ROXAS HOLDINGS, INC.
A BIO-SUGAR AND BIO-ENERGY GROUP

Notes to Consolidated Financial Statements

(With Comparative Information for 2012 and 2011)

Independent Auditors' Report

The Stockholders and the Board of Directors
Roxas Holdings, Inc. and Subsidiaries
6th Floor, Cacho-Gonzalez Building
101 Aguirre Street, Legaspi Village
Makati City

We have audited the accompanying consolidated financial statements of Roxas Holdings, Inc. (a subsidiary of Roxas and Company, Inc.) and Subsidiaries, which comprise the consolidated statement of financial position as at September 30, 2013, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Roxas Holdings, Inc. and Subsidiaries as at September 30, 2013, and their financial performance and their cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

Other Matter

The consolidated financial statements of Roxas Holdings, Inc. and Subsidiaries as at and for the periods ended September 30, 2012 and 2011 were audited by another auditor whose report dated December 12, 2012, expressed an unmodified opinion on those statements.

REYES TACANDONG & CO.

PROTACIO T. TACANDONG
Partner
CPA Certificate No. 25006
Tax Identification No. 105-309-124-000
BOA Accreditation No. 4782; Valid until December 31, 2015
SEC Accreditation No. 1024-AR-1
Group A; Valid until September 23, 2016
BIR Accreditation No. 08-005144-2-2013; Valid until November 26, 2016
PTR No. 3670310
Issued January 2, 2013, Makati City

December 11, 2013
Makati City, Metro Manila

Consolidated Statement of Financial Position

AS AT SEPTEMBER 30, 2013
(With Comparative Figures For 2012)
(Amounts In Thousands)

	Note	2013	2012
ASSETS			
Current Assets			
Cash and cash equivalents	6	₱165,953	₱164,408
Trade and other receivables - net	7	1,371,432	804,345
Inventories - net	8	1,550,894	779,336
Other current assets - net	9	468,308	427,277
Total Current Assets		3,556,587	2,175,366
Noncurrent Assets			
Investment in an associate	10	614,268	569,472
Property, plant and equipment - net:	11		
At cost		7,892,501	8,377,787
At appraised values		2,757,810	2,757,810
Investment properties	12	191,838	191,838
Net retirement plan assets	16	124,731	128,711
Deferred tax assets - net	25	31,718	147,632
Other noncurrent assets	7	16,476	29,134
Total Noncurrent Assets		11,629,342	12,202,384
		₱15,185,929	₱14,377,750
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term borrowings	13	₱1,020,527	₱1,148,000
Current portion of long-term borrowings	14	158,277	148,031
Trade and other payables	15	666,757	727,090
Income tax payable		51,513	–
Dividends payable		–	49,497
Total Current Liabilities		1,897,074	2,072,618
Noncurrent Liabilities			
Long-term borrowings - net of current portion	14	₱6,677,245	₱6,010,780
Net retirement benefit liabilities	16	14,742	85,738
Deferred tax liabilities - net	25	798,491	794,654
Total Noncurrent Liabilities		7,490,478	6,891,172
Total Liabilities		9,387,552	8,963,790
Equity Attributable to the Equity Holders of the Parent Company			
Capital stock	17	1,168,976	1,168,976
Additional paid-in capital		556,951	554,960
Share in revaluation increment on land of an associate	10	207,492	207,492
Revaluation increment on land	11	1,734,341	1,734,341
Excess of consideration received over carrying amount of net assets of a subsidiary transferred to the Parent Company	17	577,148	577,148
Effect of change in equity interest in subsidiaries	17	44,567	44,567
Retained earnings		2,242,475	1,860,496
Treasury stock - at cost	17	(768,860)	(768,860)
		5,763,090	5,379,120
Noncontrolling Interests		35,287	34,840
Total Equity		5,798,377	5,413,960
		₱15,185,929	₱14,377,750

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income

FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Figures for 2012 and 2011)
[Amounts in Thousands, Except Basic/Diluted Earnings (Loss) per Share Data]

	Note	2013 (One Year)	2012 (One Year)	2011 (Three Months)
REVENUES	20	₱6,064,728	₱7,674,493	₱1,402,594
COST OF GOODS SOLD	21	(4,450,154)	(5,956,519)	(1,843,063)
GROSS INCOME (LOSS)		1,614,574	1,717,974	(440,469)
GENERAL AND ADMINISTRATIVE EXPENSES	22	(640,294)	(830,205)	(157,508)
INTEREST EXPENSE	14	(390,662)	(474,245)	(183,120)
EQUITY IN NET EARNINGS (LOSSES) OF AN ASSOCIATE	10	67,635	49,115	(17,982)
SELLING EXPENSES	22	(40,361)	(74,990)	(9,794)
OTHER INCOME - Net	24	107,680	118,905	49,449
INCOME (LOSS) BEFORE INCOME TAX		718,572	506,554	(759,424)
INCOME TAX EXPENSE (BENEFIT)	25			
Current		125,441	37,794	992
Deferred		119,751	(198,640)	5,097
		245,192	(160,846)	6,089
NET INCOME (LOSS)		₱473,380	₱667,400	(₱765,513)
Net income (loss) attributable to:				
Equity holders of the Parent Company		₱472,933	₱666,704	(₱762,472)
Noncontrolling interests		447	696	(3,041)
		₱473,380	₱667,400	(₱765,513)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	26	₱0.52	₱0.73	(₱0.84)

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Figures for 2012 and 2011)
(Amounts in Thousands)

	Note	2013 (One Year)	2012 (One Year)	2011 (Three Months)
NET INCOME (LOSS)		₱473,380	₱667,400	(₱765,513)
OTHER COMPREHENSIVE INCOME				
Appraisal increase on land, net of tax of P69.1 million in 2012	11	–	161,131	–
TOTAL COMPREHENSIVE INCOME (LOSS)		₱473,380	₱828,531	(₱765,513)
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company		₱472,933	₱827,835	(₱762,472)
Noncontrolling interests		447	696	(3,041)
		₱473,380	₱828,531	(₱765,513)

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes In Equity

FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Figures for 2012 and 2011)
(Amounts in Thousands)

		Equity Attributable to Equity Holders of the Parent Company										
	Note	Capital Stock (Note 17)	Additional Paid-in Capital	Revaluation Increment on Land (Note 11)	Excess of Consideration Received over Carrying Amount of Net Assets of a Subsidiary Transferred to the Parent Company (Note 17)	Share in Revaluation Increment on Land of an Associate (Note 10)	Effect of Change in Equity Interest in Subsidiaries (Note 17)	Retained Earnings	Treasury Stock (Note 17)	Total	Noncontrolling Interests	Total Equity
BALANCES AS AT OCTOBER 1, 2012		₱1,168,976	₱554,960	₱1,734,341	₱577,148	₱207,492	₱44,567	₱1,860,496	(₱768,860)	₱5,379,120	₱34,840	₱5,413,960
Net income for the year		–	–	–	–	–	–	472,933	–	472,933	447	473,380
Employee stock option	19	–	1,991	–	–	–	–	–	–	1,991	–	1,991
Cash dividends	17	–	–	–	–	–	–	(90,954)	–	(90,954)	–	(90,954)
BALANCES AS AT SEPTEMBER 30, 2013		₱1,168,976	₱556,951	₱1,734,341	₱577,148	₱207,492	₱44,567	₱2,242,475	(₱768,860)	₱5,763,090	₱35,287	₱5,798,377
BALANCES AS AT OCTOBER 1, 2011		₱1,168,976	₱554,960	₱1,573,210	₱577,148	₱207,492	P₱44,567	₱1,248,365	(₱768,860)	₱4,605,858	₱34,144	₱4,640,002
Net income for the year		–	–	–	–	–	–	666,704	–	666,704	696	667,400
Appraisal increase on land, net of tax of P=69.1 million	11	–	–	161,131	–	–	–	–	–	161,131	–	161,131
Cash dividends	17	–	–	–	–	–	–	(54,573)	–	(54,573)	–	(54,573)
BALANCES AS AT SEPTEMBER 30, 2012		₱1,168,976	₱554,960	₱1,734,341	₱577,148	₱207,492	₱44,567	₱1,860,496	(₱768,860)	₱5,379,120	₱34,840	₱5,413,960
BALANCES AS AT JULY 1, 2011		₱1,168,976	₱554,960	₱1,573,210	₱577,148	₱207,492	₱44,567	₱2,010,837	(₱768,860)	₱5,368,330	₱37,185	₱5,405,515
Net loss for the period (three months)		–	–	–	–	–	–	(762,472)	–	(762,472)	(3,041)	(765,513)
BALANCES AS AT SEPTEMBER 30, 2011		₱1,168,976	₱554,960	₱1,573,210	₱577,148	₱207,492	₱44,567	₱1,248,365	(₱768,860)	₱4,605,858	₱34,144	₱4,640,002

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Figures for 2012 and 2011)
(Amounts in Thousands)

	Note	2013 (One Year)	2012 (One Year)	2011 (Three Months)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		₱718,572	₱506,554	(₱759,424)
Adjustments for:				
Depreciation and amortization	11	679,649	689,799	170,435
Interest expense	14	390,662	474,245	183,120
Equity in net earnings (losses) of an associate	10	(67,635)	(49,115)	17,982
Movements in net retirement plan assets and retirement benefit liabilities		(67,016)	84,724	2,243
Loss on property and equipment due to fire	11	22,305	–	–
Provision for inventory losses and obsolescence	8	13,544	59,727	78,794
Impairment losses on receivables	7	6,236	100,319	2
Interest income	24	(2,386)	(6,269)	(915)
Employee stock option	19	1,991	–	–
Recovery from insurance claims	24	–	(20,676)	(27,650)
Unrealized fair value adjustment on investment properties	12	–	(5,351)	–
Loss (gain) on sale of property and equipment	24	–	(530)	13,981
Operating income (loss) before changes in working capital		1,695,922	1,833,427	(321,432)
Decrease (increase) in:				
Trade and other receivables		(599,162)	(345,792)	103,475
Inventories		(782,103)	800,014	919,239
Other current assets		(41,031)	(30,950)	7,275
Increase (decrease) in trade and other payables		(58,820)	27,597	97,211
Net cash generated from operations		214,806	2,284,296	805,768
Income taxes paid, including creditable withholding and final taxes		(73,928)	(102,394)	(7,739)
Interest received		2,386	6,269	915
Net cash flows provided by operating activities		143,264	2,188,171	798,944
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	11	(214,271)	(128,156)	(38,152)
Proceeds from:				
Dividends received	10	45,678	165,587	–
Sale of property and equipment		165	5,523	12,849
Recovery from insurance claims	24	–	20,676	27,650
Decrease (increase) in other noncurrent assets		10,097	(4,305)	(68)
Net cash flows provided by (used in) investing activities		(158,331)	59,325	2,279
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings		₱800,000	₱501,568	₱–
Payments of:				
Interest		(392,175)	(522,545)	(152,944)
Dividends		(140,451)	(21,145)	–
Long-term borrowings		(123,289)	(769,722)	(216,311)
Net payments of short-term borrowings		(127,473)	(1,590,000)	(482,000)
Net cash flows provided by (used in) financing activities		16,612	(2,401,844)	(851,255)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,545	(154,348)	(50,032)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		164,408	318,756	368,788
CASH AND CASH EQUIVALENTS AT END OF PERIOD		₱165,953	₱164,408	₱318,756

See accompanying Notes to Consolidated Financial Statements.

RHi ROXAS HOLDINGS, INC. A BIO-SUGAR AND BIO-ENERGY GROUP

Notes to Consolidated Financial Statements

(With Comparative Information for 2012 and 2011)

1. Corporate Information, Corporate Reorganizations and Approval of the Consolidated Financial Statements

Corporate Information
Roxas Holdings, Inc. (RHI or the "Parent Company"), formerly doing business under the name and style of CADP Group, was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 30, 1930 for the purpose of operating mill and refinery facilities to manufacture sugar and allied products. The corporate life of the Parent Company has been extended for another 50 years from November 1, 1980.

In July 1996, the Parent Company offered its shares to the public through an initial public offering. On August 8, 1996, the shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE).

As at September 30, 2013 and 2012, the Parent Company is 65.70% owned by Roxas and Company, Inc. (RCI), a publicly-listed company incorporated and domiciled in the Philippines. On November 29, 2013, RCI sold its 31% equity ownership in the Parent Company to First Pacific Company, Ltd. (First Pacific), a Hong Kong-based company. RCI remains the major shareholder at 35% of the Parent Company while First Pacific has 34% equity ownership as it acquired additional shares of stock of the Parent Company from other stockholders.

As at September 30, 2013, the Parent Company has 2,232 equity holders (2,266 as at September 30, 2012).

On February 2, 2011, the Board of Directors (BOD) of the Parent Company and its subsidiaries (collectively referred to hereinafter as "the Group") approved the amendment on the By-Laws of the respective entities of the Group, changing the accounting period from fiscal year ending June 30 to September 30 of each year. The change in the accounting period was approved by the SEC on March 3, 2011 for the Parent Company and on various dates for its subsidiaries.

The corporate office of the Parent Company is located at the 6th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City, while the manufacturing plants of its operating subsidiaries are in Barrio Lumbangan, Nasugbu, Batangas and Barrio Consuelo, La Carlota City, Negros Occidental.

Corporate Reorganizations
Following the Reorganization Program as approved by the Philippine SEC on December 11, 2001, RHI has been transformed into a diversified holding and investment corporation, while its subsidiary, CADP Group Corporation (CADPGC), emerged as a holding and investment company with specific focus on sugar milling and refining business.

In 2008, RHI increased its equity ownership in CADPGC from 89.28% to 89.36% when CADPGC reacquired portion of its shares of stock (see Note 17). On December 16, 2008, RHI acquired CADPGC's sugar-related operating subsidiaries (Central Azucarera Don Pedro, Inc. - CADPI, Central Azucarera de la Carlota, Inc. - CACI, CADPI Farm Services, Inc. - CFSI, CADPI Consultancy Services, Inc. - CCSI, Jade Orient Management Services, Inc. - JOMSI, Najalin Agri Ventures, Inc. - NAVI) and an associate (Hawaiian-Philippine Company - HPCo), including certain assets and liabilities of CADPGC. On January 23, 2009, RHI sold its investment in CADPGC to Roxas & Company, Inc. (see Note 17).

Effective June 29, 2009, upon approval by the Philippine SEC on June 23, 2009, CADPGC, as the surviving entity, merged with Roxas & Company, Inc. through a share swap, wherein 11.71 CADPGC's shares of stock were exchanged for every share of stock of Roxas & Company, Inc. On the same date, the Philippine SEC approved the change in corporate name of CADPGC to RCI. Prior to the merger effective June 29, 2009, the Parent Company was 65.12% owned by Roxas & Company, Inc.

Approval of the Consolidated Financial Statements
The consolidated financial statements as at and for the year ended September 30, 2013 (with comparative figures for 2012 and 2011) were approved and authorized for issue by the Parent Company's BOD on December 11, 2013, as reviewed and recommended for approval by the Group's Audit Committee on December 10, 2013.

2. Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for land and investment properties, which are stated at fair value. The consolidated financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Parent Company and its subsidiaries. All amounts are rounded to the nearest thousands, except amounts per share data and unless otherwise indicated.

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including the SEC provisions.

The financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

The Group prepared short-period consolidated financial statements as at and for the threemonth period ended September 30, 2011 pursuant to the Group's change in reporting year-end from June 30 to September 30 (see Note 1). The amounts reflected in the September 30, 2011 consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and the related notes are for three months, and accordingly, are not entirely comparable with amounts for September 30, 2013 and 2012, which pertain to an entire year.

3. Summary of Changes in Accounting Policies

Adoption of New and Revised PFRS
The Group adopted the following new and revised PFRS effective October 1, 2012. These are summarized below:

- PFRS 7, Financial Instruments: Disclosures - Enhanced Derecognition and Transfer of Financial Assets Disclosure Requirements – The amended standard requires additional disclosure on financial assets that have been transferred but not derecognized and an entity's continuing involvement in the derecognized assets. This disclosure is required to enable the user of the financial statements to evaluate any remaining risks on the transferred assets.

- PAS 1, Financial Statement Presentation, Presentation of Items of Other Comprehensive Income - The amendment changed the presentation of items in Other Comprehensive Income. Items that could be reclassified to profit or loss at a future point in time should be presented separately from items that cannot be reclassified.

The foregoing new and revised PFRS have no significant impact on the amounts and disclosures in the consolidated financial statements of the Group.

New and Revised PFRS not yet Adopted
Relevant new and revised PFRS, which are not yet effective for the year ended September 30, 2013 and have not been applied in preparing the consolidated financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2013:

- PAS 19, Employee Benefits (Amendment) - There were numerous changes ranging from the fundamental such as removing the corridor mechanism in the recognition of actuarial gains or losses and the concept of expected returns on plan assets to simple clarifications and rewording.

- PAS 28, Investments in Associates and Joint Ventures (as revised in 2011) - This standard prescribes the application of the equity method to investments in joint ventures and associates.

- PFRS 7, Financial Instruments Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments) - The amendment requires entities to disclose information that will enable users to evaluate the effect or potential effect of netting arrangements on an entity's financial position. The new disclosure is required for all recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

- PFRS 10, Consolidated Financial Statements - The standard replaces the portion of PAS 27, Consolidated and Separate Financial Statements, that addresses the accounting for consolidated financial statements and SIC-12, Consolidation - Special Purpose Entities. It establishes a single control model that applies to all entities including special purpose entities. Management will have to exercise significant judgment to determine which entities are controlled, and are required to be consolidated by a parent company.

- PFRS 12, Disclosure of Interests with Other Entities - The standard includes all of the disclosures that were previously in PAS 27, Consolidated and Separate Financial Statements, related to consolidated financial statements, as well as all of the disclosure requirements that were previously included in PAS 31, Interest in Joint Ventures, and PAS 28, Investments in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- Amendments to PFRS 10, PFRS 11 and PFRS 12: Transition Guidance - The amendments provide additional transition relief in PFRS 10, PFRS 11, Joint Arrangements, and PFRS 12, Disclosure of Interests in Other Entities, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before PFRS 12 is first applied.

- PFRS 13, Fair Value Measurement - The standard establishes a single source of guidance under PFRS for all fair value measurements. It does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.

- Improvements to PFRS

The omnibus amendments to PFRS were issued in May 2012, which are effective for annual periods beginning on or after January 1, 2013, were issued primarily to clarify accounting and disclosure requirements to assure consistency in the application of the following standards:

- PAS 1, Presentation of Financial Statements
- PAS 16, Property, Plant and Equipment
- PAS 32, Financial Instruments: Presentation

Effective for annual periods beginning on or after January 1, 2014:

- Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities - The amendments provide an exception from the requirements of consolidation to investment entities and instead require these entities to present their investments in subsidiaries as a net investment that is measured at fair value. Investment entity refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both.

- Amendments to PAS 32, Offsetting Financial Assets and Financial Liabilities - The amendments address inconsistencies in current practice when applying the offsetting criteria in PAS 32, Financial Instruments: Presentation. The amendments clarify (a) the meaning of "currently has a legally enforceable right of set-off"; and (b) that some gross settlement systems may be considered equivalent to net settlement.

Effective for annual periods beginning on or after January 1, 2015:

- PFRS 9, Financial Instruments: Classification and Measurement - This standard is the first phase in replacing PAS 39, Financial Instruments: Recognition and Measurement, and applies to classification and measurement of financial assets as defined in PAS 39.

  Under prevailing circumstances, the adoption of the foregoing new and revised PFRS, except for the amendments to PAS 19, is not expected to have any material effect on the consolidated financial statements. Additional disclosures will be included in the consolidated financial statements, as applicable.

  Upon adoption of the amendments to PAS 19 beginning October 1, 2013, accumulated unrecognized actuarial losses amounting to ₱333.1 million as at September 30, 2013 (see Note 16), currently included as addition to net retirement plan assets and reduction to net retirement benefit liabilities, will be recognized separately in the equity section of the consolidated statement of financial position. Any actuarial gains and losses during the year will be recognized in other comprehensive income.

4. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation
The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, which it controls as at September 30 of each year. Control is normally evidenced when the Parent Company owns, either directly or indirectly, more than 50% of the voting rights of the entity's shares of stock.

Following is the list of the subsidiaries:

	Percentage of Ownership	Nature of Business	Principal Place of Business
CADPI[(1)]	100%	Production and selling of raw and refined sugar, molasses and related products	Makati and Batangas City
CACI	100%	Production and selling of raw sugar and molasses	Makati City and Negros Occidental
CADP Insurance Agency, Inc. (CIAI)[(2)]	100%	Insurance agency	Makati City
CCSI	100%	Management, investment and technical consultancy services	Makati City
CFSI	100%	Land preparation and other related farm services	Makati City
JOMSI	100%	Managing and operating agricultural land and planting and cultivation of sugar cane and other farm products	Makati City
NAVI	77.38%	Agricultural and industrial development	Negros Occidental
Roxol Bioenergy Corp. (RBC)	100%	Production and selling of bioethanol fuel	Makati City and Negros Occidental
CADP Port Services, Inc. (CPSI)[(3)]	100%	Providing ancillary services	Makati City
Roxas Power Corporation (RPC)[(3)]	50%	Sale of electricity	Batangas City

(1) *On August 31, 2012, RHI assigned 238,417,831 RBC shares in favor of CADPI out of its 300 million RBC shares. As a result, RHI's direct ownership in RBC was reduced from 100% to 20.53% while CADPI acquired 79.47% equity ownership in RBC. Thus, making RBC a direct subsidiary of CADPI.*

(2) *CIAI was incorporated on May 8, 1997 and has not yet started commercial operations.*

(3) *CPSI was incorporated on July 17, 2008 while RPC was incorporated on July 16, 2008. Both companies have not yet started commercial operations. The Parent Company has control on RPC since it has the power to cast the majority of votes at the BOD's meetings and the power to govern the financial and reporting policies of RPC.*

On February 1, 2012, the BOD of RHI approved a resolution to shorten the corporate life of CPSI, CIAI and RPC effective September 30, 2012. On the same date, the BOD also approved the merger of CCSI, CFSI and JOMSI, which are non-operating subsidiaries, with CADPI. This decision was in line with the Group's move to rationalize its operations. As of the date of the report, the application to the Philippine SEC to shorten the corporate life of CPSI, CIAI and RPC as well as the merger of CCSI, CFSI and JOMSI with CADPI have not yet been filed.

The consolidated financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Parent Company and its subsidiaries. Each entity determines its own functional currency, which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity, and items included in the consolidated financial statements of each entity are measured using that functional currency.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group. All significant intercompany balances and transactions including inter-group unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Parent Company obtains control and continue to be consolidated until the date when such control ceases. The results of operations of the subsidiaries acquired or disposed of during the period are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the controlling equity ownership (i.e., acquisition of noncontrolling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

Noncontrolling interests represent the portion of profit or loss and net assets of NAVI and RPC, not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of income, and consolidated statement of comprehensive income and within the equity section of the consolidated statement of financial position and consolidated statement of changes in equity, separately from the Parent Company's equity. Total comprehensive income is attributed to the portion held by the Group and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit.

Business Combination and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on acquisition date and the amount of any noncontrolling interest in the acquiree. For each business combination, the acquirer measures the noncontrolling interest in the acquiree either at fair value or at its proportionate share in the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in general and administrative expenses. The excess of the cost of acquisition over the fair value of the Parent Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Parent Company's share of the net assets of the subsidiary acquired, the difference is recognized directly in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Common Control Transactions. Where there are business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent before and after the business combination and that the control is not transitory ("business combinations under common control"), the Group accounts such business combinations under the acquisition method of accounting, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the noncontrolling interest, are being considered.

In cases where the business combination has no substance, the Parent Company accounts for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values. The difference in the amount recognized and the fair value of the consideration given, is accounted for as an equity transaction (i.e., as either a contribution or distribution of equity). Further, when a subsidiary is transferred in a common control transaction, the difference in the amount recognized and the fair value of consideration received, is also accounted for as an equity transaction. As discussed in Note 1, the Group recorded the difference as "Excess of consideration received over carrying amounts of net assets of a subsidiary transferred to the Parent Company" and presented as a separate component of equity in the consolidated statement of financial position.

Comparatives balances are restated to include balances and transactions as if the entities have been acquired at the beginning of the earliest year presented and as if the entities have always been combined.

Goodwill. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative exchange differences arising from the translation and goodwill is recognized in profit or loss.

The goodwill on investment in an associate is included in the carrying amount of the related investment.

Financial Instruments

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the market place.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss (FVPL). Fair value is determined by reference to the transaction price or other market prices. If such market prices are not readily determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rate of interest for similar instruments with similar maturities.

Day 1 Difference. Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data observable from the market, the Group recognizes the difference between the transaction price and fair value (a day 1 difference) in profit or loss unless it qualifies for recognition as some other type of asset. For each transaction, the Group determines the appropriate method of recognizing a day 1 difference amount.

Classification of Financial Instruments. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are recognized as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

The Group classifies its financial assets in the following categories: FVPL financial assets, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. The Group classifies its financial liabilities as either financial liabilities at FVPL or other financial liabilities. The classification of financial instruments depends on the purpose for which these were acquired and whether these are quoted in an active market. The Group determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Group does not have financial instruments classified as financial assets or liabilities at FVPL, HTM investments and AFS financial assets as at September 30, 2013 and 2012.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest method, less any impairment in value. Any interest earned on loans and receivables is recognized as part of "Interest income" recognized in profit or loss on an accrual basis. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The periodic amortization is also included as part of "Interest income" recognized in profit or loss. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

Classified as loans and receivables are the Group's cash in banks and short-term placements, trade receivables, due from related parties, due from employees and other receivables and restricted cash included under "Other current assets" as at September 30, 2013 and 2012 (see Notes 6, 7 and 9).

Cash equivalents include short-term highly liquid interest-bearing fund placements with original maturities of three months or less from the date of acquisition and subject to insignificant risk in fluctuations in value.

Trade receivables with average credit terms of 15 to 90 days are recognized and carried at original invoice amount less any allowance for impairment.

Other Financial Liabilities. Other financial liabilities pertain to financial liabilities that are not held for trading and are not designated at FVPL upon the inception of the liability. These include liabilities arising from operating (e.g., trade and other payables, except statutory liabilities and provision for losses) and financing (e.g., short and long-term borrowings, due to related parties, dividends payable) activities.

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the term of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

Trade and other payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are measured at amortized cost, normally equal to nominal amount.

Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium (or discount) and any directly attributable transaction costs.

This category includes trade and other payables (excluding statutory liabilities and provision for losses), short-term and long-term borrowings and dividends payable as at September 30, 2013 and 2012 (see Notes 13, 14 and 15).

Derecognition of Financial Assets and Liabilities. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments. Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of Financial Assets

The Group assesses at the end of each reporting period whether a financial asset or a group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of loss, if any, is recognized in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Group about loss events such as, but not limited to, significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, or the increasing probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the group of financial assets with similar credit risk and characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognized are not included in a collective assessment of impairment. The impairment assessment is performed at the end of each reporting period. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past due status and term.

Loans and receivables, together with the related allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV) for the following types of inventories:

Raw and Refined Sugar, Molasses and Alcohol Inventories. Cost is being determined using the weighted average method. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion of production and the estimated costs necessary to make the sale. Production cost is allocated using the relative sales value of each of the joint products, i.e., raw sugar and molasses. The cost of alcohol includes direct materials and labor and a proportion of manufacturing overhead costs with unit cost determined using the moving average method.

Materials and Supplies Inventory. Cost is being determined using the moving average method. NRV is the current replacement cost.

Provision for inventory losses and obsolescence is provided for slow moving, obsolete, defective and damaged inventories based on physical inspection and management evaluation.

Other Current Assets
This account consists of creditable withholding taxes, input value-added tax (VAT) and prepayments. Creditable withholding taxes are deducted from income tax payable on the same period the revenue was recognized. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current assets. Otherwise, these are classified as other noncurrent assets.

VAT
Revenues, expenses and assets are recognized, net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Other current assets" and "Trade and other payables" accounts, respectively, in the consolidated statement of financial position.

Investment in an Associate
Investment in an associate is accounted for using the equity method and recognized initially at cost.

An associate is an entity in which the Group has significant influence but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights of the entity.

The Group's share of its associate's post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments in behalf of the associate. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial statements of the associate are prepared for the same reporting period of the Parent Company. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

Property, Plant and Equipment
Property, plant and equipment are carried at historical cost less accumulated depreciation and any impairment in value, except for land, which is stated at revalued amount less any impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset, including borrowing costs on qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged to profit or loss in the period incurred.

Construction in progress, which represents assets under construction, is stated at cost and depreciated only from such time as the relevant assets are completed and put into intended operational use. Upon completion, these properties are reclassified to the appropriate property, plant and equipment account.

The net appraisal increment resulting from the revaluation of land is presented as "Revaluation increment on land," net of related deferred tax effect, in the consolidated statement of financial position and consolidated statement of changes in equity. The Parent Company's share in net appraisal increase resulting from the revaluation of land of an associate is presented as "Share in revaluation increment on land of an associate," net of related deferred tax effect, in the consolidated statement of financial position and consolidated statement of changes in equity. Increases in the carrying amount arising on revaluation of properties are recognized in consolidated statement of comprehensive income and credited to revaluation increment on land in the consolidated statement of changes in equity, net of related deferred tax effect. Any resulting decrease is directly charged against the related revaluation increment to the extent that the decrease does not exceed the amount of the revaluation in respect of the same asset. All other decreases are charged to profit or loss. Valuations are performed frequently enough to ensure that the fair value of land does not differ significantly from its carrying amount.

The portion of revaluation increment on land, net of related deferred tax effect, realized upon disposal of the property is transferred to retained earnings.

Depreciation on depreciable property, plant and equipment is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Asset Category	Number of Years
Buildings and improvements	10 to 30
Machinery and equipment:	
Factory machinery and installations	17 to 25
Safety equipment	5
Transportation equipment	3 to 6
Office furniture, fixtures and equipment	3 to 5

Depreciation commences when an asset is in its location or condition capable of being operated in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations, and the date the asset is derecognized.

Major renovations that qualified for capitalization are depreciated over the remaining useful life of the related asset.

The asset's estimated useful lives and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and impairment are derecognized. Gains and losses on retirement or disposal are determined by comparing the proceeds with carrying amount of the asset and are recognized in profit or loss.

Fully depreciated property and equipment are retained in the books until these are no longer in use.

Investment Properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in fair value of investment properties are included in profit or loss in the period in which these arise.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale. The fair value of investment property should reflect market conditions at the end of the reporting period.

Derecognition of an investment property will be triggered by a change in use or by sale or disposal. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset, and is recognized in profit or loss.

Transfers are made to investment property when, and only when, there is change in use, evidenced by cessation of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Other Noncurrent Assets
Other noncurrent assets include goodwill, software cost and deposits. Goodwill represents excess of purchase price over fair values of net assets at P9.8 million.

Software cost is measured on initial recognition at cost. Following initial recognition, software cost is carried at cost less any accumulated amortization and impairment losses, if any. The software cost is amortized on a straight-line basis over its estimated economic useful life of three years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization commences when the software cost is available for use. The period and the method of amortization for the software cost are reviewed at each financial year end.

Gains and losses arising from derecognition of software cost are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Impairment of Nonfinancial Assets
The carrying values of property, plant and equipment, investment in an associate, and other nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, except for goodwill acquired in a business combination which is reviewed for impairment annually. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses are recognized in profit or loss under the expense category consistent with the function of the impaired asset. Impairment loss recognized during interim period in respect to goodwill or investment, should not be reversed at year end.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock
Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds. The excess of proceeds from issuance of shares over the par value of shares are credited to additional paid-in capital.

Additional Paid-in Capital
Additional paid-in capital includes any premium received in the initial issuances of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paidin capital, net of tax.

Treasury Stock
Where the Parent Company purchases its own capital stock (treasury stock), the consideration paid, including any directly attributable incremental costs (net of related taxes), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related taxes, is included in equity attributable to the equity holders of the Parent Company.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of the changes in accounting policy and other capital adjustments.

Dividend Distribution
Dividend distribution to the Parent Company's stockholders and the noncontrolling interests is recognized as a liability and deducted from equity in the period in which the dividends are approved by the BOD of respective entities. Dividends that are approved after the reporting period are dealt with as an event after the reporting period.

Revenue Recognition
Revenue comprises the fair value of the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of output VAT, returns and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow into the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

Sale of Raw Sugar
Sale of raw sugar is recognized upon (a) endorsement and transfer of quedans for quedan-based sales and (b) shipment or delivery and acceptance by the customers for physical sugar sales.

Sale of Refined Sugar and Alcohol
Sale of refined sugar and alcohol is recognized upon shipment or delivery and acceptance by the customers.

Sale of Molasses
Sale of molasses is recognized upon transfer of molasses warehouse receipts, which represents ownership title over the molasses inventories.

Bill and Hold Sales
Bill and hold sales are recognized when all criteria are met:

a. It is probable that delivery will be made;
b. The item is on hand, identified and ready for delivery to the buyer at the time the sale is recognized;
c. The buyer specifically acknowledges the deferred delivery instructions; and
d. The usual payment terms apply.

Revenue from Tolling Services
Revenue from tolling services is recognized when the equivalent refined sugar is produced from raw sugar owned by tollees.

Rental Income
Rental income from operating leases is recognized on a straight line basis over the lease term.

Interest income
Interest income is recognized on a time proportion basis using the effective interest method.

Other income
Other income is recognized when the earning process is complete and the flow of economic benefit is reasonably assured.

Other Comprehensive Income (Loss)
Other comprehensive income (loss) comprises items of income and expenses (including items previously presented under the consolidated statement of changes in equity) that are not recognized in profit or loss for the period in accordance with PFRS.

Costs and Expenses Recognition
Cost and expenses are recognized in profit or loss upon receipt of goods, utilization of services, or at the date the cost and expenses are incurred.

Cost of Goods Sold
Cost of goods sold includes direct materials and labor costs, and those related indirect cost incurred. It is recognized as expense when related goods are sold.

Selling, General and Administrative Expenses
Selling expenses are costs incurred to sell or distribute goods. General and administrative expenses are costs of administering the business such as salaries and wages of administrative department, professional fees, management fees and rental and utilities and general office expenses. These costs are expensed when incurred.

Employee Benefits
The Parent Company and its subsidiaries, namely CACI and CADPI, have individual and separate defined benefit plan. A defined benefit plan is a retirement plan that defines an amount of retirement benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The plans are generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations.

Retirement Benefits
Retirement benefit expenses are actuarially determined using the projected unit credit method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of the previous reporting period exceeded 10% of the higher of the present value of defined benefit obligation and the fair value of plan assets at that date.

These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

Past service costs are recognized immediately in profit or loss, unless changes to the retirement plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs.

Net Retirement Plan Assets
Net retirement plan assets of the Group recognized in the consolidated statement of financial position in respect of defined benefit retirement plans is the lower of: (a) the excess of the fair value of plan assets over the present value of the defined benefit obligation at the end of reporting period together with adjustments for unrecognized actuarial gains or losses and past service costs and (b) the total of any cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. In cases when the amount determined results in a surplus (being the excess of the fair value of the plan assets over the present value of the defined benefit obligation), the Group measures the resulting asset at: (a) the lower of the excess of the fair value of plan assets over the present value of the defined benefit obligation at the end of reporting period together with adjustments for unrecognized actuarial gains or losses and past service costs, and (b) the total of any cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Plan assets represent assets that: (a) are held by an entity (a fund) that is legally separate from the Group; (b) are available to be used only to pay or fund employees benefits; and (c) are not available to the Group's own creditors, and cannot be returned to the Group unless: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the Group; or (ii) the assets are returned to the Group to reimburse it for employee benefits already paid.

Net Retirement Benefit Liabilities
The net retirement benefit liabilities recognized in the consolidated statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of reporting period less the fair value of plan assets, together with adjustments for actuarial gains and losses and past service costs. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rate of debt securities that are denominated in Philippine Peso (currency in which the benefits will be paid) and that have terms to maturity approximating the terms of the related retirement liability.

Termination Benefits
Termination benefits are payable when employment is terminated before the retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of reporting period are discounted to present value.

Employee Stock Option Plan (ESOP)
Regular employees (including directors) receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value of the stock options at the date at which these are granted. The fair value of the stock options is determined using an option-pricing model, further details of which are presented in Note 19. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of RHI ("market conditions"), if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period until employees become fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of awards that will ultimately vest. The change or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, an expense, at a minimum, is recognized as if the terms had not been modified. An expense is recognized for any increase in the value of the transactions as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if these were modifications of the original award, as described in the previous paragraph.

The dilutive effect of outstanding stock option is reflected as additional share dilution in the computation of earnings per share (see Note 26).

Borrowing Costs
Borrowing costs that are directly attributable to the acquisition, construction of a qualifying asset, which necessarily takes a substantial period of time to prepare for its intended use are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that these will result in future economic benefits to the Group and the costs can be measured reliably. Other borrowing costs are recognized as expense.

Capitalization of borrowing costs is suspended during extended period in which the Group suspends active development of a qualifying asset and ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. An asset is normally ready for its intended use when the physical construction of the asset is complete even though routine administrative work might still continue.

Leases
The determination of whether the arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception on the lease only if one of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the arrangement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or (d) there is substantial change to the asset.

Where a reassessment is made, lease accounting commences or ceases from the date when the change in circumstances gave rise to reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Leases where a significant portion of the risks and benefit of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Provisions and Contingencies
Provision for environmental restoration, restructuring costs and legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Foreign Currency-Denominated Transactions and Translations
Items included in the consolidated financial statements of each of the Group's entities are measured using the functional currency.

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of reporting period. Foreign exchange differences are credited or charged directly in profit or loss.

Income Taxes

Current Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Deferred Tax
Deferred tax is provided on all temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax liability is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss. However, deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off the deferred tax assets against the deferred tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

Related Party Transactions
Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

Earnings (Loss) per Share
The Group presents basic and diluted earnings (loss) per share. Basic earnings (loss)

per share is calculated by dividing the profit (loss) attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the period, excluding common shares purchased by the Parent Company and held as treasury shares. Diluted earnings (loss) per share is calculated in the same manner, adjusted for the effects of all the dilutive potential common shares.

Segment Reporting
For purposes of management reporting, the Group's operating businesses are organized and managed separately on a per company basis, with each company representing a strategic business segment.

Operating segments are components of the Group: (a) that engage in business activities from which these may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's financial position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

5. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the 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.

The Group believes the following represent a summary of significant judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, as well as to the related revenues and expenses, within the next fiscal year, and related impact and associated risk in the consolidated financial statements.

Judgments
In the process of applying the Group's accounting policies, management exercised judgment on the following items, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Determination of Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency is determined to be Philippine Peso. Also, it is the currency of the primary economic environment in which the Parent Company, its subsidiaries and associate operate.

Determination of Operating Segments
Determination of operating segments is based on the information about components of the Group that management uses to make decisions about operating matters. Operating segments use internal reports that are regularly reviewed by the Parent Company's chief operating decision maker, which is defined to be the Parent Company's BOD, in order to allocate resources to the segment and assess its performance. The Parent Company reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) its assets are 10% or more of the combined assets of all operating segments.

The Group determined that its operating segments are organized and managed separately on a per Company basis, with each Company representing a strategic business segment. Reportable operating segments as at September 30, 2013 and 2012 are RHI, CADPI, CACI, RBC and others (see Note 29).

Determination if Control Exists in an Investee Company
Control is presumed to exist when the Parent Company owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Management has determined that despite having only 50% equity ownership in RPC, it has control over RPC by virtue of its power to cast the majority votes at meetings of the BOD.

Classification of Financial Instruments
The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

The classifications of the various financial assets and liabilities of the Group are disclosed in Note 28.

Classification of Leases
Management exercises judgment in determining whether substantially all the significant risks and benefits of ownership of the assets held for lease are retained by the Group. Lease contracts in which the Group retains substantially all the risks and benefits incidental to ownership of the leased item are accounted for as operating leases. Otherwise, these are considered as finance leases.

Operating Lease - Group as Lessee. The Group, as a lessee, has entered into various property leases covering several heavy handling equipment, service vehicles and office space of RHI, where it has determined that the risks and benefits related to these properties are retained with the lessors. As such, these lease agreements are accounted for as operating leases.

Rent expense charged to operations amounted to ₱83.6 million included in "Cost of goods sold" and "General and administrative expenses" accounts in 2013 (₱74.1 million and ₱10.1 million in 2012 and 2011, respectively).

Operating Lease - Group as a Lessor. Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rent income is recognized in the consolidated statement of income on a straight-line basis over the lease term of the lease, as applicable.

Rent income included under "Other income" account amounted to ₱6.6 million in 2013 (₱5.8 million 2012 and nil in 2011) (see Note 24).

Classification of Properties
Management determines the classification of a property depending on its use. The Group classifies its owner-occupied properties as property, plant and equipment. Properties held to earn rentals or for capital appreciation are classified as investment properties. The change of use of properties will trigger a change in classification and accounting of these properties.

The Group classified and accounted an agricultural property of NAVI held for rental and a land of RHI held for appreciation as investment properties. As at September 30, 2013 and 2012, the carrying value of investment properties amounted to ₱191.8 million (see Note 12).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal years are discussed below.

Determination of Provision for Impairment Losses on Receivables
The provision for impairment losses on receivables is estimated based on two methods. The amounts calculated using each of these methods are combined to determine the total amount to be provided. First, specific accounts are evaluated based on information that certain customers may be unable to meet their financial obligations. In these cases, the Group applies judgment, in recording specific allowances against amounts due to reduce receivable amounts expected to be collected, based on the best available facts and circumstances, including but not limited to, the length of relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific allowances against amounts due to reduce receivable amounts expected to be collected. These specific allowances are reevaluated and adjusted as additional information received impacts the amounts estimated. Second, a collective assessment of historical collection, write-off, experience and customer payment terms is determined. The amount and timing of recorded expenses for any period could therefore differ based on the judgments or estimates made. An increase in the Group's allowance for impairment of receivables would increase its recorded general and administrative expenses and decrease its current assets.

As at September 30, 2013, trade and other receivables amounted to ₱1,371.4 million (₱804.3 million as at September 30, 2012) (see Note 7). Allowance for impairment losses of trade and other receivables amounted to ₱119.2 million as at September 30, 2013 (₱121.6 million as at September 30, 2012) (see Note 7).

Determination of NRV of Inventories
The Group's estimates of the NRV of inventories are based on the most reliable evidence available at the time the estimates are made, of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

As at September 30, 2013, the inventories carried at lower of cost or NRV amounted to ₱1,550.9 million (₱779.3 million as at September 30, 2012) (see Note 8). Allowance for inventory losses and obsolescence amounted to ₱18.0 million as at September 30, 2013 (₱47.5 million as at September 30, 2012) (see Note 8).

Allocation of Cost to Molasses Inventory
Management uses judgment to measure and allocate value to the molasses

inventory. When the costs of conversion of each product are not separately identifiable, these are allocated among the products on a rational and consistent basis. The allocation is based on relative sales value of cane products at the completion of production. When the cost of molasses is deemed immaterial, this is measured at NRV and the value is deducted from the cost of the raw and refined sugar.

As at September 30, 2013, portion of molasses inventory amounting to ₱20.2 million (₱10.5 million as at September 30, 2012) pertains to allocated cost from the total production costs of milled raw and refined sugar (see Note 8).

Determination of Provision for Unrecoverable Creditable Withholding Taxes
Provision for unrecoverable creditable withholding taxes is maintained at a level considered adequate to provide for potentially unrecoverable claims. The Group, on a continuing basis, makes a review of the status of the claims, designed to identify those to be provided with any impairment losses. In these cases, management uses judgment based on the best available facts and circumstances. The amount and timing of recorded expenses for any period would differ based on the judgments or estimates made.

As at September 30, 2013, carrying value of creditable withholding taxes amounted to ₱208.0 million (₱217.8 million as at September 30, 2012) (see Note 9). The allowance for impairment losses amounted to ₱13.6 million as at September 30, 2013 and 2012 (see Note 9).

Valuation of Land under Revaluation Basis
The land is carried at revalued amount, which approximates its fair value at the date of the revaluation (May 4, 2012) less any accumulated impairment losses. The valuation of land is performed by professionally qualified independent appraisers. The fair value was arrived at using the Market Data Approach for land based on the gathered available market evidences. Revaluations are made on a regular basis to ensure that the carrying amounts do not differ materially from those which would be determined using fair values at the end of reporting period.

Land carried at revalued amounts as at September 30, 2013 and 2012 amounted to ₱2,757.8 million (see Note 11).

The resulting increase in the valuation of these assets based on the valuations made by an independent appraiser is presented under "Revaluation increment on land," net of the related deferred tax effect, and "Share in revaluation increment on land of an associate," net of the related deferred tax effect in the equity section of the consolidated statement of financial position and in the consolidated statement of changes in equity.

Estimation of Useful Lives of Property, Plant and Equipment
The useful life of each of the items of property, plant and equipment is estimated based on the year over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned in the foregoing. A change in the estimated useful life of any item of property, plant and equipment would impact the recorded operating expense and noncurrent assets.

There was no change in estimated useful lives of property, plant and equipment in 2013. In 2012, CADPI reassessed and changed the estimated useful lives of certain machinery and equipment from 13 to five years, which resulted to additional depreciation amounting to ₱13.1 million on the same year.

The carrying value of the depreciable property, plant and equipment as at September 30, 2013 amounted to ₱7,892.5 million (₱8,377.8 million as at September 30, 2012) (see Note 11).

Determination of Fair Value of Investment Properties
The fair value of the investment properties was determined by professionally qualified independent appraisers using generally acceptable valuation techniques and methods and estimates based on local market conditions existing at the end of the reporting period. The fair value was based on market value. In arriving at the market value, it is assumed that any transaction is based on cash or its equivalent consideration.

Investment properties stated at fair value amounted to ₱191.8 million as at September 30, 2013 and 2012 (see Note 12).

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

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

The preparation of estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment changes under PFRS.

Nonfinancial assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are as follows:

	Note	2013	2012
Property, plant and equipment	11	₱10,650,311	₱11,135,597
Investment in an associate	10	614,268	569,472

Estimation of Retirement Benefits
The determination of the obligation and retirement benefits expense is dependent on the selection of certain assumptions determined by management and used by the actuary in calculating such amounts. Those assumptions are described in Note 16 and include, among others, discount rate, expected rate of return on plan assets and rate of salary increase. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

As at September 30, 2013, net retirement plan assets amounted to ₱124.7 million (₱128.7 million as at September 30, 2012), and net retirement benefit liabilities amounted to ₱14.7 million (₱85.7 million as at September 30, 2012) (see Note 16). Retirement benefit costs amounted to ₱54.7 million in 2013 (₱175.7 million and ₱12.9 million in 2012 and 2011, respectively) (see Note 16).

Estimation of Provisions and Contingencies
The Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the end of reporting period, net of any estimated amount that may be reimbursed to the Group. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information.

The Group is involved in various other labor disputes, litigations, claims and tax assessments that are normal to its business. Based on the opinion of the Group's legal counsels on the progress and legal grounds of certain claims and assessments, no additional provision is deemed necessary in 2013 (₱85.0 million in 2012). The Group has provision for losses amounting to ₱48.4 million as at September 30, 2013 (₱48.8 million as at September 30, 2012) (see Notes 15 and 27).

Recognition of Deferred Tax Assets
The Group reviews the carrying amounts at the end of each reporting period and reduces the amount of deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

The Group has recognized deferred tax assets on a portion of deductible temporary differences and carryforward benefits of NOLCO and MCIT, amounting to ₱182.7 million as at September 30, 2013 (₱316.5 million as at September 30, 2012) (see Note 25).

No deferred tax assets were recognized on certain deductible temporary differences and carryforward benefits of NOLCO and MCIT with income tax effect amounting to ₱11.4 million as at September 30, 2013 (₱23.5 million as at September 30, 2012) (see Note 25). Management believes that it may not be probable that future taxable profit will be available in the near future against which the deferred tax assets can be utilized.

6. Cash and Cash Equivalents

This account consists of:

	2013	2012
Cash on hand	₱1,155	₱6,700
Cash in banks	148,868	114,928
Short-term placements	15,930	42,780
	₱165,953	₱164,408

Cash in banks earn interest at the respective bank deposit rates. Short-term placements are made at varying periods up to 90 days, depending on the immediate cash requirements of the Group. Short-term placements earn interest of 0.3% to 0.4% in 2013 (1.0% in 2012 and 1.3% in 2011).

Interest income earned on cash in banks and short-term placements amounted to ₱1.0 million in 2013 (₱2.4 million in 2012 and ₱0.2 million in 2011).

7. Trade and Other Receivables

This account consists of:

	Note	2013	2012
Trade		₱1,274,384	₱626,367
Due from:			
Related parties	18	84,209	145,828
Planters and cane haulers		45,955	40,979
Employees		33,695	25,898
Dividends receivable	10	–	22,839
Advances for raw sugar purchases		18,222	9,942
Others		34,162	54,060
		1,490,627	925,913
Allowance for impairment losses		(119,195)	(121,568)
		₱1,371,432	₱804,345

Trade receivables are usually noninterest-bearing and due within 15 to 90 days.

Due from planters and cane haulers pertains to cash advances, which will be settled in the form of raw sugar from the planters and rendering of the service by the cane haulers. Interest income earned on due from planters and cane haulers amounted to ₱1.1 million in 2013 (₱2.5 million in 2012 and nil in 2011) (see Note 24).

Due from employees include housing and educational loans that are collected from the employees through salary deduction. The loans to employees are noninterest-bearing, except for certain housing loans extended in 2008 to its employees, which bear interest of 8.0% per annum and are payable in 10 years. Interest income earned amounted to ₱0.3 million in 2013 (₱0.4 million in 2012 and ₱0.7 million in 2011) (see Note 24).

Noncurrent portion of housing loans receivable from employees amounting to nil as at September 30, 2013 (₱8.5 million as at September 30, 2012) is included in "Other noncurrent assets" account.

In 2012, RBC entered into an agreement with a plant contractor, wherein the latter will be charged on expenses incurred by RBC arising from or in connection with faulty performance and repairs on RBC plant facilities. As at September 30, 2012, claims from the plant contractor amounted to ₱27.6 million and included as part of other receivables.

In September 2013, the Parent Company received the proceeds from performance bank guarantee issued by a local bank in behalf of the plant contractor amounting to USD$2.1 million (₱90.4 million). Of the total amount, ₱27.6 million was used to settle receivable from the plant contractor, while the remaining ₱62.8 million was recognized as other income (see Note 24).

Other receivables, which are normally settled within one year, also include advances to suppliers and contractors and other nontrade receivables.

Details and movements of allowance for impairment losses on trade and other receivables follow:

2013	Note	Trade	Due from Planters and Cane Haulers	Due from Employees	Others	Total
Balance at beginning of year		₱98,878	₱11,882	₱1,342	₱9,466	₱121,568
Provisions	22	1,800	2,728	–	1,708	6,236
Write-offs		(8,122)	(480)	–	(7)	(8,609)
Balance at end of year		₱92,556	₱14,130	₱1,342	₱11,167	₱119,195

2012	Note	Trade	Due from Planters and Cane Haulers	Due from Employees	Others	Total
Balance at beginning of year		₱3,452	₱8,035	₱1,342	₱8,420	₱21,249
Provisions	22	95,426	3,847	–	1,046	100,319
Balance at end of year		₱98,878	₱11,882	₱1,342	₱9,466	₱121,568

8. Inventories

This account consists of:

	2013	2012
At cost:		
Refined sugar	₱523,636	₱247,477
Alcohol	326,560	–
Molasses	161,019	168,281
At NRV:		
Raw sugar	244,666	25,003
Materials and supplies 295,013 303,759		
Alcohol	–	34,816
	₱1,550,894	₱779,336

Cost of inventories valued at NRV is shown below:

	2013	2012
Materials and supplies	₱311,873	₱345,527
Raw sugar	245,807	27,556
Alcohol	–	37,992
	₱557,680	₱411,075

Details and movements of allowance for inventory losses and obsolescence follow:

2013	Raw and Refined Sugar, Alcohol and Molasses	Materials and Supplies	Total
Balance at beginning of year	₱5,729	₱41,768	₱47,497
Reversal/write-offs	(16,132)	(26,908)	(43,040)
Provisions	11,544	2,000	13,544
Balance at end of year	₱1,141	₱16,860	₱18,001

2012	Raw and Refined Sugar, Alcohol and Molasses	Materials and Supplies	Total
Balance at beginning of year	₱88,745	₱57,172	₱145,917
Reversal/write-offs	(130,545)	(27,602)	(158,147)
Provisions	47,529	12,198	59,727
Balance at end of year	₱5,729	₱41,768	₱47,497

Cost of inventories recognized as expense and included under "Cost of goods sold" amounted to ₱1,604.6 million in 2013 (₱2,786.0 million in 2012 and ₱1,278.8 million in 2011) (see Note 21).

9. Other Current Assets

This account consists of:

	2013	2012
Input VAT	₱212,318	₱167,580
Creditable withholding taxes - net	208,037	217,776
Restricted cash	32,839	29,378
Others	15,114	12,543
	₱468,308	₱427,277

Input VAT mainly arises from construction services relating to the Ethanol Plant and other purchases of goods and services for operations (see Note 11).

Provision for impairment on creditable withholding taxes in 2013 amounted to nil (₱1.2 million and ₱2.2 million in 2012 and 2011, respectively) (see Note 22). Allowance for impairment on creditable withholding taxes amounted to ₱13.6 million as at September 30, 2013 and 2012.

On January 31, 2011, RHI, CACI and CADPI entered into an agreement with Banco de Oro Unibank, Inc. (BDO) for the reduction of interest rate on long-term borrowings to 6.5% subject to certain conditions. Restricted cash represents savings from the reduction of the interest rate, deposited to the Company's escrow account as required under the provision of the agreement with BDO, to be applied as partial principal payments of long-term borrowings on top of the required loan amortization (see Note 14).

Other current assets consist of prepaid insurance and various deposits.

10. Investment in an Associate

Details of the investment in an associate follow:

	2013	2012
Acquisition cost	₱127,933	₱127,933
Accumulated equity in net earnings:		
Balances at beginning of year	234,047	350,519
Equity in net earnings	67,635	49,115
Dividends received	(22,839)	(165,587)
Balances at end of the year	278,843	234,047
Share in revaluation increment of land of associate	207,492	207,492
	₱614,268	₱569,472

The Parent Company owns 45.09% of HPCo, an entity incorporated in the Philippines, which is primarily engaged in manufacturing and trading of raw and refined sugar, molasses and other sugar by-products.

Outstanding dividend receivables from HPCo amounted to nil as at September 30, 2013 (₱22.8 million as at September 30, 2012) (see note 7).

Summarized financial information of HPCo as at and for the year ended September 30 are as follows:

	2013	2012
Current assets	₱566,941	₱381,285
Noncurrent assets	931,969	976,893
Current liabilities	460,305	389,675
Noncurrent liabilities	87,489	117,523
Net assets	951,116	850,890
Revenue	1,247,446	1,237,505
Net income	150,874	108,927

11. Property, Plant and Equipment

Details and movements of property, plant and equipment, valued at cost basis, are shown below:

	2013					
	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost						
Balances at beginning of year	₱2,758,079	₱11,862,510	₱32,750	₱67,478	₱130,367	₱14,851,184
Additions	7,174	43,541	–	2,956	160,600	214,271
Retirement/disposals	–	(27,969)	–	(79)	–	(28,048)
Reclassification	9,276	110,881	–	853	(121,010)	–
Balances at end of year	2,774,529	11,988,963	32,750	71,208	169,957	15,037,407
Accumulated Depreciation						
Balances at beginning of year	966,097	5,426,984	22,459	57,857	–	6,473,397
Depreciation	111,600	555,472	5,109	4,906	–	677,087
Retirement/disposals	–	(5,516)	–	(62)	–	(5,578)
Balances at end of year	1,077,697	5,976,940	27,568	62,701	–	7,144,906
Net Book Value	₱1,696,832	₱6,012,023	₱5,182	₱8,507	₱169,957	₱7,892,501

	2012					
	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost						
Balances at beginning of year	₱2,752,532	₱11,838,124	₱32,935	₱67,309	₱51,280	₱14,742,180
Additions	5,547	43,072	–	450	79,087	128,156
Retirement/disposals	–	(18,686)	(185)	(281)	–	(19,152)
Balances at end of year	2,758,079	11,862,510	32,750	67,478	130,367	14,851,184
Accumulated Depreciation						
Balances at beginning of year	852,670	4,875,487	17,433	52,167	–	5,797,757
Depreciation	113,427	565,347	5,134	5,891	–	689,799
Retirement/disposals	–	(13,850)	(108)	(201)	–	(14,159)
Balances at end of year	966,097	5,426,984	22,459	57,857	–	6,473,397
Net Book Value	₱1,791,982	₱6,435,526	₱10,291	₱9,621	₱130,367	₱8,377,787

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

	2013	2012
At appraised values:		
Balance at beginning of year	₱2,757,810	₱2,543,719
Appraisal increase	–	230,187
Reclassification to investment property	–	(16,096)
Balance at end of year	₱2,757,810	₱2,757,810
At cost	P383,990	P383,990

On December 22, 2010, NAVI entered into a memorandum agreement with a lessee, whereby the lessee will operate parcels of land owned by NAVI for the purpose of planting and production of sugarcane (see Note 12). As a result, NAVI's land, previously an owner-occupied property, was reclassified and accounted for as investment property carried at fair value effective July 1, 2011. The revaluation increment relating to the land amounting to ₱72.7 million (net of the share of noncontrolling interest amounting to ₱39.7 million) is presented as part of the "Revaluation increment on land" in equity section until the said land is disposed.

Construction in progress pertains mainly to uncompleted regular plant improvements and rehabilitation of milling equipment, which are to be completed in the succeeding fiscal year.

The Group has no borrowing cost capitalized during the year. Unamortized capitalized borrowing cost as at September 30, 2013 amounted to ₱483.8 million (₱526.7 million as at September 30, 2012) with corresponding deferred tax liability of ₱145.1 million (₱158.0 million as at September 30, 2012) (see Note 25). The Group amortizes such capitalized interest over the useful life of the qualifying asset to which it relates. Rate used to estimate the amount of borrowing costs eligible for capitalization was 7.76% in 2010.

The amount of depreciation and amortization is allocated as follows:

	Note	2013 (One Year)	2012 (One Year)	2011 (Three Months)
Cost of goods sold	21	₱627,555	₱648,704	₱157,538
General and administrative expenses	22	52,094	41,095	12,897
		₱679,649	₱689,799	₱170,435

Depreciation and amortization charged to "General and administrative expenses" account in 2013 includes amortization of software cost of ₱2.6 million (nil in 2012 and 2011).

In June 2013, certain property and equipment with a carrying value of ₱22.3 million were damaged due to fire (see Note 22). An insurance claim was filed in October 2013 and as at the date of the report, processing of said claim is still on-going.

As at September 30, 2013, certain property, plant and equipment were mortgaged and used as collateral to secure the loan obligations with the local banks (see Note 14).

As at September 30, 2013, fully depreciated property, plant and equipment with an aggregate cost of ₱2,307.6 million (₱2,182.6 million as at September 30, 2012) are still being used in operations.

12. Investment Properties

This account pertains to agricultural land of NAVI held for rental and a parcel of land of RHI held for capital appreciation.

NAVI's agricultural land is being leased for a period of four years until fiscal year ending September 30, 2015. Rent income from the said investment property amounted to ₱5.3 million in 2013 (₱5.5 million in 2012 and nil in 2011). Direct operating expenses amounted to ₱0.5 in 2013, which mainly pertains to real property taxes (₱0.5 million in 2012 and ₱0.2 million in 2011).

As at September 30, 2013 and 2012, the fair value of investment properties amounting to ₱191.8 million is based on the appraised value of the property using a market comparison approach, as determined by a professionally qualified independent appraiser. The latest appraisal report was made on October 24, 2012. Management believes that there is no significant change in fair value of investment in 2013.

Movements in investment properties follow:

	Note	2013	2012
At appraised values:			
Balance at beginning of year		₱191,838	₱170,391
Reclassification from property, plant and equipment	11	–	16,096
Fair value adjustment	24	–	5,351
Balance at end of year		₱191,838	₱191,838

13. Short-term Borrowings

Short-term borrowings consist of unsecured short-term loans obtained from various local banks to meet the working capital requirements of the Group. These short-term borrowings are payable within 30 days to 120 days in 2013 (28 days to 32 days in 2012 and 29 to 32 days in 2011) and bears annual interest ranging from 3.0% to 7.0% in 2013 (4.5% to 8.5% in 2012 and 4.0% to 6.5% in 2011).

As at September 30, 2013, short-term borrowings amounted to ₱1,020.5 million (₱1,148.0 million as at September 30, 2012).

Total interest expense arising from short-term borrowings amounted to ₱60.4 million in 2013 (₱122.6 million in 2012 and ₱69.8 million in 2011).

14. Long-term Borrowings

Long-term borrowings consist of loans from:

	2013	2012
Banco de Oro Unibank, Inc (BDO)	₱4,990,694	₱4,313,983
Syndicated Loans:		
Bank of the Philippine Islands (BPI)	896,552	896,552
Rizal Commercial Banking Corporation (RCBC)	448,276	448,276
BPI	500,000	500,000
	6,835,522	6,158,811
Current portion	(158,277)	(148,031)
Noncurrent portion	₱6,677,245	₱6,010,780

BDO Loan Facilities
On February 8, 2008, RHI signed the long-term loan facility with BDO for an aggregate amount of ₱6,189.0 million to finance the Group's Expansion Project, by purchasing second-hand mills and related equipment, and Share Buyback Program. The loan facility is shared by RHI and CADPI/CACI amounting to ₱1,570.0 million and ₱4,619.0 million, respectively. Drawdowns in 2008 by RHI, CADPI and CACI from said facility amounted to ₱718.3 million, ₱824.9 million and ₱395.3 million, respectively, payable in 28 quarterly installments, beginning August 5, 2011, with interest subject to quarterly repricing.

In 2009, CACI obtained additional loan from BDO amounting to ₱781.0 million with fixed interest at 8.94%. Furthermore, in 2010, CADPI availed additional loan amounting to ₱1,050.5 million, with fixed interest at 8.84%. Both loans are payable in 28 monthly installments beginning August 5, 2011.

In 2010, RHI, CADPI and CACI exercised its option to fix the quarterly interest of the loans at 8.93% beginning August 5, 2009 until the end of the terms of the loans. However, in 2011, pursuant to the agreement with BDO, the interest has been reduced to 6.5%, subject to certain conditions.

Such condition required that the amount of savings from the reduction of the interest rate be deposited to the Group's escrow account to be applied for partial principal payments of the loans on top of the loan amortization (see Note 9).

In 2012, RHI, CADPI and CACI entered into another agreement with BDO to modify the interest and repayment schedule of the loans. Such an agreement includes an option to convert the interest into fixed rate and revise the repayment schedule to a seven-year amortization period with equal quarterly payments commencing on November 5, 2014. To date, RHI, CADPI and CACI did not exercise its option to convert interest to fixed rate.

On June 17, 2011, RBC availed long-term loan with BDO amounting to ₱925.0 million to finance its working capital requirements. The loan is payable quarterly starting on the 3rd year of the 10-year term from drawdown date until October 17, 2017. The grace period on the principal amortization has been extended from the first 24 to the first 36 months as requested by RBC and approved by BDO on May 9, 2013. The loan bears interest ranging from 5.00% to 5.25% in 2013 (4.50% to 5.75% in 2012 and 4.5% in 2011) which is being repriced quarterly.

In February 2012, RHI availed of three-year car loan amounting to ₱1.6 million. The principal and interest of the loan are payable in equal monthly installments until February 2015.

On February 1, 2013, RHI, CADPI and CACI entered into a new facility agreement with BDO for an aggregate amount of P800.0 million to finance working capital requirements. On February 15, 2013, CADPI's drawdown of ₱800.0 million against this new facility is secured by a pledge of shares of HPCo. The interest, which is payable every after 30 days, is subject to a quarterly repricing based on prevailing market rate and is payable on February 15, 2016.

Syndicated Loans with BPI and RCBC
On February 14, 2008, CADPI and CACI entered into a Syndicated Loan Agreement with BPI (as the lead bank) and RCBC for a total credit line of ₱1,500.0 million. On March 12, 2008, CADPI and CACI signed an amendment to the Syndicated Loan Agreement clarifying certain provisions of the original agreement. In 2008, CADPI and CACI availed of a 10-year term loans from BPI amounting to ₱310.8 million and ₱129.8 million, respectively, and from RCBC amounting to ₱155.0 million and ₱64.9 million, respectively. The loans are payable in 29 quarterly installments until August 2018, with floating interest subject to quarterly re-pricing.

In 2009, CACI availed of additional loans from undrawn portion of the total credit facility from BPI amounting to ₱230.2 million, with fixed interest of 8.74% and from RCBC amounting to ₱113.8 million, with fixed interest of 8.80%. In 2010, CADPI also obtained additional loans from BPI amounting to ₱329.3 million, with fixed interest of 8.70%, and from RCBC amounting to ₱166.2 million, with fixed interest of 8.76%. These loans are payable in 29 equal quarterly installments beginning May 5, 2011 until May 5, 2018.

In 2010, interest was fixed to 8.79% for BPI loans and 8.93% and RCBC loans beginning August 5, 2009 until the end of the loan terms.

On February 6, 2012, CADPI and CACI entered into a Second Amendment with BPI and RCBC for the modification of interest and principal repayment schedule of the loans. The amendment provides for a floating interest, which is similar to the interest for the 2012 amendment in the BDO loans, with a one-time option to convert the interest into fixed rate. The one-time option to convert the interest into fixed rate is equivalent to: (a) benchmark rate plus 1.36% for BPI loans, and; (b) benchmark rate plus 1.50% for RCBC loans. The amendment also provides that CADPI and CACI repay the balance of the loans in 15 equal consecutive quarterly installments beginning November 5, 2013.

BPI Loan Facility
On June 14, 2012, CADPI availed of additional loan from BPI thru a separate loan agreement amounting to ₱500.0 million, the proceeds of which was used to pay-off CADPI's then existing long-term loan with BPI - Asset Management and Trust Group. The loan bears interest equivalent to the higher of: (a) the sum of the base rate plus 1.50%, or (b) the BSP RRP overnight rate plus 1.50%. Gross receipts tax is for the account of CADPI. The loan is payable in 15 equal quarterly installments on each scheduled repayment date, with the first installment commencing not later than November 5, 2014 until May 5, 2018.

On various dates in 2013, principal loan payments of RHI, CADPI and CACI, amounted to P24.0 million, ₱60.6 million and ₱38.6 million, respectively.

Interest Expense
The total interest expense amounting to ₱390.7 million in 2013 (₱474.2 million in 2012 and ₱183.1 million in 2011) includes interest expense arising from long-term borrowings of ₱330.3 million in 2013 (₱351.6 million in 2012 and ₱113.3 million in 2011).

Suretyship Agreement, Mortgage Trust Indenture (MTI) and Debt Covenants
In relation with the BDO Loan Facility executed on February 8, 2008, RHI, CADPI and CACI, entered into a Continuing Suretyship Agreement with BDO. Under this Agreement, BDO has the right to set-off the secured obligations in solidarity against all the borrowers' properties.

On February 14, 2008, RHI, CADPI, CACI and RBC entered into a separate Suretyship Agreement arising out of the Syndicated Loan Agreement, which warrants the due and faithful performance by the borrowers of all obligations due to the creditor banks, BPI and RCBC. The suretyship remains in full force and effect until full payment of the indebtedness under the Syndicated Loan Agreement. In addition, all liens of the creditor banks have rights of set-off in solidarity against the borrower's properties.

Further in 2009, RHI, CADPI and CACI executed a MTI to secure the loans obtained from BDO, BPI and RCBC. The MTI covers properties in: (a) Nasugbu, Batangas, which consist mainly of RHI's land and CADPI's properties with an aggregate carrying value of ₱2.2 billion and ₱3.5 billion, respectively, as at September 30, 2013 (₱2.2 billion and ₱3.8 billion as at September 30, 2012, respectively); and (b) CACI's properties in La Carlota, Negros Occidental with an aggregate carrying value of ₱3.4 billion as at September 30, 2013 (₱3.5 billion as at September 30, 2012).

In 2011, RBC executed an MTI to secure the loans obtained from BDO. The MTI covers RBC's properties in La Carlota, Negros Occidental with an aggregate carrying value of ₱1.5 billion as at September 30, 2013 and 2012.

Loan Covenants
The foregoing loan agreements are subject to certain covenants, such as but not limited to:

- maintenance of Debt Service Coverage Ratio (DSCR) of at least 1.25 times and debt-to-equity ratio of not more than 70:30;
- prohibition on purchase of additional equipment, except in pursuance of its sugar expansion and ethanol project, unless the required financial ratios are maintained;
- prohibition on any material change in ownership or control of its business or capital stock or in the composition of its top level management, unless the required financial ratios are maintained; and
- prohibition on declaration or payment of dividends or any other capital or other asset distribution to its stockholders, unless the required financial ratios are maintained.

As at September 30, 2013 and 2012, the Group is in compliance with the foregoing loan covenants, particularly on the required financial ratios.

In November 2013, the Group obtained from creditor banks a letter consenting on the disposal of the 31% of the 65.70% equity ownership in RHI by RCI in favor of First Pacific (see Note 1).

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

	2013	2012
Less than one year	₱158,277	₱148,031
Between one to two years	1,278,994	232,850
Between two to five years	5,034,858	3,699,718
Between five to eight years	363,393	2,078,212
	₱6,835,522	₱6,158,811

15. Trade and Other Payables

This account consists of:

	Note	2013	2012
Trade		₱241,839	₱103,877
Payable to government agencies for taxes and statutory contributions		128,422	121,216
Provision for losses	27	48,438	48,838
Accruals for:			
Interest		46,050	47,563
Payroll and other employee benefits		39,408	46,749
Outside services		–	837
Others		22,968	104,648
Customers' deposits		30,394	53,691
Due to:			
Contractors		21,385	12,946
Planters		11,158	58,191
Related parties	18	1,997	3,540
Others		74,698	124,994
		₱666,757	₱727,090

Trade payables are noninterest-bearing and are generally settled within 30 days.

Payable to government agencies and other payables are noninterest-bearing and are normally settled throughout the year.

Customers' deposits represent noninterest-bearing cash deposits from the Group's customers, which will be applied against future deliveries of sugar and molasses as applicable.

Other payables mainly pertain to reimbursements to employees and to third parties for sugar liens and other related fees.

16. Retirement Benefits

The Group has a funded, noncontributory defined benefit retirement plans covering substantially all of its qualified employees.

The following tables summarize the components of retirement benefits expense recognized in the consolidated statement of income and net retirement plan assets of RHI and net retirement benefit liabilities of CACI and CADPI recognized in the consolidated statement of financial position for the respective plans.

Retirement Benefits

Net retirement benefits expense recognized in the consolidated statement of income included in salaries and wages and employee benefits under "Cost of goods sold" and "General and administrative expenses" account are as follows:

	2013 (One Year)	2012 (One Year)	2011 (Three Months)
Current service cost	₱29,124	₱32,337	₱8,216
Interest cost	28,566	45,806	12,672
Expected return on plan assets	(27,542)	(36,067)	(9,536)
Actuarial loss recognized due to curtailment	13,828	40,243	–
Adjustment due to curtailment	6,219	88,436	–
Net actuarial loss recognized	4,512	4,940	1,591
	₱54,707	₱175,695	₱12,943

Net Retirement Plan Assets

Components of net retirement plan assets recognized in the consolidated statement of financial position are as follows:

	2013	2012
Fair value of plan assets	₱69,937	₱93,150
Present value of defined benefit obligation	(73,227)	(36,557)
Unrecognized actuarial losses	128,021	72,118
	₱124,731	₱128,711

Movements in net retirement plan assets are as follows:

	2013	2012
Balance at beginning of year	₱128,711	₱127,697
Retirement benefits expense	(3,980)	(49,174)
Contributions paid	–	50,188
Balance at end of year	₱124,731	₱128,711

Net Retirement Benefit Liabilities

Components of net retirement benefit liabilities recognized in the consolidated statement of financial position are as follows:

	2013	2012
Present value of defined benefit obligation	(₱437,295)	(₱455,337)
Fair value of plan assets	214,638	352,673
Unrecognized actuarial losses	207,915	16,926
	(₱14,742)	(₱85,738)

The changes in net retirement benefit liabilities recognized in the consolidated statement of financial position are as follows:

	2013	2012
Balance at beginning of year	(₱85,738)	₱–
Retirement benefits expense	(50,727)	(126,521)
Contributions paid	121,723	40,783
Balance at end of year	(₱14,742)	(₱85,738)

Changes in the Present Value of the Defined Benefit Obligation follow:

	2013	2012
Balance at beginning of year	₱491,894	₱576,932
Current service cost	29,124	32,337
Interest cost	28,566	45,806
Benefits paid	(124,833)	(349,975)
Adjustment due to curtailment	6,219	88,436
Actuarial loss	79,552	98,358
Balance at end of year	₱510,522	₱491,894

Changes in the Fair Value of Retirement Plan Assets follow:

	2013	2012
Balance at beginning of year	₱445,823	₱588,650
Contributions paid	121,723	90,971
Expected return on plan assets	27,542	36,067
Benefits paid	(124,833)	(349,975)
Actuarial gain (loss) on plan assets	(185,680)	80,110
Balance at end of year	₱284,575	₱445,823

The expected return on plan assets were determined based on a reputable fund trustee's yield rate for risk portfolio similar to that of the fund with consideration to the funds' past performance.

The categories of the plan assets are as follows:

	2013	2012
Cash and cash equivalents	8.84%	16.00%
Receivables	10.85%	5.00%
AFS financial assets	64.30%	67.23%
Investments in properties	16.01%	11.77%
	100.00%	100.00%

As at September 30, 2013, retirement plan assets, which are managed by trustees, include investments in equity securities of RHI and office space with a fair value amounting to ₱103.5 million and ₱58.7 million, respectively (₱109.6 million and ₱52.5 million as at September 30, 2012, respectively).

The principal assumptions used in determining the cost of retirement benefits of the Group are shown below:

	Discount Rates		Expected Rates of Return on Plan Assets		Salary Increase Rate	
	2013	2012	2013	2012	2013	2012
CADPI	4.80%	5.80%	4.00%	7.00%	5.00%	5.00%
CACI	4.50%	5.80%	5.00%	5.00%	5.00%	5.00%
RHI	3.80%	5.90%	6.00%	6.00%	5.00%	5.00%

Experience adjustments on plan obligation and assets are as follows:

	September 30			June 30	
	2013	2012	2011	2010	2009
Experience adjustment on plan obligation	P30,321	(₱6,938)	₱4,301	₱25,025	₱–
Experience adjustment on plan assets	234,910	25,185	–	–	23,005
	P265,231	₱18,247	₱4,301	₱25,025	₱23,005

The fair value of plan assets and present value of defined benefit obligations for the current year and previous reporting periods are as follows:

	September 30			June 30	
	2013	2012	2011	2010	2009
Fair value of plan assets	₱284,575	₱445,823	₱588,650	₱593,819	₱485,679
Present value of defined benefit obligation	510,522	491,894	576,933	582,817	514,225
Surplus (deficit)	(₱225,947)	(₱46,071)	₱11,717	₱11,002	(₱28,546)

CADPI and CACI are expected to contribute a total of ₱41.3 million to their respective retirement funds for the year ending September 30, 2014.

17. Equity

a. Capital stock and treasury stock

Details of capital stock and treasury stock follow:

	2013		2012	
	Number of Shares	**Amount *(In Thousands)***	Number of Shares	Amount *(In Thousands)*
Authorized common shares "Capital A" at P1 par value	1,500,000,000	₱1,500,000	1,500,000,000	₱1,500,000
Issued common shares "Class A"	1,168,976,425	₱1,168,976	1,168,976,425	₱1,168,976
Treasury stock	(259,424,189)	(768,860)	(259,424,189)	(768,860)
Issued and outstanding	909,552,236	₱400,116	909,552,236	₱400,116

b. Track record of registration

On March 16, 1994, the Parent Company registered with the Philippine SEC its 1,000 million shares, consisting of 600 million Class "A" shares and 400 million Class "B" shares with par value of ₱1.00 a share equivalent to ₱1,000,000,000, and representing the entire capital stock of the Parent Company. Moreover, the Philippine SEC licensed the sale or offer for sale the Parent Company's 477,750,000 shares (inclusive of its present subscribed capital stock of 382,200,000 shares), out of which 95,550,000 should be sold for ₱3.00 a share. On September 4, 1995, the Philippine SEC licensed the sale or offer for sale of 174,400,000 shares in an initial public offering at an offer price between ₱5.00 to ₱8.00 a share. The said shares consist of 100 million shares from the Parent Company's registered but unlicensed and unissued capital stock for primary offering and 74,400,000 shares owned by selling shareholders for secondary offering.

On January 28, 1997, the Parent Company declared stock dividends at the rate of 30% payable to stockholders of record as at February 28, 1997.

On November 24, 1999 and December 15, 1999, the Parent Company declared stock dividends at the rate of 30%, consisting of 225,322,500 common shares at ₱1.00 a share, payable to stockholders of record as at February 15, 2000.

On January 30, 2003, the Philippine SEC approved the Parent Company's increase in authorized capital stock from ₱1,000,000,000 to ₱1,500,000,000, divided into 1,500,000,000 common shares. Of the total increase in authorized capital stock, 192,779,459 common shares at par value of ₱1 a share or total of ₱192,779,459, have been subscribed and fully paid through the declaration of stock dividends at the rate of 20% to stockholders of record as at February 28, 2003.

On April 3, 2003, the PSE approved the listing of additional 192,779,459 common shares, with a par value of ₱281.00 a share, representing the above-mentioned 20% stock dividend declaration. Moreover, the Parent Company's listed shares were reduced by 188 common shares representing fractional shares arising from the 30% stock dividend declared in 1997 and 30% stock dividends declared in 2000, which were paid for in cash.

c. Excess of consideration received over carrying amount of net assets of a subsidiary transferred to the Parent Company and effect of changes in equity ownership in subsidiaries.

   As discussed in Note 1, the Group has undertaken a corporate restructuring. On December 16, 2008, RHI acquired the sugar-related operating subsidiaries and an associate from CADPGC for a total consideration of ₱3,838.0 million, which represents the cost of CADPGC's investments in subsidiaries and an associate amounting to ₱4,101.0 million, reduced by the net liabilities transferred by CADPGC amounting to ₱263.0 million. As a result, RHI increased its effective equity ownership in the sugar-related operating subsidiaries and recognized the effect of the change in equity ownership in subsidiaries and an associate as a result of reduction of noncontrolling interests in subsidiaries of ₱44.6 million and presented as a separate component of the Group's total consolidated equity.

   On January 23, 2009, following the acquisition of the sugar-related operating subsidiaries and an associate from CADPGC, RHI sold its investment in CADPGC to RCI for a total consideration of ₱3,927.3 million. The excess of consideration received from RCI over the carrying amounts of net assets of CADPGC transferred to the Parent Company amounted to ₱577.1 million.

d. Retained earnings

   Restricted retained earnings
   The following amounts of retained earnings are not available for dividend declaration:

	Note	2013	2012
Treasury stock		**₱768,860**	₱768,860
Retirement plan assets - net of deferred tax effect	16	**87,312**	90,098
		₱856,172	₱858,958

Further, retained earnings include accumulated earnings of consolidated subsidiaries and associate amounting to ₱317.3 million as at September 30, 2013 (₱217.1 million as at September 30, 2012), which are not available for distribution to the Parent Company's stockholders, unless received as cash dividends from investees.

Dividend declaration
Cash dividends declared and paid by the Parent Company are as follows:

Date Approved	Amount per Share	Total Amount	Stockholders of Record Date	Date Paid
August 7, 2013	₱0.06	₱54,573	August 30, 2013	Sept. 16, 2013
Dec.12, 2012	0.04	36,381	Dec. 28, 2012	January 15, 2013
Sept. 17, 2012	0.06	54,573	October 1, 2012	October 12, 2012

e. Share prices

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

Quarter	High	Low
October 1, 2012 through September 30, 2013		
First	₱3.15	₱2.02
Second	3.90	2.30
Third	3.27	2.50
Fourth	3.06	2.30
October 1, 2011 through September 30, 2012		
First	2.34	2.34
Second	3.85	3.40
Third	2.50	2.50
Fourth	2.60	2.34
July 1, 2011 through September 30, 2011	3.49	2.39

18. Related Party Transactions

In the normal course of business, the Group has transactions with related parties as follows:

Related Party	Relationship	Nature of Transaction	Note	Period	Transactions During the Year	Net Amount Due from Related Parties (see Note 7)	Net Amount Due to Related Parties (see Note 15)
RCI	Ultimate Parent	Net availment (payment)		**2013**	**(₱925)**	**₱50,905**	**₱–**
		of noninterest-bearing advances		2012	400	51,830	–
CADP Retirement Fund, Inc. (CADPRFI)	Retirement Fund of CADPI	Lease of office space	27	**2013**	**4,013**	**–**	**1,997**
				2012	4,013	–	3,540
		Net availment (payment) of noninterest-bearing advances		**2013**	**(56,272)**	**4,758**	**–**
				2012	61,031	61,031	–
RHI Retirement Fund, Inc. (RHIRFI)	Retirement Fund of RHI	Net availment (payment) of noninterest-bearing advances		**2013**	**(4,421)**	**28,546**	**–**
				2012	32,967	32,967	–
				2013		**₱84,209**	**₱1,997**
				2012		145,828	3,540

a. As at September 30, 2013, the Group's outstanding due from RCI amounted to P50.9 million (P51.8 million as at September 30, 2012), which mainly represents advances to RCI for expenses relating to the restructuring activities undertaken by the Group in 2009. These advances are noninterest-bearing and payable on demand and included in "Trade and other receivables" account.

b. The Group made advances to RHIRFI and CADPIRFI for a portion of the retirement payments made to the Group's qualified employees under defined retirement plan. As at September 30, 2013, advances to RHIRFI and CADPRFI amounting to ₱28.5 million and ₱4.8 million, respectively (₱33.0 million and ₱61.0 million as at September 30, 2012, respectively) included in "Trade and other receivables" account.

c. Amounts due to related parties of ₱2.0 million as at September 30, 2013 (₱3.5 million as at September 30, 2012) were presented under "Trade and other payables," represents noninterest-bearing payable arising from rent of office space from CADPRFI.

d. Key management personnel compensation:

	Note	2013 (One Year)	2012 (One Year)	2011 (Three Months)
Salaries and wages and other short-term benefits		**₱52,044**	₱46,289	₱10,317
Employee stock option	19	**1,529**	–	–
Retirement and other termination benefits		**54,707**	175,695	12,943
		₱108,280	₱221,984	₱23,260

Outstanding balances of transactions with related parties at year-end are unsecured and settlements are made in cash. The Company did not recognize any provision for impairment loss in 2013 and 2012. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

19. Employee Stock Option Plan (ESOP)

The BOD approved an ESOP on May 8, 2013. The ESOP covers all employees of RHI and its subsidiaries namely CACI, CADPI and RBC, who have rendered at least six months of service at the time of grant, subject for approval by the Senior Vice President, Human Resource, the designated administrator. Employees are given the option to purchase the shares allocable to them over an exercise period of five years from the effectivity date of ESOP. The share options vest each year over the five-year term of ESOP. The offer price of the shares is based on the average quoted price during the 30-trading days prior to exercise date less a 15% discount. About 30.0 million common shares of RHI's unissued shares have been initially reserved under the ESOP.

The Group has granted 24.6 million shares of common stock under the ESOP. As at September 30, 2013, stock option granted remain outstanding and has not vested.

The fair value of the ESOP plan was estimated at the date of grant using Black Sholes-Merton model with the following inputs as follows:

	Options Vesting After				
	Year One	Year Two	Year Three	Year Four	Year Five
Spot price	₱2.80	₱2.80	₱2.80	₱2.80	₱2.80
Strike price	₱2.49	₱2.49	₱2.49	₱2.49	₱2.49
Expected volatility	38.83%	39.10%	36.59%	39.61%	42.46%
Risk-free rate	2.71%	2.98%	3.29%	3.28%	3.90%
Dividend rate as a percentage of spot price	1.97%	1.97%	1.97%	1.97%	1.97%

It also considered the exercise share price of ₱0.7 and a weighted average share price of ₱0.9 as at valuation date. The volatility rate is determined as the historical volatility of the returns on the stock over a period similar to the vesting period of the option.

The employee stock option expense recognized for employee services received amounted to ₱2.0 million in 2013 presented under "Salaries, wages and other employee benefits" account.

20. Revenues

The components of revenues are as follows:

	September 30		
	2013 (One Year)	2012 (One Year)	2011 (Three Months)
Sale of:			
Refined sugar	**₱3,728,423**	₱3,648,085	₱762,580
Raw sugar	**1,577,317**	3,008,261	549,454
Alcohol	**375,104**	672,166	63,400
Molasses	**363,763**	196,267	3,753
Tolling fees	**19,246**	125,927	22,767
Others	**875**	23,787	640
	₱6,064,728	₱7,674,493	₱1,402,594

21. Cost of Goods Sold

		September 30		
	Notes	**2013 (One Year)**	2012 (One Year)	2011 (Three Months)
Direct materials used	8	**₱1,604,554**	₱2,786,006	₱1,278,831
Cost of transporting canes to mill		**848,113**	888,670	13,740
Depreciation and amortization	11	**627,555**	648,704	157,538
Salaries, wages and other employee benefits	23	**301,663**	399,912	84,731
Fuel and oil		**290,320**	250,690	29,190
Materials and consumables		**233,984**	276,778	32,805
Repairs and maintenance		**156,435**	244,355	78,138
Outside services		**120,833**	89,016	24,607
Communication, light and water		**77,875**	72,364	22,560
Taxes and licenses		**77,827**	150,942	29,533
Rent		**60,713**	51,224	4,762
Insurance		**25,780**	31,732	–
Provision for inventory losses and obsolescence	8	**12,114**	59,727	78,794
Others		**12,388**	6,399	7,834
		₱4,450,154	₱5,956,519	₱1,843,063

22. Operating Expenses

General and Administrative Expenses
The components of general and administrative expenses are as follows:

		September 30		
	Notes	**2013 (One Year)**	2012 (One Year)	2011 (Three Months)
Salaries, wages and other employee benefits	23	**₱210,511**	₱294,921	₱65,247
Outside services		**109,261**	78,465	16,069
Taxes and licenses		**95,529**	63,423	12,409
Depreciation and amortization	11	**52,094**	41,095	12,897
Insurance		**27,774**	29,505	12,069
Materials and consumables		**25,356**	21,367	7,140
Rent		**22,894**	22,919	5,313
Loss on property and equipment due to fire	11	**22,305**	–	–
Corporate social responsibility		**11,043**	2,354	741
Communication, light and water		**10,373**	9,817	2,254
Repairs and maintenance		**8,079**	11,357	1,643
Travel and transportation		**6,517**	19,367	3,490
Impairment losses on receivables		**7 6,236**	100,319	2,243
Representation and entertainment		**1,953**	1,390	220
Provision for inventory losses and obsolescence		**1,430**	–	–
Provision for losses	27	**–**	85,003	–
Impairment losses on creditable withholding taxes	9	**–**	1,187	2,241
Others		**28,939**	47,716	15,773
		₱640,294	₱830,205	₱157,508

Depreciation and amortization includes amortization of software of ₱2.6 million in 2013 (nil in 2012 and 2011).

Others mainly pertain to professional fees, training and development, transfer cost and bank charges

Selling Expenses
Selling expenses mainly pertains to sugar liens and dues and monitoring fees totaling ₱35.8 million in 2013 (₱36.3 million in 2012) representing mandatory fees paid to various regulatory agencies prior to sale of sugar. Remaining amount of selling expense pertains to advertising and shipping costs.

23. Personnel Costs

Personnel costs include:

	Notes	**2013 (One Year)**	2012 (One Year)	2011 (Three Months)
Salaries and wages		**₱412,096**	₱404,550	₱84,731
Retirement benefits		**16 54,707**	175,695	12,943
Allowances and other employee benefits		**43,380**	114,588	52,304
Employee stock option	19	**1,991**	–	–
		₱512,174	₱694,833	₱149,978

The amount of personnel costs are allocated as follows:

	Notes	**2013 (One Year)**	2012 (One Year)	2011 (Three Months)
Cost of goods sold	21	**₱301,663**	₱399,912	₱84,731
General and administrative expenses	22	**210,511**	294,921	65,247
		₱512,174	₱694,833	₱149,978

24. Other Income (Charges)

This account consists of:

	Notes	**2013 (One Year)**	2012 (One Year)	2011 (Three Months)
Income from performance bank guarantee	7	**₱62,834**	₱–	₱–
Sugar, handling and insurance fees		**28,280**	11,335	1,640
Rental income		**6,625**	5,756	–
Interest income		**2,386**	6,269	915
Sales of scrap		**1,998**	10,393	1,201
Net foreign exchange gain (losses)		**(606)**	(7,767)	4,769
Recovery from insurance claims		**₱–**	₱20,676	₱27,650
Unrealized fair value adjustment on investment properties		**–**	5,351	–
Gain (loss) on sale of property and equipment		**–**	530	(13,981)
Others		**6,163**	66,362	27,255
		₱107,680	₱118,905	₱49,449

Recovery from insurance claims pertains to the amount collected from the insurer, which represents recovery from loss of irreparable equipment. Others pertain mainly to replenishment fees in 2012 and 2011.

25. Income Taxes

a. The components of the Group's recognized net deferred tax assets and liabilities represent the tax effects of the following temporary differences:

		2013		2012	
	Note	**Net Deferred Tax Assets[(1)]**	**Net Deferred Tax Liabilities[(2)]**	Net Deferred Tax Assets	Net Deferred Tax Liabilities
Deferred tax assets on:					
Unamortized past service cost		**₱70,244**	**₱398**	₱53,918	₱81
Allowance for:					
Impairment losses of receivables	7	**34,009**	**–**	34,721	–
Inventory losses and obsolescence	8	**4,275**	**–**	12,513	952
Unrealized creditable withholding taxes		**3,663**	**–**	3,663	–
Preoperating expenses		**–**	**27,711**	–	26,812
Various accruals		**23,419**	**–**	15,033	–
Excess MCIT		**9,521**	**–**	46,511	4,363
Net retirement benefit liabilities	16	**4,423**	**–**	25,721	–
Unrealized gross profit on inventory		**4,390**	**50**	–	–
Employee stock option		**155**	**427**	–	–
NOLCO		**–**	**–**	89,357	675
Unrealized foreign exchange loss		**–**	**–**	1,426	–
		154,099	**28,586**	282,863	33,621
Deferred tax liabilities on:					
Unamortized capitalized interest	11	**(117,386)**	**(27,760)**	(130,236)	(27,764)
Revaluation increment on land		**(4,995)**	**(743,289)**	(4,995)	(743,289)

Share of noncontrolling interest on revaluation increment on land		–	(17,004)	–	(17,004)
Unrealized gain on fair value adjustment on investment property	12	–	(1,605)	–	(1,605)
Net retirement plan assets	16	–	(37,419)	–	(38,613)
		(122,381)	(827,077)	(135,231)	(828,275)
Net deferred tax assets (liabilities)		₱31,718	(₱798,491)	₱147,632	(₱794,654)

(1) Recognized net deferred tax assets of CADPI and CACI
(2) Recognized net deferred tax liabilities of RHI, RBC, NAVI and JOMSI

b. Details of NOLCO, excess MCIT and other deductible temporary differences for which no deferred tax assets were recognized are as follows:

	2013	2012
NOLCO	₱20,466	₱43,393
Allowance for impairment losses of receivables	5,831	5,831
Provision for inventory losses and obsolescence	3,751	2,614
Excess MCIT	2,404	7,946
	₱32,452	₱59,784

Deferred tax assets pertaining to NOLCO, excess MCIT and other deductible temporary differences amounting to ₱11.4 million as at September 30, 2013 were not recognized (₱23.5 million as at September 30, 2012). Management believes that it may not be probable that sufficient future taxable profits will be available against which the NOLCO, excess MCIT and other deductible temporary differences can be utilized.

c. Details of carry forward benefits arising from NOLCO and excess MCIT and the corresponding analysis of deferred tax assets are as follows:

NOLCO

Incurred for the Period Ended	Balance as at Beginning of Period	Applied	Expired	Balances as at the End of the Period	Tax Effect	Available Until
June 30, 2011	₱24,195	₱–	₱24,195	₱–	₱–	September 30, 2013
September 30, 2011	306,295	297,858	40	8,397	2,519	September 30, 2014
September 30, 2012	13,010	2,254	–	10,756	3,227	September 30, 2015
September 30, 2013	1,313	–	–	1,313	394	September 30, 2016
	₱344,813	₱300,112	₱24,235	₱20,466	₱6,140	

MCIT

Incurred for the Period Ended	Balance as at Beginning of Period	Applied	Expired	Balances as at the End of the Period	Available Until
June 30, 2011	₱9,018	₱9,018	₱–	₱–	September 30, 2013
September 30, 2011	753	753	–	–	September 30, 2014
September 30, 2012	49,049	37,130	–	11,919	September 30, 2015
September 30, 2013	6	–	–	6	September 30, 2016
	₱58,826	₱46,901	₱–	₱11,925	

d. The reconciliation between the income tax expense (benefit) computed at the applicable statutory tax rate and income tax expense (benefit) presented in the consolidated statement of income follows:

	2013 (One Year)	2012 (One Year)	2011 (Three Months)
Income tax expense (benefit) at statutory tax rate	₱215,572	₱151,966	(₱227,827)
Adjustments resulting from:			
Application of MCIT	20,571	–	–
Changes in unrecognized deferred tax assets	(12,079)	(331,573)	227,322
Expiration of excess MCIT credits	–	14	1,256
Tax effects of:			
Equity in net losses (earnings) of an associate	(₱20,291)	(₱14,734)	₱5,395
Nondeductible deficiency taxes	13,177	25,501	–
Nondeductible unrealized gross profit on inventories	12,957	–	–
Nondeductible expenses subject to Income tax holiday (ITH)	11,699	–	–
Interest subject to final tax and dividend income exempt from tax	(594)	(249)	(92)
Unallowable interest expense	111	191	35
Others	4,069	8,038	–
Income tax expense (benefit)	₱245,192	(₱160,846)	₱6,089

The current income tax expense of the Group in 2013, 2012 and 2011 pertains to RCIT or MCIT, whichever is higher, except for RBC, which is entitled to ITH.

e. Registration with the Board of Investments (BOI)

On October 24, 2008, the BOI approved the registration of RBC as New Producer of Bioethanol (Anhydrous) and Potable (Hydrous) Ethanol on a Pioneer and Non-Pioneer Status under the Omnibus Investments Code of 1987 or Executive Order (E.O.) 226. Under the terms of its registration, the Company is required to achieve certain production and sales volume for both anhydrous and hydrous ethanol.

As a registered enterprise, RBC is entitled to certain tax incentives, which include, among others:

- ITH of six years for its anhydrous ethanol and for four years for its hydrous ethanol, from January 2010 or actual start of commercial operations, whichever is earlier;
- Extension of ITH provided that the aggregated ITH availment does not exceed eight years, subject to certain conditions;
- For the first five years from the date of registration, additional deduction from taxable income of 50% of the wages arising from additional workers hired, provided that it is not simultaneously availed with the ITH;
- Tax credit for taxes and duties on raw materials and supplies and semi-manufactured products used in producing its export product;
- Exemption from wharfage dues, any export tax, duties imposts and fees for ten years from date of registration;
- May qualify to import capital equipment, spare parts and accessories at 0% duty from date of registration up to June 16, 2011 pursuant to E.O. 528 and its Implementing Rules and Regulations; and
- Tax-free and duty-free importation of equipment.

RBC availed the tax incentives on ITH and tax-free and duty-free importation of equipment in 2013 and 2012.

26. Earnings (Loss) per Share

Earnings (loss) per share is computed as follows:

	2013 (One Year) Basic	2013 (One Year) Diluted	2012 (One Year) Basic	2012 (One Year) Diluted	2011 (Three Months) Basic	2011 (Three Months) Diluted
Net income (loss) attributable to the equity holders of the Parent Company	₱472,933	₱472,933	₱666,704	₱666,704	(₱762,472)	(₱762,472)
Outstanding common shares at beginning of year	909,552	909,552	909,552	909,552	909,552	909,552
Average incremental number of shares under ESOP	–	5,471	–	–	–	–
Divided by weighted average number of common shares outstanding	909,552	915,023	909,552	909,552	909,552	909,552
Earnings (loss) per share	₱0.52	₱0.52	₱0.73	₱0.73	(₱0.84)	(₱0.84)

27. Commitments and Contingencies

a. Milling Contracts

CACI and CADPI (the "Mills") have milling contracts with the planters, which provide for a 65% and 35% sharing between the planters and the Mills, respectively, of sugar, molasses and other sugar cane by-products, excluding bagasse, produced every crop year.

b. The Group has in its custody the following sugar owned by quedan holders:

	2013 Total Volume (in Thousands) (LKg*)	2013 Estimated Market Value (Amounts in Millions)	2012 Total Volume (in Thousands) (LKg*)	2012 Estimated Market Value (Amounts in Millions)
Raw sugar	675	₱887	273	₱372
Refined sugar	678	1,095	218	390
	1,353	₱1,982	491	₱762

**Equivalent to 50 kilogram bag unit.*

The foregoing volume of sugar is not reflected in the consolidated statement of financial position since these are not considered assets of the Group. The Group is accountable to quedan holders for the value of trusteed sugar or their sales proceeds.

c. Sales Contracts

CADPI entered into sales contracts with principal customers for the sale of raw and refined sugar and molasses. As at September 30, 2013, CADPI has outstanding sales contracts for refined sugar with a total value of ₱4,607.6 million, equivalent to 2,120,116 LKg (₱149.3 million, equivalent to 66,497 LKg as at September 30, 2012).

d. Leases

i. The Group as a lessee, has an existing one-year lease agreement with CADPRFI for the lease of office space, which is renewable annually at the option of the Parent Company, CADPI and CACI under such terms and conditions mutually acceptable to all parties. Related rent expense charged to operations amounted to ₱4.0 million in 2013 (₱4.0 million in 2012 and ₱1.0 million in 2011).

ii. Lease of offsite warehouse for a period of one year renewable at the option of CADPI as lessee through notification in writing not later than 90 days prior to the expiration of the agreement. Related rent expense charged to operations amounted to ₱0.3 million in 2013 (₱0.4 million in 2012 and ₱0.1 million in 2011).

e. Hauling Services Contracts

Contract for hauling services for the transport of sugarcane from the plantation to the mill. Related hauling expense included in "Cost of goods sold" account amounted to ₱113.6 million in 2013 (₱123.7 million in 2012).

f. Emission Reduction Purchase Agreement

On January 14, 2009, RBC and World Bank signed a $3.2 million Emission Reduction Purchase Agreement (ERPA) for the purchase of carbon emission credits under the Clean Development Mechanism of the Kyoto Protocol. The ERPA will also avoid at least 50,000 metric tons of carbon dioxide each year and has a crediting period of 10 years starting 2010.

As part of the ERPA, part of the revenue for the purchase of the credits will be used to finance RBC's community development projects.

g. Contingencies

There are pending legal cases including tax assessments as at September 30, 2013 and 2012. None of these contingencies are discussed in detail so as not to seriously prejudice the Group's position in the related disputes.

Outstanding provision for losses for disputed claims and assessments amounted to ₱48.4 million as at September 30, 2013 (₱48.8 million as at September 30, 2012) presented under "Trade and other payables" account (see Note 15).

h. Unused Credit Lines

As at September 30, 2013, the Group has unused lines of credit with local banks amounting to ₱2,922.5 million (₱892.0 million as at September 30, 2012).

28. Financial Instruments

Financial Risk Management Objectives and Policies
The Group's principal financial instruments comprise of cash in banks and cash equivalents, trade and other receivables, and trade and other 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 Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Group monitors the market price risk arising from all financial instruments. The Group's operations are also exposed to commodity price risk, particularly from sugar prices. 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 cash equivalents 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.

The tables below summarize the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and the related financial assets used for liquidity management.

	2013						
	On Demand	Less than One Year	Over One to Two Years	Over Two to Four Years	Over Four to Five Years	Over Five Years	Total
Short-term borrowings*	₱43,081	₱980,498	₱–	₱–	₱–	₱–	₱1,023,579
Trade and other payables**	489,897	–	–	–	–	–	489,897
Current portion of long-term borrowings*	–	497,257	–	–	–	–	497,257
Noncurrent portion of long-term borrowings	–	–	1,588,184	3,657,546	1,820,003	388,013	7,453,746
	₱532,978	₱1,477,755	₱1,588,184	₱3,657,546	₱1,820,003	₱388,013	₱9,464,479
Cash in banks and cash equivalents	₱164,798	₱–	₱–	₱–	₱–	₱–	₱164,798
Trade receivables***	105,869	1,063,327	12,632	–	–	–	1,181,828
Due from related parties	71,090	3,658	9,461	–	–	–	84,209
Due from employees***	18,521	9,059	4,773	–	–	–	32,353
Other receivables***	50,029	3,883	908	–	–	–	54,820
Restricted cash	–	32,839	–	–	–	–	32,839
	₱410,307	₱1,112,766	₱27,774	₱–	₱–	₱–	₱1,550,847

** Including expected future interest payments for short-term and long-term borrowings amounting to ₱3.1 million and ₱1,115.5 million, respectively.*
*** Excludes payables to government agencies and provision for loss amounting to ₱128.4 million and ₱48.4 million, respectively.*
****Net of related allowances for impairment losses totaling ₱119.2 million.*

	2012						
	On Demand	Less than One Year	Over One to Two Years	Over Two to Four Years	Over Four to Five Years	Over Five Years	Total
Short-term borrowings*	₱103,258	₱1,048,000	₱–	₱–	₱–	₱–	₱1,151,258
Trade and other payables**	557,036	–	–	–	–	–	557,036
Dividends payable	49,497	–	–	–	–	–	49,497
Current portion of long-term borrowings	148,031	–	–	–	–	–	148,031
Noncurrent portion of long-term borrowings*	–	–	536,111	2,974,329	1,358,316	2,178,624	7,047,380
	₱857,822	₱1,048,000	₱536,111	₱2,974,329	₱1,358,316	₱2,178,624	₱8,953,202
Cash in banks and cash equivalents	₱157,708	₱–	₱–	₱–	₱–	₱–	₱157,708
Trade receivables***	56,435	439,445	31,609	–	–	–	527,489
Due from related parties	–	145,828	–	–	–	–	145,828
Due from employees***	4,835	11,483	8,238	–	–	–	24,556
Dividend receivable	–	22,839	–	–	–	–	22,839
Other receivables***	73,339	352	–	–	–	–	73,691
Restricted cash	–	29,378	–	–	–	–	29,378
	₱292,317	₱649,325	₱39,847	₱–	₱–	₱–	₱981,489

** Includes expected interest payments for short-term and long-term borrowings of ₱3.3 million and ₱1,036.6 million, respectively*
*** Excludes payable to government agencies and provision for losses and amounting to ₱121.2 million and ₱48.8 million, respectively*
**** Net of related allowances for impairment losses totaling ₱121.6 million.*

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.

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 credit 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.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements
The table below shows the maximum exposure to credit risk of the Group shown at gross before the effect of mitigation through collateral agreements.

	2013	2012
Cash in banks and cash equivalents	₱164,798	₱157,708
Trade receivables*	1,181,828	527,489
Due from related parties	84,209	145,828
Due from employees*	32,353	24,556
Dividend receivable	–	22,839
Other receivables*	54,820	73,691
Restricted cash	32,839	29,378
	₱1,550,847	₱981,489

** Net of allowance for impairment losses totaling ₱119.2 million in 2013 and ₱21.6 million in 2012.*

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. As at September 30, 2013 and 2012, the Group did not hold collateral from any counterparty.

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. Cash in banks, cash equivalents and restricted cash are considered high grade since these are deposited in reputable banks with good credit rating and low probability of insolvency. Standard grade accounts consist of receivables from its distributors, related parties and employees 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.

The tables below show the credit quality of financial assets which are neither past due nor impaired and an aging analysis of past due but not impaired accounts.

	2013							
	Neither past due nor impaired			Past due but not impaired				
	High Grade	Standard Grade	Substandard Grade	Over 30 Days	Over 90 Days	Over 180 Days	Impaired	Total
Cash in banks and cash equivalents	P164,798	P–	P–	P–	P–	P–	P–	P164,798
Trade receivables	636,848	38,324	–	417,392	54,744	34,520	92,556	1,274,384
Due from related parties	–	53,584	–	1,282	747	28,596	–	84,209
Due from planters and cane haulers	–	31,825	–	–	–	–	14,130	45,955
Due from employees	–	26,537	–	119	71	5,626	1,342	33,695
Other receivables*	–	13,931	–	235	–	8,815	11,181	34,162
Restricted cash	32,839	–	–	–	–	–	–	32,839
Total	P834,485	P164,201	P–	P419,028	P55,562	P77,557	P119,209	P1,670,042

** Excludes advances for raw sugar purchases amounting to P18.2 million.*

	2013							
	Neither past due nor impaired			Past due but not impaired				
	High Grade	Standard Grade	Substandard Grade	Over 30 Days	Over 90 Days	Over 180 Days	Impaired	Total
Cash in banks and cash equivalents	P157,708	P–	P–	P–	P–	P–	P–	P157,708
Trade receivables	272,078	37,710	–	88,637	39,398	89,666	98,878	626,367
Due from related parties	145,828	–	–	–	–	–	–	145,828
Due from planters and cane haulers	–	29,097	–	–	–	–	11,882	40,979
Due from employees	12,710	10,540	–	–	–	1,306	1,342	25,898
Dividend receivable	22,839	–	–	–	–	–	–	22,839
Other receivables*	37,330	6,465	–	–	–	799	9,466	54,060
Restricted cash	29,378	–	–	–	–	–	–	29,378
Total	P677,871	P83,812	P–	P88,6377	P39,398	P91,771	P121,568	P1,103,057

** Excludes advances for raw sugar purchases amounting to P9.9 million.*

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, nonmoving 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 collectibility.

The Group has recognized an impairment loss on its receivables using specific assessment amounting to P6.2 million in 2013 (P100.3 million in 2012 and P2,171 in 2011).

Commodity price risk
The Group is exposed to commodity price risk from conventional physical sales and purchase of sugar managed through volume, timing and relationship strategies. The Group does not enter into commodity derivatives.

The Group's sales commitments are contracted at fixed prices, and thus have no impact on the consolidated cash flows in the next 12 months.

Interest rate risk
The primary source of the Group's interest rate risk relates to interest-bearing financial liabilities. The interest rates on these liabilities are disclosed in Notes 13 and 14.

The Group has interest-bearing loans amounting to ₱6,834.8 million as at September 30, 2013 (₱6,157.6 million as at September 30, 2012), which were arranged at floating interest rate and expose the Group to interest rate risk.

The following table demonstrates the sensitivity analysis to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact of floating rate borrowings) and equity in 2013 and 2012. The estimates are based on the outstanding interest bearing liabilities of the Group with floating interest rate as at September 30, 2013 and 2012.

	2013	
Increase (Decrease)	Effect on Income Before Tax	Effect on Equity
0.5%	(₱34,174)	(₱23,922)
(0.5%)	34,174	23,922

	2012	
Increase (Decrease)	Effect on Income Before Tax	Effect on Equity
1%	(₱61,576)	(₱43,103)
(1%)	61,576	43,103

Interest on financial liabilities with fixed interest rate is fixed until the maturity of the instrument (see Notes 13 and 14).

The other financial instruments of the Group that are not included in the foregoing tables are noninterest-bearing and are therefore not subject to interest rate risk.

Capital Management
The primary objective of the Group's 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 Group's dividend declaration is dependent on availability of 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 years ended September 30, 2013 and 2012.

Management considers the total consolidated equity reflected in the consolidated statement of financial position as its capital. The Group monitors its use of capital using leverage ratios, specifically, debt-to-equity ratio. It also monitors its DSCR to ensure that there would be sufficient amount of cash flow available to meet annual interest and principal payments on debt.

The Group is required to maintain a maximum debt-to-equity ratio of 2.33:1 and minimum DSCR of 1.25:1 by its creditor banks. The Group has the following financial ratios:

	2013	2012
Total liabilities	₱9,387,552	₱8,963,790
Total equity	5,798,377	5,413,960
Total liabilities and equity	₱15,185,929	₱14,377,750
Debt-to-equity ratio	1.62:1.00	1.66:1.00

Fair Values
The following is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are reflected in the consolidated financial statements:

	2013		2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash on hand	₱1,155	₱1,155	₱6,700	₱6,700
Loans and receivables:				
Cash in banks and cash equivalents	164,798	164,798	157,708	157,708
Trade receivables*	1,181,828	1,181,828	527,489	527,489
Due from related parties	84,209	84,209	145,828	145,828
Due from employees*	32,353	32,353	24,556	24,556
Restricted cash	32,839	32,839	29,378	29,378
Dividends receivable	–	–	22,839	22,839
Others receivables*	54,820	54,820	73,691	73,691
	₱1,552,002	₱1,552,002	₱988,189	₱988,189
Financial Liabilities				
Other financial liabilities:				
Short-term borrowings	₱1,020,527	₱1,020,527	₱1,148,000	₱1,148,000
Current portion of long-term borrowings	158,277	158,277	148,031	148,031
Trade and other payables**	489,897	489,897	557,036	557,036
Dividends payable	–	–	49,497	49,497
Long-term borrowings, net of current portion	6,677,245	6,677,245	6,010,780	6,010,780
	₱8,345,946	₱8,345,946	₱7,913,344	₱7,913,344

** Net of related allowance for impairment losses totaling ₱119.2 million in 2013 and ₱121.6 million in 2012.*
*** Excludes payables to government agencies and provision for loss*

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

Cash and cash equivalents, trade receivables, due to and from related parties, due from employees, dividends receivable, other receivables, trade and other payables, short-term borrowings, current portion of long-term borrowings and dividends payable. The carrying amounts of these instruments approximate fair values due to their short-term maturities.

Long-term borrowings - The rate was obtained from Bangko Sentral ng Pilipinas, representing bank average lending rates. As at September 30, 2013, as a result of the loan modification for fixed interest bearing to variable interest rate, the carrying value approximates the fair value in view of the recent and regular re-pricing based on current market rate of long-term borrowings.

29. Segment Reporting

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

a. RHI is a diversified holding and investment corporation with specific focus on sugar milling and refining business.

b. CADPI is engaged in the business of producing, marketing and selling raw and refined sugar, molasses and other related products or by-products and offers tolling services to traders and planters. It has a raw sugar milling and refinery plant located in Nasugbu, Batangas with daily cane capacity of 11,000 metric tons as at September 30, 2013 and 18,000 metric tons as at September 30, 2012. CADPI's raw sugar milling is involved in the extraction of juices from the canes to form sweet granular sugar which is light brown to yellowish in color. Canes are sourced from both district and non-district planters and are milled by CADPI under a milling contract, which provides for a 65% and 35% sharing between the planters and CADPI (see Note 27). The refinery operations, on the other hand, involve the processing of raw sugar (mill share and purchased) into refined sugar, a lustrous white-colored sugar. To ensure maximum utilization of the refinery, CADPI also offers tolling services, which converts raw sugar owned by planters and traders into refined sugar in consideration for a tolling fee.

c. CACI produces raw sugar and molasses and trades the same on wholesale/retail basis. It also sells refined sugar upon tolling its raw sugar with other sugar mills. Its sugar milling plant, which has a similar process with CADPI and has a daily cane capacity of 13,000 metric tons as at September 30, 2013 and 2012, is located in La Carlota, Negros Occidental.

d. RBC was established to engage in the business of producing, marketing and selling of bioethanol fuel, both hydrous and anhydrous products from sugarcane and related raw materials. Its plant facility is located in La Carlota, Negros Occidental.

e. Other segments of the Group, which are not reported separately, pertain mainly to consultancy business, dealer and trader of agricultural products and subsidiaries with no operations yet.

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 Group's senior management 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 statement of income. Financing costs (including interest expense) and income taxes are managed on 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, except for RHI investment properties, which are carried at fair value in the separate financial statements. RHI's investment properties, which are being leased out to its subsidiary, are reclassified to property, plant and equipment in the consolidated financial statements.

a. Segment revenues and expenses

The Group's main revenue stream comes from the sale of sugar and molasses. Its customers consist largely of sugar traders, wholesalers and beverage companies, which are situated in various parts of the Philippines, with concentration in the Visayas and Metro Manila.

As of September 30, 2013, revenues from two major customers of CACI amounted to ₱546.5 million or 9.0% of the Group's revenues (₱731.0 million or 9.5% of Group's revenue in 2012). CADPI earned revenues of ₱1,720.3 million or 28.4% of the Group's revenues (₱1,352.7 million or 17.6% of the Group's revenues) from its two major customers.

b. Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories, prepayments and property, plant and equipment, net of related accumulated depreciation. Segment liabilities include all operating liabilities and consist principally of trade payables, accruals and customers' deposits. 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:

	2013						
	RHI	CADPI	CACI	RBC	Others	Eliminations and Adjustments	Consolidated
Revenues							
External customers:							
Refined sugar	₱–	₱3,728,423	₱–	₱–	₱–	₱–	₱3,728,423
Raw sugar	–	50,537	1,526,780	–	–	–	1,577,317
Tolling fees	–	19,246	–	–	–	–	19,246
Molasses	–	200,860	162,903	–	–	–	363,763
Alcohol	–	–	–	375,104	–	–	375,104
Others	–	–	–	–	875	–	875
	–	3,999,066	1,689,683	375,104	875	–	6,064,728
Inter-segment	32,001	190,429	1,166,762	237,965	–	(1,627,157)	–
Costs and expenses	(58,776)	(3,759,913)	(2,303,767)	(657,857)	(4,918)	1,704,906	(5,080,325)
Inventory losses	–	–	(7,900)	(4,214)	(1,430)	–	(13,544)
Interest income	120	609	1,536	58	63	–	2,386
Interest expense	(33,006)	(216,985)	(90,984)	(52,689)	(2)	–	(393,666)
Others	115,944	9,641	21,109	62,751	5,690	(143,777)	71,358
Income (loss) before income tax	56,283	222,847	476,439	(38,882)	278	(66,028)	650,937
Income tax expense	(10,921)	(79,704)	(153,725)	–	(842)	–	(245,192)
Segment profit (loss)	45,362	143,143	322,714	(38,882)	(564)	(66,028)	405,745
Equity in net earnings of an associate	–	–	–	–	–	67,635	67,635
Consolidated net income (loss)	₱45,362	₱143,143	₱322,714	(₱38,882)	(₱P564)	₱1,607	₱473,380
Other Information							
Major costs and expenses:							
Depreciation	₱5,780	₱337,194	₱250,067	₱84,581	₱2,027	₱–	₱679,649
Fuel and oil	11	195,463	17,084	84,972	–	–	297,530
Materials and consumables	1,009	131,319	110,287	10,034	–	–	252,649
Repairs and maintenance	–	60,909	99,213	650	–	–	160,772
Additions to noncurrent assets:							
Property, plant and equipment	2,232	98,786	77,584	40,428	–	–	219,029
Investment in an associate	4,371,091	1,040,165	–	–	–	(4,796,988)	614,268
Assets and Liabilities							
Current assets	198,353	2,963,269	958,355	812,281	71,637	(1,447,308)	3,556,587
Noncurrent assets	6,688,374	4,605,332	3,436,235	1,535,808	195,170	(4,831,577)	11,629,342
Total assets	₱6,886,727	₱7,568,601	₱4,394,590	₱2,348,089	₱266,807	(₱6,278,885)	₱15,185,929
Current liabilities	₱310,591	₱1,319,285	₱917,655	₱541,898	₱197,123	(₱1,389,478)	₱1,897,074
Noncurrent liabilities	1,298,333	3,733,269	1,468,694	948,365	48,157	(6,340)	7,490,478
Total liabilities	₱1,608,924	₱5,052,554	₱2,386,349	₱1,490,263	₱245,280	(₱1,395,818)	₱9,387,552

	2012						
	RHI	CADPI	CACI	RBC	Others	Eliminations and Adjustments	Consolidated
Revenue							
External customers:							
Refined sugar	₱–	₱2,943,118	₱704,967	₱–	₱–	₱–	₱3,648,085
Raw sugar	–	1,170,698	1,837,563	–	–	–	3,008,261
Tolling fees	–	125,927	–	–	–	–	125,927
Molasses	–	127,441	30,538	38,288	–	–	196,267
Others	–	–	–	672,166	23,787	–	695,953
	–	4,367,184	2,573,068	710,454	23,787	–	7,674,493
Inter-segment	98,500	194,860	269,212	11	2,460	(565,043)	–
Costs and expenses	(147,395)	(4,051,645)	(2,529,663)	(745,083)	(31,779)	656,598	(6,484,967)
Inventory losses	–	(3,230)	(697)	8,820	–	–	(12,747)
Interest income	561	50,556	3136	1,979	329	(50,292)	6,269
Interest expense	(39,859)	(247,565)	(127,443)	(79,971)	(2,699)	50,292	(474,245)
Others	282,347	63,972	42,300	555	198	(276,636)	112,636
Income (loss) before income tax	194,154	347,032	229,913	(120,875)	(7,704)	(185,081)	457,439
Income tax expense (benefit)	(17,225)	100,937	79,678	(34)	(197)	(2,313)	160,846
Segment profit (loss)	176,929	138,626	309,591	(120,909)	(7,901)	(187,394)	618,285
Equity in net earnings of an associate	–	–	–	–	–	49,115	49,115
Consolidated net income (loss)	₱176,929	₱447,969	₱309,591	(₱120,909)	(₱7,901)	(₱138,279)	₱667,400
Other Information							
Major costs and expenses:							
Depreciation and amortization	₱3,952	₱346,825	₱253,798	₱83,061	₱2,153	₱–	₱689,799
Fuel and oil	–	124,580	28,645	93,096	4,369	–	250,690
Materials and consumables	2,905	162,163	68,001	64,437	639	–	298,145
Repairs and maintenance	917	152,018	92,329	5,196	5,251	–	255,711
Additions to noncurrent assets:							
Property, plant and equipment	2,689	57,975	41,952	25,335	206	–	128,156
Investment in an associate	289,907	–	–	–	–	309,565	569,472
Assets and Liabilities							
Current assets	₱484,023	₱1,966,054	₱689,152	₱493,780	₱84,530	(₱1542173)	₱2,175,366
Noncurrent assets	6,695,497	4,927,814	3,677,676	1,579,962	197,196	(4,875,761)	12,202,384
Total assets	₱7,179,520	₱6,893,868	₱4,336,828	₱2,073,742	₱281,726	(₱6,417,934)	₱14,377,750
Current liabilities	₱538,429	₱1,448,507	₱1,177,107	₱224,566	₱211,479	(₱1,547,470)	₱2,072,618
Noncurrent liabilities	1,319,690	3,072,870	1,504,304	952,494	48,157	(6,343)	6,891,172
Total liabilities	₱1,858,119	₱4,521,377	₱2,681,411	₱1,177,060	₱259,636	(₱1,533,813)	₱8,963,790

30. Events After Reporting Period

Dividends Declaration
On November 6, 2013, the BOD of the Parent Company approved the declaration and payment of cash dividend of ₱0.06 a share to all stockholders of record as at November 20, 2013. The dividend is payable on December 2, 2013.

On October 1, 2013, the BOD of HPCo. approved the declaration of cash dividend of ₱1.18 a share to all shareholders of record as of that date out of HPCo's unrestricted retained earnings. Dividends attributable to the Parent Company amounted to ₱33.7 million, which were paid on November 21, 2013.

First Pacific's Acquisition of 31% Stake in RHI
On November 13, 2013, RCI reported that it sold 31% of its 66% share in the Group to Hong Kong-based First Pacific Company, Ltd. for ₱2.23 billion at ₱8 a share. RCI will remain a major shareholder at 35% of RHI and will share management with First Pacific, which will have 34% ownership as it will also acquire additional shares from the holdings of other stockholders.

31. Reclassification of Certain 2012 Accounts

The 2012 accounts were reclassified to conform with the 2013 financial statement presentation. The affected accounts in the consolidated statement of financial position are described below.

a. Reclassification of receivable from RHIRFI amounting to ₱33.0 million, previously classified as advances to employees.

b. Reclassification of land for capital appreciation as part of investment properties amounting to ₱16.1 million, previously classified as property, plant and equipment (see Notes 11 and 12).

c. Reclassification of customers' deposits as part of trade and other payables amounting to ₱53.7 million, previously classified as a separate line item in the consolidated statement of financial position (see Note 14).

ROXAS HOLDINGS, INC.
A BIO-SUGAR AND BIO-ENERGY GROUP

CENTRAL AZUCARERA DON PEDRO, INC.

CENTRAL AZUCARERA DE LA CARLOTA, INC.

roxol Bioenergy Corporation

Hawaiian Philippine Co.

ROXAS FOUNDATION, INC.
empowering communities, transforming lives

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