such shuttle services, laundry services, early and late checkout fees, among others.

23. **Income Taxes**

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

	June 30, 2018 (Six months, Unaudited)	June 30, 2017 (Six months, Unaudited)
Current	**(₱1,129)**	₱1,742
Deferred	**7,029**	5,204
	₱5,900	₱6,946

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

	June 30, 2018 (Unaudited)		December 31, 2017 (Audited)	
	Net Deferred Income Tax Assets	**Net Deferred Income Tax Liabilities**	Net Deferred Income Tax Assets	Net Deferred Income Tax Liabilities
Deferred tax assets on:				
NOLCO	**₱52,051**	**₱28,854**	₱13,459	₱34,325
Customers' deposit	**8,095**	**–**	8,095	–
Allowance for:				
Impairment losses of receivables	**8,418**	**–**	8,418	–
Impairment losses on investments in associates	**1,384**	**–**	1,384	–
Retirement liability	**6,459**	**1,343**	6,459	1,343
Deferred income	**1,348**	**–**	1,348	–
Excess MCIT over RCIT	**5,120**	**1,559**	5,120	1,559
Various accruals	**634**	**634**	–	634
	83,509	**32,390**	44,283	37,861
Deferred tax liabilities on:				
Taxable temporary difference arising from use of installment method of revenue recognition for tax reporting	**(22,571)**	**–**	(19,482)	–
Revaluation increment on land	**(3,059)**	**(49,357)**	(3,059)	(49,357)
Excess of fair value over carrying values of property and equipment (Note 6)	**–**	**(19,720)**	–	(19,720)
Prepaid commissions	**(488)**	**–**	(488)	–
Borrowing costs	**(284)**	**–**	(32)	–
Net unrealized foreign exchange gain	**(2)**	**(1)**	(2)	(1)
	(26,404)	**(69,078)**	(23,063)	(69,078)
Net deferred tax assets (liabilities)	**₱57,105**	**(₱36,688)**	₱21,220	(₱31,217)

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

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

	June 30, 2018 (Six months, Unaudited)	June 30, 2017 (Six months, Unaudited)
Net loss attributable to the equity holders of the Parent Company:	**(₱176,738)**	(₱18,818)
Weighted average number of shares issued and outstanding:		
Issued and outstanding ordinary shares	**1,992,881,022**	1,975,979,298
Basic/diluted loss per share:	**(₱0.09)**	(₱0.01)

There are no potential dilutive common shares as at June 30, 2018 and 2017.

25. **Contingencies and Commitments**

Contingencies

Land Properties Subjected to the CARL

The CARL provides, among others, the redistribution of all private and agricultural lands regardless of tenurial arrangements and commodity produced, subject to certain terms and conditions.

Prior to the effectivity of the CARL, the Parent Company was the registered owner of around 2,900 hectares of land located in Nasugbu, Batangas. In 1993, the DAR issued Notices of Coverage, and subsequently, CLOA covering 2,676 hectares of the Parent Company's three *haciendas*, namely: Palico, Banilad and Carmen/Caylaway.

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

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

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

On February 8, 2011, the Supreme Court denied the Parent Company's Second Motion for Reconsideration (MR) and affirmed with finality its December 2009 decision.

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

In September 2011, the Supreme Court affirmed the exemption of the 21.1236-hectare property from the coverage of the Comprehensive Agrarian Reform Program (CARP).

In October 2012, the Parent Company disclosed that the DAR published the NOC on several RCI properties aggregating 2,514.76 hectares. The Parent Company filed a protest in the office of the DAR against the wrongful coverage (failure to observe the proper rules before publishing the said Notice of Coverage and the applicable law (Republic Act - RA No. 6657 vs. RA No. 9700). On June 17, 2014, the DAR issued a revised NOC covering RCI properties aggregating 2,300.60 hectares.

On October 16, 2013, the DAR ordered the denial of the Protest. On December 9, 2013, the Parent Company filed a MR with the DAR. On April 15, 2014, the DAR denied the MR of the Parent Company. On June 27, 2014, the Parent Company filed a Petition for Certiorari to the CA. On May 7, 2016, the DAR denied the application for exemption filed by the Parent Company for the 285.9 hectares of land located in Nasugbu, Batangas. On June 27, 2016, the Parent Company filed an MR for the 285.9 hectares application, which the DAR denied. The Parent Company then filed an appeal with the Office of the President.

The Parent Company shall account for any legal and financial liabilities arising from the land properties subject to the CARL upon the resolution of ownership by the Court. In total, there are about 222 hectares of land that were declared by the courts or the DAR as exempt from the coverage of the CARL, including the 21 hectare property declared exempt by the Supreme Court in its Decision dated September 5, 2011 in GR No. 169331.

On May 14, 2013, the BOD approved to authorize management to begin negotiations with the DAR for possible voluntary offer to sell (VOS) of 76 hectares in Hacienda Palico and 26 hectares in Hacienda Caylaway. However, the said negotiations have not yet commenced as the possible VOS is merely an option that the Parent Company will consider after exhausting all means possible. The intention by management of whether to push through with the VOS is dependent on the outcome of the applications for exemption, exclusion or conversion of land covered by the CARP/CARL.

On December 13, 2013, the BOD of the Parent Company approved management's request for reconfirmation of management's plan to explore the government's VOS program using 76 hectares in Hacienda Palico and 26 hectares in Hacienda Caylaway under certain conditions. This supersedes all previous proposals relating to the government's VOS program. As at the date of the report, there is no agreement yet with the DAR on the properties approved for possible VOS.

On October 26, 2017, CA has partially granted the Group's Petition for Certiorari pertaining to the NoC. Subsequently, the Group filed a MR over the issuance of CLOAs by DAR in favor of the farmer-beneficiaries.

In the opinion of management and legal counsel, there are no other pending labor or other legal cases and claims in the ordinary course of business that will have a material effect on the financial position and performance of the Group, except for the disputed claims for which the Group did not recognize a provision for losses for the six months ended June 30, 2018 and 2017.

Joint Operations
On December 2, 2009, RLC entered into a joint arrangement with VJPI for the development of Anya Resorts and Residences in Tagaytay, Cavite. RLC agreed to contribute the business and conceptual development plan, land development costs and management expertise and manpower for the full and effective implementation of the development plan. In addition, RLC also advanced ₱10.0 million to VJPI as an indication of its commitment to the project. In return for their respective contributions, the parties agreed to distribute and allocate between them the developed saleable lots and villas.

As at June 30, 2018 and December 31, 2017, the Project is fully sold. Outstanding balance due from VJPI amounted to ₱1.0 as at June 30, 2018 and December 31, 2017 is included as part of due from related parties and presented in the consolidated statements of financial position (see Note 19).

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

Lease Commitments
The Parent Company has an existing lease agreement for a portion of its investment property with a third party for a period of three cropyears until December 20, 2016. Rent income recognized amounted to nil for the six months ended June 30, 2018 and 2017 (see Note 13).

Future minimum lease receivable for less than one year amounted to nil June 30, 2018 and December 31, 2017. Future minimum lease receivable after one year but not more than five years amounted to nil as at June 30, 2018 and December 31, 2017.

Unused Credit Lines
As at June 30, 2018 and December 31, 2017, the Group has unused lines of credit with local banks amounting to ₱387.0 million and ₱818.6 million, respectively (see Notes 14 and 15).

26. Financial Instruments

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

The main risks arising from the financial instruments are liquidity risk, interest rate risk and credit risk. Risk management is carried out by senior management under the guidance and direction of the BOD of the Parent Company.

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

The Group's objective is to maintain sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the Group aims to maintain flexibility in funding by keeping track of daily cash flows and maintaining committed credit lines available (see Notes 14 and 15).

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

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

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

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

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

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

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

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

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

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

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

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

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

The quantitative disclosures on risks associated with the Group's financial instruments and the related risk management processes and procedures are disclosed in the annual consolidated financial statements as at and for the year ended December 31, 2017.

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

The dividend declaration is dependent on availability of retained earnings and operating requirements. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the six months ended June 30, 2018 and 2016.

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, 2018 (Unaudited)	December 31, 2017 (Audited)
Total liabilities	**₱5,097,372**	₱4,915,403
Total equity	**7,201,004**	7,355,381
Total liabilities and equity	**₱12,298,376**	₱12,270,784
Debt-to-equity ratio	**0.71:1.0**	0.67:1.0

27. **Fair Value Measurement**

The Group has assets and liabilities that are measured at fair value on a recurring and no-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, 2018 and December 31, 2017 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, 2018 and December 31, 2017.

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.

28. **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: AHC, SMMSI, RVHC, and AHRC.

b. Hotel
RVHC, a subsidiary of RLC, is incorporated primarily to build and own a minimum of five GoHotels in Metro Manila and in selected provincial destinations over the next two to three years. GoHotel Manila Airport Road, North EDSA, Cubao, Malate, and Timog started its commercial operations in October 2016, February 2017, April 2017, June 2017, and October 2017, respectively. RVHC offers 24/7 hotel services to all customers of its budget hotel brand "GoHotels".

AHRC was formed to be the asset holding company that owns the Anya Hotel Core of Phase 2 of Anya Resort and Residences project in Tagaytay.

c. Manufacturing
RSAI is a subsidiary of the Parent Company and manufacturing arm of the Group. RSAI is incorporated primarily to manufacture coconut products.

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

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

The Parent Company's BOD regularly reviews the operating results of the business units to make decisions on resource allocation and assess performance. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenues and segment expenses are consistent with the consolidated 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 the real estate. The real estate 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, prepaid expenses and property and equipment, net of related accumulated depreciation. Segment liabilities include all operating liabilities and consist principally of trade payables, accruals and customers' deposits. 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, 2018 (Unaudited)					
	Real Estate	**Hotel**	**Manufacturing**	**Others**	**Eliminations**	**Consolidated Balances**
Sales	**₱76,588**	**₱179,738**	**₱21,106**	**₱–**	**₱–**	**₱277,432**
Cost of sales and services	**(57,017)**	**(104,481)**	**(18,687)**	**–**	**–**	**(180,186)**
Interest income	**8,899**	**1,907**	**5**	**3,233**	**(3,222)**	**10,822**
Interest expense	**(11,542)**	**(50,905)**	**(20,116)**	**(17,766)**	**3,222**	**(97,106)**
Others	**(55,417)**	**(102,263)**	**(60,822)**	**(29,415)**	**–**	**(247,917)**
Loss before income tax	**(38,489)**	**(76,004)**	**(78,515)**	**(43,948)**	**–**	**(236,956)**
Income tax benefit (expense)	**5,948**	**(49)**	**–**	**–**	**–**	**5,900**
Segment Loss	**(32,540)**	**(76,053)**	**(78,515)**	**(43,948)**	**–**	**(231,056)**
Equity in net earnings of associates and a joint venture	**900**	**–**	**–**	**–**	**26,646**	**27,547**
Consolidated Net Loss	**(₱31,640)**	**(₱76,053)**	**(₱78,515)**	**(₱43,948)**	**₱26,646**	**(₱203,509)**
Assets and Liabilities						
Current assets	**₱775,398**	**₱345,684**	**₱145,803**	**₱362,213**	**(₱457,115)**	**₱1,171,982**
Noncurrent assets	**851,452**	**2,854,102**	**974,423**	**7,187,682**	**(741,266)**	**11,126,394**
Total Assets	**1,626,850**	**3,199,786**	**1,120,226**	**7,549,895**	**(1,198,381)**	**12,298,376**
Current liabilities	**903,258**	**491,716**	**455,022**	**1,390,803**	**(758,566)**	**2,482,233**
Noncurrent liabilities	**423,334**	**1,686,068**	**487,844**	**25,447**	**(7,554)**	**2,615,139**
Total Liabilities	**₱1,326,592**	**₱2,177,784**	**₱942,866**	**₱1,416,250**	**(₱766,120)**	**₱5,097,372**

	June 30, 2017 (Unaudited)					
	Real Estate	Hotel	Manufacturing	Others	Eliminations	Consolidated Balances
Sales	₱175,044	₱59,899	₱–	₱–	₱–	₱234,943
Cost of sales and services	(108,051)	(46,126)	–	–	–	(154,177)
Interest income	4,883	–	18	95	–	4,996
Interest expense	(8,376)	(19,443)	(1,929)	(10,599)	–	(40,347)
Others	(58,061)	(55,983)	(17,980)	(28,948)	–	(160,972)
Loss before income tax	5,439	(61,653)	(19,891)	(39,452)	–	(115,557)
Income tax expense	(6,814)	(132)	–	–	–	(6,946)
Segment Income (Loss)	(1,375)	(61,785)	(19,891)	(39,452)	–	(122,503)
Equity in net earnings of associates and a joint venture	(581)	–	–	–	73,005	72,424
Consolidated Net Income (Loss)	(₱1,956)	(₱61,785)	(₱19,891)	(₱39,452)	₱73,005	(₱50,079)
Assets and Liabilities						
Current assets	₱1,312,105	₱288,192	₱356,804	₱122,349	(₱521,196)	₱1,558,254
Noncurrent assets	627,977	2,675,134	458,493	6,783,320	(364,930)	10,179,994
Total Assets	1,940,082	2,963,326	815,297	6,905,669	(886,126)	11,738,248
Current liabilities	743,349	691,438	82,679	670,688	(506,224)	1,681,930
Noncurrent liabilities	519,437	1660,221	500,000	56,731	(8,254)	2,728,135
Total Liabilities	₱1,262,786	₱ 2,351,659	₱582,679	₱727,419	(₱514,478)	₱4,410,065

29. **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.

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

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

ANNEX "B"

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

Second Quarter Ended June 30, 2018 and 2017

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

INTERIM RESULTS – 2ND QUARTER CY 2018

On May 14, 2015, Roxas Green Energy Corporation (RGEC), a wholly owned subsidiary of RCI, was incorporated to venture in solar power generation. RGEC is in the process of developing a 50 megawatt (MW) solar power plant within the properties owned by RCI in Nasugbu, Batangas. RGEC and RCI executed a 25-year lease agreement covering the land where the power plant will be constructed. The BOI approved RGEC's request for extension in the completion of the project to May 2020.

On October 8, 2015, RCI entered into a Shareholders Agreement with Sigma Xynergies Corporation (SXC), a Filipino owned company, to invest in Roxas Sigma Agriventures, Inc. (RSAI) for the purpose of constructing a 300 tons-per-day coconut processing facility in Tupi, South Cotabato to produce coconut milk, coconut cream, virgin coconut oil and coconut water concentrate primarily for export. RCI acquired 81.13% equity ownership to become a subsidiary of the Group. The plant became operational in December 2017 and started export sales in January 2018.

On April 13, 2016, Roxaco Land Corporation (RLC) made an additional investment of ₱61.0 million in Roxaco Vanguard Hotel Corporation (RVHC) to increase its equity interest from 50% to 51% to become a subsidiary of the Group. In May and September 2016, RLC made an additional ₱51.0 million and ₱41.0 million, respectively, investment in RVHC to increase its total investment to ₱368.0 million. All five (5) Go hotels sites were operational and continue to generate revenue.

On July 17, 2017, RLC's high-end Anya Hotel & Resorts in Tagaytay was opened with 80 suite rooms available and continue to generate revenue to date.

Results of Operation

Consolidated revenues as of the second quarter amounted to ₱277.4 million, an increase of 18% against last year's ₱234.9 million due to additional revenues from Go Hotels, Anya Hotel and export revenues from recently commissioned RSAI coconut processing plant.

Gross profit as of the second quarter of ₱97.2 million was higher than last year by ₱16.5 million due to higher revenues.

Operating expenses of ₱267.8 million was higher than last year's ₱177.2 million by 51% due to higher expenses incurred by the new businesses for sales and marketing, salaries, utilities, outside services, depreciation and provision for losses on inventory write down amounting to ₱41.2 million.

Equity in net earnings of ₱27.5 million represents mainly the company's 23% share in the net income of its investment in Roxas Holdings Inc. (RHI).

Financing cost of ₱97.1 million was 141% higher than last year's ₱40.3 million due to higher outstanding debts and increase in interest rates to fund completion of new projects and for working capital.

Other income of ₱19.9 million represents sale of other assets, realty fees, forfeited reservation deposits and hotel other income.

Consolidated net loss for the six months period ended June 30, 2018 of ₱203.5 million was higher than last year's net loss of ₱50.1 million due to higher operating expenses and interest payments and lower equity earnings from investment in RHI.

Financial Position

Consolidated total assets amounting to ₱12,298.4 million as at June 30, 2018 is ₱27.6 million higher than ₱12,270.8 million as at December 31, 2017 due to higher inventories from RSAI's start-up operations and higher receivables from realty sales and hotel revenues.

Current ratio slightly decreased from 0.49:1 as at December 31, 2017 to 0.47:1 as at June 30, 2018.

Debt to equity (D/E) ratio increased from 0.67:1 to 0.71:1 but still within the 0.75:1 ratio limit required by banks for term loans.

Book value per share is at ₱3.61 as at June 30, 2018.

Trade and other receivables of ₱420.6 million increased by 18% from December 31, 2017 balance of ₱357.1 million due to increase in hotel revenues.

Total liabilities increased by 4% from ₱4,915.4 million to ₱5,097.4 million due to higher bank loans for working capital requirements and increase in payables to suppliers.

Total equity amounting to ₱7,201.0 million as at June 30, 2018 decreased by ₱154.4 million from December 31, 2017 due to the loss incurred for the period, net of benefit of the ₱49.1 million treasury shares sold.

Other than the matters discussed above, there are no:

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

Top Five Performance Indicators

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

1. *Gross profit.* This is recognized in full when the collection of the total contract price reached 10% on real estate sales. At this stage, it is reasonably assured that the risks and benefits over the developed assets have been transferred to the lot buyer. In manufacturing and hotel industry, this is the margin on the revenue net of cost of sales.

2. *Export Sales and lots sold*. Export sales represent revenues from products sold by its Coconut processing business while lot sold and the terms of the sale will determine when income would be recognized and how much is the potential income to the Group.

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

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

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

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

Performance Indicator	For the Period Ended June 30, 2018 (Six Months)	December 31, 2017 (One Year)	December 31, 2016 (Three Months)
Gross profit	₱97.2 million	₱224.7 million	₱13.1 million
Number of lots sold / reserved	68 units residential/ 85 memorial	273 units residential/ 126 memorial	4 units residential/ 14 memorial
Hotel occupancy and average daily room rate			
- *Anya Hotel*	38% / ₱6,015	27% / ₱5,517	-
- *Go Hotels*	43% / ₱1,511	40% / ₱1,468	-
EBITDA	(₱62.1 million)	(₱19.1 million)	(₱96.9 million)
Return on equity	(2.83%)	(2.32%)	(1.31%)

Key Variable and Other Qualitative and Quantitative Factors

1. The Group is not aware of any known trends, events or uncertainties that will result in or that are reasonably likely to result in any material cash flow or liquidity problem.
2. The Group is not aware of any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.
3. The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
4. Other than the ongoing realty project developments in 2018 which include the Anya Tagaytay Resort and Residences Phase 2, Hacienda Palico housing and Landing Townhomes and Shophouses in Nasugbu, the Group is not aware of any known trend, events or uncertainties that will have material impact on sales.
5. Other than matters previously discussed, the Group is not aware of causes for any material changes from period to period in the financial statements.

Plan of Operations

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

- Completion of land development of Hacienda Palico Phase 1, residential project in Nasugbu, Batangas by 3rd quarter of 2018.

- Start of construction of Block 12 of Anya Resort and Residences Phase 2 by 1st quarter of 2019.

- Reorganization of RLC and subsidiaries to improve operation by 3rd quarter of 2018.

- Review and reorganization of Sales and Marketing and plant operations of RSAI in 3rd quarter of 2018.

- Improve RSAI plant efficiency and embark on an aggressive sales and marketing effort to increase export sales and margins for its coconut products.

- Continue process of identifying for new Go Hotel sites by 1st quarter of 2019.

- Improve hotel operations and increase marketing and advertising efforts to increase occupancy rates.

ROXAS AND COMPANY, INC AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

	June 30, 2018	June 30, 2017	December 31, 2017
1. LIQUIDITY RATIO			
Current Ratio	0.47 : 1.00	0.93 : 1.00	0.49 : 1.00
2. SOLVENCY RATIO			
Debt to Equity ratio	0.71 : 1.00	0.60 : 1.00	0.67 : 1.00
`			
3. Asset to Equity Ratio	1.71	1.60	1.67
4. PROFITABILITY RATIOS			
Return on Assets	(1.65%)	(0.43%)	(1.39%)
Return on Equity	(2.83%)	(0.68%)	(2.32%)
Book Value per share	3.61	3.71	3.72

ROXAS AND COMPANY, INC AND SUBSIDIARIES
AGING OF RECEIVABLES
As of June 30, 2018

				Past due			
IN P'000	**Total**	**Not yet due**	**Current**	**30 days**	**60 days**	**90 days**	**Over 90 days**
TRADE RECEIVABLES							
Management	6,745	-	-	-	1,068	-	5,677
Real Estate Installment Buyers	-	-	-	-	-	-	-
Palm Estates	10,124	9,804	27	26	13	-	254
Punta Fuego	1,456	1,456	-	-	-	-	-
Role Subdivision	1,143	490	5	5	5	5	635
Landing Townhomes	56,187	52,948	996	531	253	86	1,372
Anya Resort & Residences	23,715	23,317	398	-	-	-	-
Orchards at Balayan	9,239	8,782	80	79	68	163	66
San Antonio Memorial Gardens	3,346	2,822	240	130	50	31	73
Palico	54,647	50,773	1,876	1,177	430	147	244
Hotel	53,741	37,244	7,473	2,929	1,904	2,187	2,004
Manufacturing	216	-	13	173	29	-	-
TOTAL	220,558	187,635	11,108	5,051	3,819	2,619	10,325
Less Allowance for doubtful accounts	(5,442)	-	-	-	-	-	(5,442)
Balance	**215,116**	**187,635**	**11,108**	**5,051**	**3,819**	**2,619**	**4,883**

				Past due			
	Total	**Not yet due**	**Current**	**30 days**	**60 days**	**90 days**	**Over 90 days**
NON TRADE							
Officers and Employees	4,753	1,966	2,252	68	10	126	330
Suppliers/Contractors	79,812	18,978	460	175	14	3	60,181
Related Parties	139,560	174	265	16,386	12,555	32,500	77,681
Others	21,794	13,247	5,306	86	46	46	3,063
Total	245,919	34,366	8,283	16,716	12,625	32,675	141,255
Less : Allowance for doubtful accounts	(40,422)	-	-	-	-	-	(40,422)
	205,497	**34,366**	**8,283**	**16,716**	**12,625**	**32,675**	**100,833**

TOTAL SUMMARY							
Trade	220,558	187,635	11,108	5,051	3,819	2,619	10,325
Non-Trade	245,919	34,366	8,283	16,716	12,625	32,675	141,255
Total	466,477	222,001	19,391	21,766	16,444	35,294	151,580
Less : allowance for doubtful accounts	(45,864)		-	-	-	-	(45,864)
	420,613	**222,001**	**19,391**	**21,766**	**16,444**	**35,294**	**105,716**