SEC Registration Number

P W - 0 0 0 0 0 8 3 4

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
3,310	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: **31 March 2019**.

2. SEC Identification Number: **PW- 00000834**.

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

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

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

6. (SEC Use Only)
   Industry Classification Code

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

8. **(632) 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**
Preferred	**1,000,000,000**
No. of shares subscribed & outstanding:	
Common	**2,911,885,870**
Preferred	**500,000,000**
Amount of loans outstanding as of 31 March 2019	**₱3,984,997,549**

Of the 2,911,885,870 subscribed and outstanding common shares, 907,798,463 common shares and 500,000,000 preferred shares were exempt securities under Section 10.1 of the SRC.

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

    Yes [√]   No [ ]

    2,911,885,870 common shares are 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	-	Director
CARLOS ANTONIO R. ELIZALDE	-	Director
AURELIO MONTINOLA III	-	Independent Director
CORAZON S. DE LA PAZ-BERNARDO		Independent Director
GUILLERMO D. LUCHANGCO	-	Independent Director

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

4. Suspension of operations:
None for the period

5. Declaration of dividends:
None for the period

6. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements:
On February 18, 2019, the SEC approved the merger of Anya Hospitality Corporation into Roxaco Land Corporation (RLC) with RLC being the surviving corporation.

7. Financing through loans:
Outstanding short-term and long-term loans amounting to ₱1,130.8 million and ₱2,854.2 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 May 2019

Roxas & Company, Inc.

ANNEX "A"

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

First Quarter Ended March 31, 2019 and 2018

ROXAS AND COMPANY, INC.
AND SUBSIDIARIES

Unaudited Interim Condensed
Consolidated Financial Statements
As of and for the three months ended
March 31, 2019 and 2018

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in Thousands

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS		
Current Assets		
Cash (Note 5)	**₱135,334**	₱215,888
Trade and other receivables (Notes 6 and 18)	**169,462**	38,167
Contract assets - current portion	**42,538**	42,538
Real estate for sale and development (Note 7)	**519,462**	536,109
Inventories (Note 8)	**74,945**	70,980
Other current assets (Note 9)	**394,406**	374,014
Total Current Assets	**1,336,147**	1,277,696
Noncurrent Assets		
Receivables - net of current portion (Note 6)	**127,216**	127,216
Contract assets - net of current portion	**103,924**	103,924
Investments in associates (Note 10)	**2,277,029**	2,315,439
Property and equipment (Note 11):		
At cost model	**3,021,188**	3,001,563
At revaluation model	**733,495**	733,495
Investment properties (Note 12)	**5,280,033**	5,280,033
Deferred tax assets - net (Note 22)	**68,090**	68,090
Other noncurrent assets (Note 9)	**83,715**	136,549
Total Noncurrent Assets	**11,694,690**	11,806,309
TOTAL ASSETS	**₱13,030,837**	₱13,084,005
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings (Note 13)	**₱1,130,763**	₱1,311,000
Current portion of long-term borrowings (Note 14)	**442,006**	920,482
Trade and other payables (Notes 15 and 18)	**753,596**	664,679
Contract liabilities	**111,447**	111,447
Total Current Liabilities	**2,437,812**	3,007,608
Noncurrent Liabilities		
Long-term borrowings - net of current portion (Note 14)	**2,412,229**	1,806,420
Retirement liability (Note 16)	**47,088**	46,257
Deferred income tax liabilities - net (Note 22)	**74,561**	74,535
Total Noncurrent Liabilities	**2,533,878**	1,927,212
Total Liabilities	**4,971,690**	4,934,820

(Forward)

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Equity attributable to the Equity Holders of the Parent Company (Note 17)		
Capital stock	**₱3,411,886**	₱3,411,886
Additional paid-in capital	**1,656,516**	1,655,974
Treasury stock	**(1,538,171)**	(1,543,257)
Other equity reserves	**477,904**	477,904
Retained earnings	**3,736,760**	3,815,764
	7,744,895	7,818,271
Non-controlling Interests (Note 4)	**314,252**	330,914
Total Equity	**8,059,147**	8,149,185
TOTAL LIABILITIES AND EQUITY	**₱13,030,837**	₱13,084,005

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 MONTHS ENDED MARCH 31, 2019 AND 2018

	2019 (Unaudited)	2018 (Unaudited)
REVENUES		
Real estate	**₱105,635**	₱47,427
Hotel	**103,175**	78,172
Sale of goods	**29,334**	11,374
	238,144	136,973
COST OF SALES AND SERVICES		
Cost of real estate sales (Note 8)	**(19,486)**	(30,246)
Cost of hotel sales and services (Note 19)	**(66,531)**	(43,909)
Cost of goods sold (Note 19)	**(39,482)**	(9,975)
	(125,499)	(84,130)
GROSS INCOME	**112,645**	52,843
OPERATING EXPENSES (Note 19)	**(101,845)**	(121,620)
OTHER INCOME (CHARGES)		
Equity in net earnings of associates and a joint venture (Note 10)	**(38,410)**	43,693
Interest expense (Notes 13 and 14)	**(79,114)**	(44,632)
Interest income (Notes 5, 6 and 18)	**3,608**	3,150
Others - net (Note 21)	**8,139**	12,209
	(105,777)	14,420
INCOME (LOSS) BEFORE INCOME TAX	**(94,977)**	(54,357)
INCOME TAX EXPENSE (BENEFIT) (Note 22)		
Current	**687**	548
Deferred	**–**	(6,568)
	687	(6,020)
NET INCOME (LOSS)	**(₱95,664)**	(₱48,337)
Net Income (Loss) attributable to:		
Equity holders of the Parent Company	**(₱79,002)**	(₱33,593)
Non-controlling interests	**(16,662)**	(14,744)
	(₱95,664)	(₱48,337)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY (Note 23)	**(₱0.04)**	(₱0.02)

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 MONTHS ENDED MARCH 31, 2019 AND 2018

	2019 (Unaudited)	2018 (Unaudited)
NET INCOME	**(₱95,664)**	(₱48,337)
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE INCOME	**(₱95,664)**	(₱48,337)
Total Comprehensive Income attributable to:		
Equity holders of the Parent Company	**(₱79,002)**	(₱33,593)
Non-controlling interests	**(16,662)**	(14,744)
	(₱95,664)	(₱48,337)

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 THREE MONTHS ENDED MARCH 31, 2019 AND 2018

	2019 (Unaudited)	2018 (Unaudited)
CAPITAL STOCK (Note 17)	**₱3,411,886**	₱2,911,886
ADDITIONAL PAID-IN CAPITAL (Note 17)	**1,656,516**	1,628,894
TREASURY STOCK (Note 17)	**(1,538,171)**	(1,591,231)
OTHER EQUITY RESERVES (Note 17)	**477,904**	330,728
RETAINED EARNINGS (Note 17)		
Unappropriated		
Balance at beginning of period	**1,785,885**	2,041,727
Net loss	**(79,002)**	15,468
Reversal for treasury stock	**5,629**	3,400
Balance at end of period	**1,712,512**	2,060,595
Appropriated		
Balance at beginning of period	**2,029,877**	1,683,536
Reversal for treasury stock	**(5,629)**	(3,400)
Balance at end of period	**2,024,248**	1,680,136
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**7,744,895**	7,021,007
NON-CONTROLLING INTERESTS		
Balance at beginning of period	**330,914**	380,905
Net loss	**(16,662)**	(9,681)
Balance at end of period	**314,252**	371,224
	₱8,059,147	₱7,392,231

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 THREE MONTHS ENDED MARCH 31, 2019 AND 2018

	2019 (Unaudited)	2018 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax:	**(₱94,977)**	(₱54,357)
Adjustments for:		
Equity in net loss of associates (Note 10)	**38,410**	(43,693)
Interest expense (Notes 13 and 14)	**79,114**	44,632
Interest income (Notes 5, 6 and 18)	**(3,608)**	(3,150)
Depreciation and amortization (Notes 11 and 19)	**29,315**	24,921
Increase in retirement liability	**831**	1,809
Operating income (loss) before working capital changes	**49,085**	(29,838)
Decrease (increase) in:		
Trade and other receivables	**(88,737)**	(50,292)
Inventories	**(3,965)**	(50,698)
Real estate for sale and development	**16,647**	33,496
Other current assets	**(20,493)**	11,130
Increase in trade and other payables	**31,087**	35,085
Net cash used for operations	**(16,376)**	(51,117)
Interest received	**3,608**	3,150
Income taxes paid including creditable withholding taxes	**(713)**	–
Net cash used in operating activities	**(13,481)**	(47,967)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase (decrease) in:		
Property and equipment (Note 11)	**48,940**	(17,920)
Other noncurrent assets	**10,377**	(3,414)
Net cash provided by (used in) investing activities	**59,317**	(21,334)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments (payment) of short-term borrowings (Note 13)	**(180,237)**	15,000
Payment of interest including capitalized borrowing costs	**(79,114)**	(44,632)
Payment of long-term borrowings (Note 14)	**127,333**	(3,017)
Proceeds from issuances of treasury shares (Note 17)	**5,629**	35,338
Net cash provided by (used in) financing activities	**(126,390)**	2,689
NET DECREASE IN CASH FOR THE PERIOD	**(80,554)**	(66,612)
CASH AT BEGINNING OF THE PERIOD	**215,888**	136,859
CASH AT END OF THE PERIOD	**₱135,334**	₱70,247

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

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

On September 24, 2018, the SEC approved the extension of the corporate term of RCI by another 50 years and the corresponding amendments in the Articles of Incorporation.

RCI is the holding company for a group of companies with interests in (i) the real estate, hotels and resorts development and management business thru its wholly-owned subsidiary, Roxaco Land Corporation (RLC), (ii) sugar milling and ethanol manufacturing businesses of Roxas Holdings, Inc (RHI) , (iii) coconut processing and exports thru its subsidiary, Roxas Sigma Agriventures, Inc. (RSAI) and (iv) renewable energy development. RCI is owned by various individual shareholders and domestic corporations, namely: SPCI Holdings, Inc. and Pesan Holdings, Inc., among others. As at March 31, 2019 and December 31, 2018 and 2017; RCI has 3,310 and 3,340 shareholders, respectively.

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

2. **Basis of Preparation and Statement of Compliance**

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

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

The unaudited interim consolidated financial statements, which have been prepared by the Group to be filed with the SEC for its quarterly reporting to comply with the amended Securities Regulation Code Rule 68, do not include all the information and disclosures required in the annual 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, 2018.

3. **Summary of Changes in Accounting Policies**

Changes in Accounting Policies

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

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*
  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

  Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

  The Group is currently quantifying the impact of adopting PFRS 16.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

  Since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements upon adoption of these amendments.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. The Group is currently assessing the impact of adopting PAS 28.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:

  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Group is currently assessing the impact of adopting this interpretation.

- *Annual Improvements to PFRSs* 2015-2017 Cycle
  - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*
  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

Effective beginning on or after January 1, 2020
- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

Effective beginning on or after January 1, 2021
- PFRS 17, *Insurance Contracts*

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

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 March 31, 2019 and December 31, 2018:

	Percentage of Ownership		Noncontrolling Interests		
	2019	2018	**2019**	2018	Description of Business
RLC*	**100.00**	100.00	**–**	–	Real estate
Roxaco-Asia Hospitality Corporation (RAHC)**	**51.00**	51.00	**49.00**	49.00	Hotel and leisure
United Ventures Corporation (UVC)	**100.00**	100.00	**–**	–	Warehouse leasing
SAMG Memorial Management & Services Inc. (SMMSI)	**100.00**	100.00	**–**	–	Funeral and related services
Roxas Green Energy Corporation (RGEC)	**100.00**	100.00	**–**	–	Generation and distribution of energy
Roxas Sigma Agriventures, Inc. (RSAI) ***	**88.81**	88.81	**11.19**	11.19	Manufacturing

** On April 16, 2018, its BOD and stockholders authorized the Company to merge with Anya Hotels and Resorts Corporation (AHRC), with RLC as the surviving entity. On December 6, 2018, the Philippines SEC approved the merger of RLC and AHRC.*
On July 23, 2018, the Company's BOD and stockholders authorized RLC to merge with Anya Hospitality Corporation (AHC), with RLC as the surviving entity. On February 18, 2019, the Philippine SEC approved the merger of AHC into RLC with RLC being the surviving corporation.
*** On May 21, 2018, its BOD approved to change its corporate name from Roxaco-Vanguard Hotels Corporation (RVHC) to Roxaco-Asia Hospitality Corporation (RAHC) and amended the Articles of Incorporation. The Philippine SEC approved the amendment on October 19, 2018.*

**** On December 7, 2018, an additional subscription amounting to ₱200.0 million equivalent to 2.0 million shares, equivalent to 41% of the increase in capital stock, have been fully paid by the Parent Company through the conversion of a portion from its advances to RSAI*

5. Cash

This account consists of:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Cash on hand	**₱2,080**	₱2,043
Cash in banks	**53,197**	48,509
Cash equivalents	**80,056**	165,336
	₱135,334	₱215,888

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

Total interest income earned from cash in banks amounted to ₱0.23 million and ₱0.94 million for the three months ended March 31, 2019 and 2018, respectively.

6. **Trade and Other Receivables**

This account consists of:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Trade	**₱195,416**	₱94,999
Due from:		
Related parties (Note 18)	**109,273**	73,581
Employees	**6,599**	4,698
Others	**–**	6,715
	311,288	179,993
Allowance for impairment losses	**(14,610)**	(14,610)
	₱296,678	₱165,383

Breakdown as to current and noncurrent portion follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Current	**₱169,462**	₱38,167
Noncurrent	**127,216**	127,216
	₱296,678	₱357,141

Trade receivables represent the following:

a. Customers' accounts arising from the sale of real estate properties collectible in monthly installments over a period of 18 to 84 months and bear annual interest ranging from 14% to 18% depending on the terms of the sales contract amounting to ₱162.5 million and ₱4.3 million as of March 31, 2019 and December 31, 2018, respectively..

b. Outstanding individual, corporate and travel agency accounts earned from the hotel operation amounting to ₱19.7 million and ₱27.8 million as of as of March 31, 2019 and December 31, 2018, respectively, which generally have a 30-day term.

c. Sales arising from the premium coconut products amounting to ₱1.6 million and ₱4.3 million as of March 31, 2019 and December 31, 2018.

d. Fees earned from hotel management amounting to ₱2.4 million and ₱2.5 million as of March 31, 2019 and December 31, 2018.

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

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

7. Real Estate for Sale and Development

This account consists of:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Raw land and land improvements	**₱187,039**	₱343,904
Real estate properties for sale	**332,423**	192,205
	₱519,462	₱536,109

Cost of real estate sales amounted to ₱19.5 million and ₱30.2 million for the three months ended March 31, 2019 and 2018, respectively.

Borrowing costs incurred to finance the development of the Group's real estate projects amounting to nil and ₱0.4 million in the three months ended March 31, 2019 and 2018, 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 March 31, 2019 and December 31, 2018 are being used as collateral for the loans availed by RLC (see Note 14).

8. Inventories

Inventories account consists of:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
At cost:		
Finished goods	**₱42,478**	₱41,131
Packaging materials	**8,721**	5,783
Supplies	**1,811**	952
Work in process	**305**	75
	53,315	47,941
At NRV - finished goods, net of provision for inventory write-down amounting to ₱1.4 million as of December 31, 2018 (₱1.3 million as of December 31, 2018)	**21,630**	23,039
	₱74,945	₱70,980

9. **Other Current and Noncurrent Assets**

Other current assets account consists of:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Current portion of input VAT	**₱254,440**	₱244,812
Creditable withholding taxes	**94,778**	88,002
Prepaid expenses	**30,025**	28,184
Refundable deposits	**3,906**	3,430
Advances to suppliers	**101**	101
Others	**11,156**	9,485
	₱394,406	₱374,014

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 March 31, 2019 and December 31, 2018, allowance for impairment loss on creditable withholding taxes to nil. No provision for impairment losses was recognized for the three months ended March 31, 2019 and 2018.

Prepaid expenses pertain to prepaid rent, insurance and taxes.

Advances to suppliers and others pertain to advance payments made for services to be rendered based on the agreed terms.

Other noncurrent assets account consists of:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Deferred input VAT	**₱66,157**	₱80,518
Franchise fee	**8,518**	8,876
Utility deposits	**4,698**	4,698
Advances:		
Contractors	**4,342**	4,342
Supplier	**–**	38,115
	₱83,715	₱136,549

Franchise fee pertains to RAHC’s franchise fee to a third-party hotel chain company for the non-exclusive, non-assignable right to use the proprietary marks and system in connection with the establishment and operation of GoHotels. The agreement is for 10 years beginning the opening day of the hotels. Amortization expense amounted to ₱0.07 million and ₱0.3 million for the three months ended March 31, 2019 and 2018, respectively.

Advances to contractors and suppliers pertain to advances made for services and materials paid for the construction and development of assets to be used for operations.

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

Movements in investment in associates follow:

	March 31, 2019 (Unaudited)	December 31, 2018 (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	**121,180**	128,688
Equity in net earnings	**(38,410)**	(7,508)
Balance at end of period	**82,770**	121,180
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	**101,468**	67,044
Share in appraisal increase in land, net of tax	**–**	15,581
Share in remeasurement gain on retirement liability, net of tax	**–**	18,843
Balance at end of period	**101,468**	101,468
	2,292,262	2,330,672
Allowance for impairment loss	**(15,233)**	(15,233)
	₱2,277,029	₱2,315,439

The accumulated equity in net earnings of associates and a joint venture amounting to ₱82.8 million and ₱121.2 million as at March 31, 2019 and December 31, 2018, respectively, is not available for dividend distribution to shareholders, unless received as cash dividends from the associates.

11. Property and Equipment

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

	March 31, 2019 (Three 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	**₱2,217,268**	**₱587,438**	**₱19,534**	**₱260,949**	**₱110,837**	**₱3,196,026**
Additions	**33,007**	**8,745**	**291**	**3,885**	**3,012**	**48,940**
Balance at end of period	**2,250,275**	**596,183**	**19,825**	**264,834**	**113,849**	**3,244,966**
Accumulated Depreciation and Amortization						
Balance at beginning of period	**89,692**	**14,207**	**12,736**	**77,828**	**–**	**194,463**
Depreciation and amortization	**13,521**	**2,142**	**1,920**	**11,732**	**–**	**29,315**
Balance at end of period	**103,213**	**16,349**	**14,656**	**89,560**	**–**	**223,778**
Net Book Value	**₱2,147,062**	**₱579,834**	**₱5,169**	**₱175,274**	**₱113,849**	**₱3,021,188**

	December 31, 2018 (Audited)					
	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost						
Balance at beginning of year	₱2,273,830	₱642,136	₱17,564	₱97,905	₱118,404	₱3,149,839
Additions	594	8,950	2,050	16,050	18,677	46,321
Reclassifications	(57,066)	(63,604)	(80)	146,994	(26,244)	–
Disposals	(90)	(44)	–	–	–	(134)
Balance at end of year	2,217,268	587,438	19,534	260,949	110,837	3,196,026

	December 31, 2018 (Audited)					
	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Accumulated Depreciation and Amortization						
Balance at beginning of year	40,421	8,311	12,180	25,425	–	86,337
Depreciation and amortization	44,181	14,207	10,556	39,048	–	107,992
Reclassifications	5,000	(8,355)	(10,000)	13,355	–	–
Disposals	90	44	–	–	–	134
Balance at end of year	89,692	14,207	12,736	77,828	–	194,463
Net Book Value	₱2,127,576	₱573,231	₱6,798	₱183,121	₱110,837	₱3,001,563

Construction in progress pertains to the RGEC's solar power project and RSAI's plant project awaiting final acceptance.

Certain assets were mortgaged and used as collateral to secure the loan obligations of RLC, RSAI, and RAHC with the local banks as at March 31, 2019 and December 31, 2018 (see Note 15).

12. **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 ₱5,280.0million as of March 31, 2019 and December 31, 2018.

The Parent Company's investment properties include land properties that are subjected to the CARL with total land area of 2,514.4 hectares. Unrealized fair value gain recognized on these investment properties amounted to nil and ₱709.2 million for the three months ended March 31, 2019 and year ended December 31, 2018, respectively.

13. **Short-term Borrowings**

This account represents unsecured short-term loans obtained from various local banks for the Group's working capital requirements amounting to ₱1.1 billion and ₱1.3 billion as of March 31, 2019 and December 31, 2018, respectively, payable within 30 to 180 days. These loans bear an annual interest ranging from 5.50% to 9.75% for the three months ended March 31, 2019 and 2018.

14. **Long-term Borrowings**

Long-term borrowings consist of loans from:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Bank of the Philippine Islands (BPI)	**₱1,451,413**	₱1,504,810
United Coconut Planters Bank (UCPB)	**500,00**	501,473
Banco de Oro Unibank, Inc. (BDO)	**365,750**	385,000
Robinsons Bank Corporation	**330,000**	330,000
Asia United Bank	**7,072**	5,619
China Bank	**200,000**	–
	2,854,235	2,726,902
Current portion	**(442,006)**	(920,482)
Noncurrent portion	**₱2,412,229**	₱1,806,420

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
RAHC	**1,723,940**	₱1,773,095
RSAI	**507,072**	507,092
RLC	**623,223**	446,715
Parent	**–**	–
	₱2,854,235	₱2,726,902

Loan of the Parent Company

On January 21, 2013, BPI approved the modified principal repayment schedule of the short-term loan into a long-term loan of the Parent Company, 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. The long term loan, both current and noncurrent portion, amounting to ₱60.0 million was paid by the Company on November 15, 2018.

Loan of RLC

The bank loan is classified as follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Current portion	**₱70,537**	₱95,238
Noncurrent portion	**552,686**	351,477
	₱623,223	₱446,715

On September 30, 2016, RLC obtained a loan from BPI, with RCI as the co-mortgagor, amounting to ₱500.0 million. The loan bears variable interest rate and repriced quarterly. 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 December 31, 2018 and 2017, the loan from BPI is secured by RLC's real estate properties for sale and development amounting to ₱180.9 million and certain properties of the Parent Company (see Note 8).

As at March 31, 2019 and December 31, 2018, the RLC loan is secured by real estate mortgages and pledge over RHI shares of stock owned by the Parent Company as follows:

	2019	2018
Shares of stock of RHI (99.6 million shares)	**₱322,265**	₱322,265
Real estate properties for sale and development of RLC (Note 8)	**180,900**	180,900
Investment properties (Note 12)	**6,838**	6,838
Property, plant and equipment (Note 11)	**797**	797
	₱510,800	₱510,800

Loan of RAHC
The bank loan is classified as follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Current portion	**₱233,491**	₱751,122
Noncurrent portion	**1,500,449**	1,021,973
	₱1,723,940	₱1,773,095

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

In September 2016, RAHC 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, RAHC converted another short-term loan facility from BPI amounting to ₱460.0 million into a term loan 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, RAHC obtained a term loan from 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 December 31, 2017, RAHC 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 RAHC’s properties amounting to ₱2,222.5 million as at both March 31, 2019 and December 31, 2018 (see Note 12).

Loan of RSAI
The bank loans are classified as follows:

	2019	2018
Current portion	**₱72,917**	₱74,122
Noncurrent portion	**434,155**	432,970
	₱507,072	₱507,092

On June 1, 2017, RSAI converted its short-term loan facility from UCPB amounting to ₱500.0 million into a term loan 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 ₱913.4 million as at March 31, 2019 and December 31, 2018, respectively (see Note 11).

Interest Expense
Total interest expense recognized from short-term and long-term loans amounted to ₱79.1 million and ₱44.6 million for the three months ended March 31, 2019 and in 2018, respectively.

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

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Less than one year	**₱442,006**	₱920,482
Between one and two years	**530,180**	205,869
Between two and five years	**1,634,0827**	900,582
Over five years	**247,9692**	699,969
	₱2,854,235	₱2,726,902

Change in Liabilities Arising from Financing Activities

	Short-term borrowings (Note 13)		Long-term borrowings (Note 14)	
	2019	2018	**2019**	2018
Balance at the beginning of the year	**₱1,311,000**	₱1,347,000	**₱2,726,902**	₱2,867,355
Availments	–	148,000	–	9,152
Payments and reclassification from short-term to long-term	**(180,237)**	(184,000)	**127,333**	(149,605)
Balance at the end of the year	**₱1,130,763**	₱1,311,000	**₱2,854,235**	₱2,726,902

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

15. Trade and Other Payables

This account consists of:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Trade	**₱206,048**	₱150,299
Due to related parties (Note 18)	**187,009**	150,084
Retention payable	**83,429**	110,902
Accrued expenses	**66,726**	117,885
Payables to contractors	**107,686**	57,283
Statutory payables	**23,401**	9,377

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Payroll and other employee benefits	**17,952**	15,938
Interest	**9,740**	17,743
Dividends (Note 17)	**1,202**	1,202
Others	**50,403**	33,966
	₱753,596	₱664,679

16. **Retirement Benefits**

Retirement Benefits

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

	2019 (Three Months)	2018 (One Year)
Current service cost	**₱764**	₱21,868
Net interest cost	**67**	1,896
	₱831	₱23,764

The cumulative remeasurement gain on retirement liability (shown as part of other equity reserve) recognized as other comprehensive income amounted to ₱32.56 million, net of tax, as of both March 31, 2019 and December 31, 2018.

Retirement Liability

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

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Present value of obligation	**₱57,366**	₱56,535
Fair value of plan assets	**(10,278)**	(10,278)
Retirement liability	**₱47,088**	₱46,257

Movements in the defined benefit obligation follow:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Balance at beginning of period	**₱56,535**	₱42,777
Current service cost	**764**	21,868
Interest cost	**67**	2,352
Benefits paid	`	(500)
Actuarial (gain) loss on DBO due from:		
Experience adjustments	–	(1,488)
Changes in financial assumptions	–	(5,870)
Changes in demographic assumptions	–	(2,604)
Balance at end of period	**₱57,366**	₱56,535

Movements in the fair value of plan assets for the three months ended March 31, 2019 and year ended December 31, 2018 follow:

	2019	2018
Balance at beginning of the year	**₱10,278**	₱10,480
Interest income	–	456
Return on plan assets, excluding amounts included in interest income	–	(658)
Balance at end of the year	**₱10,278**	₱10,278

Plan assets of the Parent Company and RLC as at March 31, 2019 and December 31, 2018 consist of:

Cash in banks and cash equivalents	15%
Government securities and other assets	85%
	100%

The Parent Company and RLC are expected to contribute a total of ₱4.1 million to its respective plans in 2019.

The latest actuarial valuation of the plan is as of December 27, 2018, which was used for the estimation of the retirement benefits as at December 31, 2018.

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

	March 31, 2019	December 31, 2018
Discount rate	**7.40% to 7.50%**	7.40% to 7.50%
Future salary increases	**7.00%**	7.00%

The sensitivity analysis based on reasonably possible changes of the assumptions as at March 31, 2019 are as follows:

	Change in	Effect on Retirement Liability	
	assumption	RLC	Parent
Discount Rate +100bps	8%	₱42,040	₱9,663
Discount Rate -100bps	-9%	49,442	10,806
Salary Rate +100bps	9%	49,419	10,803
Salary Rate -100bps	-8%	41,998	9,656
Turnover Rate = 0%	9%	49,441	11,321
Turnover Rate *125%	-2%	44,792	9,986
Turnover Rate *75%	2%	46,299	10,425

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

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

The maturity analysis of the undiscounted payments as of March 31, 2019 are as follows:

	Amount	
	Roxaco Land Corporation	Roxas and Company, Inc.
One year and less	₱4,430	₱61
More than one year to five years	10,216	16,737
More than five years to 10 years	50,135	1,060
More than 10 years to 15 years	51,560	10,057
More than 15 years to 20 years	41,199	9,976
More than 20 years	173,082	64,412

Weighted average duration of the defined benefit liability is 12.6 years and 13.7 years for the Parent Company and RLC, respectively.

17. **Equity**

a. Capital Stock

	March 31, 2019 (Unaudited)		December 31, 2018 (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**	2,911,885,870	2,911,886
Treasury stock:				
Balance at beginning of period	**(907,798,463)**	**(1,543,257)**	(933,703,514)	(1,587,296)
Issuances	**3,311,142**	**5,629**	25,905,051	44,039
Balance at end of period	**(904,487,321)**	**(1,537,628)**	(907,798,463)	(1,543,257)
Issued and outstanding	**2,007,398,548**	**₱1,374,258**	2,004,087,407	₱1,368,629
Preferred stock - ₱1 par value				
Authorized, 1,000,000,000				
Issued and outstanding	**500,000,000**	**₱500,000**	500,000,000	₱500,000

In 2018, the Parent Company issued 25,905,051 treasury shares based on the average market rate of ₱3.10 per share aggregating ₱80.4 million, resulting to an increase in additional paid-in capital amounting to ₱35.4 million, net of transaction costs of ₱0.97 million.

On November 13, 2018, the Company issued 500 million preferred shares at par value of 1 per share with a dividend rate of 8.5% for the first year. The preferred shares are cumulative, non-participating, non-voting, and redeemable after 2 years at the option of the Parent Company and may be extended for an additional 2 years.

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:

	March 31, 2019 (Unaudited)	December 31, 2018 (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**	72,360
Share in revaluation increment on land, net of tax	**15,581**	15,581
Balance at end of period	**87,941**	87,941
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**	70,439
Share in appraisal increase, net of tax	**16,111**	16,111
Balance at end of period	**86,550**	86,550
Cumulative Remeasurement Gain (Loss) on Retirement Liability		
Balance at beginning of period	**3,281**	3,281
Remeasurement gain, net of tax	**6,514**	6,514
Balance at end of period	**9,795**	9,795
Cumulative Share in Remeasurement Loss on Retirement Liability of Associates		
Balance at beginning of period	**(10,445)**	(10,445)
Share in remeasurement loss, net of tax	**18,843**	18,843
Balance at end of period	**8,398**	8,398
	₱477,904	₱477,904

d. Retained Earnings

Details of retained earnings follow:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Appropriated/Restricted		
Balance at beginning of period	**₱2,029,877**	₱2,073,916
Reversal for treasury stock and others	**(5,629)**	(44,039)
Balance at end of period	**₱2,024,248**	2,029,877
Unappropriated		
Balance at beginning of period	**₱1,785,887**	1,504,195
Effect of adoption of new accounting standards	**–**	(3,040)
Balance at beginning of period	**1,785,887**	1,501,155
Net income (loss) attributable to the Parent Company	**(79,002)**	240,693
Appropriation for treasury stock	**5,629**	44,039
Balance at end of period	**1,712,512**	1,785,887
	₱3,736,760	₱3,815,764

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

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Appropriation for treasury stock	**₱1,543,257**	₱1,543,257
Net unrealized fair value gains on investment properties included in the retained earnings	**992,744**	992,744
Undistributed earnings of subsidiaries and equity in net earnings of the associates	**330,914**	330,914
	₱2,866,915	₱2,866,915

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 2019 through March 2019	₱2.21	₱1.70
January through December 2018		
First	4.95	2.00
Second	2.85	1.82
Third	2.95	2.02
Fourth	2.65	1.76
January through December 2017		
First	2.37	2.00
Second	2.40	1.85
Third	2.34	1.92
Fourth	3.30	1.92

18. **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 7)	Amount Due to Related Parties (see Note 15)
Associates					
FDC	Interest-bearing advances	**March 31, 2019**	**₱–**	**₱40,362**	**₱2,388**
		December 31, 2018	–	40,362	2,388
	Interest-bearing advances	**March 31, 2019**	**–**	**–**	**10,822**
		December 31, 2018	–	–	10,822
FLC	Dividends receivable	**March 31, 2019**	**–**	**–**	**–**
		December 31, 2018	–	–	–
RADC	Noninterest-bearing advances	**March 31, 2019**	**–**	**–**	**10,966**
		December 31, 2018	–	–	10,966
CACI	Interest-bearing advances	**March 31, 2019**	**–**	**–**	**–**
		December 31, 2018	–	–	–
Joint Ventures					
VJPI	Noninterest-bearing advances	**March 31, 2019**	**–**	**1,021**	**119**
		December 31, 2018	–	1,021	119
Marilo Realty Development Corporation	Noninterest-bearing advances	**March 31, 2019**	**–**	**784**	**337**
		December 31, 2018	–	784	337
LPC	Defrayment of cost and expenses for restructuring	**March 31, 2019**	**–**	**3,112**	**10,413**
		December 31, 2018	–	3,112	10,413
Entities under common control	Interest-bearing advances	**March 31, 2019**	**4,015**	**69,242**	**151,964**
		December 31, 2018	34	28,302	115,039
		March 31, 2019		**₱114,521**	**₱187,009**
		December 31, 2018		₱73,581	₱150,084

**Amounts represent transactions for the three months ended March 31, 2019 and year ended December 31, 2018.*

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 2019 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 March 31, 2019 and December 31, 2018, allowance for impairment loss amounting to ₱3.1 million pertains to due from LPC.

c. Compensation of key management personnel is as follows:

	March 31, 2019 (Three months, Unaudited)	March 31, 2018 (Three months, Unaudited)
Salaries and short-term benefits	**₱2,781**	₱11,123
Retirement benefits	**389**	1,557
	₱3,170	₱12,680

Directors' Remuneration

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

Date of Meeting	No. of shares	Market Value per Share	Share-Based	Cash Compensation	Total Compensation
April 6, 2017	75,000	2.02	151,500	150,000	301,500
May 12, 2017	62,190	2.01	125,002	125,000	250,002
June 19, 2017	86,632	2.02	174,997	175,000	349,997
November 10, 2017	91,147	1.92	175,002	175,000	350,002
April 6, 2018	68,496	2.19	150,007	150,000	300,007
May 11, 2018	73,170	2.05	149,998	150,000	299,998
August 10, 2018	66,794	2.62	175,000	175,000	350,000
December 10, 2018	93,583	1.87	175,000	175,000	350,000
April 5, 2019	102,941	1.70	175,000	175,000	350,000
May 10, 2019	88,757	1.69	150,000	150,000	300,000

The expense recognized on the foregoing amounted to ₱0.3 million for both three months ended March 31, 2019 and 2018; presented as part of "Salaries and employee benefits" account in the unaudited interim consolidated statements of comprehensive income.

19. **Cost and Expenses**

Cost of hotel sales and services consist of:

	March 31, 2019 (Three months, Unaudited)	March 31, 2018 (Three months, Unaudited)
Outside services	**₱17,587**	₱11,607
Depreciation and amortization	**10,555**	10,555
Salaries, wages and other employee benefits	**13,802**	9,109
Food and beverage cost	**8,979**	3,286
Communication, light and water	**6,753**	4,457
Travel and transportation	**6,246**	2,802
Others	**2,609**	2,093
	₱66,531	₱43,909

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

Cost of goods sold consist of:

	March 31, 2019 (Three months, Unaudited)	March 31, 2018 (Three months, Unaudited)
Materials used and changes in inventory	**₱27,531**	₱–
Direct labor	**4,988**	–
Communication, light and water	**3,094**	–
Packaging materials	**2,580**	–
Indirect labor	**519**	–
Depreciation (see Note 11)	**388**	–
Factory supplies	**235**	–
Taxes and licenses	**168**	–
Rent expense	**83**	–
Repairs and maintenance	**76**	–
Others	**180**	
	₱39,482	₱–

Operating expenses consist of:

	March 31, 2019 (Three months, Unaudited)	March 31, 2018 (Three months, Unaudited)
General and administrative expenses	**₱93,856**	₱95,412
Selling expenses	**7,989**	26,208
	₱101,845	₱121,620

General and administrative expenses from consist of:

	March 31, 2019 (Three months, Unaudited)	March 31, 2018 (Three months, Unaudited)
Salaries, wages and other employee benefits (Notes 16 and 20)	**₱37,873**	₱38,922
Taxes and licenses	**10,769**	8,295
Outside services	**10,314**	5,763
Yield guarantee	**7,276**	8,964
Depreciation and amortization (Note 11)	**6,730**	10,241
Communication, light and water	**3,993**	10,146
Representation and entertainment	**2,170**	112
Travel and transportation	**2,165**	1,986
Rent	**1,057**	792
Repairs and maintenance	**1,587**	680
Materials and consumables	**1,225**	655
Insurance	**851**	1,323
Others	**7,848**	7,533
	₱93,856	₱95,412

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.

20. **Personnel Costs**

The components of employee benefits from continuing operations presented under "General and administrative expenses" account (see Note 19) in the consolidated statements of income are as follows:

	March 31, 2019 (Three months, Unaudited)	March 31, 2018 (Three months, Unaudited)
Salaries and wages	**₱29,447**	₱30,296
Allowances and other employee benefits	**6,629**	6,829
Retirement benefits (Note 16)	**1,797**	1,797
	₱37,873	₱38,922

21. **Other Income**

Other income consists of:

	March 31, 2019 (Three months, Unaudited)	March 31, 2018 (Three months, Unaudited)
Rent income	**₱239**	₱239
Interment income	**109**	103
Others	**7,791**	11,867
	₱8,139	₱12,209

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

22. **Income Taxes**

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

	March 31, 2019 (Three months, Unaudited)	March 31, 2018 (Three months, Unaudited)
Current	**₱687**	₱548
Deferred	**–**	(6,568)
	₱687	(₱6,020)

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

	March 31, 2019 (Unaudited)		December 31, 2018 (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	**₱22,903**	**₱–**	₱22,903	₱–
Customers' deposit	**24,746**	**–**	24,746	–
Allowance for:				
Impairment losses of receivables	**8,418**	**–**	8,418	–
Impairment losses on investments in associates	**4,544**	**–**	4,544	–
Retirement liability	**16,416**	**–**	16,416	–
Deferred income	**2,561**	**–**	2,561	–
Excess MCIT over RCIT	**6,371**	**–**	6,371	–
Various accruals	**634**	**–**	634	–
	86,593	**–**	86,593	–
Deferred tax liabilities on:				
Taxable temporary difference arising from use of installment method of revenue recognition for tax reporting	**(10,612)**	**–**	(10,612)	–
Revaluation increment on land	**(5,701)**	**(54,806)**	(5,701)	(54,806)
Excess of fair value over carrying values of property and equipment (Note 5)	**–**	**(19,720)**	–	(19,720)
Prepaid commissions	**(2,187)**	**(26)**	(2,187)	–
Borrowing costs	**–**	**–**	–	–
Net unrealized foreign exchange gain	**(3)**	**(9)**	(3)	(9)
	(18,503)	**(74,561)**	(18,503)	(74,535)
Net deferred tax assets (liabilities)	**₱68,090**	**(₱74,561)**	₱68,090	(₱74,535)

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

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

	March 31, 2019 (Three months, Unaudited)	March 31, 2018 (Three months, Unaudited)
Net loss attributable to the equity holders of the Parent Company:	**(₱79,002)**	(₱33,593)
Weighted average number of shares issued and outstanding:		
Issued and outstanding ordinary shares	**2,007,398,091**	1,987,491,356
Basic/diluted loss per share:	**(₱0.04)**	(₱0.02)

There are no potential dilutive common shares as at March 31, 2019 and 2018.

24. **Contingencies and Commitments**

Yield Guarantee to Real Estate Buyers

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

<u>Unused Credit Lines</u>
As at March 31, 2019 the Group has unused lines of credit with local banks amounting to ₱162.0 million (see Notes 13 and 14).

26. **Financial Instruments**

<u>Risk Management, Objectives and Polices</u>
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 13 and 14).

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

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

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

The 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, 2018.

<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 three months ended March 31, 2019 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:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Total liabilities	**₱ 4,971,690**	₱4,934,820
Total equity	**8,059,147**	8,149,185
Total liabilities and equity	**₱13,030,837**	₱13,084,005
Debt-to-equity ratio	**0.62:1.0**	0.61:1.0

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 March 31, 2019 and December 31, 2018 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 March 31, 2019 and December 31, 2018.

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.

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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, and RAHC.

b. Hotel
RAHC, a subsidiary of RLC, owns and operates five GoHotels in Metro Manila.

AHRC, a subsidiary of RLC, operates the Anya Hotel and Resort in Tagaytay City.

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

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

The Group has one geographical segment with all assets located in the Philippines. The Group operates and derives all revenues from domestic operations.

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

Financing costs (including interest expense) and income taxes are managed on a per company basis and are not allocated to operating segments.

The measurement of the segments is the same as those described in the summary of significant accounting and financial reporting policies.

a. Segment revenue and expenses
The Group's main revenue stream comes from real estate sales, hotel revenues and export of coconut based products.

b. Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, real estate for sale and development, inventories, prepaid expenses and property, plant and equipment. Segment liabilities include all operating liabilities and consist principally of trade payables, accruals and customers' deposits, and bank loans.

c. Inter-segment transfers

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

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

	March 31, 2019 (Unaudited)					
	Real Estate	**Hotel**	**Manufacturing**	**Others**	**Eliminations**	**Consolidated Balances**
Sales	**₱105,635**	**₱103,175**	**₱29,334**	**₱–**	**₱–**	**₱238,144**
Cost of sales and services	**(19,486)**	**(66,531)**	**(39,482)**	**–**	**–**	**(125,499)**
Interest income	**3,243**	**359**	**2**	**1,644**	**(1,640)**	**3,608**
Interest expense	**(22,585)**	**(34,194)**	**(13,809)**	**(10,166)**	**1,640**	**(79,144)**
Others	**(20,475)**	**(43,284)**	**(15,183)**	**(14,764)**	**–**	**(93,706)**
Loss before income tax	**46,332**	**(40,475)**	**(39,138)**	**(23,286)**	**–**	**(56,567)**
Income tax benefit (expense)	**–**	**(687)**	**–**	**–**	**–**	**(6,87)**
Segment Loss	**46,332**	**(41,162)**	**(39,138)**	**(23,286)**	**–**	**(57,254)**
Equity in net earnings of associates and a joint venture	**–**	**–**	**–**	**–**	**(38,410)**	**(38,410)**
Consolidated Net Loss	**₱46,332**	**(₱41,162)**	**(₱39,138)**	**(₱23,286)**	**(₱38,410)**	**(₱95,664)**
Assets and Liabilities						
Current assets	**₱1,226,985**	**₱389,800**	**₱147,640**	**₱219,018**	**(₱647,296)**	**₱1,336,147**
Noncurrent assets	**877,752**	**2,723,399**	**962,453**	**8,111,354**	**(980,268)**	**11,694,690**
Total Assets	**2,104,737**	**3,113,199**	**1,110,093**	**8,330,372**	**(1,627,564)**	**13,030,837**
Current liabilities	**810,827**	**1,138,151**	**430,575**	**704,525**	**(646,266)**	**2,437,812**
Noncurrent liabilities	**565,234**	**2,017,997**	**438,529**	**431,513**	**(919,395)**	**2,533,878**
Total Liabilities	**₱1,376,061**	**₱3,156,148**	**869,104**	**₱1,136,038**	**(₱1,565,661)**	**₱4,971,690**

	March 31, 2019 (Unaudited)					
	Real Estate	Hotel	Manufacturing	Others	Eliminations	Consolidated Balances
Sales	₱47,427	₱78,171	₱11,374	₱–	₱–	₱136,973
Cost of sales and services	(30,246)	(43,909)	(9,975)	–	–	(84,130)
Interest income	2,270	872	3	1,162	(1,157)	3,150
Interest expense	(5,844)	(23,898)	(8,320)	(7,727)	1,157	(44,632)
Others	(34,770)	(52,746)	(8,146)	(13,750)	–	(109,411)
Loss before income tax	(21,163)	(41,510)	(15,063)	(20,314)	–	(98,050)
Income tax benefit (expense)	6,069	(49)	–	–	–	6,020
Segment Loss	(15,094)	(41,558)	(15,063)	(20,314)	–	(92,030)
Equity in net earnings of associates and a joint venture	–	–	–	–	43,693	43,693
Consolidated Net Loss	(₱15,094)	(₱41,558)	(₱15,063)	(₱20,314)	₱43,693	(₱48,337)
Assets and Liabilities						
Current assets	₱672,190	₱406,089	₱168,402	₱644,306	(₱756,281)	₱1,134,706
Noncurrent assets	441,241	2,766,478	979,033	7,363,722	(373,720)	11,176,754
Total Assets	1,113,431	3,172,567	1,147,435	8,008,028	(1,130,001)	12,311,460
Current liabilities	384,467	931,993	394,427	1,318,502	(765,793)	2,263,596
Noncurrent liabilities	451,148	1,718,307	512,196	29,886	(6,054)	2,705,483
Total Liabilities	₱835,615	₱2,650,300	906,623	₱1,348,388	(₱771,848)	₱4,969,079

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

Roxas & Company, Inc.

ANNEX "B"

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

First Quarter Ended March 31, 2019 and 2018

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

INTERIM RESULTS – 1ST QUARTER CY 2019

In December 2018, the SEC approved the corporate reorganization of RCI subsidiary, Roxaco Land Corp (RLC). The reorganization includes the merger of RLC and Anya Hotels and Resorts Corporation with RLC being the surviving corporation. Anya Hospitality Group (AHC), the hotel management subsidiary was also merged with RLC in February 2019. As part of the reorganization, RCI increased its equity in RLC by P60 Million via conversion of its outstanding advances to common shares.

In October 2018, Roxaco-Vanguard Hotels Corporation (RVHC) changed its corporate name to Roxaco-Asia Hospitality Corporation (RAHC). It appointed AHC to manage all five Go Hotels. AHC also manages the premium Anya Hotel and Resorts Tagaytay which began full year commercial operations in 2018 with 80 hotel suites, premium restaurants, heated pools, a library, function rooms, events venues and lounges.

RGEC continues to defer full development of its solar power project to benefit from the continuing decline in cost of capital equipment in the supply market and to wait for improvements in power rates in the local market. RGEC has requested for an extension in the development of the project from the Department of Energy (DOE) and the Board of Investment (BOI).

In December, 2018 RCI increased its equity in Roxas Sigma Agriventures Inc. (RSAI) by P200 Million from P236.5 Million to P436.5 Million increasing its control to 88.81%. Commercial operations of the plant began in January 2018. In March 2019, RSAI secured key major international production and safety certifications which will enable it to sell to significant European and North and South American Markets.

In December, 2018, RCI raised P500 Million in new equity through the issuance of preferred shares with a par value of P1.00 per share. The shares are redeemable after 2 years with option to extend by another 2 years. Dividend rate for the 1st year is at 8.5%. Proceeds from the equity raised were used to prepay bank debts and fund the group's operating requirements

Results of Operation

Consolidated revenues as of the first quarter amounted to ₱238.14 million, an increase of 74% against last year's ₱136.97 million due to higher revenues across all business units to include real estate sales, coconut exports and higher Go Hotels and Anya Hotel occupancy and room rates.

Gross profit as of the first quarter of ₱112.65 million was P59.8 million or 113% higher than last year's P52.84 million due to higher revenues, higher room rates on hotel operations and lower cost of production of our coconut processing operations.

Operating expenses decreased by 16% to ₱101.85 million from last year's ₱121.62 million despite the significant increase in revenues due to the group's ongoing cost reduction resulting to lower marketing expenses, utilities and compensation.

Equity in net loss from the group's investment for 23% share in Roxas Holdings Inc. (RHI) amounted to P38.41 million, reversal from last year's equity in net income of P43.69 million

Net interest cost of ₱75.51 million was P34.02 million or 82% higher than last year's ₱41.48 million despite lower debt levels due to the increase in market interest rates.

Other income of ₱8.14 million represents sale of other assets, realty fees and forfeited reservation deposits.

Consolidated net loss for the three months ended March 31, 2019 of ₱95.66 million was higher than last year's loss of ₱48.34 million despite the higher gross profit and lower operating expenses due to higher interest expenses and the effect of equity in net loss from the investment in RHI.

Financial Position

Consolidated total assets amounting to ₱13,031 million as at March 31, 2019 is ₱53.12 million lower than ₱13,084 million as at December 31, 2018 due to decline in value of investments in RH.

Current ratio slightly improved from 0.48:1 as at December 31, 2018 to 0.60:1 as at March 31, 2019.

Debt to equity (D/E) ratio slightly increased from 0.61:1 to 0.62:1 but still within the 0.75:1 ratio limit required by banks for term loans.

Book value per share is at ₱3.77 as at March 31, 2019.

Trade receivables of ₱339.22 million increased by 35% from December 31, 2018 balance of ₱250.48 million due to increase in credit sales on hotel operations and higher real estate sales.

Total liabilities increased only by 0.75% from ₱4,934.82 million to ₱4,971.69 million due to higher trade payables to suppliers.

Total equity amounting to ₱8,059.15 million as at March 31, 2018 decreased by ₱90.04 million from December 31, 2018 due to the loss incurred for the period.

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 March 31, 2019 (Three Months)	December 31, 2018 (One Year)	December 31, 2017 (One Year)
Gross profit	₱112.65 million	₱ 151.2 million	₱224.7 million
Number of lots sold / reserved	38 units residential/ 52 memorial	89 units residential/ 193 memorial	273 units residential/ 126 memorial
Export Sales of coconut products	₱ 29.3 million	₱ 48.4 million	-
Hotel occupancy and average daily room rate			
- *Anya Hotel*	35% / ₱6,793	45% / ₱5,440	27% / ₱5,517
- *Go Hotels*	38% / ₱1,520	46% / ₱1,500	40% / ₱1,468
EBITDA	₱15.2 million	₱489.1 million	(₱19.1 million)
Return on equity	(0.66%)	1.94%	(2.32%)

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 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:

- Continue the land development of Hacienda Palico , residential project in Nasugbu, Batangas in 2019.

- To develop and increase processed coconut export sales and maximize plant capacity.

ROXAS AND COMPANY, INC AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

	March 31, 2019	March 31, 2018	December 31, 2018
1. LIQUIDITY RATIO			
Current Ratio	0.55 : 1.00	0.50 : 1.00	0.42 : 1.00
2. SOLVENCY RATIO			
Debt to Equity ratio	0.62 : 1.00	0.68 : 1.00	0.61 : 1.00
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3. Asset to Equity Ratio	1.62	1.68	1.61
4. PROFITABILITY RATIOS			
Return on Assets	(0.73%)	(0.39%)	1.21%
Return on Equity	(1.19%)	(0.66%)	1.94%
Book Value per share	3.77	3.69	3.82