



**COVER SHEET**

SEC Number 727

Company TIN 000-229-931-000

CENTRAL AZUCARERA DE TARLAC

( Company's Full Name )

Makati Office – JCS Bldg., 119 Dela Rosa St.  
Legaspi Village, Makati City

( Company's Address: No., Street, City, Town/Province )

818 – 3911

(Company's Telephone Number)

June 30, 2013

( Fiscal Year Ending )  
( Month/Day )

October 29

Annual Meeting

Form 17- A

( FORM TYPE )

( Amendment Designation, if Applicable )

( Secondary License Type, if any )

MA. VICTORIA PALMA

( Company Representative )

936-489-746

( TIN )

12 – 23 – 83

( Birth Date )

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 – A

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended June 30, 2013  
.....
2. SEC identification number 727 3. BIR Tax Identification No 000229931  
.....

CENTRAL AZUCARERA DE TARLAC

4. Exact name of issuer as specified in its charter  
Manila, Philippines  
.....
5. Province, country or other jurisdiction of incorporation or organization  
.....
6. Industry Classification Code :  ( SEC Use Only )  
JCS Bldg., 119 dela Rosa corner Palanca St., Legaspi Village, Makati City  
.....
7. Address of issuer's principal office Postal Code  
818 – 3911 1229  
.....
8. Issuer's telephone number, including area code  
n.a.  
.....
9. Former name, former address and former fiscal year, if changed since last report  
.....
10. Securities registered pursuant to Section 8 and 12 of the Code, or Sections 4 and 8 of the RSA
- | Title of each Class | Number of shares of common<br>Stock outstanding and amount<br>of debt outstanding |
|---------------------|---|
| Common              | 28, 254, 596  |
- .....
11. Are any or all of the securities listed on a Stock Exchange?  
Yes [ X ] No [ ]

12. Check whether the registrant:

- (a) has filed a reports required to be filed by Section 17 of the SRC and SRC rule 17.1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes [ X ]                      No [   ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

-Not applicable

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## **PART I - BUSINESS AND GENERAL INFORMATION**

### **Item 1. Business**

Central Azucarera de Tarlac was incorporated in 1927 and renewed in 1976. It operates a sugar mill and refinery, distillery and carbon dioxide plants in Barrio San Miguel, Tarlac City. The sugar cane milled is sourced within the Tarlac district and nearby towns of Pampanga.

#### **A. Products and By-Products**

##### **Raw and Refined Sugar**

The Company's sugar mill and refinery has a capacity of 7,200 tonnes cane and 8,000 50-kg bags per day respectively. The sugar cane is initially processed to produce sugar of which 31% represents the company's mill share, 69% belongs to the planters and 2% for. Most of the raw sugar produced is further processed in the refinery to produce refined sugar. For the refining process, tolling fees are collected from customers' upon withdrawal of refined sugar from the Company's warehouse. In addition to raw and refined sugar, the mill and refinery produces molasses, a by-product. The molasses produced in the mill is likewise shared between the mill and the planter using the same sharing ratio while the refinery's molasses production is solely owned by the refinery.

The mill's raw sugar sales and the refinery's tolling fees represents about 58% and 23% respectively, of the Company's total operating revenue for the last three years. The raw and refined sugar produced is generally sold to industrial users thru traders. The company normally operates for about 5 to 6 months while the refinery, about 8 to 9 months.

##### **Alcohol**

The combined captive molasses of the mill and refinery is processed further in the distillery to produce alcohol. The distillery has a production capacity of about 65,000 gauge liters per day. The various types of alcohol regularly produced and sold are rectified spirits (purified alcohol), absolute alcohol and denatured alcohol. These alcohol products are sold to various reputable distillers of wine, manufacturers of alcoholic beverages and the small portion goes to producers of pharmaceutical products.

In addition to alcohol sales, tolling fees are also earned from various distillers whose molasses are processed by the distillery. In the last three years, the distillery's contribution to the Company's operating revenues was about 16%. The distillery normally operates for about 4 to 5 months of the year in tandem with the refinery operations.

##### **Carbon Dioxide**

The slops from the distillery are captured by the carbon dioxide plant to produce liquid carbon dioxide also in tandem with the distillery. The plant has a capacity of 30,000 kilos per day and normally operates for about 4 to 5 months of the year. Carbon Dioxide sales account for about 3% of the Company's total revenues in the last three years. The carbon dioxide produced is usually sold to industrial users.

## B. Industrial Profile

As predicted, the world market values remained under constant bearish pressure exerted by sizeable statistical surplus for crop year 2012-2013. From the very beginning of the world sugar crop year in

October 2012, experts believed that the world sugar market had entered the second season of a distinctive surplus phase, characterized by significant production surplus as well as export availability considerably higher than the projected import demand. Consequently, the softening of sugar prices was projected. The forecast happened indeed. From a price of 21.81 and 28.00 cents per pound for the world and US market respectively by the end of June 2012, the world and US market prices currently hover at around 16.87 and 21.05 cents per pound respectively. On July 16, 2013 world market prices dipped to 15.93 cents per pound, the lowest since June 2010. It was a rollercoaster ride from then on with world market values hovering around 16.00 to 17.00 cents per pound and has never breached the 18.00 cents per pound barrier. The most it has reached was a 3-month high of 17.53 cents per pound sometime mid-August 2013, however, by the 3<sup>rd</sup> week of the same month prices retreated back to as low as 16.62 cents per pound.

As of last estimate, the International Sugar Organization (ISO) puts world sugar production at 182.956 million tons raw value, up 8.705 million tons or 5% from last season. Brazil, China, Mexico and even the United States are among the expected biggest gainers in terms of output for this season, with a projected combined growth of around 9.24 million tons. On the other hand, world consumption is forecast to grow to 172.695 million tons. The increase in world consumption of 2.79% is generally in line with the long-term average growth rate. Therefore, the projected global statistical surplus is at a record-high of 10.261 million tons, as against the 6.237 million tons last year.

The record high production surplus in itself leaves little hope for higher prices at least in the near-term. What is more noticeable is the projected trade surplus. Export availability is anticipated to grow to 55.739 million tons as against 54.262 million tons the previous season. By contrast, import demand is expected to slightly increase to 54.014 million tons as against 53.445 million tons of last year.

If the latest projections are verified by the actual crop for the season, sugar use and trade developments one can also expect further increases in global stocks. This already grew by about 5.420 million tons in crop year 2011-12 taking the stock/consumption ration to 38.0% as against 35.6% in the 2010-2011 season. Should all these figures materializes, the global stocks will increase by 10.207 million tons, reaching 42.9% of global sugar use. Moreover, the projected trade surplus, that is the difference between the export availability and import demand, is still well in excess of 1.7 million tons. On the assumption that most of it will be added to stocks at the end of the season, the stock/consumption ration would rise further. Below is a summary of the world sugar balances for the past two seasons:

World Sugar Balance (million tons, raw value)				
	2012/13	2011/12	Change	
			in mln t	in %
Production	182.956	174.251	8.705	5.00%
Consumption	172.695	168.014	4.681	2.79%
Surplus/Deficit	10.261	6.237		
Import Demand			0.569	1.06%

	54.014	53.445		
Export Availability	55.739	54.262	1.477	2.72%
End Stocks	74.041	63.834	10.207	15.99%
<b>Stock/Consumption Ratio in %</b>	<b>42.87%</b>	<b>37.99%</b>		

Source: ISO (August 2013)

The country's raw sugar output followed the cadence set by the world sugar industry. Raw sugar production grew 9.85%, from 2.244 million tons to 2.465 million tons. The increased productivity was on account of the 4.08% and 5.54% hikes in cane tonnage and sugar recovery (L-Kg per TC) respectively. The canes hauled for the season totaled 24,859,028 tons, up 4.08% or 974,691 tons. On the other hand, recovery was registered at a higher 1.98 as against 1.88 50-kilogram bags per ton cane.

In terms of raw sugar output, the mill districts in Panay led the way after posting an increment of 12.48% or 15,903 tons to a total of 143,349 tons. Negros-based mills followed suit with a growth rate of 12.28% or 157,151 tons, from 1,280,112 tons to 1,437,263 tons. The mill districts of Eastern Visayas and Mindanao produced a total of 569,785 tons of raw sugar, higher by 7.45% or 39,488 tons from last year. At the tail-end is the combined output of Luzon-based mills which posted a growth rate of 2.76% or 8,443 tons to a total of 314,719 tons.

There was a slight drop in the production of raw sugar in Central Luzon. The total output from the region amounted to 98,513 tons, down 0.52% or 510 tons from last year, as the gains attained in terms of higher recovery (L-Kg/TC) failed to off-set the effects of a lower total tonnage. The total canes hauled for the season was posted at 1,106,117 tons, down 9.88% or 121,310 tons from the previous 1,227,427 tons. On the other hand, recovery rose 10.39% from 1.6135 to 1.7812 50-kilogram bags per ton cane.

Of the total canes available for milling in Central Luzon about 69.59% or 769,729 tons were milled by CAT. This is higher than last year's share of CAT of 64.17% of the total available canes in the region. Sweet Crystal accounted for 235,053 tons cane or 21.25% of the total, with the remaining 9.16% or 101,335 tons going to Basecom.

Your Central Azucarera de Tarlac produced a total of 1,447,337 50-kilogram bags of raw sugar, higher by 10.99% or 143,326 50-kilogram bags from the previous season. In our case, the higher recovery proved more than sufficient enough to off-set the slight drop in cane tonnage. As previously mentioned our total tonnage reached 769,729 tons, down 2.27% or 17,915 tons from last year's 787,644 tons. However, recovery rose 13.57% from 1.6556 to 1.8803 50-kilogram bags per ton cane milled.

This year's refining operations produced a total of 1,265,629 50-kilogram bags of refined sugar, higher by 42.36% or 376,626 50-kilogram bags from the previous year. The increase in output is attributed to the longer operational run and as well as improved continuity of operations of 89% as against a mere 80% last year. Refined sugar was produced at a rate of 6,023 50-kilogram bags per elapsed days, up 17.8% from last year's average of 5,114 50-kilogram bags per elapsed day. The volume of raw sugar melted likewise improved by 44%, from 758,352 piculs to 1,092,109 piculs. However, due to some operational difficulties the recovery dipped from 1.1723 to 1.1589 50-kilogram bags per picul of raw sugar processed.

Due to the limited supply of molasses for distilling, alcohol production was limited to only 71 elapsed days from last season's 149 elapsed day. The available molasses for distillation reached 2,166,909 gallons, down 45.99% or 1,844,821 gallons from the previous season. Recovery rate was

posted at a higher 1.65 vs. 1.61 liters of alcohol per gallon of molasses processed. As a result, alcohol production dipped by 44.80% or 2,897,700 liters to a total of 3,570,000 liters. The shorter distillery operation pulled down the production of Carbon Dioxide as it dropped 28.01% or 676 tons, from 2,413 tons to 1,737 tons.

Total revenues generated for the year amounted to P1,010,047,537, higher by 4.40% or P45,270,201 from the previous P967,477,336. The increment in revenues is attributed to the increase in the refined sugar output from the Refinery. Due to bearish pressure exerted against the market values of sugar brought about by the production surplus, both here and abroad, the raw sugar composite declined 2.06%, from P1,267.06 to P1,241.00 per 50-kilogram bag. The drop in price was further exacerbated by the drop of 4.09% in sales volume. As a result, raw sugar sales totaled P560,518,159, lower by 6.06% or P36,154,594 from the previous P596,672,753.

The increment in output at the Refinery which grew 42.36% boosted revenues from Tolling. Because of this, our refinery tolling income went up 41.92% or P82,633,882, from P197,145,305 to P279,779,187.

The average selling price of alcohol rose from 33.15 to P34.64 per liter. At the same time, there was a slight increase of 0.223% in sales volume as it reached 4,089,837 liters from last year's 4,080,280. Consequently, alcohol sales grew 4.72% or P6,391,017 to a total of P141,666,411. The alcohol tolling output also inched up by 13.43% or 107,417 liters to this year's total of 907,417 liters. With our tolling fee remaining unchanged at P12.00 per liter, our tolling income rose by the same rate, from P9,600,000 to P10,889,004.

The decrement in the production of carbon dioxide pulled down our sales volume to only 1,582,404 kilos, lower by 23.01% or 473,011 kilos from last season. Coupled by the drop in the average selling price of P10.87 vs. 14.00 per kilo, our total carbon dioxide sales dropped 40.26% or P11,589,108 to P17,194,776.

Income was posted at P138.49M, higher by P314.00M from the previous loss P175.50M. Earnings Per Share increased from (P6.21) to P4.90.

On behalf of the entire organization and the Members of the Board, let me express my sincerest gratitude to all our planters for their continued support and patronage. To the men and women of CAT, thank you for your commitment, dedication and hard work. We also thank all our stockholders for the trust and confidence bestowed upon us. And last but not the least; we give thanks to the Good Lord for his blessings and guidance, and for seeing us through this season. May He grant us the wisdom, the courage and the strength to face the challenges and that lie ahead. Thank you all.

JOSE COJUANGCO, JR.  
President

### **C. Competition**

The Company is one of the almost 30 sugar mills currently operating in the country and is one of the few with integrated operations, meaning it has a sugar mill, a sugar refinery and an alcohol distillery all rolled under one roof. Located in Central Luzon, CAT caters to the milling requirement of the sugar cane planters of Tarlac and nearby province of Pampanga. Though directly competing with 2 other Pampanga-based mills, namely Basecom and Sweet Crystal, the lion's share of the total cane tonnage of the regions is still being milled in CAT. Last year, of the total canes available for milling in Central Luzon, CAT's tonnage accounted for, 69.59% equivalent to 769,729 tons of sugarcane. This resulted to the production of more than 1.4M 50-kilogram bags of raw sugar.

CAT has the distinct advantage of having its own sugar refinery, a capability currently not possessed by its neighboring mills. This being so, CAT remains to be the only major source of easily accessible commercial grade refined sugar to cater to the demands of Central and Northern Luzon. For the past few years, CAT is producing around 1.1 to 1.2M 50-kilogram bags of commercial grade refined sugar per season, a volume insufficient to meet the demand of its own market especially during off-season months of June to October.

**D. Transactions With and/or Dependence on Related Parties**

The Company's transactions with related parties are disclosed in page 31, Note 18 of the Company's audited financial statements. In addition, the Company's operations are not dependent on its related parties. The Company provides working capital support to its related parties.

**E. Amount spent on research and development activities and its percentage to revenues during each of the last three fiscal years;**

	<u>FY 2012-2013</u>	<u>FY 2011-2012</u>	<u>FY 2010-2011</u>
Research & Development	P 1,049,021	P 2,137,449	P 1,191,355
Revenues	1,010,047,537	967,477,336	1,100,789,693
Percentage	.10%	.22%	.11%

**F. Government Regulations**

Other than the Bureau of Internal Revenue and the Securities and Exchange Commission, the Sugar Regulatory Administration (SRA) is the government's regulatory arm that oversees the operation and administration of the sugar industry. One of the most important functions of the SRA is the allocation of the country's sugar production. The SRA determines the quantity of sugar to be sold in the domestic and foreign markets and likewise, regulates importation of sugar, if deemed necessary. So far, the Company doesn't have any pending governmental approval that is necessary in our business.

**G. Cost and effects of compliance with environmental laws:**

Compliance of CAT with environmental standards set by DENR ensures continued operations through the following:

1. Annual renewal of permits to operate boiler, water treatment facilities.
2. Avoidance of DENR intervention (cease and desist orders) as a result of complaints against air and water pollution.

Public perception of CAT's social obligation to provide a clean, safe and healthful environment to immediate communities is enhanced.

Expenses related to pollution control and compliance to environmental standards for the past 3 fiscal years:

	<u>FY 2012-2013</u>	<u>FY 2011-2012</u>	<u>FY 2010-2011</u>
Riley dust collector	P 124,592	P 143,760	P 161,910
Bigelow dust collector	119,005	112,640	115,650
Wastewater treatment	5,683,343	2,833,669	3,188,430
EMS	37,713	68,995	92,981

## H. Employees

Exec./Mgrl./Supv.		Rank/File		Retainer/ Consultant	Total
Perm.	Prob.	Perm.	Prob.		
146	8	573	15	9	751

The number of employees of the Company as of June 30, 2013 is enumerated above. The Company doesn't see any requirement for additional employees within 12 months. All permanent employees are subject to CBA. The present CBA will expire on June 30, 2016, reopening date will be on July 1, 2014.

## I. Major Risk in the Business of CAT

The following are the threats or risk that the Company are subject of:

**Operational risk.** The Company's main risk factor that affects its operation is the supply of its raw materials. Before the labor strike of the planters of Hacienda Luisita Inc. (HLI), CAT's 30% of the total supply of its raw materials comes from HLI. To compensate the share of HLI, the company sources out its sugar cane from Tarlac and nearby province of Pampanga. Different programs, incentives, aids and other services provided to planters have enticed them to deliver their harvest to CAT. With the Supreme Court's decision to distribute the land to the farmworker beneficiaries of HLI, the Company expects to get additional sugar canes to mill for the next years to come.

Another major element in the company's risk on operation is the possible breakdowns of its machineries like boilers, milling and other major equipments used directly in manufacturing could lead to down time that reduces production outputs. Off-milling season (June to October) repairs program is strictly implemented by the company to avoid the occurrence of such risk.

**Financial risk.** This involves risks associated with the fluctuations of sugar prices that may lead to company's lower gross margin that would cover its operational expenses.

Additional threat is the smuggling of sugar. Smuggled sugar slashes down the price of domestic sugar that weakens the financial conditions of local producers. The company addresses this risk by reduction of its cost of production in so as to offer its product at competitive price.

**Hazard risk.** Due to its agriculturally-based raw materials, extreme changes in weather conditions could greatly affect the quantity and quality of sugar canes. Lower supply from the farmers means lower output for the company.

## **Item 2. Properties**

The Company owned a real estate property consisting of a 440.8861 hectares located inside the Luisita Agro-Industrial, Complex in San Miguel, Tarlac City. The property in its entirety is located approximately 3.5 kms west from Luisita Interchange of the SCTEX, or 4.5 kms. East from Macarthur Highway/Luisita Business Park; and about 10.0 kms southeast from the downtown of Tarlac City. It is partly traversed east to west by an access road of the Subic/Clark/Tarlac Expressway (SCTEX) to

Macarthur Highway. Passing through SCTEX and North Luzon Expressway (NLEX), the site is less than two (2) hours bus ride from Manila.

LAND:

<b>Areas of reference on its existing use.</b>	<b>Area in sq.meters</b>	<b>% against total land area</b>
<b>Industrial</b>		
Factory Area	677,220	15.36%
Administrative area	583,356	13.23%
Lagoon	92,356	2.10%
Cane Testing & Parking area	2,891,930	65.59%
Residential Area - Alto Area	163,999	3.72%
<b>Total</b>	<b>4,408,861</b>	<b>100.0%</b>

### **CENTRAL AZUCARERA DE TARLAC (CAT)**

Central Azucarera de Tarlac is an integrated sugar manufacturing plant producing both raw and refined sugar, alcohol, liquid carbon dioxide, and yeast. The factory is located inside the Luisita Agro-Industrial Complex in San Miguel, Tarlac. All facilities are owned by the Company and are in good condition.

### **FACTORY PLANTS/BUILDINGS USED IN BUSINESS OPERATIONS**

**Raw Sugar Factory** - was originally built with an initial milling capacity of 5,000 tons per day (TCD) with seven mills driven by electric motors. The milling capacity was gradually increased since 1965 with the installation of steam turbine drives for the mills until 1983. Then a high efficiency boiler was acquired with the adoption of Australian milling technology. The number of mills was reduced to five and the two units cane crushers were replaced with one unit heavy duty turbine driven "Unigrator" with an expanded milling capacity is about 7,200 tonnes cane per day (TCD).

**Refinery Operation.** The Sugar Refinery which produces the renowned Luisita Sugar, begun its operation in 1966. Raw sugar produced by the raw house is processed into refined sugar employing phosphoric acid-lime clarification and de-colorization. Average daily output is 7,500 50-kg. bags of refined sugar.

**Alcohol and Ancillary Products.** The Distillery presently has four sets of distilling columns with a combined output of 65,000 liters total alcohol with a grade of 189.0 proof. By products from the Distillery are recovered at the CO<sub>2</sub>, and yeast plants.

**Other Auxiliary and Support Facilities.** CAT operates its own electrical substation complete with electrical distribution system. Other facilities include various shop, laboratory, instrumentation and maintenance equipment. CAT runs also a clinic for its employees and their qualified dependents.

**Water and Wastewater Management.** To support the CAT operations, it re-circulates all process cooling water by spray cooling, with one spray pond and three cold water ponds which serves the cooling requirements of both Raw and Refined houses. To take care of wastewater, CAT operates an Integrated Wastewater treatment plant consisting of an anaerobic digester and seventeen facultative lagoons covering an area of 30 hectares. Treated final effluents from the wastewater treatment plant are being used to irrigate nearby sugarcane fields at Hacienda Luisita.

The Company owns all the properties mentioned above that were mortgaged to secure its loans with local banks. There are no limitations as to their usage. Currently, CAT does not lease any of its properties.

**Item 3. Legal Proceedings**

None.

**Item 4. Submission of Matters To A Vote Of Security Holders**

There are no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

**PART II - OPERATIONAL AND FINANCIAL INFORMATION**

**Item 5. Market For Registrant's Common Equity and Related Stockholders Matters**

**A. Dividends**

2012 - 2013 - No dividends declared  
2011 - 2012 - No dividends declared  
2010 - 2011 - No dividends declared  
2009 - 2010 - No dividends declared  
2008 - 2009 - No dividends declared

**B. Stock Price**

During FY 2012-2013, there was no active stock trading on the Company's Common Stock in the Philippine Stock Exchange. Hence, its current market value is not clearly determinable. However, as of June 30, 2013, the book value of the Company's Common Stock is P10 per share.

**Item 6. Description of Registrant's Securities**

As of June 30, 2013, the Company's Authorized Capital Stock is Php 400,000,000 divided into 40,000,000 Common Shares with a par value of Php 10.00 per share. As of the same date, 28,252,972 shares are outstanding and are held by 638 stockholders. The Company's does not actually trade stocks despite being listed. Top 20 Stockholders as of June 30, 2013 include the following:

	<u>NAME OF STOCKHOLDER</u>	<u>POSITION</u>	<u>CITIZENSHIP</u>	<u>AMOUNT SUBSCRIBED (Php)</u>	<u>No. of Shares Held</u>	<u>% TO TOTAL OUTSTANDING</u>
1	Jose Cojuangco & Sons, Inc		Filipino	78,558,280	7,855,828	28%
2	Luisita Trust Fund		Filipino	47,344,920	4,734,492	17%
3	PCD Nominee Corporation		Filipino	19,044,760	1,904,476	6%
4	Tarlac Distillery Corporation		Filipino	15,863,820	1,586,382	6%
5	Luisita Marketing Corporation		Filipino	12,910,520	1,291,052	5%
6	Pedro Cojuangco		Filipino	4,086,900	408,690	1%
7	Enrique Robert C. Reyes		Filipino	3,756,000	375,600	1%
8	Marie Therese C. Reyes		Filipino	3,700,000	370,000	1%
9	Nicanor C. Reyes III		Filipino	3,683,600	368,360	1%
10	Joaquin Jose C. Reyes		Filipino	3,653,600	365,360	1%
11	Paz C. Teopaco		Filipino	3,231,360	323,136	1%
12	Rosario Cojuangco		Filipino	3,164,340	316,434	1%
13	Ernesto G. Teopaco	Vice President	Filipino	3,024,640	302,464	1%
14	Victoria Elisa Aquino		Filipino	2,986,160	298,616	1%
15	Ma. Elena Aquino-Cruz ITF Kristina Bernadette		Filipino	2,947,840	294,784	1%
16	Maria Elena Aquino-Cruz		Filipino	2,945,840	294,584	1%
17	Aurora Corazon Aquino-Abellada		Filipino	2,945,800	294,580	1%
18	Jose Cojuangco, Jr.	Chairman & Pres	Filipino	2,688,800	268,880	1%
19	Maria Carmela Teopaco		Filipino	2,206,440	220,644	1%
20	Maria Ernestina Teopaco		Filipino	2,196,440	219,644	1%

## **Item 7. Management's Discussion and Analysis or Plan of Operation**

### **A. Plan of Operation**

#### **OUTLOOK FOR FY 2013-2014**

On August 22, 2013, the International Sugar Organization (ISO) released their first formal assessment of the world sugar balance for the upcoming 2013/14. After three consecutive years of statistical surplus the world sugar production is still expected to exceed consumption in the 2013/14 season. The first forecast of the world sugar balance by the ISO for the period October 2013 to September 2014 puts world sugar production at 180.837 million tons, raw value. World consumption is projected to grow by a healthy 2.11% to reach 176.335 million tons, raw value. Consequently, the world sugar surplus is currently anticipated to reach 4.502 million tons. Also of importance is the projected significant trade surplus. Export availability is forecast to increase to a record 57.504 million tons, as against 52.694 million tons of import demand. If these projections are verified by actual crop, sugar use and trade developments, one can also expect further increases in stocks. The stock to consumption ratio already grew to 42.9% in 2012/13 and is projected to remain relatively unchanged at that level for the coming season. The London-based trader ED&F Man Sugar sees surplus for 2013/14 in the order of 4.15 million tons, while commodities house Czarnikow projects it at a lower 2 million tons, both in raw values.

Why the excess of production over consumption despite the prevailing low world prices in 2013/14? Theoretically, depressed market values for sugar will not remain without any effect on the supply side, what with a growing number of producers nowadays more exposed to fluctuations in prices.

In the past production response to lower world market values was relatively small and delayed in some countries, as well as mainly limited to lower agricultural inputs in others. However, this early producers in Australia, Colombia,, Guatemala, Honduras, Nicaragua, Thailand and South Africa have indicated signs for further production growth this coming season despite the considerable drop in world prices since mid-2012. The ISO estimates that Brazilian crop will expand by 3.2%. India's output for 2013/14 may also be stronger than previously thought due to a favorable monsoon. In Thailand, the world's second largest exporter of sugar after Brazil, the favorable weather and the crop-switching to canes from other crops are expected to boost the raw output from 10.3 to 11.0 million tons, raw value. There are however signs that production will likely contract in the European Union, China, Russia, Ukraine and the United States. Below is the latest projection from ISO for the coming year:

<b>World Sugar Balance</b>				
<b>(million tons, raw value)</b>				
	2013/14	2012/13	Change	
			in mln	in %
Production	180.837	182.956	-2.119	1.16%
Consumption	176.335	172.695	3.64	2.11%
Surplus/Deficit	4.502	10.261		
Import Demand	52.694	54.014	-1.32	2.44%
Export Availability	57.054	55.739	1.315	2.36%
End Stocks	74.373	74.041	0.332	0.45%
<b>Stock/Consumption Ratio in %</b>	<b>42.18%</b>	<b>42.87%</b>		

Source: ISO August 2013

Because of the projected excess of production over consumption, it is believed that world market prices would remain under bearish pressure. However, world market values would also remain vulnerable to weather risks. Remember that forecasts are based on an assumption of normal weather conditions in all producers. Sugar is an agricultural commodity and despite the technological advances in field practices, unfavorable weather can still severely impact sugar production, even in the most efficient industries. Yields may vary from year to year, solely because of the difference in weather patterns or incidence of cane or beet disease. Thus, any weather condition that may severely affect the output from any major sugar-producing area may ease the bearish pressure on the world market values.

Similarly, the Sugar Regulatory Administration (SRA) expecting another surplus year for the sugar industry. Raw sugar output is expected to mirror the production of the recent crop year at 2.45 million tons, lower by less than one percent from last year's 2.465 million tons. Current regulation mandates that 2% of the total be allocated as "A" or US market sugar, another 12% for the "D" or world market sugar and the remaining 86% for domestic consumption. In the recent announcement by the US Department of Agriculture (USDA), it was mentioned that the Philippines was allocated 142,160 tons, raw value, of tariff rate quota exports to the US for Fiscal Year 2013/14, from Oct. 1, 2013 to September 30, 2014. The country's allocation is the third largest after the Dominican Republic and Brazil. In the recently concluded milling season, only 53,690 tons of our total TRQ allocations of 138,000 tons were shipped to the US because the depressed market prices caused oversupply in the mainland and the

unlimited access of Mexican sugar to the US as mandated by the provisions of the North American Free Trade Agreement (NAFTA).

In our own backyard the opposite is expected what with the complications generated by the CARP. Recent estimates show that CAT is expecting tonnage to go down from the current 769,729 tons to only about 700,000 tons for the coming season. The recent distribution of the lands of HLI brought uncertainties that deterred or disrupted the preparation of the land within the Hacienda used for sugarcane farming. Ratoons estimated at around 91% now constitute the bulk of available canes within the Hacienda. Edgy over the effects of the land distribution, planters of between 500-700 hectares no longer fertilized their sugarcane crops. Worst of all some 200 hectares were left idle. In Pampanga, the conversion of Hacienda Ramona in Porac into a commercial and residential complex is predicted to pull down the harvest of canes. Hacienda Ramona covers around 800 hectares and traditionally yields 32,000 tons cane per season. Thus this early, estimates show a 9% drop in CAT's tonnage. Given this scenario it is now imperative for us to try and compensate for this deficiency in inputs thru improvements in other areas of operations. Maximizing efficiency both in the field and in the factory should be of greatest importance.

In preparation for the challenges ahead, an assessment of the performances of the various operational areas was done during the post-milling review of operations. Major operational problems and equipment downtimes were examined and evaluated to provide appropriate solutions needed to be undertaken prior to the start of the 2013/14 milling season. Acquisitions of new equipment to replace units those that are beyond economical repair and repairs and maintenance of major and/or critical parts were implemented to ensure efficiency were undertaken.

## **B. Management Discussion and Analysis.**

### **a. Management's Discussion of the Company and its majority owned subsidiaries top five (5) key performance indicators:**

1. Raw Sugar Composite Price – shows the combined selling price of raw sugar, export and domestic. This is computed by dividing the total no. of 50kg bag sold of raw sugar by the total amount of sales of raw.

	As of June 30, 2013 of the Crop Year 12-13	As of June 30, 2012 of the Crop Year 11-12
<b>EXPORT</b>		
No. of bags Sold	45,235.82	32,487.26
Sales	35,093,046.01	42,634,349.70
Selling Price per Bag	P 775.78	P 1,312.34
<b>DOMESTIC</b>		
No. of bags Sold	406,432.54	438,423.02
Sales	525,425,112.73	554,038,402.82
Selling Price per Bag	P 1,292.77	P 1,263.71
<b>COMPOSITE PRICE</b>		
No. of bags Sold	451,668.36	470,910.28
Sales	560,518,158.74	596,672,752.52
Selling Price per Bag	P 1,240.99	P 1,267.06

- 2.) Sources of Sugar Cane Milled (in tonnage) – shows the sources of sugar cane milled in our production in terms of tonnage. Sources of Sugar Cane Milled could come from the location of the following:

	June 30, 2013 of the Crop Year 12-13	June 30, 2012 of the Crop Year 11-12
Hacienda Luisita Area	164,217.46	191,114.31
District of Tarlac	414,221.17	461,667.48
Pampanga Area	101,389.01	56,496.16
Paniqui, Tarlac Area	89,901.59	78,366.42
<b>Total Tonnage of Milled Sugar Cane</b>	<b>769,729.23</b>	<b>787,644.37</b>

- 3.) PSTC (Picul Sugar Tons Canned) – shows the recovery of milled sugar cane into piculs sugar produced. This is computed by dividing the Cane Sugar produce in piculs by the total tonnage of cane milled.

	As of June 30, 2013 of the Crop Year 12-13	As of June 30, 2012 of the Crop Year 11-12
Cane Sugar Produced (in Piculs)	1,144,140.40	1,030,839
Divided by: Total Tonnage of Milled Sugar Cane	769,729.23	787,644
<b>PSTC</b>	<b>1.486</b>	<b>1.309</b>

- 4.) Tons Cane per hour – shows the sugar cane milled per hour. This is computed by dividing the milled sugar cane by the no. of hours in operation of a particular period. The no. of hours in operation is computed by multiplying the number of milling days by 24 hours operation.

	As of June 30, 2013 of the Crop Year 12-13	As of June 30, 2012 of the Crop Year 11-12
Total Tonnage of Milled Sugar Cane	769,729	787,644
Divided by: Actual Milling Hours	2,736	2,690
<b>Tons Cane Per Hour</b>	<b>281</b>	<b>292</b>

- 5.) Quick Ratio – An indicator of a company's short-term liquidity. The quick ratio measures a company's ability to meet its short term obligations with its most liquid assets. The quick ratio is calculated as Quick Asset divided by Current Liabilities. Quick Asset is computed by deducting Inventories to Current Assets.

	As of 30-Jun-13	As of 30-Jun-12
(Amount in Thousand Pesos)		
Quick Asset	519,726	1,507,919
Divided by: Current Liabilities	466,030	1,466,969
Quick Ratio	<u>1.11</u>	<u>1.03</u>

## 2. Financial Review

### Raw Sugar

The milling operations of Central Azucarera de Tarlac (CAT) started at 12:01 a.m. on November 7, 2012. It ended on March 26, 2013 at around 7 p.m. after 139 milling days, 22 days shorter than the previous season. This year's shorter operational run by Mill was due to the slightly lower available cane for milling and the improved continuity level of operations. The total cane haulage reach 769,729 tons, down by 2.27% or 17,915 tons from the previous year. Continuity of operations however was at a higher

82% as against last year's low of only 69%. Canes were crushed at a slightly lower rate of 6,727 tons per grinding day from 7,026 tons per grinding day last year.

Once again Central Azucarera de Tarlac accounted for the lion's share, 69.59% or 769,729 tons, of the total canes available for milling in Central Luzon of 1,106,117 tons. The remaining 336,388 tons was shared by Basecom and Sweet Crystal at 101,335 tons and 235,053 tons respectively. Below are the comparative tonnages of Central Luzon-based sugar mills:

MILLS	TONS CANE MILLED				% SHARE IN TOTAL	
	2012-13	2011-12	Variance	%	2012-13	2011-12
Basecom	101,335	148,544	-47,209	-31.78%	9.16%	12.10%
Sweet Crystal	235,053	291,239	-56,186	-19.29%	21.25%	23.73%
Tarlac	769,729	787,644	-17,915	-2.27%	69.59%	64.17%
	1,106,117	1,227,427	-121,310	-9.88%	100.00%	100.00%

Despite the drop in CAT's cane tonnage, the raw sugar production rose due to higher extraction or recovery rate at the mill. Raw sugar recovery averaged 1.8803 50-kilogram bags per ton cane, higher by 13.57% from last year's 1.6556 50-kilogram bags per ton cane. However, CAT's recovery rate is still below the posted national average for the season of 1.98 50-kilogram bags per ton cane, but is still higher than the averages of Basecom and Sweet Crystal of only 1.47 and 1.59 50-kilogram bags per ton cane respectively.

Raw sugar output amounted to 1,447,337 50-kg bags, up by 10.99% or 143,326 50-kilogram bags from last year. Consequently, the mill's share rose 11.39% or 46,265 50-kilogram bags to a total of 452,358 50-kilogram bags. The production of molasses also posted an increment of 7.35% to 6,042,620 gallons on account of a higher recovery rate of 7.85 vs 7.15 gallons per ton cane. The share of CAT in the production of molasses grew 10.78% or 183,904 gallons to 1,889,334 gallons.

As in the previous milling seasons, the percentage of burnt canes remains a major concern. For the year, burnt canes averaged 66.83% which is higher than last year's 53.42%. The incidence of burnt canes was at its peak on March 2013 at 85.69% of total canes milled for the month. On the other hand, increments in other performance parameters at the Mill were noted. Mill extraction for sucrose was up from 91.10% to 91.84%, while Boiling House recovery improved from 83.65% to 84.27%. Both of these performance parameters contributed to the improved higher overall recovery or Lkg/TC.

### Refinery Operations

The refining operations lasted for 210 days, 36 days longer than the preceding season. Refinery output reached 1,265,629 50-kilogram bags, higher by 42.36% or 376,626 50-kilogram bags than the previous year. Consequently, molasses recovery likewise increased by 29.65% from 533,984 gallons to 692,290 gallons. The favorable variances in production was brought about by the longer operating period, as well as the higher level of continuity of operations which rose from 80% to 89%. While recovery was down from last season, at 0.9267 50-kilogram bags of refined per 50-kilogram bag of raw sugar processed, the refined sugar output per elapsed day substantially increased by 1,628 50-kilogram bags, from 4,395 50 kilogram bags last year to 6,023 50-kilogram bags this season. Operational disruptions or stoppages was brought down by 33% from 813 hours to 544 hours.

## **Alcohol & Ancillary Products**

Distilling operations for this season lasted for only 79 elapsed days, shorter by 78 days than the previous year as operations were limited to the company-owned molasses. The total molasses processed reached 2,166,909 gallons, lower by 46% from the previous 4,011,730 gallons. Recovery however was at a slightly improved 1.65 vs 1.61 liters alcohol per gallon of molasses. As a result, the total alcohol production only reached 3,570,000 liters from 6,467,700 liters. Alcohol was produced at a rate of 49,958 liters per elapsed day, higher by 6,683 liter per day from last year.

The shorter distilling operations resulted to the decline in the production of carbon dioxide. Total output reached only 1,737 tons, down by 28.01% or 676 tons from last year's 2,413 tons. Likewise, yeast drastically dropped by 71.59% from 101,340 kilos to 28,790 kilos.

## **FINANCIAL STATEMENTS REVIEW**

For the year that was, the total revenues generated amounted to P1,010,017,537, up by 4.40% or P45,270,201 from last year. The growth in the generated revenues is attributed to the improved production from the Refinery.

Remaining under bearish pressure during the year due to the sizeable production surplus both here and abroad, the composite price of raw sugar dropped 2.06% or P26.06 per 50-kilogram bag, from P1,267.06 to P1,241.00 per 50-kilogram bag. The total sales volume likewise dipped a 4.09% to 451,668 50-kilogram bags. As a result, the total raw sugar sales posted a decrement of 6.06% or P36,154,594 to a total P560,518,159.

The higher refined sugar production boosted the Refinery's tolling income. Refined sugar output rose 41.92% from 889,003 to 1,265,629 50-kilogram bags. With the tolling fee remaining unchanged at P221.76 per 50-kilogram bag of refined sugar, the gross tolling income grew by about the same rate from P197,145,305 to P279,779,187.

The combination of slightly higher volume and average selling price popped up alcohol sales by 4.72% or P6,391,017 to a total of P141,666,411. Sales volume inched up a tad by 0.23% or 9,557 liters, from P4,080,280 liters to this year's total of 4,089,837 liters. On the other hand, the average selling price was registered at a higher P34.64 vs P33.15 per liter. The Distillery's tolling income also grew by 13.43% or P1,289,004 to P10,889,004 on account of increased tolling output. The tolling output reached 907,417 liters, higher by 13.43% or 107,417 liters from the previous 800,000 liters.

The lower sales volume and average selling price pulled down the total Carbon Dioxide sales for the year. Sales volume contracted by 23.01% to 1,582,404 kilos, while average selling price dipped from P14.00 to 10.87 per kilo. Consequently, the revenues from the sale of Carbon Dioxide dropped 40.26% or P11,589,108 to only P17,194,776.

## **Cost, Expenses & Earnings**

The Company posted a gross profit amounting to P330M or 32.74% of the total revenue, higher than previous years' margin 24.87% or P240M. The combined Cost of Goods Sold and Services together with the Operating Expenses posted a decrease of 4%. There is a decrease in Financing charges for about 114% from last year's P279,249,057 to P39,272,047 or P239,977,010, this was due to the interest bearing payables that were restructured and assumed by an affiliate. The Company posted an income amounting to P144,139,006 after taxes, 206% higher than last year's net loss amounting to P175,509,283.

## Financial Highlights

Amounts relating to profitability and identifiable assets, liabilities and stockholders' equity of the Company for 2013, 2012 and 2011 are as follows:

	<u>FY 2012-2013</u>	<u>FY 2011-2012</u>	<u>FY 2010-2011</u>
Sales	1,010,047,537	967,477,336	1,100,789,693
Gross Income (Loss)	330,740,999	240,566,004	518,926,828
Operating Income (Loss)	156,867,124	(167,270,299)	190,440,664
Net Income (Loss)	138,496,991	(175,509,283)	154,831,861
Total Assets	2,842,431,328	3,905,699,144	3,387,828,690
Total Liabilities	1,656,026,700	2,858,221,547	2,439,331,696
Total Equity (Capital Deficiency)	1,192,046,643	1,047,477,597	948,496,994

## Balance Sheet Accounts

1. Cash. There was an increase in cash amounting to P23.56M (41%) which was provided by operating activities of P325.58M, P344.41M net cash used in investing activities and P42.38M net cash provided by financing activities.
2. Receivables. The decrease in receivables amounting to P1,024.5M or 73% from P1,409.12M to P384.63M is due to the assumption of customers deposit by its affiliate JCSI which resulted to the offsetting of the receivable balance of the Company from JCSI.
3. Inventories. A decrease amounting to P44.70M or 29% of the reported ending inventory is mainly due to the decreased in the finished products of alcohol and sugar.
4. Other current assets. The 31% increase in other current assets amounting to P12.75M was attributable to increase in creditable withholding taxes and advances to suppliers.
5. Property, Plant and Equipment. For FY 2013, net additions to property, plant and equipment amounted to P30.18M at cost and depreciation expense was P56.77M.
6. Trade and other payables. There was a decrease in payable of P1,247.85M or 69% from last years P1,821.32M as a net effect of the transfer of customers deposit to JCSI amounting to P1,283.1M (see Note 20 of audited financial statements).
7. Current portion of Notes payable. An increase of 60% or P99.33M which represents the loans which are expected to mature within 12 months from the balance sheet date.
8. Pension Liability. Actual payments to retired employees caused the decrease of the account amounting to P9.94M (10%) or from P97.76M to P87.83M.
9. Total stockholders equity. The reported net income for FY 2013 as at June 30, 2013 amounting to P144.13M increased total equity to now P1,192.05M.

## FY 2011-2012

For the year that was, the total revenues generated amounted to P967,477,336, down 12.11% or P133,312,357 from last year's. A substantial amount in the decrement of gross revenues is attributed to the failure to process or refine sizeable inventory of raw sugar thus, it deprived the Company of some P76 M in gross tolling revenues. The drop in the market values of raw sugar, alcohol and carbon dioxide should also be taken into account. Raw sugar composite dropped 31.87% or P592.81 per 50-kilogram bags, to only P1,267.06 per 50-kilogram bag, proof of the downward pressure exerted to market values brought about by ample sugar supply both here and abroad. Even the 41.47% increase in sales volume which totaled 470,911 50 kilogram bags failed to offset the effects of the decrement in price. As a result, raw sugar sales dipped 3.62% or P22,414,162, from P619,086,915 to P596,672,753.

As previously mentioned, we failed to maximize the earning potential of the Refinery when we left some 344,000 50-kilogram bags of raw sugar unprocessed thus, foregoing the potential to earn some P76 M in gross tolling income. Refined sugar production dropped 23.11% or 267,266 50-kilogram bags of refined sugar to only a total of 889,003 50-kilogram bags. The tolling income dropped by the same rate from P256,414,213 to P197,145,305.

A combination of lower sales volume and selling price pulled down Alcohol Sales as it dropped 26.77% or P49,458,979, from P184,734,373 to P135,275,394. The volume of alcohol sold declined by 9.78% or 435,820 liters, from 4,458,282 liters to 4,022,462 liters. Likewise, the average selling price was at a lower P33.63 as against P41.44 per liter mainly due to the drop in the cost of molasses as raw material.

The sales of Carbon Dioxide suffered the same fate as that of Alcohol's. Sales volume was posted at 2,055,415 kilos, lower by 4.14% or 88,721 kilos than that of the previous year. The average selling price likewise dipped by 13.10% from P16.12 to P14.00 per kilo. These conspired to pull down the sales of Carbon Dioxide by 16.70% or P5,770,309 to P28,783,884.

On the positive side, the acceptance of outside molasses for processing increased our tolling income by 60.00% or P3,600,000 to this year's total of P9,600,000. Tolling output rose by the same rate to an aggregate of 800,000 liters. Tolling fee per liter of alcohol remained unchanged at 12.00 per liter.

### **Cost, Expenses & Earnings**

The decline in the generated revenues, coupled by the higher expenditures brought about by the various operational problems encountered during the season, resulted to a lower after-tax net income. From P154.83M, this year's after-tax net loss is P175.51M which is P330.34M lower than last year. Earnings per share went down by the same rate from P5.48 to P6.21.

### **Balance Sheet Accounts**

1. Cash and Cash Equivalents. The decrease in cash by P40.31M (41%) is due from cash provided by operating activities of P341.33M, P302.42M net cash **used** in investing activities and P79.22M net cash **used** in financing activities.
2. Trade and other current receivables. The total increase of receivables amounting to P1,140.7M or 73% from P268.43M to P1,409.12M is due to the reclassification of planter's receivable - Due from a related party-HLI account.
3. Inventories. A decreased amounting to P6.91M or 4.65% of the reported ending inventory is mainly due to the decreased in the finished product alcohol and sugar.

4. Other current assets. The decrease amounting to P12.76M or 23.75% is attributable to decrease in deferred charges.
5. Property, Plant and Equipment. The acquisition of machineries and equipment for the year amounting to P166.66M increased the total reported property, plant and equipment.
6. Land at revalued amount. An increase in the market value of land amounting to P.392M as per revaluation report of appraiser.
7. Trade and other payables increased by 19.86% or P318.72M which is attributable to increase in payable to trade suppliers, accrual of interest on customers advances (see Note 21 of audited financial statement) and bank loans and other payables.
8. Current portion of Notes payable. An increase of 53.65% or P57.50M represents the loans which are expected to mature within 12 months from the balance sheet date.
9. Deferred tax liability. There is an increase in deferred tax liability amounting to P117.6M or 29.27% from last years' P401.77M to P519.37M arising from the revaluation increment of land.
10. Pension Liability. Actual payments to retired employees cause the decrease of the account amounting to P17.56M (15.23%) or to P97.76M from P115.33M.
11. Total stockholders equity. The balance is now P1,047.48M, there was an increase in Revaluation increment of land amounting to P274.4M which was dampened by the reported net loss for the year.

### **FY 2010-2011**

## **REVIEW OF OPERATIONS**

### **Raw Sugar**

The milling operations for Crop Year 2010-2011 commenced on November 9, 2010 and lasted until March 22, 2011, covering a total of 132 elapsed days. Because of the higher available canes for hauling, this year's milling operations was 36 days longer than the previous season. The total canes hauled reached 720,754 tons, higher by 29.23% or 163,026 tons than last year. Canes were processed at a slightly lower rate of 7,119 tons per grinding day as against last year's 7,389 tons.

Central Azucarera de Tarlac accounted for 65.83% of the total canes available for milling in Central Luzon of around 1,094,810 tons. Our neighboring mills, Sweet Crystal and Basecom, posted cane tonnages of 269,303 tons and 104,753 tons respectively. Below are the comparative tonnages of Central Luzon-based sugar mills:

MILLS	Tons Cane Milled				% Share	
	2010-2011	2009-2010	Variance	%	2010-2011	2009-2010
Basecom (Pasudeco)	104,753	93,102	11,651	12.51%	9.57%	10.65%
Sweet Crystal	269,303	223,104	46,199	20.71%	24.60%	25.53%
Tarlac	720,754	557,728	163,026	29.23%	65.83%	63.82%
	1,094,810	873,934	220,876	25.27%	100.00%	100.00%

The increment in tonnage boosted the production of raw sugar as it reached 1,234,403 50-kilogram bags, up 13.77% or 149,384 50-kilogram bags than the previous 1,085,020 50-kilogram bags. Recovery however was lower at 1.713 vs. 1.945 50-kilogram bags per ton cane on account of the lower quality of canes milled. The mill's share was at 385,473 50 kilogram bags, higher by 13.56% or 46,016 50-kilogram bags from last season.

The higher cane tonnage propped up molasses production by 44.10% or 1,788,443 gallons to a total of 5,843,991 gallons. Molasses was extracted at a rate of 8.11 gallons per ton cane, higher than the 7.27 gallons per ton cane last year due to the decline in the recovery at the raw sugar mill. Mill's share grew 43.42% to this year's total of 1,780,784 gallons.

Increments and decrements were also noted in other performance parameters at the mill. Continuity level of operations dropped from 78.99% to 76.50%. Likewise, the mill extraction rate of 90.93% was lower than the previous 91.92%. The Boiling House recovery also declined to 82.23% from 85.58%. On the other hand, there was improvement in the quality of raw sugar produced as raw sugar polarization was registered at 97.96% up slightly from 97.93%. The percentage of burnt canes, which to date remains a major concern, eased a bit from 59.82% to 54.49%. The various operational problems encountered the contributed to the noted decline in efficiency and overall recoveries have been identified and are currently being addressed.

In compliance with existing environmental regulations, the Wet Scrubber for the Bigelow Boiler was placed on line at the start of the milling operations. Results of subsequent emissions tests showed that the mill's average flue gas particulate matter is compliant with the limits set forth by the Clean air Act. Consequently, our Bigelow Boiler was issued a compliance permit by the Environmental Management Bureau (EMB). The compliance plan outlining the time frame for the installation of a similar wet scrubber for the Riley Boiler was submitted to the EMB on March 1, 2011 and we plan to complete the installation of the said device on September 20, 2012.

### **Refinery Operations**

The refining operations started on November 23, 2010 and lasted for 179 days until May 21, 2011. The increased productivity at the raw sugar mill boosted the available raws for melting. Piculs of raw processed went up to 975,384 piculs, higher by 10.95% from last year's 879,119 piculs. However, the lower quality of raw sugar for melting pulled down the recovery at the Refinery, from 1.1998 to 1.1854 bags of refined sugar per picul of raw sugar processed. Overall, the total refined sugar output improved by 9.62% or 101,509 50-kilogram bags to this year's total of 1,156,269 50-kilogram bags.

Refined sugar was produced at a rate of 6,472 50-kilogram bags per elapsed day, 13.37% lower than the previous year's 7,471 50-kilogram bags daily production output. Sucrose recovery likewise dropped to an average of 95.27%, 1.12 percentage points lower than last year's average of 96.39%.

### **Alcohol & Ancillary Products**

The distilling operations which lasted for about 114 days produced a total of 5,383,300 liters of alcohol. This is 23.91% or 1,038,700 liters higher than last year's 4,344,600 liters. The increment in production was brought about by the increase in the available molasses for distilling as a consequence of the rise in tonnage. The total gallons of molasses processed went up by 24.94% or 650,028 gallons, to this year's 3,256,657 gallons. Recovery however was at a slightly lower 1.65 as against 1.67 liters of alcohol per gallon of molasses processed.

Overall fermentation and distillation efficiency dipped down from an average of 82.65% to this year's 82.32%, thus the lower growth rate in terms of alcohol production. Likewise, the daily alcohol production rate declined by 17.69%, from 57,488 liters to 47,317 liters per elapsed day.

The longer distilling operations propped up the production of Carbon Dioxide as it rose by 42.11% or 710 tons to 2,396 tons. Production however was at a lower 21 tons per elapsed day as compared to the previous 22 tons daily.

## FINANCIAL REVIEW

For the year in review, the total revenues generated amounted to P1,100,789,694, up 24.99% or P220,075,424 from last year's P880,714,270. The remarkable increase in revenue was due mainly to the increments in the market values of our products.

Following international cadence, the prices of domestic sugar rose to level never before seen. By late November to early December 2010, local prices were at their highest. During this period, the bid results for "B" quedans breached the P2,600 per 50-kilogram bag (L-Kg) barrier as CASA raws were awarded for P2,688.89 per L-Kg and URC at P2,655 per L-Kg. The ex-Divisoria prices of refined sugar were also at their highest at more than P3,100 per L-Kg. At this time, bullish fundamentals prevailed at the domestic market due to soaring world values and the then perception of a possible tightness in supply as national production was then estimated at only between 1.9 to 2.0 million tons.

From then on, domestic values started its downward correction until it bottomed out at P1,100 per L-Kg in late June 2011. The bearish sentiments that contributed to the downward pressure in the local markets values were the larger than expected production of around 2.3 to 2.4 million tons, the shift of industrial users from sugar to high fructose corn syrup, increased importation of pre-mixes and the rampant smuggling of refined sugar into the country. Consequent to these, the domestic market softened and withdrawals slackened. On a year to year basis, the domestic raw sugar withdrawal dropped 11.68%, while that of refined sugar plummeted by 24.37%.

Boosted no less by the record setting local market prices early in the season, raw sugar composite rose 17.51% or 277.09 per 50-kilogram bag to this year's average of P1,859.87 per 50-kilogram bag. This coupled by the 6.63% hike in sales volume resulted in a total raw sales of P619,086,915, up 25.29% or P124,976,656 from the previous P494,110,259.

The increment in the available raw sugar for tolling increased the Refinery output by 9.62% or 101,509 50-kilogram bags of refined sugar. And, with a higher average tolling fee of P221.76 vs. 207.68 per 50-kilogram bag of refined sugar, the tolling income for the season grew 17.05% or P37,358,063 to a total of P256,414,213.

The higher average selling price of alcohol proved more than enough to offset the slight drop in sales volume. For the year, alcohol was sold at an average of P41.44 per liter, up 31.76% from P31.45 per liter the previous year. However, sales volume posted a slight decrement of 5.71% as it dropped from 4,728,025 liters to 4,458,282 liters. Total alcohol sales went up 24.24% or P36,041,623, from P148,692,750 to P184,734,373. An additional P6,000,000 was generated as tolling income by the Distillery with the acceptance of outside molasses for distilling.

And lastly, a combination of higher sales volume and market prices boosted the sale of Carbon Dioxide by 83.26% to the current total of P34,554,193. The longer distilling operations resulted to an increase in the sales volume of carbon dioxide, from 1,482,616 kilos to 2,144,136 kilograms. The average selling price was also posted at a higher P16.12 vs. P12.72 per kilogram.

## Cost, Expenses & Earnings

The increase in revenues would have come to naught had it not been complemented by various control measures to stunt the growth of expenditures. As a result, gross profit margin was posted at a high 47.14% from the previous 46.25%. The combined Cost of Goods Sold and Services together with the Operating Expenses posted an increment of 18.23%. Primarily, the growth in costs was necessitated by the longer milling operations and the ever increasing prices of services, parts, supplies and materials. This year's operations proved more profitable as after-tax net income reached P154.832 M, up by a remarkable 1328.10% or P143.990 M from last season's P10.842 M. Consequently, the earnings per share grew by almost the same rate from P0.38 to P5.48.

### C. Plans, Commitments, and events that have material impact on the issuer's liquidity:

- a. Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity:

*We do not see, at this point, any known trends, demand, commitments, events or uncertainties that will have a material impact on our liquidity.*

- b. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:

*We do not foresee any event that would trigger direct or contingent financial obligations including default or acceleration of any obligations.*

- c. Any material off-balance sheet transactions, arrangements, obligations, (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period:

*We do not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationship of the company with consolidated entities or other persons created during the reporting period.*

- d. Any material commitments for capital expenditures, the general purpose of such commitments and the expected source of funds for such expenditures:

*We do not see at this point any material commitments for capital expenditures.*

- e. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/ revenues/ income from continuing operations:

*We do not see at this point any known trends, uncertainties that have had or that are reasonably expected to have a material impact on net sales/revenues/income from continuing operations.*

- f. Any elements of income or loss that did not arise from the issuer's continuing operations:

*We do not have any elements of income or loss that did not arise from our continuing operations.*

- h. Any seasonal aspects that have a material effect on the financial condition or results of operations.

*We do not see at this point any seasonal aspects that have a material effect on the financial condition or result of operations.*

### **Item 8. Financial Statements**

The audited financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

*Legal matter paragraph in the Auditor's Report on each components:*

1. Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1,4 (c))
  - The reconciliation is not applicable given that the Company is in a deficit as such no reconciliation was prepared.
2. Tabular schedule of standards and interpretations;
  - Please see schedule of standards attached at the back of the audited financial statement.
3. A map of the conglomerate or group of companies showing the relationships between and among the company and its ultimate parent company, middle parent, subsidiaries or co subsidiaries;
  - Please see Note 18 on the attached audited financial statement for the discussion of the Company's related parties. They are considered to be related because of their stockholders and directors.
4. List of financial ratios:
  - a. Current Ratio - The current ratio indicates a company's ability to meet short-term debt obligations. The higher the ratio the more liquid the company is. The company's current ratio is computed below:

Current ratio = Current Assets/Current Liabilities

	<b>2013</b>	<b>2012</b>
Current Assets	630,595,915	1,663,394,606
Current Liabilities	912,999,440	1,985,982,948
Current Ratio	0.75	0.84

- b. Solvency Ratio – The solvency ratio indicates a company's ability to meet its long term obligations. A lower solvency ratio of a company reflects a higher probability of the company being on default with its debt obligations.

Solvency ratio = (After Tax Net Profit + Depreciation) / Total liabilities

	<b>2013</b>	<b>2012</b>
After tax Net Income/(Loss)	144,139,006	(175,509,283)
Add: Depreciation	56,766,595	66,246,062
Total	200,905,601	(109,263,221)
Divide by: Total Liabilities	1,649,994,809	2,858,221,547
Solvency Ratio	0.12	-0.04

- c. Debt-Equity Ratio – A measure of a company's financial leverage. The higher the ratio, the riskier the company is.

Debt-Equity ratio = Total Liabilities/Total Equity

	<b>2013</b>	<b>2012</b>
Total Liabilities	1,649,994,809	2,858,221,547
Divide by: Total Equity	1,192,046,643	1,047,477,587
Debt-Equity ratio	1.38	2.73

- d. Asset to equity ratio – is a financial ratio indicating the relative proportion of equity used to finance a company's assets.

Asset-Equity ratio = Total Assets/ Total Equity

	<b>2013</b>	<b>2012</b>
Total Assets	2,842,041,452	3,905,699,145
Divide by: Total Equity	1,192,046,643	1,047,477,587
Asset-Equity ratio	2.38	3.73

- e. Interest rate coverage ratio – A ratio used to determine how easily a company can pay interest on outstanding debt.

Interest Coverage Ratio =  $\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$

	<b>2013</b>	<b>2012</b>
EBIT	196,139,171	446,519,356
Divide by: Interest Expense	39,272,047	279,249,057
Interest Rate Coverage ratio	4.99	1.60

- f. Gross Profit ratio – is a profitability ratio that shows the gross profit as a percentage of total net sales revenue. It is a popular tool to evaluate the operational performance of the business.

Gross Profit Ratio =  $\frac{\text{Gross Profit}}{\text{Net Sales}}$

	<u>2013</u>	<u>2012</u>
Gross Profit	330,740,999	240,566,004
Divide by: Net Sales	1,010,047,537	967,477,336
Gross Profit ratio	33%	25%

**Item 9. Changes and Disagreements with Accountants On Accounting and Financial Statements.**

There have been no disagreements with the Company's auditor, Sycip Gorres, Velayo and Co., for the last 3 fiscal years. Below is the summary of fees paid for FY 2013 and FY 2012:

	<u>2013</u>	<u>2012</u>
Audit and Related fees	1,099,291.67	958,291.34
Other Assurance and Related Services	0	150,000.00
Input Tax	131,915.00	132,994.96

The Audit Committee has the function of, among other things, reviewing the performance of the external auditor and of recommending to the Board of Directors the appointment or discharge of external auditors as well as reviewing and approving audit-related and none audit services to be rendered by external auditors.

**PART IV – CONTROL AND COMPENSATION INFORMATION**

**Item 10. Directors, Independent Directors and Executive Officers Of The Registrant**

(a) Directors, Independent Directors and Executive Officers

The following are the Directors, Independent Directors and Corporate Officers of the registrant. The Directors were elected during the Annual Meeting of Stockholders held on January 31, 2013 to hold office for one (1) year and until their successors are elected and qualified. None of the Directors and Officers own more than 2% of the stocks of the registrant:

<u>Name</u>	<u>Position</u>	<u>Membership in the Corporate Governance Committee</u>
Jose Cojuangco Jr	Chairman of the Board & President	
Ernesto G. Teopaco	Director and Vice President	Chairman of Nomination Committee and Member of the Compensation Committee
Marie Therese Reyes-McMurray	Director & Vice- President	Chairman of the Compensation Committee and Member of the Audit Committee

Paz C. Teopaco <sup>1</sup>	Treasurer	
Jose Manuel C. Lopa	Director	Member of the Audit Committee
Fernando C. Cojuangco	Director & COO	
Renato B. Padilla	Independent Director	Chairman of the Audit Committee and Member of the Compensation Committee
Addison B. Castro	Corporate Secretary	
Victoria Catherine G. Cochico	Assistant Corporate Secretary	
Wellerita D. Aguas	Asst. Vice President & Asst. Treasurer	
Eufrocinio C. De La Merced Jr.	Asst. Vice President	

**Jose Cojuangco, Jr.**, age 79, has been a Director and Vice President of the registrant since 1976. He is also President and Director of Luisita Marketing Corporation, Tarlac Distillery Corporation and Director of other JCSO affiliates. A BS Economics graduate of Holy Cross College in New York, he was a former Congressman of the 1st District of Tarlac.

**Fernando C. Cojuangco**, 51 years old, was elected as Director on January 31, 2012. He has been the Chief Operating Officer of CAT since February 21, 2008. A lawyer by profession, he is also the Chief Operating Officer of Jose Cojuangco & Sons, Inc. and its affiliates. He is the Corporate Secretary of Tarlac Development Corporation and Luisita Industrial Corporation and the Assistant Corporate Secretary of Luisita Realty Corporation. He is a holder of Bachelor of Arts degree in Economics from the University of California and a member of Omicron Delta Epsilon Honors Society. He obtained his Bachelor of Laws degree with honors from the Ateneo de Manila University.

**Ernesto G. Teopaco**, age 79, has been a Director and Vice President of the registrant since 1986. He is also a Director and Industrial Relations Officer of other JCSO affiliates. He is a BS Economics graduate of Ateneo de Manila in 1954 and BS Business Administration graduate of the University of San Francisco in 1956.

**Marie Therese R. McMurray**, 65 years old, was elected as a Director of CAT on January 31, 2012. She is the Vice President for Human Resources and Administrative Services of Jose Cojuangco & Sons, Inc., and its affiliates. She holds a degree in Bachelor of Arts, Major in Sociology, Minor in Philosophy / Theology from Marymount Manhattan College, New York. She is the Chairman of the Nomination Committee and a member of the Audit Committee of CAT.

**Paz C. Teopaco**, age 75, was elected as Treasurer of CAT on April 2012. She is the Vice President of Jose Cojuangco and Sons., Inc. and Luisita Realty Corporation. She's also the Treasurer of JC Enterprises, Inc. and Tarlac Distillery Corporation. She is a graduate of AB Home Economics from St. Theresa's Manila.

**Jose Manuel C. Lopa**, age 53, is a Director of the registrant since 2002. He is President of TAO Commodities Trading, Inc.; Director of Renaissance Realty Corporation; Deputy Director for Australian Affairs of Philippines Sugar Millers Assn., Inc. He is Vice President

of ALRAC Inc. and Ralco Agricultural Corporation. He is a graduate of AB Interdisciplinary Studies from Ateneo de Manila in 1978.

**Renato Padilla**, 66 years old, has been an Independent Director of CAT since October 2010. A lawyer by profession, he is currently the General Manager of the Philippine International Convention Center (PICC) in Manila. He was formerly an Undersecretary of the Department of Agrarian Reform from 1989 to 1995. He is the Chairman of the Audit Committee.

**Wellerita D. Aguas**, age 68, is an Assistant Vice-President and Assistant Treasurer of the registrant since February, 2008. She is also Vice President of Jose Cojuangco & Sons, Inc, a Director and Treasurer of Luisita Realty Corporation, Treasurer of Hacienda Luisita Inc. and Assistant Treasurer of Luisita Golf and Country Club. She is a BSBA graduate of the University of the East.

**Eufrocino De La Merced Jr.**, age 55, was appointed as the Assistant Vice President of the registrant in February, 2008. A lawyer by profession, he is currently the General Counsel of Jose Cojuangco & Sons, Inc. and its affiliates. He is also the corporate Secretary of Luisita Golf and Country Club, Inc. He has been the Assistant Corporate Secretary of Hacienda Luisita, Inc since 1988. He is a holder of a Bachelor of Laws degree from San Beda College

**Addison B. Castro**, age 50, was appointed as Corporate Secretary of the registrant in July 2009. A lawyer by profession, he is one of the legal counsels of Central Azucarera de Tarlac, Hacienda Luisita, Inc. and Luisita Golf and Country Club, Inc.. He is currently a professor of the Lyceum of the Philippines University, College of Law. He graduated with a degree of Bachelor of Science in Applied Economics at the De La Salle University in 1983. He obtained his Bachelor of Laws degree from the Ateneo de Manila University in 1988.

**Catherine Cochico**, 44 years old, is the Assistant Corporate Secretary of CAT. A lawyer by profession, she is also the Assistant Corporate Secretary of Liberty Insurance Corporation and J. C. Enterprises Inc. She obtained her Bachelor of Law degree from the Ateneo de Manila University.

(b) Family Relationships

Mr. Ernesto Teopaco is the brother in law of Mr. Jose Cojuangco Jr., while Mr. Fernando C. Cojuangco, Mr. Jose Manuel C. Lopa and Ms. Marie Therese McMurray are the nephews and niece of Mr. Jose Cojuangco Jr.

(c) Identity of Significant Personnel

Mr. Herman Gregorio Jr. Resident Manager and Mr. Joseph Angeles Assistant Resident Manager, are some of the key personnel who are expected to make significant contribution to the business of the registrant.

(d) Involvement in Certain Legal Proceedings

None of the directors and officers was involved during the past five years in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceeding or being subject to a pending criminal proceeding, or being subject to any order, judgment or decree of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of

business, securities, commodities or banking activities; nor being found in a civil action to have violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

**Item 11. Executive Compensation**

**A. Summary Compensation Table**

FISCAL YEAR 2012-2013

<u>NAME &amp; POSITION</u>	<u>Salary</u>	<u>Bonus</u>	<u>Transportation</u>	<u>Per Diem</u>	<u>5% Bonus for FY 2011 &amp; 2012</u>	<u>Total</u>
Pedro Cojuangco, Chairman of the Board & President )						
Josephine Reyes, Vice President Treasurer & Director )						
Jose Cojuangco Jr., V. President/ Director )						
Ernesto Teopaco, V. President/ Director )	4,403,944	1,201,099	1,124,310	260,000	-	6,989,354
Emmanuel Cochico, Asst. Vice President & Asst. Treasurer )						
Wellerita Aguas, Asst. Vice President )						
All Officers & Directors as a Group )	4,403,944	1,201,099	1,124,310	260,000	-	6,989,354

**ANNUAL COMPENSATION**

FISCAL YEAR 2011-2012

<u>NAME &amp; POSITION</u>	<u>Salary</u>	<u>Bonus</u>	<u>Transportation</u>	<u>Per Diem</u>	<u>5% Bonus for FY 2010 &amp; 2011</u>	<u>Total</u>
Pedro Cojuangco, Chairman of the Board & President )						
Josephine Reyes, Vice President Treasurer & Director )						
Jose Cojuangco Jr., V. President/ Director )						
Ernesto Teopaco, V. President/ Director )	4,299,450	1,042,912	1,145,871	240,000	7,613,912	14,342,145
Emmanuel Cochico, Asst. Vice President & Asst. Treasurer )						
Wellerita Aguas, Asst. Vice President )						
All Officers & Directors as a Group )	4,299,450	1,042,912	1,145,871	240,000	7,613,912	14,342,145

FISCAL YEAR 2010-2011

<u>NAME &amp; POSITION</u>	<u>Salary</u>	<u>Bonus</u>	<u>Others</u>	<u>Total</u>
Pedro Cojuangco, Chairman of the Board & President } Josephine Reyes, Vice President Treasurer & Director )				
Jose Cojuangco Jr., V. President/ Director } Ernesto Teopaco, V. President/ Director )	4,888,800	1,222,200	1,655,000	7,766,000
Emmanuel Cochico, Asst. Vice President & Asst. Treasurer ) Wellerita Aguas, Asst. Vice President }				
All Officers & Directors as a Group }	4,888,800	1,222,200	1,655,000	7,766,000

B. Directors Compensation consist of:

1. Per Diem and transportation allowance
2. 5% of net income

C. Any other arrangement including consulting control, etc. – None.

D. Warrants and options outstanding – None.

E. Warrants and options outstanding: Repricing – None.

**Item 12. Security Of Certain Record and Beneficial Owners**

A. Security Ownership of Certain Record and Beneficial Owners

As of June 30, 2013, Central Azucarera de Tarlac knows of no one who beneficially owns in excess of 5% of the Company's Common Stock except the following:

Title of class	Name, Address of record owner and relationship with issuer	Name, Address of Beneficial owner and relationship with issuer	Citizenship	No. of Shares Held	Percentage
Common	LUISITA TRUST FUND JCS Bldg. 119 dela Rosa st., Legaspi Village Mkti. City	Retirement fund for CAT and Jose Cojuangco and Sons Employees JCS Bldg. 119 dela Rosa st., Legaspi Village Mkti. City	Filipino	4,734,492 "B" (Direct voting)	16.76
Common	JOSE COJUANGCO & SONS, INC. JCS Bldg. 119 dela Rosa st., Legaspi Village Mkti. City	Cojuangco Family JCS Bldg. 119 dela Rosa st., Legaspi Village Mkti. City	Filipino	7,855,828 "B" (Direct Voting)	27.80
Common	TARLAC DISTILLERY CORP. JCS Bldg. 119 dela Rosa st., Legaspi Village Mkti. City	Tarlac Development Corporation (Cojuangco Family) JCS Bldg. 119 dela Rosa st., Legaspi Village Mkti. City	Filipino	1,586,382 "B" (Direct voting)	5.61

**Luisita Trust Fund** is a retirement benefit program of the regular and permanent employees of the registrant and its affiliates which is wholly financed by the following contributing companies : Central Azucarera de Tarlac, Hacienda Luisita, Inc., Luisita Marketing Corporation, Jose Cojuangco & Sons, Inc., Tarlac Development Corporation and Tarlac Distillery Corporation. Mrs. Josephine C. Reyes, Chairman of the Board of Trustees, directs the voting and disposition of its securities with the registrant.

**Jose Cojuangco & Sons, Inc.**, is the General Managers of the registrant. Mr. Pedro Cojuangco, Chairman of the Board of Directors and President, directs the voting and disposition of the securities with the registrant.

**Tarlac Distillery Corporation** is the marketing arm of the registrant for its alcohol, molasses and liquefied carbon dioxide. Mr. Jose Cojuangco, Jr., President, directs the voting and disposition of the securities with the registrant.

(b) Of Management (Directors and Officers)

Title of class	Name, Address of Beneficial owner and relationship with issuer	Citizenship	No. of Shares Held	Percentage
Common	Jose Cojuangco Jr.	FIL.	268,880 (direct voting)	0.9516%
Common	Fernando Cojuangco	FIL.	151,952(directvoting)	0.5378%
Common	Ernesto Teopaco	FIL.	302,464 (direct voting)	1.0705%
Common	Marrise McMurray	FIL.	1,000 (direct voting)	0.0035%
Common	Paz Teopaco	FIL.	323,136 (direct voting)	1.1437%
Common	Jose Manuel Lopa	FIL.	162,809 (direct voting)	0.5762%
Common	Renato Padilla	FIL.	20 (direct voting)	0.0001%
Common	Eufrocinio Dela Merced Jr.	FIL.	1,000 (direct voting)	0.0035%
Common	Wellerita Aguas	FIL.	1,000 (direct voting)	0.0035%

The aggregate ownership of all directors and officers is 1,310,900 shares or 4.64%.

(c) Voting Trust Holders of 5% or more

The registrant has no voting trust agreement with the security holders owning more than 5% of the securities.

(d) Changes in control

Any arrangements which may results in a change on control of the registrant – none.

**Item 13. Certain Relationships and Related Transactions**

- 1 **Jose Cojuangco & Sons, Inc.**, General Managers of the registrant  
Fixed Management fee plus an additional fee equivalent to certain percentage of registrant's net profit.
- 2 **JC Enterprises, Inc.**, an affiliate of the registrant  
Payment of office rental arising from lease

- 3 **Hacienda Luisita Inc.**, an affiliate of the registrant  
Sharing of sugar and molasses produced every crop year at 69.0% and  
31.0% between HLI and the Company pursuant to the milling agreement

## **PART V – CORPORATE GOVERNANCE**

### **Item 14. Corporate Governance**

The Company's directors, officers and employees complied with all the leading practices and principles on good corporate governance as embodied in its Manual on Corporate Governance

The Company also complied with the appropriate self-rating assessment and performance evaluation system to determine and measure compliance with its Manual on Corporate Governance

None of the Company's directors, officers or employees has deviated from the Manual on Corporate Governance.

A continuing review of the Company's Audit Committee Charter is being undertaken to ensure faithful compliance with and further improve its corporate governance.

### **Item 15. Exhibits and Reports on SEC Form 17-C**

#### **A. Exhibits**

The following exhibits are filed as a separate section of this report.

- a) Annual Report to Security Holders
- b) Report Furnished to Security Holders

#### **B. Report on SEC Form 17-C**

There is nothing to disclose under SEC Form 17-C.

## **SIGNATURES**

## **INDEX TO FINANCIAL STATEMENTS**

## **INDEX TO EXHIBIT**


**PART II – OTHER INFORMATION**


There is no information not previously reported on SEC Form 17 – C

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Commission, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant CENTRAL AZUCARERA DE TARLAC

Signature and Title   
**WELLERITA D. AGUAS**  
**Assistant Vice President - Finance**

Principal Financial / Accounting Officer / Controller   
**MA. VICTORIA PALMA**

Signature and Title CHIEF ACCOUNTANT

Date : **October 10, 2013**

Republic of the Philippines )  
Makati City ) s.s.

### SECRETARY'S CERTIFICATE

ADDISON B. CASTRO, of legal age, Filipino, and with office address at 2<sup>nd</sup> Floor Jose Cojuangco & Sons Building, corner dela Rosa and Palanca Streets, Legaspi Village, Makati City, being the duly elected and qualified Corporate Secretary of CENTRAL AZUCARERA DE TARLAC (the "Corporation"), with principal office at San Miguel, Tarlac City, under oath, does hereby CERTIFY –

That at the regular meeting of the Board of Directors of Central Azucarera de Tarlac (the "Corporation"), held on October 8, 2013, at the 6<sup>th</sup> Floor, Jose Cojuangco & Sons Building, Legaspi Village, Makati City, at which meeting a quorum was present and acting throughout, the following resolution was approved:

“RESOLVED, That The Board of Directors of Central Azucarera de Tarlac (the "Corporation") approves, as it hereby approves, the Corporation's Audited Financial Statements June 30, 2013 and 2012 and Years Ended June 30, 2013, 2012 and 2011 and the Independent Auditor's Report.

“RESOLVED, FURTHER, That the issuance of the said audited financial statements be, as it is hereby authorized”

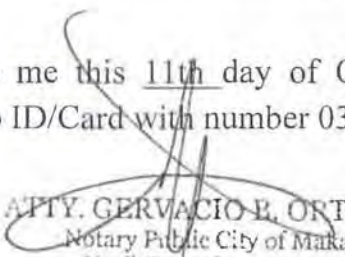
That the foregoing resolution has not been repealed, amended or modified and remains to be valid and subsisting as of the date hereof.

IN WITNESS WHEREOF, this Certificate has been signed this 11th day of October 2013 at Makati City.

  
**ADDISON B. CASTRO**  
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 11th day of October 2013 affiant having exhibited to me his SSS Membership ID/Card with number 03-9654586-8.

Doc. No. 498 ;  
Page No. 101 ;  
Book No. LIII ;  
Series of 2013.

  
**ATTY. GERVACIO E. ORTIZ JR.**  
Notary Public City of Makati  
Until December 31, 2014  
IBP NO. 656157 - Lifetime Member  
MCLE Compliance No. III-0014282  
Appointment No. M-199-12013-2014)  
PTR No. 3664330 Jan. 2, 2013  
Makati City Roll No. 40091  
101 Urban Ave., Brgy. Pio del Pilar,  
Makati City



**CENTRAL AZUCARERA DE TARLAC**

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**


The management of **CENTRAL AZUCARERA DE TARLAC** is responsible for the preparation and fair presentation of the financial statements for the year ended **June 30, 2013**, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders or members.

**SYCIP, GORRES, VELAYO and CO.**, the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance the Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

  
**JOSE COJUANGCO JR.**  
Chairman of the Board/President

  
**FERNANDO C. COJUANGCO**  
Chief Operating Officer

  
**WELLERITA D. AGUAS**  
Vice President-Finance

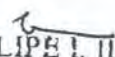
**MAKATI CITY**

**04 OCT 2013**

SUBSCRIBED AND SWORN to before me this day of \_\_\_\_\_ 2013, affiant exhibiting to me their Social Security System IDs' as follows:

Jose S. Cojuangco, Jr	03-1915563-3
Fernando C. Cojuangco	03-7602858-3
Wellerita D. Aguas	03-1396848-6

Doc. No. 43  
 Page No. 10  
 Book No. 2xxx  
 Series of 2013

  
**FELIPE L. ILEDAN, JR.**  
 Notary Public for and in the City of Makati  
 Until Dec. 31, 2014, Appt. No. M-03  
 Roll No. 27625/ TIN 136897000  
 Rm 412, 4<sup>th</sup> Flr., VGF Center, 6772 Ayala,  
 Makati City, PTR Ma. 1412211/1/2/2013  
 BP No. 90356240 02/2012 MCLE  
 Compliance No. 14-0018386 2/21/2013

Jose Cojuangco and Sons Building  
 119 de la Rosa Street  
 Legaspi Village, 1229 Makati City  
 Telephone: 818-3911

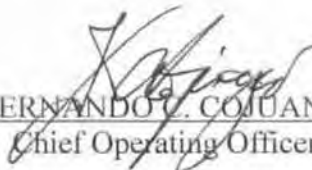
**CENTRAL AZUCARERA DE TARLAC**

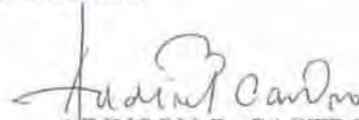
**SIGNATURES**

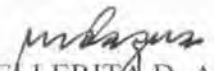
Pursuant to the requirement of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on \_\_\_\_\_ 2013:

By:

  
JOSE S. COJUANGCO, JR.  
Chairman of the Board/ President

  
FERNANDO C. COJUANGCO  
Chief Operating Officer

  
ADDISON B. CASTRO  
Secretary

  
WELLERITA D. AGUAS  
Vice President - Finance

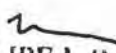
  
MA. VICTORIA A. PALMA  
Chief Accountant

**MAKATI CITY**

**SUBSCRIBED AND SWORN** to before me this day of 04 OCT 2013 2013 affiant(s) exhibiting to me their Social Security System ID's as follows:

Jose S. Cojuangco, Jr	03-1915563-3
Fernando C. Cojuangco	03-7602858-3
Addison B. Castro	03-9654586-8
Wellerita D. Aguas	03-1396848-6
Ma. Victoria A. Palma	01-1646947-0

Doc. No. 51  
Page No. 12  
Book No. 6222  
Series of 2013

  
**FELIPE I. ILEDAN, JR.**  
Notary Public for and in the City of Makati  
Until Dec. 31, 2014, Appt. No. M-03  
Roll No. 27625/ TIN 136897000  
Rm 412, 4<sup>th</sup> Flr., VGF Center, 6772 Ayala,  
Makati City, PTR Mla. 1412211/1/2/2013  
RP No. 903652/10/02/2012 MCIE  
Compliance No. 14-0018386/4 2/2/2013

**CENTRAL AZUCARERA DE TARLAC**

**CERTIFICATION**

The undersigned Mrs. MA. PAZ C. TEOPACO, Treasurer of CENTRAL AZUCARERA DE TARLAC with office address at JCS Bldg. 119 dela Rosa St., Legaspi Village Makati City do solemnly swear and certify that:

1. All matters set forth in the General Form for Financial Statements (GFFS) are true and correct to the best of my knowledge and that this corporation has complied with all the reportorial requirements provided under the Corporation Code of the Philippines.
2. The GFFS has all the basic and material data in the Audited Financial Statements.

OCT 10 2013

Executed this \_\_\_ day of October 2013 at Makati City.

CENTRAL AZUCARERA DE TARLAC

By: *Ma Paz C Teopaco*  
MA. PAZ C. TEOPACO  
Treasurer

MAKATI CITY

OCT 10 2013

SUBSCRIBED AND SWORN TO before me this \_\_\_ day of \_\_\_\_\_ affiant exhibiting to her Social Security ID# 03-4228375-0 at Makati City.

Doc. No.: 424  
Page No.: 87  
Book No.: Lxxxj  
Series of 2013

*[Signature]*  
ROBERT L. UEDAN, JR.  
Notary Public for and in the City of Makati  
Until Dec. 31, 2014, Appt. No. M-03  
Roll No. 27625/ TIN 136897000  
Rm 412, 4<sup>th</sup> Flr., VGP Center, 6772 Ayala,  
Makati City, PTR No. 1412211/1/2/2013  
BP No. 903662/10/02/2012 MCL E  
License No. 12-0018386/4/24/2013

## CENTRAL AZUCARERA DE TARLAC

### CERTIFICATION

The undersigned Mrs. WELLERITA D. AGUAS, Asst. Vice-President of CENTRAL AZUCARERA DE TARLAC with office address at JCS Bldg. 119 dela Rosa St., Legaspi Village Makati City do solemnly swear and certify that:

1. All matters set forth in the General Form for Financial Statements (GFFS) are true and correct to the best of my knowledge and that this corporation has complied with all the reportorial requirements provided under the Corporation Code of the Philippines.
2. The GFFS has all the basic and material data in the Audited Financial Statements.

Executed this \_\_\_ day of October 2013 at Makati City.

CENTRAL AZUCARERA DE TARLAC

By:

*Wellerita D. Aguas*  
WELLERITA D. AGUAS  
Asst. Vice President-Finance

04 OCT 2013

**MAKATI CITY**

SUBSCRIBED AND SWORN TO before me this \_\_\_ day of October 2013 affiant exhibiting to her Social Security ID# 03-1396848-6 at Makati City.

*Felipe I. Iledan, Jr.*  
**FELIPE I. ILEDAN, JR.**

**Notary Public for and in the City of Makati**

**Until Dec. 31, 2014, Appt. No. M-03**

**Roll No. 27625/ TIN 136897000**

**Rm 412, 4<sup>th</sup> Flr., VGP Center, 6772 Ayala,  
Makati City, PTR Ma. 1412211/1/2/2013**

**IRP No. 903652/10-02/2012 MCI E**

**Compliance No. IV-0018386/4.24/2013**

Doc. No.: √2  
Page No.: 12  
Book No.: LXXX  
Series of 2013

**GENERAL FORM FOR FINANCIAL STATEMENTS**

NAME OF CORPORATION: CENTRAL AZUCARERA DE TARLAC

CURRENT ADDRESS: San Miguel, Tarlac City

TEL. NO.: 818-3911

FAX NO.: 818-6270

COMPANY TYPE : SUGAR MILLING AND REFINIRY

PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 1. Balance Sheet**

FINANCIAL DATA	2013 ( in P'000 )	2012 ( in P'000 )
<b>A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)</b>	<b>2,842,431</b>	<b>3,905,697</b>
A.1	630,596	1,663,395
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	81,403	57,846
A.1.1.1 On hand	0	0
A.1.1.2 In domestic banks/entities	81,403	57,846
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	384,628	1,409,124
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	418,283	1,450,807
A.1.2.1.1 Due from customers (trade)	68,630	46,446
A.1.2.1.2 Due from related parties	312,203	1,344,454
A.1.2.1.3 Others, specify (A.1.2.1.3.1+A.1.2.1.3.2)	37,450	59,907
A.1.2.1.3.1 Other receivables	27,810	50,909
A.1.2.1.3.2 Advances to officers and employees	9,640	8,998
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	(33,656)	(41,683)
A.1.2.2 Due from foreign entities, specify (A.1.3.2.1 + A.1.3.2.2 + A.1.3.2.3 + A.1.3.2.4)		
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	110,771	155,476
A.1.3.1 Raw materials and supplies	62,698	65,930
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)		
A.1.3.3 Finished goods	48,073	89,546
A.1.3.4 Merchandise/Goods in transit	-	-
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1+A.1.3.6.2)		
A.1.3.6.1		
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4+A.1.4.5+A.1.4.6)	86,373	85,943
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)		
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)		
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

**NOTE:**

This general form is applicable to companies engaged in Agriculture, Fishery, Forestry, Mining, and Quarrying, Manufacturing, Electricity, Gas and Water, Construction, Wholesale and Retail Trade, Transportation, Storage and Communications, Hotels and Restaurants, Real Estate, Community, Social and Personal Services, other forms of production, and general business operations. This form is also applicable to other companies that do not have industry-specific Special Forms. Special forms shall be used by publicly-held companies and those engaged in non-bank financial intermediation activities, credit granting, and activities auxiliary to financial intermediation, which require secondary license from SEC.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

**GENERAL FORM FOR FINANCIAL STATEMENTS**

NAME OF CORPORATION: CENTRAL AZUCARERA DE TARLAC

CURRENT ADDRESS: San Miguel, Tarlac City

TEL. NO.: 818-3911

FAX NO.: 818-6270

COMPANY TYPE: SUGAR MILLING AND REFINERY

PSIC: \_\_\_\_\_

If these are based on consolidated financial statements, please so indicate in the caption.

**Table 1. Balance Sheet**

FINANCIAL DATA	2013 (in P'000)	2012 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)	86,373	85,943
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions	86,211	85,781
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions	162	162
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1 + A.1.4.5.2 + A.1.4.5.3 + A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	53,794	40,949
A.1.5.1 Prepayments and other current assets	53,794	40,949
A.1.5.2		
A.1.5.3		
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7 + A.2.8)	2,063,637	2,090,221
A.2.1 Land	42,026	42,026
A.2.2 Building and improvements including leasehold improvement	86,824	84,870
A.2.3 Machinery and equipment (on hand and in transit)	1,385,345	1,357,411
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	26,603	26,277
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	104,247	104,279
A.2.5.1 Furniture, fixtures and equipment	69,830	67,281
A.2.5.2 Communication and utility systems	16,907	16,645
A.2.5.3 Roads and bridges	12,351	12,350
A.2.5.4 Agricultural	385	385
A.2.5.5 Construction in progress	4,775	7,618
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4)	1,757,000	1,757,000
A.2.6.1 Land at market value	1,757,000	1,757,000
A.2.6.2		
A.2.6.3		
A.2.6.4		
A.2.7 Accumulated Depreciation (negative entry)	(1,338,409)	(1,281,642)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3)		
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4)		
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.4 Investment Property		
A.5 Biological Assets		
A.6 Intangible Assets (A.6.1 + A.6.2)		
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2 + A.6.1.3 + A.6.1.4)		
A.6.1.1		
A.6.1.2		
A.6.1.3		
A.6.1.4		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2 + A.6.2.3 + A.6.2.4)		
A.6.2.1		
A.6.2.2		
A.6.2.3		
A.6.2.4		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

Control No.:  
Form Type:

GFFS (rev 2006)

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: CENTRAL AZUCARERA DE TARLAC

CURRENT ADDRESS: San Miguel, Tarlac City

TEL. NO.: 818-3911

FAX NO.: 818-6270

COMPANY TYPE: SUGAR MILLING AND REFINIRY

PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2013 (In P'000)	2012 (In P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	-	-
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3 + A.9.1.4)	-	-
A.9.1.1 Due from HLI	-	-
A.9.1.2	-	-
A.9.1.3	-	-
A.9.1.4	-	-
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3 + A.9.2.4)	-	-
A.9.2.1	-	-
A.9.2.2	-	-
A.9.2.3	-	-
A.9.2.4	-	-
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)	-	-
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	61,825	66,138
A.10.1 Deferred charges - net of amortization	8,913	8,854
A.10.2 Deferred Income Tax	52,912	57,284
A.10.3 Advances to suppliers/Miscellaneous deposits	-	-
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4)	-	-
A.10.4.1 Refundable deposits	-	-
A.10.4.2 Others	-	-
A.10.4.3	-	-
A.10.4.4	-	-
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)	-	-
<b>B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)</b>	<b>1,656,027</b>	<b>2,881,246</b>
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	843,496	2,009,011
B.1.1 Trade and Other Payables to Domestic Entities	843,496	2,006,386
B.1.1.1 Loans/Notes Payables	264,000	164,667
B.1.1.2 Trade Payables	162,832	168,764
B.1.1.3 Payables to Related Parties, specify (B.1.1.3.1 + B.1.1.3.2 + B.1.1.3.3)	185,090	91,959
B.1.1.3.1 Due to HLI	7,679	-
B.1.1.3.2 Due to LGCCI	-	9,224
B.1.1.3.3 Due to CRC	24,797	25,556
B.1.1.3.4 Due to TADISCO	24,968	35,664
B.1.1.3.5 Due to CLCGI	-	21,515
B.1.1.3.6 Due to JCSI	127,646	-
B.1.1.4 Others, specify (B.1.1.4.1 + B.1.1.4.2 + B.1.1.4.3)	231,575	1,580,996
B.1.1.4.1 Customer's deposits	54,042	353,982
B.1.1.4.2 Interest payable	5,642	1,024,559
B.1.1.4.3 Accounts payable-others	171,890	202,455
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1+B.1.2.2+B.1.2.3+B.1.2.4)	-	-
B.1.2.1	-	-
B.1.2.2	-	-
B.1.2.3	-	-
B.1.2.4	-	-
B.1.3 Provisions	-	-
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3)	-	-
B.1.4.1	-	-
B.1.4.2	-	-
B.1.4.3	-	-
B.1.4.4	-	-
B.1.5 Liabilities for Current Tax	-	2,625
B.1.6 Deferred Tax Liabilities	-	-
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions)	-	-
B.1.7.1 Current interest-bearing loans and borrowings from a domestic private financial corporation	-	-
B.1.7.2 Estimated liability for land development	-	-
B.1.7.3 Liabilities under Trust Receipts	-	-
B.1.7.4 Portion of Long-term Debt Due within one year	-	-
B.1.7.5 Deferred Income	-	-
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify: (B.1.7.6.1 + B.1.7.6.2 + B.1.7.6.3 + B.1.7.6.4)	-	-
B.1.7.6.1	-	-
B.1.7.6.2	-	-

Control No.:

Form Type:

GFFS (rev 2006)

**GENERAL FORM FOR FINANCIAL STATEMENTS**NAME OF CORPORATION: CENTRAL AZUCARERA DE TARLACCURRENT ADDRESS: San Miguel, Tarlac CityTEL. NO.: 818-3911FAX NO.: 818-6270COMPANY TYPE: SUGAR MILLING AND REFINERY

PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.***Table 1. Balance Sheet**

FINANCIAL DATA	2013 (in P'000)	2012 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	205,336	255,103
B.2.1 Trade Payables	69,503	102,437
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial Institutions	135,833	152,666
B.2.4 Domestic Private Non-Financial Institutions		
B.2.5 Foreign Financial Institutions		
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Other Liabilities (B.5.1 + B.5.2)	607,194	617,132
B.5.1 Deferred Income Tax		
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4)	607,194	617,132
B.5.2.1 Pension liability	87,826	97,765
B.5.2.2 Deferred gross profit		
B.5.2.3 Deferred Tax Liability	519,367	519,367
B.5.2.4		
<b>C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)</b>	<b>1,186,405</b>	<b>1,024,447</b>
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)	40,000	40,000
C.1.1 Common shares	40,000	40,000
C.1.2 Preferred Shares		
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		
C.2.1 Common shares		
C.2.2 Preferred Shares		
C.2.3 Others		
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	282,546	282,546
C.3.1 Common shares	282,546	282,546
C.3.2 Preferred Shares		
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		
C.5 Minority Interest		
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3 + C.6.4 + C.6.5)	59,789	59,358
C.6.1 Unrealized cumulative gain on available-for-sale financial assets	59,796	59,365
C.6.2 Treasury shares	(7)	(7)
C.6.3		
C.6.4		
C.6.5		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus	1,211,857	1,211,857
C.8 Retained Earnings (C.8.1 + C.8.2)	(367,787)	(529,314)
C.8.1 Appropriated		
C.8.2 Unappropriated	(367,787)	(529,314)
C.9 Head / Home Office Account (for Foreign Branches only)		
C.10 Cost of Stocks Held in Treasury (negative entry)		
<b>D. TOTAL LIABILITIES AND EQUITY (B + C)</b>	<b>2,842,431</b>	<b>3,905,694</b>

**GENERAL FORM FOR FINANCIAL STATEMENTS**

NAME OF CORPORATION: CENTRAL AZUCARERA DE TARLAC  
 CURRENT ADDRESS: San Miguel, Tarlac City  
 TEL. NO.: 818-3911 FAX NO.: 818-6270  
 COMPANY TYPE: SUGAR MILLING AND REFINERY PSIC: \_\_\_\_\_  
*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 2. Income Statement**

FINANCIAL DATA	2013 ( in P'000 )	2012 ( in P'000 )
<b>A. REVENUE / INCOME (A.1 + A.2 + A.3)</b>	<b>1,010,048</b>	<b>967,477</b>
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)	1,010,048	967,477
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity		
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	-	-
A.3.1 Rental Income from Land and Buildings		
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)		
A.3.3 Sale of Real Estate or other Property and Equipment		
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)		
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7)	-	-
A.3.5.1 Income from industrial services		
A.3.5.2 Estate management dues and concession fees		
A.3.5.3 Others		
A.3.5.4		
A.3.5.5		
A.3.5.6		
A.3.5.7		
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	-	-
A.4.1 Interest Income		
A.4.2 Other Income		
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4 + A.4.3.5 + A.4.3.6 + A.4.3.7)		
A.4.3.1		
A.4.3.2		
A.4.3.3		
A.4.3.4		
A.4.4 Gain / (Loss) on Foreign Exchange (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)		
A.4.4.1		
A.4.4.2		
A.4.4.3		
A.4.4.4		
<b>B. COST OF GOODS SOLD (B.1 + B.2 + B.3)</b>		-
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	-	
B.1.1 Direct Material Used		
B.1.2 Direct Labor		
B.1.3 Other Manufacturing Cost / Overhead		
B.1.4 Goods in Process, Beginning		
B.1.5 Goods in Process, End (negative entry)		
B.2 Finished Goods, Beginning		
B.3 Finished Goods, End (negative entry)		
<b>C. COST OF SALES (C.1 + C.2 + C.3)</b>	<b>552,610</b>	<b>588,438</b>
C.1 Purchases		
C.2 Merchandise Inventory, Beginning		
C.3 Merchandise Inventory, End (negative entry)		
<b>D. COST OF SERVICES, SPECIFY (D.1 + D.2 + D.3 + D.4 + D.5 + D.6)</b>	<b>126,697</b>	<b>138,473</b>
D.1 Cost of Tolling Services	126,697	138,473
D.2		
D.3		
D.4		
D.5		
D.6		

**GENERAL FORM FOR FINANCIAL STATEMENTS**

NAME OF CORPORATION: CENTRAL AZUCARERA DE TARLAC  
 CURRENT ADDRESS: San Miguel, Tarlac City  
 TEL. NO.: 818-3911 FAX NO.: 818-6270  
 COMPANY TYPE: SUGAR MILLING AND REFINIRY PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 2. Income Statement**

FINANCIAL DATA	2013 ( in P'000 )	2012 ( in P'000 )
<b>E. OTHER DIRECT COSTS, SPECIFY (E.1 + E.2 + E.3 + E.4 + E.5 + E.6)</b>		
E.1		
E.2		
E.3		
E.4		
E.5		
E.6		
<b>F. GROSS PROFIT (A - B - C - D - E)</b>	<b>330,741</b>	<b>240,566</b>
<b>G. OPERATING EXPENSES (G.1 + G.2 + G.3 + G.4)</b>	<b>179,906</b>	<b>407,836</b>
G.1 Selling or Marketing Expenses		
G.2 Administrative Expenses	157,161	138,422
G.3 General Expenses (operating)		
G.4 Other Expenses, specify (G.4.1 + G.4.2 + G.4.3 + G.4.4 + G.4.5 + G.4.6)	22,745	269,414
G.4.1 Losses from stoppage of operations due to labor strike		
G.4.2 Penalties and interest	39,272	279,249
G.4.3 Others	(16,527)	(9,835)
G.4.4		
G.4.5		
G.4.6		
<b>H. FINANCE COSTS</b>		
<b>I. NET INCOME (LOSS) BEFORE TAX ( F - G - H )</b>	<b>150,835</b>	<b>(167,270)</b>
<b>J. INCOME TAX EXPENSE (negative entry)</b>	<b>12,338</b>	<b>8,238</b>
<b>K. INCOME AFTER TAX</b>	<b>138,497</b>	<b>(175,508)</b>
<b>L. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)</b>		
L.1		
L.2		
<b>M. Profit or Loss Attributable to Minority Interest</b>		
<b>N. Profit or Loss Attributable to Equity Holders of the Parent</b>		

**GENERAL FORM FOR FINANCIAL STATEMENTS**

NAME OF CORPORATION: CENTRAL AZUCARERA DE TARLAC

CURRENT ADDRESS: San Miguel, Tarlac City

TEL. NO.: 818-3911

FAX NO.: 818-6270

COMPANY TYPE : SUGAR MILLING AND REFINIRY

PSIC: \_\_\_\_\_

If these are based on consolidated financial statements, please so indicate in the caption.

**Table 3. Cash Flow Statements**

FINANCIAL DATA	2013 ( in P'000 )	2012 ( in P'000 )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss) Before Tax and Extraordinary Items	150,835	(167,270)
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</b>		
Depreciation	56,767	66,246
Amortization, specify: Doubtful account	26	275
Others, specify: Available for sale financial assets		
Inventory Obsolescence		
Interest expense	39,272	279,249
Interest income	(2,901)	(7,144)
Gain on reversal of liability	(65,942)	0
Write-down of Property, Plant, and Equipment		
<b>Changes in Assets and Liabilities:</b>		
Decrease (Increase) in:		
Trade & other receivables	(7,491)	67,719
Inventories	44,704	(6,911)
Other current assets	(12,844)	12,756
Others, specify: Advances to suppliers		
Increase (Decrease) in:		
Trade and other payables	75,119	122,024
Pension Benefit Obligation	(9,939)	(17,561)
Income tax paid	(7,966)	(4,851)
Provision	0	(3,200)
<b>A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)</b>	<b>259,639</b>	<b>341,332</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease in long-term receivable		
(Increase) Decrease in investment		
Reductions/ (additions) property, plan and equipment	(30,182)	(166,657)
Other Specify: Decrease in other noncurrent assets	(58)	376
Interest received	2,612	6,855
Increase in due from related parties	(250,838)	(142,992)
<b>B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)</b>	<b>(278,466)</b>	<b>(302,418)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
Loans	338,000	115,000
Long-term-debt		
Issuance of security		
Others, specify:		
Payments of:		
Loans	(255,500)	(111,667)
Interest	(40,117)	(82,555)
Stock subscription		
Others, specify (negative entry):		
<b>C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)</b>	<b>42,383</b>	<b>(79,222)</b>
<b>D. Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>23,556</b>	<b>(40,308)</b>
Cash and Cash Equivalents		
Beginning of year	57,847	98,155
End of year	81,403	57,847

**GENERAL FORM FOR FINANCIAL STATEMENTS**

NAME OF CORPORATION: CENTRAL AZUCARERA DE TARLAC  
 CURRENT ADDRESS: San Miguel, Tarlac City  
 TEL. NO.: 818-3911 FAX NO.: 818-6270  
 COMPANY TYPE: SUGAR MILLING AND REFINIRY PSIC: \_\_\_\_\_

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

FINANCIAL DATA	(Amount in P'000)					
	Capital Stock	Additional Paid-in Capital	Unrealized Cumulative Gain on Available for sale	Treasury Stock	Retained Earnings	TOTAL
<b>A. Balance, 2011</b>	282,546	-	996,734	(7)	(330,776)	948,497
A.1 Correction of Error(s)						
A.2 Changes in Accounting Policy						
<b>B. Restated Balance -effect of PAS 39</b>						-
<b>C. Surplus</b>			274,489			274,489
C.1 Surplus (Deficit) on Revaluation of Properties			274,400			
C.2 Surplus (Deficit) on Revaluation of Investments			89			274,489
C.3 Currency Translation Differences						
C.4 Other Surplus (specify)						
C.4.1						
C.4.2						
C.4.3						
C.4.4						
C.4.5						
<b>D. Net Income (Loss) for the Period</b>					(175,509)	(175,509)
<b>E. Dividends (negative entry)</b>						
<b>F. Appropriation for (specify)</b>						
F.1						
F.2						
F.3						
F.4						
F.5						
<b>G. Issuance of Capital Stock</b>						
G.1 Common Stock						
G.2 Preferred Stock						
G.3 Others						
<b>H. Balance, 2012</b>	282,546	-	1,271,223	(7)	(506,285)	1,047,477
H.1 Correction of Error (s)						
H.2 Changes in Accounting Policy						
<b>I. Restated Balance</b>						
<b>J. Surplus</b>			427			427
J.1 Surplus (Deficit) on Revaluation of Properties						-
J.2 Surplus (Deficit) on Revaluation of Investments			427			427
J.3 Currency Translation Differences						
J.4 Other Surplus (specify)						
J.4.1						
J.4.2						
J.4.3						
J.4.4						
J.4.5						
<b>K. Net Income (Loss) for the Period</b>					138,497	138,497
<b>L. Dividends (negative entry)</b>						
<b>M. Appropriation for (specify)</b>						
M.1						
M.2						
M.3						
M.4						
M.5						
<b>N. Issuance of Capital Stock</b>						
N.1 Common Stock						
N.2 Preferred Stock						
N.3 Others						
<b>O. Balance, 2013</b>	282,546	-	1,271,650	(7)	(367,788)	1,186,401

**GENERAL FORM FOR FINANCIAL STATEMENTS**

NAME OF CORPORATION: CENTRAL AZUCARERA DE TARLAC  
 CURRENT ADDRESS: San Miguel, Tarlac City  
 TEL. NO.: 818-3911 FAX NO.: \_\_\_\_\_ PSIC: 818-6270  
 COMPANY TYPE : SUGAR MILLING AND REFINIRY

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 5. Details of Income and Expenses, by source**  
 (applicable to corporations transacting with foreign corporations/entities)

FINANCIAL DATA	2013 ( in P'000 )	2012 ( in P'000 )
<b>A. REVENUE / INCOME (A.1 + A.2)</b>		
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity) (A.1.1 +A.1.2)	1,012,948	974,621
A.1.1 Domestic	1,010,048	967,477
A.1.2 Foreign		
A.2 Other Revenue (A.2.1 +A.2.2)		
A.2.1 Domestic	2,901	7,144
A.2.2 Foreign, specify (A.2.2.1+A.2.2.2+ A.2.2.3+ A.2.2.4+ A.2.2.5+ A.2.2.6+A.2.2.7+ A.2.2.8+A.2.2.9+A.2.2.10)		
A.2.2.1		
A.2.2.2		
A.2.2.3		
A.2.2.4		
A.2.2.5		
A.2.2.6		
A.2.2.7		
A.2.2.8		
A.2.2.9		
A.2.2.10		
<b>B. EXPENSES (B.1 + B.2)</b>		
B.1 Domestic	862,113	1,141,891
B.2 Foreign, specify (B.2.1+B.2.2+B.2.3+B.2.4+B.2.5+B.2.6+B.2.7+B.2.8+B.2.9+B.2.10)		
B.2.1		
B.2.2		
B.2.3		
B.2.4		
B.2.5		
B.2.6		
B.2.7		
B.2.8		
B.2.9		
B.2.10		

CENTRAL AZUCARERA DE TARLAC, INC.  
 LIST OF STOCKHOLDERS  
 AS OF JUNE 30, 2013

Name	No. of Shares
1 ABACUS SECURITIES CORP.	930
2 ABAD,BARBARA T.	2,024
3 ABAD,JOSE LUIS	824
4 ABAD,REMEDIOS	154
5 ABELLADA,AURORA CORAZON AQUINO	294,580
6 ABELLADA,AURORA CORAZON AQUINO,ITF ANNA CORAZON ABELLADA	1,000
7 ABELLADA,AURORA CORAZON AQUINO,ITF MIGUEL GERARDO ABELLADA	1,000
8 ABELLADA,MANOLO	1,000
9 ACADEMIA,CLODUALDO	1,000
10 AGUAS,EDGARDO	1,000
11 AGUAS,WELLERITA	1,000
12 AGUILAR,ANTONIO	1,000
13 ALAMPAY,CECILIA A.	64
14 ALAMPAY,DELIA A.	64
15 ALCANTARA,VALERIO	28,016
16 ALVAREZ,RODERICK ALAIN	1,000
17 AMORANTO,ROMELITO A.	960
18 AMPIL JR.,FELINO	2,428
19 ANASTACIO,JOSEFA V.	148
20 ANG,WILLY CHUA	1,924
21 ANSALDO,GODINEZ & CO., INC.	138
22 ANSELMO TRINIDAD & CO., INC.	666
23 ANTONIA, GLORIA, RAFAEL, ANGELES AND LOURDES CAMPOS	24
24 ANTONIO,ANGELES, & VICENTE GONZALES	236
25 ANTONIO,CORAZON	1,000
26 AQUINO JR.,BENIGNO S.	5,712
27 AQUINO, AURORA CORAZON C.	4,972
28 AQUINO, CORAZON C.	9,996
29 AQUINO, DENNIS T., OR EVANGELINE G. AQUINO OR TERESA G. AQUINO	2,104
30 AQUINO, JOSE N.	1,000
31 AQUINO, KRISTINA BERNADETTE	4,280
32 AQUINO, KRISTINA BERNADETTE ITF JOSHUA AQUINO	1,000
33 AQUINO, MARIA ELENA	6,300
34 AQUINO, VICTORIA ELISA	298,616
35 AQUINO, VICTORIA ELISA , ITF FRANCIS JOSEPH DEE	1,000
36 AQUINO, VICTORIA ELISA ,ITF JACINTA PATRICIA DEE	1,000
37 AQUINO,REMEDIOS M.,ITF SERVILLANO M. AQUINO JR.	3,204
38 AQUINO,RENE P.,OR MICAEL V. AQUINO OR MELANIE V. AQUINO	2,108
39 ARANETA, JUAN MIGUEL	1,000
40 ARANETA, NAPOLEON	1,000
41 ARCE, ENRIQUE A.	960
42 ARRIOLA,LUIS T.	9,660
43 ATIENZA, MIGUELITO	1,000
44 AWAD,ALBERT	13,400
45 BANAAG, PEDRO	1,000
46 BANACIA,ROGINIA	1,000
47 BANAS,ANGEL	9,660
48 BANZON,WILFREDO	1,000
49 BARIT,RONALD	1,000
50 BARRANCO, MA. ANGELES G.	1,260
51 BAUTISTA ,REGINA L.,ITF MARIA CAMILLE FRSCA BAUTISTA	1,000
52 BAUTISTA, REGINA L. , ITF CARLOS MIGUEL MARIA L. BAUTISTA	1,000
53 BAUTISTA,EMMANUEL	1,000
54 BAUTISTA,REGINA L.	168,044
55 BAUTISTA,REGINA L.,ITF JAIME L. BAUTISTA	1,000
56 BAUTISTA,RICARDO	1,000
57 BDC # 132-317-78	804
58 BENJAMIN CO-CA & CO..INC	188
59 BERTRAND,ADELA MIRA	1,080

CENTRAL AZUCARERA DE TARLAC, INC.  
 LIST OF STOCKHOLDERS  
 AS OF JUNE 30, 2013

Name	No. of Shares
60 BERTRAND, DOLORES MIRA	1,060
61 BERTRAND, ENCARNACION MIRA	1,040
62 BERTRAND, JOSE VICENTE MIRA	1,040
63 BONA, JOSE LLANO	280
64 BONA, DIONISIO LLANO	1,504
65 BONDOC, BIENVENIDO	1,000
66 BOUFFARD, ANTONIO CAMPOS	349
67 BOYARSKI, LUISA C.	824
68 BRAGANZA JR., FERNANDO M.	800
69 BRAGANZA, ANTONIO M.	800
70 BRAGANZA, EMILIA M.	800
71 BRAGANZA, FERNANDO M.	296
72 BRAGANZA, RENATO M.	800
73 BROOKS, CARMEN A.	480
74 BUAN, TITO	1,000
75 CABALONA, ROMUALDO C.	836
76 CABRERA, RAFAEL V.	5,480
77 CADAVICIO, ROSE	1,000
78 CAMARA, FELICIANA	3,424
79 CAMUS JR., QUIRICO S.	3,152
80 CANDO, ELISEO	1,000
81 CANLAS, NYMPHA	1,000
82 CANTORIA, MA. LONIA	1,000
83 CARLOS TORRES &/OR VICTOR S. BARRIOS	2,316
84 CARLOS, JUAN J.	6,870
85 CARRANZA, AURORA IGLESIAS	2,144
86 CASTILLO, GORGONIA S.	336
87 CASTRO, ROBERTO C.	400
88 CAT REALTY CORPORATION	1,000
89 CHAM, ALLEN	3,088
90 CHAMPO, ROSALINA	3,476
91 CHAN, FRANCISCO BONZA	960
92 CHAN, RODOLFO	572
93 CHEE, LIM BENG	23,184
94 CHIONG & COMPANY, INC.	1,444
95 CHOAN, TAN TIAN	1,152
96 CHUA CHIACO, BRENDA	2,316
97 CHUA CHIACO, IMELDA	3,476
98 CHUA CHIACO, SANDRA	3,476
99 CHUA, DAX	8,000
100 CHUA, ARSENIO L.	572
101 CHUA, BENJAMIN	6,372
102 CHUA, CHARLIE	1,732
103 CHUA, EDWARD	1,480
104 CHUA, ERNEST	292
105 CHUA, LILY	2,316
106 CHUA, NELLY PE	1,924
107 CHUA, PATRICIA	2,316
108 CHUA, SHOJI R.	16,000
109 CHUA, VIRGINIA	2,316
110 CHUA, WILLINGTON	23,310
111 CHURUCA, MA. CONCEPCION A.	13,000
112 CO, WILLIAM	456
113 COCHICO, EMMANUEL G.	3,354
114 COCHICO, JOSEPHINE ALESSANDRA G.	1,677
115 COCHICO, VICTORIA CATHERINE G.	1,677
116 COJUANGCO JR., JOSE	268,880
117 COJUANGCO, ANA CRISTIN, ITF YSABEL CATARINA COJUANGCO SISON	1,000
118 COJUANGCO, ANA CRISTINA, ITF MARGARITA LUCIA COJUANGCO SISON	1,000

CENTRAL AZUCARERA DE TARLAC, INC.  
LIST OF STOCKHOLDERS  
AS OF JUNE 30, 2013

Name	No. of Shares
119 COJUANGCO, ANA CRISTINA C.	151,920
120 COJUANGCO, FERNANDO IGNACIO	151,952
121 COJUANGCO, FERNANDO IGNACIO, ITF ALESSANDRA NICOLE B. COJUANGCO	1,000
122 COJUANGCO, FERNANDO IGNACIO, ITF GIANINA MA. BERNADETTE B. COJUANGCO	1,000
123 COJUANGCO, FERNANDO IGNACIO, ITF PEDRO FRANCISCO B. COJUANGCO	1,000
124 COJUANGCO, JOSEPHINE VICTORIA R.	203,332
125 COJUANGCO, JOSEPHINE VICTORIA, ITF FRSCA ANGELA COJUANGCO GUINGONA	1,000
126 COJUANGCO, JUAN LORENZO	149,268
127 COJUANGCO, JUAN LORENZO, ITF ANDREA HELENA I. COJUANGCO	1,000
128 COJUANGCO, JUAN LORENZO, ITF JOSE MARIA LORENZO I. COJUANGCO	1,000
129 COJUANGCO, JUAN LORENZO, ITF PAULINA MARIA I. COJUANGCO	1,000
130 COJUANGCO, LIAA	203,332
131 COJUANGCO, LIAA, ITF JOSE ALEXANDRO MA. COJUANGCO BAUTISTA	1,000
132 COJUANGCO, MA. PAZ ROSARIO	150,268
133 COJUANGCO, MA. PAZ ROSARIO, ITF JUAN JOSE MARIA COJUANGCO ARANETA	1,000
134 COJUANGCO, MA. PAZ ROSARIO, ITF SOFIA MARIA YSABEL COJUANGCO ARANETA	1,000
135 COJUANGCO, MARGARITA R.	205,332
136 COJUANGCO, MARGARITA R., ITF MARGARITA DEMETRIA COJUANGCO	207,312
137 COJUANGCO, MARGARITA R., ITF MIKAELA ANTONIA COJUANGCO	207,312
138 COJUANGCO, MARGARITA R., ITF REGINA PATRICIA JOSE COJUANGCO	207,312
139 COJUANGCO, MARGARITA, ITF JOSEPHINE VICTORIA COJUANGCO	7,772
140 COJUANGCO, MARGARITA, ITF LIAA COJUANGCO	8,352
141 COJUANGCO, MELECIO FRANCISCO	153,268
142 COJUANGCO, PEDRO MARTIN	151,268
143 COJUANGCO, PEDRO MARTIN, ITF JAIME IGNACIO G. COJUANGCO	1,000
144 COJUANGCO, ALEXANDRA MERCEDES B.	1,000
145 COJUANGCO, BIANCA MARIE G.	1,000
146 COJUANGCO, MA. HELENA I.	1,000
147 COJUANGCO, PEDRO	408,690
148 COJUANGCO, ROSARIO C.	316,434
149 COLLADO, SERAFIN FERNANDEZ	480
150 CONGREGACION DE LA MISSION DE SAN VICENTE DE PAUL EN FILIPINAS	4,828
151 CONGREGATION OF THE DAUGHTER OF CHARITY	14,696
152 CONSUNJI, JOSE	1,000
153 COROMINAS & COMPANY, INC.	236
154 COROMINAS, JOSEFINA	824
155 CORREA, AMALIA RIVERA	1,616
156 CORREA, ANTONIO VEGLISON	3,628
157 CREDIT MANILA INC.	244
158 CRUZ, MARIA ELENA AQUINO	294,584
159 CRUZ, MARIA ELENA AQUINO, ITF ELDON GIULIO CRUZ	1,000
160 CRUZ, MARIA ELENA AQUINO, ITF JUSTIN BENIGNO CRUZ	1,000
161 CRUZ, MARIA ELENA AQUINO, ITF KRISTINA BERNADETTE CRUZ	294,784
162 CRUZ, ELDON	1,000
163 CUALOPING SECURITIES CORPORATION	332
164 CUNAG, JOSE	572
165 DAITE, BERNADITA	1,000
166 DALUSUNG, ANITA C.	640
167 DAMO, FACUNDO G.	188
168 DAVID, JOSEFINA S.	188
169 DE ASIS, TERESITA	1,000
170 DE GUZMAN, MA. SOCORRO	1,000
171 DE JESUS, ALEJANDRO	380
172 DE JESUS, FELISA G.	764
173 DE LECEA, FRANCISCO JAVIER ROMERO	2,524
174 DE LECEA, MA. DEL CARMEN ROMERO	704
175 DE LECEA, MA. DELA FUENCISIA ROMERO	2,524
176 DE LEON, JULIAN	280
177 DE LEON, MAGDALENA, ITF GERMINA, VIVIAN, MILAGROS, SOCORRO, LOURDES, ANTONIO & CECILIA DE LEON	296

CENTRAL AZUCARERA DE TARLAC, INC.  
LIST OF STOCKHOLDERS  
AS OF JUNE 30, 2013

Name	No. of Shares
178 DE LEON, MARIA	280
179 DE LEON, MARIO	280
180 DE LEON, ADELAI DA	1,000
181 DE LEON, CLEMENTE	280
182 DE LEON, JOSE Y JOVEN	26,868
183 DE LEON, LYDIA E.	353
184 DE LEON, MANUEL	3,816
185 DE PARELLADA, ANGELES CAMPOS	16
186 DE PRADERA, GLORIA CAMPOS	16
187 DE VERA, JOSELINA E.	352
188 DEE, RICHARD JOSEPH	1,000
189 DEL ROSARIO, CARMEN	1,000
190 DEL ROSARIO, RENATO	1,000
191 DEL ROSARIO, LAURO	1,000
192 DELA CRUZ, VICTORIA	1,000
193 DELA CRUZ, EDITHA M.	2,524
194 DELA MERCED JR., EUFROGINIO	1,000
195 DELA PENA, AURORA	1,000
196 DELA RIVA, CARMEN GALOBART	27,744
197 DELGADO, HERMENEGILDO A.	1,000
198 DELGADO, NELLIE C.	21,904
199 DINO, REV. FR. ISIDRO D.	252
200 DIZON, NILDA S.	5,940
201 DIZON, VIRGINIA	3,016
202 DONATO, BELARIO S.	12,820
203 DONATO, MARIANO	716
204 DONGON, AMADO	4,828
205 DULCE &/OR ENRIQUE & /OR JAIME &/OR ROBERTO &/OR MA. ELENA FERNANDEZ	2,524
206 DURDULAW, ARTEMIO	4,828
207 DY, ENGRACIA	2,896
208 E. SANTAMARIA & CO., INC.	600
209 EDWINA, ANGELICA, MICHELLE LITTON ORTIGAS	132
210 ELIGIR & YAPTINCHAY, INC.	188
211 ELNAR, CARLOS	480
212 ENCORE EDUCATIONAL CORPORATION	52,720
213 ENRILE, REINALISSA B.	2,000
214 EQUITABLE SECURITIES (PHIL.), INC.	50
215 ERANA, AMANDA L.	3,816
216 ESCALER, ANTONIO N.	353
217 ESCALER, JOSE O.	160
218 ESTATE OF EMILIANO J. VALDES	4,228
219 FACTORAN JR., FULGENCIO	20
220 FAYLONA, MA. CHRISTINA F.	3,240
221 FERNANDEZ, ADELWISA P.	2,006
222 FERNANDEZ, JESUS PELLON	5,504
223 FERNANDEZ, DIT	3,860
224 FERNANDEZ, GODOFREDO C.	5,144
225 FERRER, ARMANDO	1,000
226 FERRER, MANUEL	1,000
227 FLORES, ANTONIO	1,000
228 FONG, FRANCISCO WING SIEN	7,048
229 FONTANILLA, SALVADOR	1,000
230 FORD, THOMAS J.	21,032
231 FORD, THOMAS J. (MRS.)	6,340
232 FORMOSO, ALVARA PAPA	716
233 FOX E.L.	960
234 GAERLAN, ELENA A.	960
235 GARCIA, MERCEDES A.	2,572
236 GARGARITANO, LOURDES	1,000

CENTRAL AZUCARERA DE TARLAC, INC.  
 LIST OF STOCKHOLDERS  
 AS OF JUNE 30, 2013

Name	No. of Shares
237 GARROVILLAS,ADRIANO B.	572
238 GILI JR.,GUILLERMO F.	10,000
239 GIOK,TAN KIM	380
240 GO,MARTINA L.	400
241 GOMEZ,JESUS PINO	4,228
242 GONZALES,ANTONIO A.	1,264
243 GONZALES,FELIX	16
244 GONZALES,FELIX GARCIA	4,228
245 GONZALES,MARIANO	136
246 GONZALES,VICENTE A.	1,264
247 GREGORIO JR.,HERMAN	1,000
248 GUAN,TAN	11,588
249 GUERRERO,LEON MA.	824
250 GUEVARRA,ANTONIO	572
251 GUEVARRA,ESTELLA YAP	188
252 GUINGONA,FRANCISCO JAVIER	1,000
253 GURREA,CARLOS JOSE Y PALENZUELA	584
254 GURREA,MA. ROBERTA Y PALENZUELA	584
255 GUTIERRES,TERESA MARTINEZ VDA DE	19,816
256 GUTIERREZ,JESUS MOLINA	16,300
257 GUTIERREZ,LEONILA	1,000
258 GUTIERREZ,NATIVIDAD	1,000
259 GUZMAN,MA. LUISA GARCIA	12
260 HACIENDA LUISITA, INC.	1,000
261 HAW,MADING	2,316
262 HEIRS OF MA. VICTORIA MARFA SATRUSTEGUI	17,872
263 HEREDEROS DE MISS M.J. WARD	1,940
264 HERNANDEZ,JOSE	316
265 HERNANDEZ,PACITA	316
266 HERNANDEZ,PEDRO	316
267 HIJOS DE F. ESCANO, INC.	960
268 HING,CO PENG	3,474
269 HIONG,CO CHE	1,924
270 HO,SUSANA Y.	3,860
271 HONRADO,CHUCHI	1,000
272 HOY,TOMAS TSEN	1,616
273 HU,TIU	1,732
274 IGLESIAS, JOSE LUIS	2,144
275 IGLESIAS, JOSE MARIA	2,144
276 IGLESIAS,AURORA CARRANZA VDA DE	8,480
277 ILETO,VIRGINIA M.	340
278 IRAGORRI,EDUARDO GALLARZA	27,256
279 J.C. ENTERPRISES	1,000
280 J.J. ORTIGAS & CO., INC.	424
281 JAIME,LOPA	167,809
282 JALANDONI,REGINA DE LEON	1,212
283 JIMENEZ,FEDERICO P.	876
284 JOSE COJUANGCO & SONS, INC.	7,855,828
285 JOSE MANUEL C. LOPA &/OR ROSARIO R. DE L. LOPA	50,792
286 JOSE MANUEL C. LOPA ITF ANDRES FRANCISCO MARTIN R DE. L LOPA	1,000
287 JOSE MANUEL C. LOPA ITF CATERINA CRISTINA R DE. L LOPA	1,000
288 JOSE MANUEL C. LOPA ITF CLAUDIO RICARDO SEBASTIAN R DE. L LOPA	1,000
289 JOSE MANUEL C. LOPA ITF GABRIEL ANTONIO R DE. L LOPA	1,000
290 JUMANGIT,ERLINDA	552
291 KALINGAG,MAGDALENA	1,000
292 KRAMER JR.,ERNEST A.	3,668
293 KRAMER, FEDERICO JOSE	3,672
294 KRAMER, VICTOR ANTONIO O.	3,672
295 L. RECIO & CO.,INC.	624

CENTRAL AZUCARERA DE TARLAC, INC.  
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Name	No. of Shares
296 LACSON, TERESITA L.	12,164
297 LAFUENTE, LEOPOLDO	1,696
298 LAGDAMEO, SOL C.	1,000
299 LAHOZ, MANUEL	1,000
300 LEANA CONSOLIDATED CORPORATION	1,416
301 LEDESMA, MAVIS DEL ROSARIO	1,212
302 LIAN, YAP SIO	1,152
303 LIBERTY INSURANCE CORPORATION	95,832
304 LIM, JENNY T.	12,756
305 LIM, JOSEFINA T.	12,756
306 LIM, FELIMON	2,716
307 LIM, GALNIESA KONG	10,044
308 LIM, JUDY	1,152
309 LIM, RAMON	960
310 LIM, VIRGILIO	4
311 LIMOANCO, EDWARD	6,032
312 LIMOANCO, EDWIN	2,024
313 LIMOANCO, GRACE	2,160
314 LINIS ABE CORPORATION	1,000
315 LIWANAG, ABELARDO	1,000
316 LLANEZA, ERNESTO B.	679
317 LLANEZA, ERNESTO NAMNAMA	1,924
318 LLANEZA, FRS AGNES	1,320
319 LO, FELISITA K.	1,444
320 LOPA III, MANUEL	1,556
321 LOPA JR., MANUEL	13,964
322 LOPA JR., RICARDO	164,813
323 LOPA JR., RICARDO C., ITF RICARDO LOPA III	1,000
324 LOPA JR., RICARDO, ITF DANIELLE FRSCA LOPA	1,000
325 LOPA, ANA TERESITA, ITF RAMON LUCIANO LOPEZ	1,000
326 LOPA, ANA TERESITA, ITF JOAQUIN ANTONIO L. LOPEZ	1,000
327 LOPA, CORAZON B.	2,428
328 LOPA, CORINA	804
329 LOPA, ERNESTO A.	12,436
330 LOPA, GABRIEL C., ITF LUIS GABRIEL LOPA	1,000
331 LOPA, GABRIEL C., ITF STEPHANIE MARIA LOPA	1,000
332 LOPA, LUIS IGNACIO	1,212
333 LOPA, MARIA VANESSA	1,000
334 LOPA, MATILDE Q.	1,000
335 LOPA, MICHAEL, ITF LUCAS ANGELO MARIA FRANCO LOPA	1,000
336 LOPA, RAFAEL, ITF ANDREA MARIA REBECCA Q. LOPA	1,000
337 LOPA, RAFAEL, ITF FELICIA MARIA TERESITA Q. LOPA	1,000
338 LOPA, RAMON ANTONIO	148
339 LOPA, RONA ANDREA	1,304
340 LOPA, ANA FRANCO	1,000
341 LOPA, ANA TERESITA	146,088
342 LOPA, ANTONIO A.	12,164
343 LOPA, CHRISTINA	167,809
344 LOPA, GABRIEL	163,813
345 LOPA, GABRIEL C., ITF MARIA TERESITA LOPA	1,000
346 LOPA, JOSE MANUEL	162,809
347 LOPA, MARISSA L.	1,000
348 LOPA, MICHAEL	165,807
349 LOPA, RAFAEL	164,807
350 LOPA, RICARDO A.	2,368
351 LOPA, ROSARIO	1,000
352 LOPEZ, ANNA L.	18,029
353 LOPEZ, ANNA TERESITA L.	692
354 LOPEZ, ANTONIO RAMON	1,000

CENTRAL AZUCARERA DE TARLAC, INC.  
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Name	No. of Shares
355 LOPEZ,ARCADIO M.	1,000
356 LORZA JR.,MIGUEL L.	3,672
357 LORZA, MA. SOLEDAD K.	3,668
358 LOZADA,ARCADIO	1,000
359 LUISITA GOLF & COUNTRY CLUB	1,000
360 LUISITA MARKETING CORPORATION	1,291,052
361 LUISITA REALTY CORPORATION	1,000
362 LUISITA TRUST FUND	4,734,492
363 M.J. SORIANO TRADING, INC.	1,100
364 MAEN, POLICRONIO	1,000
365 MAIZTEGUI,RAMIRO	440
366 MALCOLM LAW OFFICE	5,792
367 MANLO AGRICULTURAL DEVELOPMENT CORP.	3,732
368 MARIN,ENRIQUETA VALCARCEL	5,940
369 MARIN,MA. DEL PILAR VALCARCEL	5,940
370 MARIN,MONTSERRAT VALCARCEL	5,824
371 MARQUEZ,MARCIAL S.	1,616
372 MARTIN,FRANCISCO LON	20,440
373 MARTINEZ, EUFEMIA	1,000
374 MAXIMO,JOSEFINA VILLET	2,036
375 MCMURRAY III,BENJAMIN L.	1,000
376 MCMURRAY, MARISSA R.	3,016
377 MEDEL,VICTOR OTERO	1,840
378 MEDINA,CECILIA ENCARNACION NAKPIL	3,189
379 MENDOZA, ALBERTO G.	2,904
380 MENDOZA,EDITHA	1,000
381 MENDOZA,FE A.	2,428
382 MENDOZA,JOSEPHINE G.	2,904
383 MENDOZA,LUIS	1,000
384 MENDOZA,MARIA CARINA G.	2,904
385 MENDOZA,MARIA JOVITA G.	2,904
386 MENDOZA,MARIA TERESITA G.	2,904
387 MENDOZA,NEREO	1,000
388 MENDOZA,NESTOR C.	25,096
389 MENDOZA,TEODORICA G.	2,904
390 MENDOZA,VIRGILIO	1,000
391 MILO,LINDA	1,000
392 MILO,PEDRO	1,000
393 MING,CHAN LAI	2,896
394 MISSIONARY CATECHISTS OF ST. THERESE OF THE INFANT JESUS, INC.	480
395 MOLLEDA,RITA DELA VARA	6,084
396 MONTECILLO,MANUEL G.	80
397 MORALES JR.,EMMANUEL	1,000
398 MORALES, ANTONIO	1,000
399 MORALES, JOSE P.	1,000
400 MORALES, SERGIO	1,000
401 MORALES,MARIO	1,000
402 MORTON,CHARLES V.	24,344
403 NAKPIL JR.,JOSE MIGUEL A.	3,189
404 NAKPIL,ANTONIO MIGUEL A.	3,189
405 NAKPIL,CARLOS ALBERTO A.	3,189
406 NAYRA, NOEL	1,000
407 NESPRAL,PAULITA HERNANDEZ	644
408 NG,NACIO	264
409 NGO,HERMINIA	869
410 NGO,LILY	1,528
411 NIETO,JOSE MARIA,&/OR TERESA V. DE NIETO	4,828
412 NOBLEZA,TERESITA MARTINEZ	2,896
413 OCHOA,HERMAN	1,000

CENTRAL AZUCARERA DE TARLAC, INC.  
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Name	No. of Shares
414 OLAN, DOLORES	1,000
415 OLLER.MA. MERCE FORMENTI	43,088
416 ONG, CHAN BON	5,792
417 ONG, CONCHITA	1,009
418 ONG, JUANITO	1,738
419 OPULENCIA, NICANOR	1,000
420 ORTIGAS III, FRANCISCO	100
421 ORTIGAS, EDWINA LITTON VDA DE.	2,164
422 ORTIGAS, FRSCA RENEE LITTON	132
423 ORTIGAS, EDUARDO	2,428
424 ORTIGAS, REMEDIOS	2,428
425 OSIAS, JOSEPH	1,000
426 PACHECO, GENEROSA	380
427 PALARCA, ROLANDO	1,000
428 PANGILINAN, NELLY	1,000
429 PANLILIO, ROBERTO L.	2,005
430 PANLILIO, VICENTE L.	2,005
431 PANLILIO, CARLOS D.	10,696
432 PANLILIO, LUIS D.	2,674
433 PANLILIO, PABLO D.	10,696
434 PANLILIO, TERESITA D.	5,348
435 PAPA, REMEDIOS P.	2,006
436 PASCASIO, PAMELA A., &/OR EDWIN FRANCIS PASCASIO &/OR MIRIAM A. PASCASIO	2,108
437 PCD NOMINEE CORPORATION (FILIPINO)	1,904,476
438 PCD NOMINEE CORPORATION (FOREIGN)	3,796
439 PERALTA, VIRGINIA	1,000
440 PHILIPPINE REMNANTS CO., INC.	90,992
441 PHILSEC INVESTMENT CORPORATION	296
442 PICORNELL ORTIGAS & COMPANY	224
443 PIMENTEL, ERLINDA	1,000
444 PIN, KONG CHAI	1,152
445 PLANAS, LOURDES CAMPOS	16
446 PLOFINO, MANUEL	1,000
447 PO, JANE	1,152
448 PO, LIM CHU	12,156
449 PO, PACITA	2,896
450 PO, THOMAS	204
451 PRICE, PILAR	1,503
452 PRIETO, AURELIO	440
453 PRIETO, JOSE	408
454 PRIETO, VALENTIN	936
455 PRIETO, VICENTE	612
456 PUEO, JOSE	1,940
457 PUNSALAN, CARLO A.	188
458 QUEROL, JESUS T.	960
459 QUESADA, HECTOR	12,168
460 R.S. LIM & COMPANY, INC.	4,632
461 RCBC TRUST ACCT # 32-267-9	1,016
462 RECTOR DEL SEMINARIO MAYOR DE SAN CARLOS	22,148
463 REYES, MARIE THERESE C., ITF CATHERINE R. MCMURRAY	1,000
464 REYES III, NARCISO C.	7,266
465 REYES III, NICANOR C.	368,360
466 REYES JR., JOAQUIN JOSE L.	1,000
467 REYES JR., NARCISO	2,640
468 REYES JR., NICANOR	1,000
469 REYES, ENRIQUE ROBERT C., ITF KATARINA MARIA R. REYES	1,000
470 REYES, ENRIQUE ROBERT C., ITF KEVYN JOSEPH R. REYES	1,000
471 REYES, ENRIQUE ROBERTO C.	375,600
472 REYES, JOAQUIN JOSE C., ITF JOSEPH CHRISTIAN L. REYES	1,000

CENTRAL AZUCARERA DE TARLAC, INC.  
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Name	No. of Shares
473 REYES, JOAQUIN JOSE C.,ITF BIANCA REGINA L. REYES	1,000
474 REYES, JUAN ENRIQUE J.	1,000
475 REYES, MARGARITA RAMIREZ	1,000
476 REYES, MARIE THERESE C., ITF CHRISTOPHER R. MCMURRAY	1,000
477 REYES, NENITA	1,000
478 REYES, NORMA L., ITF NORMAN L. REYES	2,064
479 REYES, NORMA L.,ITF NICANOR L. REYES	3,324
480 REYES,ANTONIO Z.	3,120
481 REYES,ENRIQUE ROBERT C.,ITF ENRIQUE ROBERT R. REYES JR.	1,000
482 REYES,JOAQUIN JOSE C.	365,360
483 REYES,JOSEPHINE C.	11,448
484 REYES,LINDA LYTTE	1,000
485 REYES,MARIE THERESE C.	370,000
486 REYES,MICHELLE MARIE L.	1,000
487 REYES,NATIVIDAD L.	5,950
488 REYES,NICANOR L.	6,698
489 REYES,NORMA L.,ITF NANETTE L. REYES	1,660
490 REYES,NORMA L.,ITF NARCISO REYES III	4,560
491 REYES,NORMAN L.	6,102
492 REYES,PERLITO C.	52
493 REYES,PRISCILA A.	148
494 RICHARDS,RAMORA C.	824
495 RILLO, REGALADO	1,000
496 RIVILLA,LUIS TIRSO	3,600
497 ROASA,SAMUEL T.	888
498 ROBINOZ,BEATRIZ,&/OR EDWIN ROBINOZ	340
499 ROBIU,FRANCISCO DE URMENETA	5,436
500 ROBLES, REMEDIOS WARREN	1,940
501 ROBLES,RAFAEL CAMPOS	168
502 ROCHA PEREZ INC.	1,212
503 RODRIGUEZ,JOAQUIN, &/OR SONJA RODRIGUEZ	6,288
504 ROJO, MONA LIZA	1,000
505 ROMAN CATHOLIC ARCHBISHOP OF MANILA	44,652
506 ROMASANTA, JOSE	1,000
507 ROMASANTA, VIRGINIA	1,000
508 ROMULO, MARILES C.	44,124
509 RUJIDERA, EMMMA	1,000
510 S.J. ROXAS & C OMPANY, INC.	377
511 SABAS,LINA	1,000
512 SAENZ,MA. AURORA E.	353
513 SAGITRO INC.	3,940
514 SALA,SALVADOR E.	1,832
515 SALES,GREGORIO R.	112
516 SAN GABRIEL III,JOSE	2,670
517 SAN GABRIEL, FRANCIS L.	2,665
518 SAN GABRIEL, LOURDES L.	8,332
519 SAN GABRIEL, MA, ASUNCION L.	2,665
520 SAN GABRIEL, MARIA LOURDES	2,665
521 SAN GABRIEL, ROBERTO	2,671
522 SAN GABRIEL,JOSE R.	1,788
523 SANCHEZ JR.,SANTIAGO	1,000
524 SANCHEZ,CHIQUITA MARISSA	1,000
525 SANCHEZ,DANILO	1,000
526 SANCHEZ,RIZALINA	1,000
527 SANTIAGO,O' MARINA SOLDEVILLA	36,904
528 SANTIAGO,PURITA B.	800
529 SANTILLAN, ROMEO	1,000
530 SANTOS JR.,REMIGIO C.	92
531 SANTOS, ARSENIO BENJAMIN E.	1,000


**CENTRAL AZUCARERA DE TARLAC, INC.  
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Name	No. of Shares
532 SANTOS, AUGUSTO BENEDICT S.	1,000
533 SANTOS, GEORGIANA C.	92
534 SANTOS, JOANNE C.	92
535 SANTOS, ROSANNA MARIE C.	92
536 SANTOS, ANNA VICTORIA C.	92
537 SANTOS, ANTONIO FERNANSEZ	5,580
538 SANTOS, LETICIA E.	12,756
539 SANTOS, MARIA CONSUELO E.	353
540 SANTOS, REMEDIOS C.	136
541 SASON, PEDRO	1,000
542 SATRUSTEGUI, MA. ISABEL MARFA	17,872
543 SAY, BENILDA CHUA	3,088
544 SE, LAO ANG	908
545 SEE, UY GO	4,344
546 SENCHERMES, JUAN GALOBART	32,616
547 SERT, JOSE LUIS	11,296
548 SHARON, GOLDA SANDS	2,316
549 SHEN, MARGARET S.	4,828
550 SIASON, ISABELITA L.	400
551 SIGUION, PAZ E.	236
552 SINJIAN, ANSELMO A., &/OR LETICIA V. SINJIAN	432
553 SINJIAN, MARIA ASUNCION	3,904
554 SISON, LEON G.	1,000
555 SISON, LYDIA DE LEON	11,104
556 SIU, RUFINO ONG	960
557 SOLIVEN, STEPHEN GAPAS	500
558 SOTTO, ARCELINO	1,000
559 SUSARA, CARMEN Z.	220
560 SUY, TAN LEE	104
561 SY, LUZ T.	2,400
562 SY, CESAR	4,828
563 SY, LAURO C.	3,620
564 SY, LETICIA	1,536
565 SY, LINO	632
566 SY, WILLIAM K.	3,668
567 SYCIP, CARMEN	296
568 TAN, ANITA	1,924
569 TAN, DIANA	164
570 TAN, LUISA LAO	1,152
571 TAN, MARY PEGGY	2,896
572 TAN, PEARL CHIU	4,632
573 TAN, ROMAN JACINTO	1,924
574 TANSENGCO, MARCELO	5,792
575 TARLAC DEVELOPMENT CORP.	1,000
576 TARLAC DISTILLERY CORPORATION	1,586,382
577 TAY, FELIX GONZALES WONG	5,984
578 TEMPLO, ROBERT	1,000
579 TEOPACO, JOSE RAFAEL	219,644
580 TEOPACO, LOIDA Z.	1,000
581 TEOPACO, MARIA CARMELA	220,644
582 TEOPACO, MARIA CARMELA, ITF JOSE MIKAEL T. URGINO	1,000
583 TEOPACO, MARIA CECILIA	218,644
584 TEOPACO, MARIA ERNESTINA, ITF PAZ MARIA GUADALUPE SANTOS	1,000
585 TEOPACO, ERNESTO G.	302,464
586 TEOPACO, JOSE RAFAEL, ITF TERESA DEMETRIA ZAPANTA TEOPACO	1,000
587 TEOPACO, MARIA CECILIA, ITF JOSE PAOLO T. MALVAR	1,000
588 TEOPACO, MARIA CECILIA, ITF JUAN ERNESTO T. MALVAR	1,000
589 TEOPACO, MARIA ERNESTINA	219,644
590 TEOPACO, PAZ C.	323,136

CENTRAL AZUCARERA DE TARLAC, INC.  
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Name	No. of Shares
591 TI, TAN U.	2,316
592 TIE, CHUA KING	2,316
593 TIN, JOHN LEE HONG	1,152
594 TIONG SECURITIES, INC.	540
595 TIU, SO TIAO BIN	1,152
596 TOMELDEN, GENEVIEVE U.	41
597 TOMELDEN, GERARD U.	41
598 TOMELDEN, ROMEO	1,000
599 TRANS-PHILIPPINES INVESTMENT CORPORATION	3,992
600 TRIVINO, ANTONIO	1,000
601 TUAZON ROXAS & TORRES, INC.	24
602 UAN, TAN	2,316
603 UBP TA # IJI-022-00	804
604 UNITED INSURANCE CO., INC.	3,992
605 UY-TIOCO III, PEDRO	264
606 UY-TIOCO, CYNTHIA P.	1,088
607 UY-TIOCO, JOSEPHINE	264
608 UYENGCO JR., FRANCISCO	1,000
609 VALERIANO, MARIA	1,000
610 VARELA, ANTONIO MOCOROA	924
611 VARELA, JUANA SAN JUAN	3,780
612 VARELA, RAIMUNDO MOCOROA	924
613 VARUA, FRANCISCO V.	3,300
614 VASQUEZ, MACARIA	148
615 VILLANUEVA, JOSE	1,000
616 VILLANUEVA, LUCILA A.	2,024
617 VILLAPANDO, NORMAN	1,000
618 VILLEGAS, VIRGILIO	1,000
619 VIRAY, TERESA	1,000
620 VISTAN, ANITA L.	13,376
621 VISTAN, GILBERTO L.	2,428
622 VISTAN, LEO	2,428
623 VISTAN, ROSARIO ANNA L.	2,428
624 VISTAN, VICENTE	2,428
625 WEBER-HOELH, GEORG B., &/OR MARIA LUISA L. WEBER	960
626 WU, CHUI YIN	7,648
627 WU, MARY CHUA	572
628 YAN IN TONG &/OR EDON YAP	264
629 YAP, DOROTHY	412
630 YAP, ROSALINE	460
631 YU, ROSE MARIE	1,152
632 YU, DANIEL T.	12,756
633 YU, ELIZABETH	960
634 YU, PILAR	5,728
635 YUPITUN, ANITA	2,316
636 YUPITUN, DOMINGO	576
637 YUPITUN, JOHN	576
638 ZIALCITA, MANUEL	1,000
<b>TOTAL ISSUED AND OUTSTANDING SHARES</b>	<b>28,252,972</b>
FRACTIONAL SHARES	904
<b>GRAND TOTAL</b>	<b>28,253,876</b>


CERTIFIED BY:  
 SECURITIES TRANSFER SERVICES, INC.

  
 VICTOR S. ALVIOR  
 Head of Operations

**CENTRAL AZUCARERA DE TARLAC, INC.  
LIST OF TOP 20 STOCKHOLDERS  
AS OF JUNE 30, 2013**

Rank	Name	No. of Shares	Percentage
1	JOSE COJUANGCO & SONS, INC.	7,855,828	27.804426%
2	LUISITA TRUST FUND	4,734,492	16.756965%
3	PCD NOMINEE CORPORATION (FILIPINO)	1,904,476	6.740583%
4	TARLAC DISTILLERY CORPORATION	1,586,382	5.614741%
5	LUISITA MARKETING CORPORATION	1,291,052	4.569469%
6	COJUANGCO, PEDRO	408,690	1.446492%
7	REYES, ENRIQUE ROBERTO C.	375,600	1.329375%
8	REYES, MARIE THERESE C. Director/Vice-President	370,000	1.309555%
9	REYES III, NICANOR C.	368,360	1.303750%
10	REYES, JOAQUIN JOSE C.	365,360	1.293132%
11	TEOPACO, PAZ C. Treasurer	323,136	1.143687%
12	COJUANGCO, ROSARIO C.	316,434	1.119967%
13	TEOPACO, ERNESTO G. Director/Vice-President	302,464	1.070522%
14	AQUINO, VICTORIA ELISA	298,616	1.056903%
15	CRUZ, MARIA ELENA AQUINO, ITF KRISTINA BERNADETTE CRUZ	294,784	1.043340%
16	CRUZ, MARIA ELENA AQUINO	294,584	1.042632%
17	ABELLADA, AURORA CORAZON AQUINO	294,580	1.042618%
18	COJUANGCO JR., JOSE Chairman and President	268,880	0.951657%
19	TEOPACO, MARIA CARMELA	220,644	0.780934%
20	TEOPACO, JOSE RAFAEL	219,644	0.777394%
<b>TOTAL SHARES (TOP 20)</b>		<b>22,094,006</b>	<b>78.198142%</b>
TOTAL SHARES (REST OF STOCKHOLDERS)		6,158,966	21.798659%
<b>TOTAL ISSUED AND OUTSTANDING SHARES</b>		<b>28,252,972</b>	<b>99.996800%</b>
FRACTIONAL SHARES		904	0.003200%
<b>GRAND TOTAL</b>		<b>28,253,876</b>	<b>100.000000%</b>

CERTIFIED BY:  
**SECURITIES TRANSFER SERVICES, INC.**

  
**VICTOR S. ALVIOR**  
Head of Operations

1/27/13

**Securities and Exchange Commission**  
**SRC Rule 68, as amended**  
**Annex 68.1 M, Schedules**

**Schedule A. Marketable Securities - (Current Marketable Equity Securities and Other Short-Term Cash Investments)**

Name of Issuing entity and association of each issue (1)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (2)	Valued based on market quotation at balance sheet date (3)	Income received and accrued
N/A				
<b>TOTAL</b>		Php	-	0

(1) Each issue shall be stated separately, except that reasonable grouping, without enumeration may be made of (a) securities issued or guaranteed by the Philippine Government or its agencies and (b) securities issued by others for which the amounts in the aggregate are not more than two percent of total assets.

- We don't have any Current Marketable Equity Securities and Other Short term Cash Investment as of June 30, 2013

(2) State the basis of determining the amounts shown in the column. This column shall be totaled to correspond to the respective balance sheet caption or captions.

-N/A

(3) This column may be omitted if all amounts that would be shown are the same as those in the immediately preceding column.

-N/A

Securities and Exchange Commission  
 SRC Rule 68, as amended  
 Annex 68.1 M, Schedules

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal  
 Stockholders (Other than Related Parties)

Name and Designation of debtor (1)	Balance, July 1, 2012	Additions	Amounts collected (2)	Amounts written off (3)	Current	Not Current	Balance at, June 30, 2013
A. Accounts Receivables	6,784,920.04						7,517,616.93
	6,784,920.04	-	-	-	-	-	7,517,616.93

- 1) Show separately accounts receivables and notes receivable. In case of notes receivable, indicate pertinent information such as the due date, interest rate, terms of repayment and collateral, if any.
- 2) If collection was other than in cash, explain.
- 3) Give reasons for write off.

**Securities and Exchange Commission**  
**SRC Rule 68, as amended**  
**Annex 68.1 M, Schedules**

**Schedule C. Non-Current Marketable Equity Securities, Other Long-Term Investments in Stock, and Other Investments**

Name of Issuing entity and description of Investment	Beginning Balance		Additions		Ending Balance	
	Number of shares or principal amount of bonds and notes (2)	Amount in Pesos	Equity in earnings (losses) of investees for the period (3)	Other (4)	Number of shares or principal amounts of bonds and notes (2)	Amount in Pesos
A.) Unconsolidated Subsidiaries						
B.) Other Related Parties :						
CAT Realty Corporation	35000	147,000	0		35000	147,000
Luisita Golf and Country Club	555	83,400,000	0		555	83,400,000
C.) Other Companies		-				-
Philippine Long Distance Corporation	3426	731,399	0	80,041	3426	811,440
Alabang Golf	1	1,650,000	0	350,000	1	2,000,000
Economic Development Foundation, Inc.	1	15,000	0		1	15,000
		85,943,399	-	430,041		86,373,440

- 1) Group separately securities of (a) unconsolidated subsidiaries and (b) other related parties and (c) other companies, the investment in which is accounted for by the equity method. State separately investments in individual related parties which, when considered with related advances, exceed two per cent of total assets.
- 2) Disclose the percentage of ownership interest represented by the shares if material.  
-There were no Investment In Available for Sale of the Company with material effect to the Financial statement as of June 30, 2013.
- 3) The total of this column shall correspond to the amount of the related income statement caption.
- 4) Briefly describe each item. Explain if the cost represents other than a cash expenditure.  
- Consists of Changes in Market Value of the Shares as of June 30, 2013
- 5) As to any dividends other than in cash, state the basis on which they have been taken up in the accounts, and the justification for such treatment. If any such dividends received from related parties have been credited in an amount different from that charged to retained earnings by the disbursing company, state the amount of differences and explain.
- 6) Briefly describe each item and state:
  - a) Cost of securities sold and how determined;  
-N/A
  - b) Amount received (if other than cash explain); and  
-N/A
  - c) Disposition of resulting profit or loss.  
-N/A
- 7) The totals in this column shall correspond to the related balance sheet captions.

**Securities and Exchange Commission**  
**SRC Rule 68, as amended**  
**Annex 68.1 M, Schedules**

**Schedule D. Indebtedness of Unconsolidated Subsidiaries and Related Parties**

Name of Related parties (1)	Balance, July 1, 2012	Balance, June 30, 2013 (2)
Tarlac Distillery Corporation	35,664,436	24,967,757
CAT Realty Corporation	25,556,278	24,796,586
Central Luzon Cane Growers	21,514,967	-
Luisita Golf and Country Club Inc.	9,224,343	-
Hacienda Luisita Incorporated	-	1,966,151
Jose Cojuangco & Sons, Inc.		143,098,559
<b>TOTAL</b>	<b>91,960,024</b>	<b>194,829,053</b>

1) The related parties named shall be grouped as in Schedule C. The information called for shall be shown separately for each affiliate whose investment was shown separately in such related schedule.

2) For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase.

Notes:

- (1) The Tarlac Distillery was consolidated to Central Azucarera de Tarlac as of December 31, 2012.
- (2) Central Azucarera de Tarlac paid the total due plus interest ranging from 9% to 11%.
- (3) Central Azucarera de Tarlac transferred receivables from Hacienda Luisita, Inc. to Jose Cojuangco Sons, Inc. as of May 31, 2013

**Securities and Exchange Commission**  
**SRC Rule 68, as amended**  
**Annex 68.1 M, Schedules**

Schedule E. Intangible Assets - Other Assets

Description (1)	Beginning balance	Additions at cost (2)	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
N/A						

1) The information required shall be grouped into (a) intangibles shown under the caption intangible assets and (b) deferrals shown under the caption Other Assets in the related balance sheet. Show by major classifications as indicated in Parts IV-(b)(16).

- The Company doesn't have any intangible assets as of June 30, 2013.

2) For each change representing anything other than an acquisition, clearly state the nature of the change and the other accounts affected. Describe cost of additions representing other than cash expenditures.

-N/A

3) If provision for amortization of intangible assets is credited in the books directly to the intangible asset account, the amounts shall be stated with explanations, including the accounts charged. Clearly state the nature of deductions if these represent anything other than regular amortization.

-N/A

Securities and Exchange Commission  
 SRC Rule 68, as amended  
 Annex 68.1 M, Schedules

Schedule F. Long Term Debt

Title of Issue and type of obligation (1)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (2)	Amount shown under caption "Long-Term Debt" in related balance sheet (3)
Notes Payable - Banks		195,666,666	135,833,334
Notes Payable - Others		68,333,334	
<b>Total</b>		<b>264,000,000</b>	<b>135,833,334</b>

- 1) Include in this column each type of obligation authorized.
- 2) This column is to be totaled to correspond to the related balance sheet caption.
- 3) Include in this column details as to interest rates, amounts or number of periodic installments, and maturity dates.

**Securities and Exchange Commission**  
**SRC Rule 68, as amended**  
**Annex 68.1 M, Schedules**

**Schedule G. Indebtedness to Related Parties (Long-Term Loans from Related Companies)**

Name of related party (1)	Balance at beginning of period	Balance at end of period (2)
Tarlac Distillery Corp.	35,664,436	24,967,757
CAT Realty Corp.	25,556,278	24,796,586
Central Luzon Cane Growers, Inc.	21,514,967	-
Luisita Golf & Country Club, Inc.	9,224,343	-
Hacienda Luisita, Inc.	-	1,966,151
Jose Cojuangco & Sons, Inc.		143,098,559
<b>Total</b>	<b>91,960,024</b>	<b>194,829,053</b>

- 1) The related parties named shall be grouped as in Schedule D. The information called for shall be stated separately for any persons whose investments were shown separately in such related schedule.
- 2) For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10 percent of the related balance at either the beginning or end of the period.

**Securities and Exchange Commission**  
**SRC Rule 68, as amended**  
**Annex 68.1 M, Schedules**

**Schedule H. Guarantees of Securities of Other Issuers (1)**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (2)	Amount owned by person for which statement is filed	Nature of guarantee (3)
N/A				

- 1) Indicate in a note any significant changes since the date of the last balance sheet filed. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.
- 2) There need be made only a brief statement of the nature of the guarantee, such as "Guarantee of principal and interest", "Guarantee of Interest", or "Guarantee of dividends". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

Securities and Exchange Commission  
 SRC Rule 68, as amended  
 Annex 68.1 M, Schedules

Schedule I. Capital Stock (1)

Title of Issue (2)	Number of Shares authorized	Number of shares issued and outstanding at shown under	Number of shares reserved for options, warrants, conversion	Number of shares held by related parties (3)	Directors, officers and employees	Others
Common Shares	40,000,000	28,252,972		268,880 151,952 302,464 1,000 323,136 162,809 1,000 1,000 1,677 20 7,855,828 4,734,492 1,586,382	Jose Cojuangco, Jr. Fernando C. Cojuangco Ernesto Teopaco Marrise McMurray Paz Teopaco Jose Manuel Lopa Eufrocinio Dela Merced, Jr. Wellerita D. Aguas Catherine Cochico Renato Padilla	Jose Cojuangco & Sons, Inc Luisita Trust Fund Tarlac Distillery Corporation
<b>TOTAL</b>	40,000,000	28,252,972		15,390,640		

- 1) Indicate in a note any significant changes since the date of the last balance sheet filed.
- 2) Include in this column each type of issue authorized.
- 3) Related parties referred to include persons for which separate financial statements are filed and those included in consolidated financial statements, other than the issuer of the particular security.

# Central Azucarera de Tarlac

Financial Statements  
June 30, 2013 and 2012  
and Years Ended June 30, 2013, 2012 and 2011

and

Independent Auditors' Report



**SGV**  
Building a better  
working world

The Stockholders and the Board of Directors  
Central Azucarera de Tarlac

## **Report on the Financial Statements**

We have audited the accompanying financial statements of Central Azucarera de Tarlac, which comprise the balance sheets as at June 30, 2013 and 2012, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years ended June 30, 2013, 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 financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Central Azucarera de Tarlac as at June 30, 2013 and 2012, and its financial performance and its cash flows for each of the three years ended June 30, 2013 in accordance with Philippine Financial Reporting Standards.

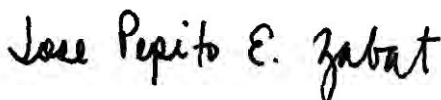
*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which disclosed that the Company's negative working capital position was a result of the losses incurred from the stoppage of operations due to the labor dispute which occurred from November 2004 to December 2005. This factor, among others, raises doubt as to the ability of the Company to continue as a going concern. To mitigate this condition, as further described in Note 1, the Company implemented various financial and operational strengthening measures, including revenue enhancement, aggressive cost reduction and multilateral settlement of accounts with banks and other creditors.

**Report on the Supplementary Information Required Under Revenue Regulations 19-2011 and 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 19-2011 and 15-2010 in Notes 25 and 26 to the financial statements, respectively, are presented for purposes of filing with the Bureau of Internal Revenue and are not a required part of the basic financial statements. Such information are the responsibility of the management of Central Azucarera de Tarlac. The information have been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information are fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

SYCIP GORRES VELAYO & CO.



Jose Pepito E. Zabat III  
Partner  
CPA Certificate No. 85501  
SEC Accreditation No. 0328-AR-2 (Group A),  
March 1, 2012, valid until March 1, 2015  
Tax Identification No. 102-100-830  
BIR Accreditation No. 08-001998-60-2012,  
April 11, 2012, valid until April 10, 2015  
PTR No. 3670041, January 2, 2013, Makati City

October 8, 2013



**CENTRAL AZUCARERA DE TARLAC****BALANCE SHEETS**

	<b>June 30</b>	
	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Notes 6, 23 and 24)	<b>₱81,403,123</b>	₱57,846,764
Receivables (Notes 7, 18, 23 and 24)	<b>384,627,613</b>	1,409,122,614
Inventories (Note 8)	<b>110,770,904</b>	155,475,397
Other current assets (Note 9)	<b>53,794,275</b>	40,949,831
Total Current Assets	<b>630,595,915</b>	1,663,394,606
<b>Noncurrent Assets</b>		
Available-for-sale financial assets (Notes 10, 18, 23 and 24)	<b>86,373,439</b>	85,943,399
Property, plant and equipment:		
Land - at revalued amount (Note 11)	<b>1,757,000,000</b>	1,757,000,000
Property and equipment - at cost (Note 11)	<b>306,636,873</b>	333,221,376
Deferred tax assets (Note 19)	<b>52,912,276</b>	57,284,700
Other noncurrent assets	<b>8,912,825</b>	8,855,063
Total Noncurrent Assets	<b>2,211,835,413</b>	2,242,304,538
	<b>₱2,842,431,328</b>	₱3,905,699,144
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Notes 12, 13, 18, 23 and 24)	<b>₱579,496,333</b>	₱1,821,316,281
Current portion of notes payable (Notes 13, 18, 23 and 24)	<b>264,000,000</b>	164,666,667
Total Current Liabilities	<b>843,496,333</b>	1,985,982,948
<b>Noncurrent Liabilities</b>		
Notes payable - net of current portion (Notes 13, 18, 23 and 24)	<b>135,833,334</b>	152,666,667
Pension liability (Note 17)	<b>87,826,468</b>	97,765,635
Deferred tax liability (Note 19)	<b>519,367,458</b>	519,367,458
Other noncurrent liabilities (Notes 12, 23 and 24)	<b>69,503,107</b>	102,438,839
Total Noncurrent Liabilities	<b>812,530,367</b>	872,238,599
<b>Equity</b>		
Capital stock - ₱10 par value (Note 21):		
Authorized - 40,000,000 shares		
Issued - 28,254,596 shares	<b>282,545,960</b>	282,545,960
Deficit	<b>(367,787,403)</b>	(506,284,394)
Revaluation increment (Note 11)	<b>1,211,857,402</b>	1,211,857,402
Unrealized cumulative gain on available-for-sale financial assets (Note 10)	<b>59,795,869</b>	59,365,829
	<b>1,186,411,828</b>	1,047,484,797
Less cost of 720 shares of stock in treasury (Note 21)	<b>(7,200)</b>	(7,200)
Total Equity	<b>1,186,404,628</b>	1,047,477,597
	<b>₱2,842,431,328</b>	₱3,905,699,144

See accompanying Notes to Financial Statements.



**CENTRAL AZUCARERA DE TARLAC**  
**STATEMENTS OF INCOME**

	<b>Years Ended June 30</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>REVENUES</b>			
Sale of sugar and by-products (Note 20)	<b>₱719,379,346</b>	₱741,062,795	₱838,375,480
Tolling fees (Note 20)	<b>290,668,191</b>	226,414,541	262,414,213
	<b>1,010,047,537</b>	967,477,336	1,100,789,693
<b>COST OF GOODS SOLD AND SERVICES</b>			
Costs of goods sold (Note 14)	<b>552,609,659</b>	588,437,991	452,034,027
Costs of tolling services (Note 15)	<b>126,696,879</b>	138,473,341	129,828,838
	<b>679,306,538</b>	726,911,332	581,862,865
<b>GROSS INCOME</b>			
Operating expenses (Note 16)	<b>(157,160,529)</b>	(138,422,298)	(124,387,193)
Penalties and interest expense (Notes 13, 18 and 20)	<b>(39,272,047)</b>	(279,249,057)	(209,303,582)
Interest income (Notes 6, 7 and 18)	<b>2,900,951</b>	7,143,973	4,379,807
Other income - net (Notes 12 and 20)	<b>13,625,859</b>	2,691,079	824,804
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>150,835,233</b>	(167,270,299)	190,440,664
<b>PROVISION FOR (BENEFIT FROM)</b>			
<b>INCOME TAX (Note 19)</b>			
Current	<b>7,965,818</b>	4,851,401	56,482,084
Deferred	<b>4,372,424</b>	3,387,583	571,457
Application of minimum corporate income tax	<b>–</b>	–	(21,444,738)
	<b>12,338,242</b>	8,238,984	35,608,803
<b>NET INCOME (LOSS)</b>	<b>₱138,496,991</b>	(₱175,509,283)	₱154,831,861
<b>EARNINGS (LOSS) PER SHARE (Note 21)</b>	<b>₱4.90</b>	(₱6.21)	₱5.48

*See accompanying Notes to Financial Statements.*



**CENTRAL AZUCARERA DE TARLAC**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended June 30</b>		
	<b>2013</b>	2012	2011
<b>NET INCOME (LOSS)</b>	<b>₱138,496,991</b>	(₱175,509,283)	₱154,831,861
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Revaluation increment in land (Note 11)	–	392,000,000	–
Income tax effect (Note 19)	–	(117,600,000)	–
	–	274,400,000	–
Unrealized gain (loss) on available-for-sale financial assets (Note 10)	<b>430,040</b>	89,886	(1,243,904)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<b>- NET OF TAX</b>	<b>430,040</b>	274,489,886	(1,243,904)
<b>TOTAL COMPREHENSIVE INCOME</b>			
<b>- NET OF TAX</b>	<b>₱138,927,031</b>	₱98,980,603	₱153,587,957

*See accompanying Notes to Financial Statements.*



**CENTRAL AZUCARERA DE TARLAC**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED JUNE 30, 2013, 2012 AND 2011**

	Capital Stock (Note 21)	Deficit	Revaluation Increment in Land (Note 11)	Unrealized Cumulative Gain on Available-for- Sale Financial Assets (Note 10)	Treasury Stock (Note 21)	Total Equity
At June 30, 2012	<b>P282,545,960</b>	<b>(P506,284,394)</b>	<b>P1,211,857,402</b>	<b>P59,365,829</b>	<b>(P7,200)</b>	<b>P1,047,477,597</b>
Total comprehensive income for the year	–	<b>138,496,991</b>	–	<b>430,040</b>	–	<b>138,927,031</b>
At June 30, 2013	<b>P282,545,960</b>	<b>(P367,787,403)</b>	<b>P1,211,857,402</b>	<b>P59,795,869</b>	<b>(P7,200)</b>	<b>P1,186,404,628</b>
At June 30, 2011	P282,545,960	(P330,775,111)	P937,457,402	P59,275,943	(P7,200)	P948,496,994
Total comprehensive income (loss) for the year	–	(175,509,283)	274,400,000	89,886	–	98,980,603
At June 30, 2012	P282,545,960	(P506,284,394)	P1,211,857,402	P59,365,829	(P7,200)	P1,047,477,597
At June 30, 2010	P282,545,960	(P485,606,972)	P937,457,402	P60,519,847	(P7,200)	P794,909,037
Total comprehensive income (loss) for the year	–	154,831,861	–	(1,243,904)	–	153,587,957
At June 30, 2011	P282,545,960	(P330,775,111)	P937,457,402	P59,275,943	(P7,200)	P948,496,994

*See accompanying Notes to Financial Statements.*



**CENTRAL AZUCARERA DE TARLAC**  
**STATEMENTS OF CASH FLOWS**

	<b>Years Ended June 30</b>		
	<b>2013</b>	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax	<b>₱150,835,233</b>	(₱167,270,299)	₱190,440,664
Adjustments for:			
Gain on reversal of liability (Note 20)	<b>(65,942,455)</b>	–	–
Depreciation and amortization (Notes 14, 15 and 16)	<b>56,766,595</b>	66,246,062	35,384,034
Penalties and interest expense (Notes 12, 13, 18 and 20)	<b>39,272,047</b>	279,249,057	209,303,582
Interest income (Notes 6, 7 and 18)	<b>(2,900,951)</b>	(7,143,973)	(4,379,807)
Provision for doubtful accounts (Notes 7 and 18)	<b>25,550</b>	274,798	221,566
Operating income before working capital changes	<b>178,056,019</b>	171,355,645	430,970,039
Decrease (increase) in:			
Receivables	<b>(7,491,345)</b>	67,719,401	(86,244,982)
Inventories	<b>44,704,493</b>	(6,911,183)	(60,843,350)
Other current assets	<b>(12,844,444)</b>	12,756,082	1,031,811
Increase (decrease) in:			
Trade and other payables	<b>75,118,930</b>	122,024,135	(8,929,380)
Pension liability	<b>(9,939,167)</b>	(17,560,900)	(15,176,450)
Provisions	–	(3,200,000)	3,200,000
Net cash generated from operations	<b>267,604,486</b>	346,183,180	264,007,688
Income tax paid	<b>(7,965,818)</b>	(4,851,401)	(35,037,346)
Net cash provided by operating activities	<b>259,638,668</b>	341,331,779	228,970,342
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net additions to property, plant and equipment (Note 11)	<b>(30,182,092)</b>	(166,657,266)	(76,432,748)
Decrease (increase) in:			
Due from related parties	<b>(250,838,109)</b>	(142,992,334)	(74,706,587)
Other noncurrent assets	<b>(57,762)</b>	376,534	1,604,661
Interest received	<b>2,612,295</b>	6,855,317	4,091,151
Net cash used in investing activities	<b>(278,465,668)</b>	(302,417,749)	(145,443,523)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Availment of notes payable (Note 13)	<b>338,000,000</b>	115,000,000	115,000,000
Payments of:			
Notes payable (Note 13)	<b>(255,500,000)</b>	(111,666,666)	(92,500,000)
Interest (Notes 12, 13 and 18)	<b>(40,116,641)</b>	(82,555,775)	(77,105,361)
Net cash provided by (used in) financing activities	<b>42,383,359</b>	(79,222,441)	(54,605,361)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>23,556,359</b>	(40,308,411)	28,921,458
<b>CASH AT BEGINNING OF YEAR</b>	<b>57,846,764</b>	98,155,175	69,233,717
<b>CASH AT END OF YEAR (Note 6)</b>	<b>₱81,403,123</b>	₱57,846,764	₱98,155,175

*See accompanying Notes to Financial Statements.*



# CENTRAL AZUCARERA DE TARLAC

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## NOTES TO FINANCIAL STATEMENTS

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### 1. Corporate Information, Status of Operations and Authorization for the Issuance of the Financial Statements

#### Corporate Information

Central Azucarera de Tarlac (the Company) is incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on June 19, 1927. The Company is an integrated sugar company engaged in the production of sugar (raw and refined) and sugar by-products such as molasses, alcohol and carbon dioxide. The registered office address and place of business of the Company is in San Miguel, Tarlac City.

The Company's shares of stock are publicly listed and traded in the Philippine Stock Exchange (PSE).

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The labor dispute, which forced the Company to stop milling operations from November 2004 to December 2005, brought considerable hardship both to the operational and financial conditions of the Company. The Company was not able to recover its fixed costs, representing mainly salaries and wages, depreciation and amortization, repairs and maintenance, powerhouse and service department costs, because of the resultant low volume of sales. Moreover, the Company was not able to meet its maturing bank obligations. The situation placed the Company in a significant negative working capital, deficit and tight liquidity position.

#### Status of Operations

Since the milling operations resumed in December 2005, the Company implemented revenue enhancement strategies, aggressive cost reduction and settlement of accounts with banks and other creditors. These include, among others, the following:

- Sourcing of outside planters to increase its revenue from sales of sugars and tolling services;
- Upgrading and purchasing of milling equipment; and
- Successful settlement of its remaining matured loan and related unpaid interest aggregating P29.9 million with local banks in 2013 (see Note 13); and
- Successful negotiation for the overdue customers' advances, including related interest and penalties (see Note 20).

The ability of the Company to continue as a going concern depends on the continued success of these activities.

#### Authorization for the Issuance of the Financial Statements

The accompanying financial statements were authorized for issuance by the Board of Directors (BOD) on October 8, 2013.



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## 2. Basis of Preparation and Statement of Compliance

### Basis of Preparation

The financial statements of the Company have been prepared on the historical cost basis, except for land under “Property, plant and equipment” account that has been measured at revalued amount and investment in listed shares of stock under “Available-for-sale (AFS) financial assets” account that have been measured at fair value. The financial statements are presented in Philippine peso (Peso) unit, which is the Company’s functional currency.

All amounts are rounded to the nearest Peso, except when otherwise indicated.

### Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS also includes Philippine Accounting Standards (PAS), including Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) by the Financial Reporting Standards Council (FRSC).

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## 3. Summary of Significant Changes in Accounting Policies and Disclosures

### Changes in Accounting Policies

The following are the new and amended PAS which were adopted by the Company beginning July 1, 2012. Unless otherwise indicated, the adoption of the following standards did not have significant impact on the financial statements.

- PAS 1, *Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (OCI) (Amendments)*, is effective for annual periods beginning on or after July 1, 2012. The amendments to PAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or “recycled”) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendments did not affect the Company’s presentation and have no impact on the Company’s financial position or performance.
- PAS 12, *Income Taxes (Amendment) – Deferred Tax: Recovery of Underlying Assets*, is effective for annual periods beginning on or after January 1, 2012. It clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, *Investment Property*, should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment*, always be measured on a sale basis of the asset.

### Future Changes in Accounting Policies

The Company did not early adopt the following new standards, amendments and improvements to PFRS and Philippine Interpretations that have been approved but are not yet effective. The Company does not expect these changes to have a significant impact on its financial statements unless otherwise indicated.



- PAS 19, *Employee Benefits (Revised)*, will become effective for annual periods beginning on or after January 1, 2013. Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. Once effective, the Company has to apply the amendments retroactively to the earliest period presented.

The Company reviewed its existing employee benefits and determined that the amended standard has significant impact on its accounting for retirement benefits. The Company obtained the services of an external actuary to compute the impact of adoption of the standard to its financial statements.

The estimated impact on the Company's financial statements is detailed below:

Increase (decrease) in:	As at June 30, 2013	As at July 1, 2012	As at July 1, 2011
<u>Statements of Financial Position</u>			
Pension liability	₱53,169,385	(₱47,116,353)	(₱84,453,162)
Deferred tax asset	15,129,086	(14,134,906)	(25,335,949)
Other comprehensive loss	35,301,200	—	—
Retained earnings	(33,904,638)	32,981,447	59,117,213
	2013		
<u>Statement of Comprehensive Income</u>			
Retirement benefits expense	₱8,805,800		
Benefit from income tax	(7,984,998)		
Net income	151,708,707		

- PAS 27, *Separate Financial Statements* (as revised in 2011), will become effective for annual periods beginning on or after January 1, 2013. As a consequence of the issuance of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.
- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011), will become effective for annual periods beginning on or after January 1, 2013. As a consequence of the issuance of the new PFRS 11 and PFRS 12, PAS 28 has been renamed as PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.
- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (Amendments)*. The amendments to PAS 32 are to be applied retrospectively for annual periods beginning on or after January 1, 2014. These amendments to PAS 32 clarify the meaning of “currently has a legally enforceable right to offset” and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have any impact on the net assets of the Company, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements.



- PFRS 1, *Government Loans*, will become effective for annual periods beginning on or after January 1, 2013. The amendment requires first-time adopters to apply the requirements of PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to PFRS. However, entities may choose to apply the requirements of PFRS 9, *Financial Instruments: Recognition and Measurement* (or PAS 39, *Financial Instruments: Recognition and Measurement*, as applicable) and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan.
- PFRS 7, *Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments)*. The amendments to PFRS 7 are to be applied retrospectively for annual periods beginning on or after January 1, 2013. These amendments require an entity to disclose information about rights of offset and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or “similar agreement”, irrespective of whether they are offset in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:
  - a) The gross amounts of those recognized financial assets and recognized financial liabilities.
  - b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the balance sheet.
  - c) The net amounts presented in the balance sheet.
  - d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
    - i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32.
    - ii. Amounts related to financial collateral (including cash collateral).
  - e) The net amount after deducting the amounts in (d) from the amounts in (c) above.
- PFRS 9, *Financial Instruments: Classification and Measurement*, will become effective for annual periods beginning on or after January 1, 2015. PFRS 9, as issued in 2010, reflects the first phase of the work on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company’s financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.
- PFRS 10, *Consolidated Financial Statements*, and PAS 27, *Separate Financial Statements*, will become effective for annual periods beginning on or after January 1, 2013. PFRS 10 replaces the portion of PAS 27 that addresses the accounting for consolidated financial statements. It also includes the issues raised in Philippine Interpretation Standing Interpretations Committee (SIC) - 12, *Consolidation – Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment



to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

- PFRS 11, *Joint Arrangements*, and PAS 28, *Investments in Associates and Joint Ventures*. PFRS 11 replaces PAS 31, *Interests in Joint Ventures*, and Philippine Interpretation SIC-13, *Jointly Controlled Entities – Non-monetary Contributions by Venturers*. PFRS 11 and PAS 28 (amended in 2011) will become effective for annual periods beginning on or after January 1, 2013. The new standard focuses on the nature of the rights and obligations arising from the arrangement. It removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. As a consequence, PAS 28 was amended and renamed as PAS 28, *Investments in Associates and Joint Ventures*, to describe the application of the equity method to investments in joint ventures in addition to associates.
- PFRS 12, *Disclosure of Interests in Other Entities*, will become effective for annual periods beginning on or after January 1, 2013. PFRS 12 includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 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.
- PFRS 13, *Fair Value Measurement*, will become effective for annual periods beginning on or after January 1, 2013. PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 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. The Company is currently assessing the impact that this standard will have on its financial statements.
- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.
- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, becomes effective for annual periods beginning on or after January 1, 2013. This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs") and provides guidance on the recognition of production stripping costs as an asset and measurement of the stripping activity asset.



- Annual Improvements to PFRS 2009-2011 Cycle  
The Annual Improvements to PFRS (2009-2011 Cycle) contain non-urgent but necessary amendments to PFRS. The amendments are applicable to annual periods beginning on or after January 1, 2013. Earlier application is permitted.
  - PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*  
The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statements of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*.
  - PAS 1, *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information*  
The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The need for amendments affects disclosures only and will have no impact on the Company's financial position or performance.
  - PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment*  
The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The Company is currently assessing the impact of the amendment in its financial statements.
  - PAS 32, *Financial Instruments: Presentation - Tax Effects of Distributions to Holders of Equity Instruments*  
The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*.
  - PAS 34, *Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities*  
The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The Company is currently assessing the impact of the amendment in its financial statements.



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#### 4. Summary of Significant Accounting and Financial Reporting Policies

##### Cash

Cash includes cash on hand and in banks.

##### Financial Assets

*Initial Recognition and Measurement.* Financial assets within the scope of PAS 39 are classified as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investments not at FVPL, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash, receivables and AFS financial assets. The Company has no financial assets classified at FVPL and HTM investments as at June 30, 2013 and 2012.

*Subsequent Measurement.* The subsequent measurement of financial assets depends on their classification as follows:

*Loans and Receivables.* Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization as well as the losses arising from impairment is included in the "Interest income" account in the statement of income. Loans and receivables are included in current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

This category includes cash and receivables.

*AFS Financial Assets.* AFS financial assets include equity securities. Equity investments classified as AFS are those, which are neither classified as held for trading nor designated at FVPL.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the "Unrealized gain (loss) on available-for-sale financial assets" account, until the investment is derecognized, at which time the cumulative gain or loss is recognized in the "Gain or loss on sale of available-for-sale investments" account in the statement of income, or determined to be impaired, at which time the cumulative loss is recognized in the statement of income. Dividends earned on holding AFS equity instruments are recognized in the statement of income as dividend income when the right of the payment has been established.

AFS financial assets whose fair value cannot be reliably measured are measured at cost less any impairment. If a reliable measure of fair value subsequently becomes available, the asset is measured at that fair value, and the gain or loss is recognized in the statement of comprehensive



income, provided it is not impaired. If a reliable measure ceases to be available, it should thereafter be measured at 'cost', which is deemed to be the fair value on that date. Any gain or loss previously recognized in other comprehensive income will remain in equity until the asset has been sold, otherwise disposed of or impaired, at which time it should be reclassified to the statement of income.

The Company evaluated its AFS financial assets whether the ability and intention to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables or HTM investments is permitted when the financial asset meets the definition of loans and receivables and HTM investments, respectively, and the Company has the intent and ability to hold these assets for the foreseeable future or maturity. For a financial asset reclassified out of the AFS category, any previous gain or loss on that asset that has been recognized in the statement of comprehensive income is amortized in the statement of income over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in the statement of comprehensive income is reclassified to the statement of income.

This category includes AFS financial assets classified as proprietary shares and investments in listed and unlisted securities.

#### Derecognition of Financial Assets

A financial asset (or, when 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 have expired; or
- the Company 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement 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 Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### Impairment of Financial Assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or



a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Assets Carried at Amortized Cost.* If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognized in the statement of income.

The Company 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. 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 a group of financial assets with similar credit risk 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 or continues to be recognized are no longer included in a collective assessment of impairment.

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 by adjusting the allowance account. The amount of the reversal is recognized in the statement of income. Interest income continues to be accrued on the reduced carrying amount based on the original EIR of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. If a future write-off is later recovered, the recovery is recognized in the statement of income under "Other income" account. Any subsequent reversal of an impairment loss is recognized in the statement of income under "Provision for (reversal of) impairment losses" account, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to trade, planters' receivables, due from related parties and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired receivables are written off when they are assessed as uncollectible.

*AFS Financial Assets.* If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) less any impairment loss previously recognized in the statement of income, is transferred from equity to the statement of income. Reversals in respect of equity instruments classified as AFS are not recognized in statement of income.



The Company treats AFS financial assets as impaired when there has been a significant and prolonged decline in the fair value below its costs or where there are objective evidence that impairment exists. In addition, the Company evaluates other factors including normal volatility in share prices for quoted securities and the future cash flows and discounted factors for unquoted securities.

#### Financial Liabilities

*Initial Recognition and Measurement.* Financial liabilities within the scope of PAS 39 are classified as financial liabilities at FVPL, other liabilities at amortized costs, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of other liabilities at amortized costs, plus directly attributable transaction costs.

The Company's financial liabilities include notes payable, trade payables, due to related parties, accruals and other payables. As at June 30, 2013 and 2012, the Company has no financial liabilities classified as financial liabilities at FVPL and derivatives designated as hedging instruments in an effective hedge.

*Other Financial Liabilities.* This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations and borrowings. Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs. Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through the EIR amortization process.

This category includes notes payable, trade payables, due to related parties, accruals and other payables.

*Derecognition.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When 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 the statement of income.

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet 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 assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

#### Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each balance sheet date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs at the close of business on the balance sheet date. When current bid prices and asking prices are not available, the prices of the most recent transaction provide evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.



For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 24.

#### Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost is determined using the weighted average method for raw sugar, alcohol, yeast, molasses and carbon dioxide, and using the moving average method for spare parts and supplies. NRV for raw sugar, alcohol, yeast, molasses and carbon dioxide is the selling price in the ordinary course of business less costs of completion, marketing and distribution. NRV of spare parts and supplies is the current replacement cost.

#### Creditable Withholding Tax (CWT)

CWT is recognized for the amount of withholding tax on certain income tax payment of the payor to the Company, and is creditable against the income tax due of the Company.

#### Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and amortization and impairment in value, if any. Following initial recognition at cost, land is carried at revalued amount, which is the fair value at the date of the revaluation. Valuations are performed with sufficient regularity enough to ensure that the fair value of revalued assets does not differ materially from its carrying amount.

Any revaluation surplus is credited to the "Revaluation increment" account included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of comprehensive income, in which case, the increase is recognized in the statement of comprehensive income. A revaluation deficit is recognized in the statement of comprehensive income, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property, plant and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment.

Cost also includes any asset retirement obligation and interest on borrowed funds used. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of income of such period.



Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as follows:

Machinery and equipment	5–10 years
Buildings and improvements	5–15 years
Land improvements	5–15 years
Furniture, fixtures and equipment	5 years
Transportation equipment	5 years
Communication and utility systems	5 years
Roads and bridges	10 years
Agricultural machinery and equipment	5–7 years

The useful life of each of the property, plant and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets.

The assets' residual values, useful lives and depreciation and amortization method are reviewed, and adjusted if appropriate, at each financial year-end.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of income in the year the item is derecognized.

Fully depreciated property, plant and equipment are retained in the accounts until they are no longer in use.

Construction in-progress is stated at cost. This includes cost of construction, borrowing cost, plant equipment and other direct costs. Construction in-progress is not depreciated until such time the relevant assets are completed and become available for operational use.

#### Impairment of Nonfinancial Assets

The Company assesses at each balance sheet date whether there is an indication that property, plant and equipment and other noncurrent assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. The asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Any impairment loss is recognized in the statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance sheet 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 the statement of income 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 charge is 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.

#### Customers' Advances

Customers' advances are recognized when cash is received from customers for services to be rendered or for goods to be delivered in the future.

#### Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

#### Equity

##### *Capital Stock*

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital.

##### *Deficit*

This pertains to accumulated losses from the results of the Company's operations.

##### *Treasury Shares*

The Company's equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the statement of income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognized in the "Additional paid-in capital" account in the balance sheet.

##### *Revaluation Increment*

Any revaluation increment is credited to the asset revaluation increment in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of comprehensive income, in which case, the increase is recognized in the statement of comprehensive income. A revaluation deficit is recognized in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

#### Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Sales are measured at the fair value of the consideration received, net of discounts and returns. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent.



The Company has concluded that it is acting as principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

*Sale of Sugar and By-products.* Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

*Tolling Fee.* Revenue is recognized when services have been rendered.

*Interest Income.* Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

#### Cost of Goods Sold and Tolling Services

These are the costs that are directly incurred upon processing of the Company's products and rendering of the Company's tolling services. These are recognized when the related assets are sold and the related services are rendered.

#### Operating Expenses

These are expenses that are related to cost of administering and selling functions of the Company. These expenses are recognized in the Company's books when incurred.

#### Income Taxes

*Current Income Tax.* Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

*Deferred Income Tax.* Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or 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 nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax and net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and tax losses can be utilized except:

- when the deferred income tax asset relating to the deductible temporary difference 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 nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient future taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same tax authority.

*Value-added Tax (VAT).* Revenue, 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 tax 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 tax authority is included as part of "Other current assets" or "Trade and other payables" accounts, respectively, in the balance sheet.

#### Operating Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the period of the lease.

The determination of whether an arrangement contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of 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 is granted, unless that 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 a substantial change to the asset.

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

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized.

#### Pension Cost

The Company has a funded, noncontributory defined benefit retirement plan, covering substantially all of its permanent employees. Pension expense is actuarially determined using the projected unit credit method. This method reflects discount rate, expected rate of return on plan assets, salary increase and average working lives of employees to the date of valuation. The portion of the actuarial gains and losses is recognized when it exceeds the corridor (10% of the greater of the present value of obligation or market related value of the plan assets) at the previous balance sheet date, divided by the expected average remaining working lives of active plan members.

The past service cost is recognized as an expense on a straight-line basis over the average vesting period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized reduced by past service cost not yet recognized and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of 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 the future contributions to the plan.

If the asset is measured at the aggregate of 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 the future contributions to the plan, net actuarial losses of the current period and past service cost of the current period are recognized immediately to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service cost of the current period are recognized immediately. Similarly, net actuarial gains of the current period after the deduction of past service cost of the current period exceeding any increase in the present value of the economic benefits stated above are recognized immediately if the asset is measured at the aggregate of 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 the future contributions to the plan. If there is no change or a decrease in the present value of the economic benefits, the entire net actuarial gains of the current period after the deduction of past service cost of the current period are recognized immediately.



### Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

### Segment Information

For purposes of segment information, the Company has no other reportable segment other than the production of sugar and sugar by-products.

### Earnings (Losses) Per Share

Earnings (losses) per share is computed by dividing the net income attributable to equity holders of the Company by the weighted average number of shares outstanding during the year adjusted to give retroactive effect to any stock dividends declared during the year.

Basic earnings (losses) per share is calculated by dividing the net income attributable to equity holders of the Company for the year by the weighted average number of common shares outstanding during the year.

Diluted earnings (losses) per share is computed in the same manner, adjusted for the effect of any potential dilutive shares.

When the effect of the potential shares is anti-dilutive, basic and diluted earnings (losses) per share are stated at the same amount.

### Contingencies

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

### Events after the Reporting Date

Events after the reporting date that provide additional information about the Company's financial position at the balance sheet date (adjusting events), are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to financial statements when material.

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## 5. Summary of Significant Accounting Judgments, Estimates and Assumptions

The Company's financial statements prepared under PFRS require management to make judgments, estimates and assumptions, that affect the amounts reported in the financial statements and related notes. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates change. The effect of any change in judgments, estimates and assumptions are reflected in the financial statements as they become reasonably determinable.

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



### Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

*Operating Lease.* The Company has entered into a commercial property lease related to its office space. The Company has determined the significant risks and rewards of ownership of the property were not transferred to the Company. Accordingly, this is accounted for as an operating lease.

*Legal Contingencies.* The Company is currently a defendant in a number of cases involving claims and disputes related to labor contingencies. The Company's estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling defense in these matters and is based upon an analysis of potential results. Management and its legal counsels believe that the Company has substantial legal and factual bases for its position and are of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the Company's financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings.

### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

*Allowance for Doubtful Accounts.* Allowance for doubtful accounts is calculated through the specific identification method. Through this method, the Company evaluates the information available that certain customers are unable to meet their financial obligations. In this case, management uses judgment, based on the best available facts and circumstances, including but not limited to, the length of relationship with customer and the customer's current credit status based on third party credit reports and known market factors, to record specific reserves for customers against amounts due to reduce receivable amounts to expected collection. This specific reserve is re-evaluated and adjusted as additional information received affects the amounts estimated. The amounts and timing of recorded provision for doubtful accounts for any period would differ if the Company made different assumptions or utilized different estimates.

Provisions for doubtful accounts recognized in 2013, 2012 and 2011 amounted to ₱0.03 million, ₱0.3 million and ₱0.2 million, respectively (see Note 16). Reversal of allowance for doubtful accounts in 2013 amounted to ₱8.1 million. The carrying amounts of receivables as at June 30, 2013 and 2012 amounted to ₱384.6 million and ₱1,409.1 million, respectively (see Note 7).

*Allowance for Inventory Obsolescence.* The Company provides allowance for inventories whenever NRV of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The allowance account is reviewed on a monthly basis to reflect the accurate valuation in the financial records. Inventories identified to be obsolete and unusable are written-off and charged as expense for the period.



No provision for inventory obsolescence was recognized in 2013, 2012 and 2011. The carrying amounts of inventories amounted to ₱110.8 million and ₱155.5 million as at June 30, 2013 and 2012, respectively (see Note 8).

*Impairment of AFS Financial Assets.* In making a judgment on whether an investment is impaired, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; the financial health and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

The Company treats AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its costs or where there is objective evidence that impairment exists. The determination of what is “significant” or “prolonged” requires judgment. The Company treats ‘significant’ generally as 20% or more of the original cost of investments, and ‘prolonged’ as greater than six months. In addition, the Company evaluates other factors including normal volatility in share prices for quoted securities and the future cash flows and discounted factors for unquoted securities.

If assumptions are made regarding the duration and extent to which the fair value is less than cost, the Company would suffer an additional loss representing the write down of cost to its fair value.

No allowance for impairment of AFS financial assets was recognized in 2013, 2012 and 2011. The carrying amounts of AFS financial assets as at June 30, 2013 and 2012 amounted to ₱86.4 million and ₱85.9 million, respectively (see Note 10).

*Fair Value of Land.* The Company’s land is stated at revalued amount, which is the fair value at the date of revaluation and reflects market conditions at the balance sheet date. The fair value of the land was determined based on the current prices in an active market for similar property in the same location and condition and subject to similar lease and other contracts.

The fair value of land amounted to ₱1,757.0 million as at June 30, 2013 and 2012 (see Note 11).

*Estimated Useful Lives of Property, Plant and Equipment.* The Company estimates the useful lives of property, plant and equipment based on the period over which the property, plant and equipment are expected to be available for use. The estimated useful lives of the property, plant and equipment are reviewed periodically and are 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 property, plant and equipment. In addition, the estimation of the useful lives of property, plant and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the noncurrent assets.

There were no changes in the estimated useful lives of property, plant and equipment in 2013 and 2012. The carrying values of property, plant and equipment carried at cost amounted to ₱306.6 million and ₱333.2 million as at June 30, 2013 and 2012, respectively (see Note 11).



*Impairment of Nonfinancial Assets.* The Company assesses the value of property, plant and equipment which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, and require the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property, plant and equipment and other long-lived assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations.

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

There were no impairment losses recognized in 2013, 2012 and 2011. The carrying amounts of property, plant and equipment carried at cost amounted to ₱306.6 million and ₱333.2 million as at June 30, 2013 and 2012, respectively (see Note 11).

*Deferred Income Tax Assets.* The Company reviews the carrying amount at each balance sheet date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred income tax asset to be recovered.

The Company's deferred income tax assets amounted to ₱52.9 million and ₱57.3 million as at June 30, 2013 and 2012, respectively. Unrecognized deferred tax assets arising from temporary differences amounted to ₱11.7 million and ₱56.8 million as at June 30, 2013 and 2012, respectively (see Note 19).

*Pension Liability.* The determination of the obligation and cost for pension is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. In accordance with PAS 19, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. The assumed discount rates were determined using average market yields on Philippine government bonds with terms consistent with the expected employee benefits payout as of balance sheet date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligation.

The assumptions used are disclosed in Note 17.

The Company's pension expense amounted to ₱6.1 million, ₱3.7 million and ₱5.3 million in 2013, 2012 and 2011, respectively. Carrying amounts of pension liability as at June 30, 2013 and 2012 amounted to ₱87.8 million and ₱97.8 million, respectively (see Note 17).



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## 6. Cash

This account consists of:

	2013	2012
Cash on hand	<b>₱77,000</b>	₱77,000
Cash in banks	<b>81,326,123</b>	57,769,764
	<b>₱81,403,123</b>	₱57,846,764

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

Interest income earned from cash in banks amounted to ₱0.6 million in 2013, ₱0.9 million in 2012 and ₱1.5 million in 2011.

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## 7. Receivables

This account consists of:

	2013	2012
Trade:		
Non-affiliates	<b>₱43,444,100</b>	₱16,387,779
Affiliates (see Note 18)	<b>25,185,633</b>	30,057,450
Planters' receivables	<b>16,734,641</b>	34,133,240
Due from related parties (see Note 18)	<b>312,203,442</b>	1,344,452,894
Advances to directors, officers and employees (see Note 18)	<b>9,639,652</b>	8,997,545
Others	<b>11,075,841</b>	16,776,355
	<b>418,283,309</b>	1,450,805,263
Less allowance for doubtful accounts	<b>33,655,696</b>	41,682,649
	<b>₱384,627,613</b>	₱1,409,122,614

Trade receivables from non-affiliates are noninterest-bearing and are generally on 30-60 days' terms.

Planters' receivables are subject to interest at 18% per annum. Interest income earned from planters' receivables amounted to ₱1.7 million in 2013, ₱5.3 million in 2012 and ₱1.9 million in 2011.

The terms and condition of trade receivables from affiliates, due from related parties and advances to directors, officers and employees are discussed in Note 18.

Others consist of receivables with various insignificant amounts.



Movements in the allowance for doubtful accounts as at June 30, 2013 and 2012 are summarized below:

2013				
	Trade	Planters	Advances to Directors, Officers and Employees	Total
Balance at beginning of year	P28,000,108	P8,000,000	P5,682,541	P41,682,649
Provision during the year (see Note 16)	25,550	-	-	25,550
Reversals/write off during the year	(52,503)	(8,000,000)	-	(8,052,503)
Balance at end of year	P27,973,155	P-	P5,682,541	P33,655,696

2012				
	Trade	Planters	Advances to Directors, Officers and Employees	Total
Balance at beginning of year	P27,725,310	P8,000,000	P5,682,541	P41,407,851
Provision during the year (see Note 16)	274,798	-	-	274,798
Balance at end of year	P28,000,108	P8,000,000	P5,682,541	P41,682,649

## 8. Inventories

This account consists of:

	2013	2012
At cost:		
Alcohol	P48,072,976	P84,116,465
Raw sugar	-	5,429,066
At NRV:		
Spare parts and supplies	62,697,928	65,929,866
	<b>P110,770,904</b>	<b>P155,475,397</b>

The cost of spare parts and supplies amounted to P69.9 million and P73.1 million as at June 30, 2013 and 2012, respectively. Allowance for inventory obsolescence amounted to P7.2 million as at June 30, 2013 and 2012. No provision for inventory obsolescence was recognized in 2013, 2012 and 2011.

The Company sugar production of raw sugar with market value of P167.0 million and P130.0 million as at June 30, 2013 and 2012, respectively, are covered with indentures (see Note 13).



## 9. Other Current Assets

This account includes:

	2013	2012
Advances to suppliers	<b>₱25,095,702</b>	₱22,583,039
CWT	<b>22,159,679</b>	13,740,320
Prepaid tax	<b>2,385,369</b>	2,081,269
Prepaid insurance	<b>2,022,226</b>	2,414,966
Others	<b>2,131,299</b>	130,237
	<b>₱53,794,275</b>	₱40,949,831

Advances to suppliers include payments made to suppliers for goods to be received in the future.

CWTs are the tax withheld by the withholding agents from payments to the Company which can be applied against the income tax payable.

Prepaid tax and insurance will be charged to expense in the next financial year.

Others include individual insignificant amounts.

## 10. AFS Financial Assets

The details of AFS financial assets are as follows:

	2013	2012
Proprietary shares (see Note 18)	<b>₱85,400,000</b>	₱85,050,000
Investment in shares of stock (see Note 18):		
Listed	<b>811,439</b>	731,399
Unlisted	<b>162,000</b>	162,000
	<b>₱86,373,439</b>	₱85,943,399

The movements in this account are as follows:

	2013	2012
At beginning of year	<b>₱85,943,399</b>	₱85,885,013
Change in fair value of AFS investments	<b>430,040</b>	89,886
Redemption of listed shares of stock	-	(31,500)
At end of year	<b>₱86,373,439</b>	₱85,943,399

The fair value of the listed shares of stocks is determined with reference to published price quotations in an active market. Common stock not listed in the stock exchange have no other reliable sources of their fair market values, therefore, they are stated at cost. Management intends to dispose the AFS financial assets, both listed and unlisted and proprietary shares, when the need arises. The Company's proprietary shares of stock with carrying value of ₱8.1 million as at June 30, 2013 and 2012 are used as collateral for the Company's loans (see Note 13).



Movements in the unrealized gain on AFS investments included in the other comprehensive income are as follows:

	2013	2012	2011
At beginning of year	<b>₱59,365,829</b>	₱59,275,943	₱60,519,847
Unrealized gain (loss) on AFS financial assets during the year	<b>430,040</b>	89,886	(1,243,904)
At end of year	<b>₱59,795,869</b>	₱59,365,829	₱59,275,943

## 11. Property, Plant and Equipment

Movements in this account are summarized below:

### At Cost

	June 30, 2012	Additions	Disposals/ Write-offs/ Reclassifications	June 30, 2013
<b>Cost:</b>				
Machinery and equipment	₱1,357,411,496	₱27,933,939	₱-	<b>₱1,385,345,435</b>
Buildings and improvements	84,870,311	1,954,166	-	<b>86,824,477</b>
Furniture, fixtures and equipment	67,280,451	2,549,914	-	<b>69,830,365</b>
Land improvements	42,026,215	-	-	<b>42,026,215</b>
Transportation equipment	26,277,710	325,129	-	<b>26,602,839</b>
Communication and utility systems	16,645,960	260,982	-	<b>16,906,942</b>
Roads and bridges	12,350,552	-	-	<b>12,350,552</b>
Agricultural machinery and equipment	384,709	-	-	<b>384,709</b>
	<b>1,607,247,404</b>	<b>33,024,130</b>	<b>-</b>	<b>1,640,271,534</b>
<b>Less accumulated depreciation and amortization:</b>				
Machinery and equipment	1,067,715,080	48,766,690	-	<b>1,116,481,770</b>
Buildings and improvements	66,557,354	2,689,080	-	<b>69,246,434</b>
Furniture, fixtures and equipment	58,206,486	3,492,598	-	<b>61,699,084</b>
Land improvements	38,400,554	192,557	-	<b>38,593,111</b>
Transportation equipment	23,142,019	1,192,434	-	<b>24,334,453</b>
Communication and utility systems	15,534,384	129,906	-	<b>15,664,290</b>
Roads and bridges	11,703,110	303,330	-	<b>12,006,440</b>
Agricultural machinery and equipment	383,579	-	-	<b>383,579</b>
	<b>1,281,642,566</b>	<b>56,766,595</b>	<b>-</b>	<b>1,338,409,161</b>
	325,604,838			<b>301,862,373</b>
Construction in-progress	7,616,538	25,741,477	28,583,515	<b>4,774,500</b>
	<b>₱333,221,376</b>			<b>₱306,636,873</b>



	June 30, 2011	Additions	Disposals/ Write-offs/ Reclassifications	June 30, 2012
<b>Cost:</b>				
Machinery and equipment	₱1,187,516,467	₱169,895,029	₱-	₱1,357,411,496
Buildings and improvements	76,794,918	8,075,393	-	84,870,311
Furniture, fixtures and equipment	61,577,894	5,702,557	-	67,280,451
Land improvements	42,026,215	-	-	42,026,215
Transportation equipment	26,058,026	219,684	-	26,277,710
Communication and utility systems	16,428,280	217,680	-	16,645,960
Roads and bridges	12,350,552	-	-	12,350,552
Agricultural machinery and equipment	384,709	-	-	384,709
	1,423,137,061	184,110,343	-	1,607,247,404
<b>Less accumulated depreciation and amortization:</b>				
Machinery and equipment	1,008,106,538	59,608,542	-	1,067,715,080
Buildings and improvements	64,372,115	2,185,239	-	66,557,354
Furniture, fixtures and equipment	55,422,414	2,784,072	-	58,206,486
Land improvements	38,205,344	195,210	-	38,400,554
Transportation equipment	22,068,559	1,073,460	-	23,142,019
Communication and utility systems	15,439,006	95,378	-	15,534,384
Roads and bridges	11,398,949	304,161	-	11,703,110
Agricultural machinery and equipment	383,579	-	-	383,579
	1,215,396,504	66,246,062	-	1,281,642,566
	207,740,557			325,604,838
Construction in-progress	25,069,615	146,997,343	164,450,420	7,616,538
	₱232,810,172			₱333,221,376

Fully depreciated property and equipment that are still used in operations as at June 30, 2013 and 2012 amounted to ₱53.1 million and ₱50.2 million, respectively.

#### Land at Revalued Amount

The fair value of land as at June 30, 2013 and 2012 amounted to ₱1,757.0 million. The fair value is determined by an independent appraiser based on the current prices in an active market for similar property in the same location and condition and subject to similar lease and other contracts. The Company assessed that the valuation made in 2012 is still an appropriate basis of the fair value of land as at June 30, 2013. As at June 30, 2013 and 2012, the carrying value of land under cost model aggregated ₱25.7 million. As a result, a revaluation surplus amounting to ₱1,211.9 million, net of deferred tax liability amounting to ₱519.4 million, is recognized directly in the equity (see Note 19).

Real properties with aggregate carrying value of ₱1,757.0 million as at June 30, 2013 and 2012 are used as collateral to secure the Company's notes payable (see Note 13).



## 12. Trade and Other Payables

This account consists of:

	2013	2012
Trade payables	<b>₱232,334,884</b>	₱253,541,034
Due to related parties (see Note 18)	<b>185,089,665</b>	91,960,024
Customers' advances (see Notes 18 and 20)	<b>54,042,117</b>	440,231,999
Accruals:		
Freight and transportation	<b>34,025,705</b>	25,882,890
Spare parts, supplies and inventory cost	<b>25,987,935</b>	25,808,205
Management fees and bonus	<b>10,107,516</b>	4,681,279
Salaries, wages and other benefits	<b>6,178,298</b>	4,678,298
Interest and penalties (see Notes 13, 18 and 20)	<b>5,642,408</b>	1,006,883,547
Taxes	<b>4,940,049</b>	8,895,945
Others	<b>15,203,523</b>	21,029,324
Payable to outside planters	<b>26,159,474</b>	-
Liens payable	<b>1,083,172</b>	5,063,679
Other payables (see Note 18)	<b>48,204,694</b>	35,098,896
	<b>648,999,440</b>	1,923,755,120
Less noncurrent portion	<b>69,503,107</b>	102,438,839
	<b>₱579,496,333</b>	₱1,821,316,281

Trade payables are noninterest-bearing and generally have 30 days' term.

In 2012, the Company was able to restructure its payables to utility providers with an aggregate amount of ₱217.3 million, inclusive of accumulated interest and VAT. The original amount of the restructured payables, inclusive of interest, was used as principal at effectivity date. Payables are to be settled in equal installments for a period of five years. As at June 30, 2013, outstanding balance amounted to ₱102.4 million.

Scheduled maturities of the restructured payables are as follows:

Fiscal year	Amount
2014	₱32,935,732
2015	34,134,459
2016	35,368,648
	<b>₱102,438,839</b>

Terms and conditions of due to related parties are discussed in Note 18.

Customers' advances are payable in kind. In 2013, the Company amended its contract with a customer to fully settle its advances, including related interest and penalties (see Note 20).

Accruals are settled throughout the financial year.

Payable to outside planters are payable in kind. This payable arises from the guaranteed recovery of tolling services to the planters. This is expected to be settled in next fiscal year.



Liens payable consists of fixed fees due to various sugar planters' associations or amelioration funds.

Other payables consist of various insignificant amounts. Interest expense on other payables amounted to ₱1.5 million in 2013, ₱1.3 million in 2012 and ₱1.2 million in 2011 (see Note 18).

### 13. Notes Payable

This account consists of:

	2013	2012
Local banks	<b>₱331,500,000</b>	₱239,000,000
Related parties (see Note 18)	<b>15,000,000</b>	15,000,000
Others	<b>53,333,334</b>	63,333,334
	<b>399,833,334</b>	317,333,334
Less current portion	<b>264,000,000</b>	164,666,667
	<b>₱135,833,334</b>	₱152,666,667

#### *Notes payable to local banks*

In 2013 and 2012, the Company availed short-term loans from local banks with an aggregate amount of ₱228.0 million and ₱115.0 million, respectively, for working capital requirements. Market interest rates for these loans range from 7.0% to 9.0%. Loan repayments made in 2013 and 2012 amounted to ₱131.0 million and ₱42.5 million, respectively. Interest expense on these short-term loans amounted to ₱16.3 million in 2013 and ₱5.3 million in 2012.

Also in 2013, the Company availed long-term loans from a local bank amounting to ₱60.0 million with floating market interest rate of 5.0% for working capital requirements. The principal is to be paid in 30 equal monthly installments every January to June beginning 2013. As at June 30, 2013, outstanding balance amounted to ₱48.0 million. Interest expense amounted to ₱1.2 million in 2013.

The Company also has a long-term loan from a local bank obtained in 2011 amounting to ₱65.0 million with market interest rate of 7.5% for working capital requirements. The principal is to be paid monthly every January to June beginning 2014 until 2016. Interest expense amounted to ₱4.9 million in 2013 and 2012 and ₱0.4 million in 2011.

The Company completed its negotiations with local banks in 2012 for the settlement or restructuring of the following matured obligations:

- Obligation amounting to ₱45.0 million, with market interest rate of 9%, matured in May 2010. This was converted to term loans payable until January 2016. As at June 30, 2013 and 2012, outstanding balance amounted to ₱25.0 million and ₱35.0 million, respectively. Interest expense amounted to ₱2.2 million in 2013, ₱3.6 million in 2012 and ₱8.0 million in 2011;
- Obligation amounting to ₱80.0 million was converted to term loans payable until 2015 with floating market interest rate of 10.0%. Outstanding balance amounted to ₱24.0 million and ₱38.0 million as at June 30, 2013 and 2012, respectively. These are covered by deeds of assignments on a portion of the proceeds of the Company's share in sugar production and certificates of proprietary shares of stock with market value aggregating ₱175.1 million and ₱138.1 million as at June 30, 2013 and 2012, respectively (see Notes 8 and 10). Interest expense amounted to ₱2.8 million in 2013, ₱4.0 million in 2012 and ₱5.6 million in 2011; and



- Notes payable and related unpaid interest aggregating ₱166.5 million were converted to term loans payable and with floating annual interest rates ranging from 8.5% to 12.5%. This loan was fully settled in 2013. Outstanding balance as at June 30, 2012 amounted to ₱28.5 million. Interest expense amounted to ₱1.4 million in 2013, ₱5.6 million in 2012 and ₱10.0 million in 2011.

All outstanding notes payable are secured by mortgage participation certificates under a Mortgage Trust Indenture trustee by a local bank. This indenture covers real properties with carrying value of ₱1,757.0 million as at June 30, 2013 and 2012 (see Note 11).

*Notes payable to related parties*

Notes payable to related parties amounting to ₱15.0 million as at June 30, 2013 and 2012 are exempt commercial papers registered with the SEC with fixed interest rate of 10% in 2013 and 2012. These notes are generally for a period of 180 to 360 days (see Note 18). Interest expense amounted to ₱1.8 million in 2013, ₱1.2 million in 2012 and ₱1.7 million in 2011.

*Other notes payable*

Others consist of unsecured loans obtained from third parties.

In October 2012, the Company obtained a long-term loan amounting to ₱50.0 million from Philippine Sugar Corporation (Philsucor) with fixed annual interest rate of 9.0% payable semi-annually for five years. The loan will mature in October 2017. Outstanding balance as at June 30, 2013 amounted to ₱45.0 million. Interest expense amounted to ₱3.1 million in 2013.

In February 2011, the Company obtained a long-term loan amounting to ₱50.0 million from Philsucor with fixed annual interest rate of 10.0% payable semi-annually. The loan will mature in February 2014. Outstanding balance amounted to ₱8.3 million and ₱33.3 million as at June 30, 2013 and 2012, respectively. Interest expense amounted to ₱2.4 million in 2013, ₱4.0 million in 2012 and ₱1.8 million in 2011.

Others also include a loan amounting to ₱30.0 million from A. D. Gothong Manufacturing Corporation with interest compounded at 12% per annum in 2013 and 2012. The loan was fully settled on December 2012. Outstanding balance as at June 30, 2012 amounted to ₱30.0 million. Interest expense amounted to ₱1.7 million in 2013, ₱3.6 million in 2012 and ₱2.8 million in 2011.

Scheduled maturities of notes payable are as follows:

Fiscal year	Amount
2014	₱264,000,000
2015	47,166,667
2016	61,666,667
2017	22,000,000
2018	5,000,000
	<u>₱399,833,334</u>



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#### 14. Costs of Goods Sold

This account consists of:

	2013	2012	2011
Salaries, wages, bonuses and other benefits	<b>₱167,591,505</b>	₱170,520,646	₱160,838,104
Repairs and maintenance	<b>155,783,712</b>	117,999,420	103,574,165
Freight and transportation	<b>66,661,263</b>	74,056,053	54,595,771
Depreciation and amortization (see Note 11)	<b>51,626,220</b>	61,909,896	32,330,440
Change in inventory costs, spare parts, and supplies	<b>47,803,929</b>	90,300,074	34,601,132
Security and outside services	<b>19,970,185</b>	20,213,403	14,824,830
Power and steam	<b>7,239,628</b>	18,858,450	17,302,409
Taxes and licenses	<b>4,797,884</b>	1,631,042	1,166,598
Pension expense (see Note 17)	<b>4,213,162</b>	2,549,960	3,653,296
Insurance	<b>3,750,007</b>	4,303,835	4,449,905
Others	<b>23,172,164</b>	26,095,212	24,697,377
	<b>₱552,609,659</b>	₱588,437,991	₱452,034,027

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#### 15. Costs of Tolling Services

This account consists of:

	2013	2012	2011
Power and steam	<b>₱52,031,773</b>	₱61,009,665	₱56,788,081
Repairs and maintenance	<b>27,975,264</b>	25,405,429	19,014,353
Salaries, wages, bonuses and other benefits	<b>27,133,583</b>	27,831,496	26,834,759
Spare parts and supplies	<b>7,049,481</b>	13,659,894	17,976,231
Freight and transportation	<b>4,957,982</b>	3,796,329	4,150,882
Depreciation and amortization (see Note 11)	<b>2,942,131</b>	2,376,949	1,243,537
Taxes and licenses	<b>1,804,600</b>	2,245,311	1,195,086
Pension expense (see Note 17)	<b>800,640</b>	484,799	695,866
Insurance	<b>758,890</b>	1,356,168	1,058,477
Others	<b>1,242,535</b>	307,301	871,566
	<b>₱126,696,879</b>	₱138,473,341	₱129,828,838



## 16. Operating Expenses

This account consists of:

	2013	2012	2011
Salaries, wages and other benefits	<b>₱38,146,057</b>	₱45,622,144	₱36,900,233
Transportation and travel	<b>19,573,273</b>	20,900,069	11,331,181
Management fees and bonuses (see Note 18)	<b>17,150,716</b>	11,696,479	23,208,334
Taxes and licenses	<b>13,774,974</b>	4,542,513	3,517,740
Security and janitorial services	<b>12,934,257</b>	13,297,662	13,701,595
Professional fees	<b>9,887,389</b>	10,175,418	10,350,102
Entertainment, amusement and recreation	<b>8,391,829</b>	7,235,355	5,244,350
Rentals (see Note 18)	<b>6,641,899</b>	4,806,600	4,800,000
Light and water	<b>3,217,713</b>	2,765,821	2,477,852
Repairs and maintenance	<b>2,515,896</b>	3,018,126	1,254,939
Depreciation and amortization (see Note 11)	<b>2,198,244</b>	1,959,217	1,810,057
Postage, telephone and telegram	<b>1,334,132</b>	1,457,286	1,368,582
Pension expense (see Note 17)	<b>1,052,898</b>	656,041	957,488
Dues and advertisements	<b>440,102</b>	313,253	250,111
Bank charges	<b>348,521</b>	2,242,139	1,523,296
Provision for doubtful accounts (see Note 7)	<b>25,550</b>	274,798	221,566
Others	<b>19,527,079</b>	7,459,377	5,469,767
	<b>₱157,160,529</b>	₱138,422,298	₱124,387,193

## 17. Pension Liability

The Company maintains a tax-qualified, funded, noncontributory defined benefit retirement plan covering substantially all of its permanent employees. The benefits are based on years of service and compensation during the latest year of employment.

The following tables summarize the components of net pension expense recognized in the statements of income and the funded status and amounts recognized in the balance sheets.

### Net Pension Expense

	2013	2012	2011
Current service cost	<b>₱6,251,300</b>	₱4,845,100	₱4,314,250
Interest cost	<b>7,793,100</b>	8,630,500	8,873,000
Expected return on plan assets	<b>(6,121,900)</b>	(5,457,200)	(3,620,100)
Actuarial gain	<b>(1,855,800)</b>	(4,327,600)	(4,260,500)
	<b>₱6,066,700</b>	₱3,690,800	₱5,306,650



Pension Liability

	2013	2012
Present value of pension benefit obligation	<b>₱158,320,809</b>	₱136,979,409
Fair value of plan assets	<b>64,576,500</b>	86,465,318
	<b>93,744,309</b>	50,514,091
Net cumulative unrecognized actuarial gain/(loss)	<b>(5,917,841)</b>	47,251,544
Net pension liability	<b>₱87,826,468</b>	₱97,765,635

Changes in the Present Value of the Pension Benefit Obligation

	2013	2012
Pension benefit obligation at beginning of year	<b>₱136,979,409</b>	₱108,833,900
Interest cost	<b>7,793,100</b>	8,630,500
Current service cost	<b>6,251,300</b>	4,845,100
Benefits paid	<b>(14,026,058)</b>	(22,404,914)
Actuarial loss	<b>21,323,058</b>	37,074,823
Pension benefit obligation at end of year	<b>₱158,320,809</b>	₱136,979,409

Changes in the Fair Value of Plan Assets

	2013	2012
Fair value of plan assets at beginning of year	<b>₱86,465,318</b>	₱77,960,527
Expected return on plan assets	<b>6,121,900</b>	5,457,200
Contributions	<b>16,005,867</b>	21,251,700
Benefits paid	<b>(14,026,058)</b>	(22,404,914)
Actuarial gain (loss)	<b>(29,990,527)</b>	4,200,805
Fair value of plan assets at end of year	<b>₱64,576,500</b>	₱86,465,318
Actual return on plan assets	<b>(₱23,868,627)</b>	₱9,658,005

Changes in the Net Cumulative Unrecognized Actuarial Gain (Loss)

	2013	2012
Net cumulative unrecognized actuarial gain at beginning of year	<b>₱47,251,544</b>	₱84,453,162
Actuarial gain (loss) on:		
Present value of the pension benefit obligation	<b>(21,323,058)</b>	(37,074,823)
Fair value of plan assets	<b>(29,990,527)</b>	4,200,805
Amortization of actuarial gain	<b>(1,855,800)</b>	(4,327,600)
Net cumulative unrecognized actuarial gain (loss) at end of year	<b>(₱5,917,841)</b>	₱47,251,544

The Company expects to contribute ₱27.3 million to its retirement plan in 2014.



The principal actuarial assumptions used to determine the retirement benefits are as follows:

	<b>2013</b>	2012	2011
Discount rate	<b>4.62%</b>	5.99%	7.93%
Expected rate of return on plan assets	<b>7.00%</b>	7.00%	7.00%
Salary increase	<b>3.00%</b>	3.00%	3.00%
Average working lives of employees (in years)	<b>18</b>	17	17

The overall expected rate of return on plan assets is determined based on the market prices prevailing on the balance sheet date applicable to the period over which the obligation is to be settled. Management believes that the assumptions used are reasonable.

Of the available plan assets, 38% are invested in money market placements while the remaining 62% is in cash.

Amounts for the current and previous four periods are as follows:

	<b>2013</b>	2012	2011	2010	2009
Defined benefit obligation	<b>₱158,320,809</b>	<b>₱136,979,409</b>	₱108,833,900	₱99,808,651	₱156,028,130
Plan assets	<b>(64,576,500)</b>	<b>(86,465,318)</b>	(77,960,527)	(51,715,166)	(8,302,681)
Deficit	<b>93,744,309</b>	<b>50,514,091</b>	30,873,373	48,093,485	147,725,449
Experience adjustments	<b>278,458</b>	<b>12,658,223</b>	(4,708,453)	(38,615,112)	-

## 18. Related Party Transactions

Parties are considered to be related if one party has the ability, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

### Terms and Conditions of Transaction with Related Parties

Outstanding balances of transactions with related parties at year-end are unsecured and settlements are made through offsetting. As at June 30, 2013 and 2012, the Company has allowance for doubtful accounts relating to amounts covered by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



Transactions with Related Parties

The Company, in the normal course of business, has transactions with related parties.

Significant transactions with related parties are summarized below:

	Year	Amount / Volume	Outstanding Balance	Terms	Conditions
<b>Related parties under common control</b>					
Management fees	<b>2013</b>	<b>₱7,043,200</b>	<b>₱-</b>	Payable	-
	2012	7,015,200	-	monthly	-
	2011	7,105,200	-	in advance	-
Rental	<b>2013</b>	<b>6,641,899</b>	-	Operating lease,	-
	2012	4,806,600	-	payable monthly	-
	2011	4,800,000	-	in advance	-
Interest income	<b>2013</b>	<b>582,713</b>	-	-	-
	2012	984,462	-	-	-
	2011	1,005,245	-	-	-
Receivables/Advances	<b>2013</b>	<b>215,312,226</b>	<b>310,205,963</b>	Net settlement;	Unsecured,
	2012	285,785,015	1,333,970,654	no interest	no impairment
Receivables/Advances	<b>2013</b>	<b>3,189,632</b>	<b>1,997,479</b>	Net settlement;	Unsecured,
	2012	3,008,720	10,482,240	with 9% interest	no impairment
Trade receivable/Advances					
Central Luzon Cane Growers, Inc. (CLCGI)	<b>2013</b>	<b>80,910,715</b>	<b>145,870</b>	Net settlement; with interest	Unsecured, no impairment
	2012	76,563,069	5,043,237		
Luisita Marketing Corporation (LMC)	<b>2013</b>	<b>25,550</b>	<b>25,039,763</b>	Net settlement;	Unsecured; with full impairment
	2012	19,743	25,014,213	no interest	
Interest expense	<b>2013</b>	<b>925,109</b>	-	-	-
	2012	1,774,947	-	-	-
	2011	2,489,912	-	-	-
Payables/Advances	<b>2013</b>	-	-	Net settlement;	Unsecured
	2012	16,471,731	(21,514,967)	with 9% - 11% interest	
Payables/Advances	<b>2013</b>	<b>1,454,514,748</b>	<b>(185,089,665)</b>	Net settlement; no interest	Unsecured,
	2012	1,057,335,635	(70,445,057)	interest	
Interest expense on notes payable	<b>2013</b>	<b>1,822,500</b>	-	-	-
	2012	1,218,611	-	-	-
	2011	1,686,111	-	-	-
Notes payable	<b>2013</b>	<b>5,000,000</b>	<b>15,000,000</b>	10% interest; renewable	Unsecured
	2012	-	15,000,000		
Contribution to plan assets	<b>2013</b>	<b>16,005,867</b>	-	-	-
	2012	21,251,700	-	-	-
Investment in AFS	<b>2013</b>	-	<b>83,547,000</b>	No maturity	Unsecured
	2012	-	83,547,000		
<b>Stockholders, Directors and Officers</b>					
Interest expense/Other accounts payable	<b>2013</b>	<b>1,478,415</b>	<b>16,060,040</b>	Compounding interest at 10%	Unsecured
	2012	1,342,319	14,581,625		
	2011	1,218,751	13,239,306		
Receivables/Advances	<b>2013</b>	<b>25,922,492</b>	<b>9,639,652</b>	Non-interest bearing	Unsecured, with impairment
	2012	27,096,776	8,997,545		

There have been no guarantee provided or received for any related party receivable or payable, except for, Jose Cojuangco and Sons, Inc.'s (JCSI) outstanding obligation to a customer amounting to ₱1,201.0 million as at June 30, 2013 (see Note 20).



Significant transactions with related parties included in the financial statements follow:

- a. Pursuant to a management agreement with JCSI, the Company pays management fees monthly for which JCSI acts as the managing entity of the Company.
- b. The Company entered into a lease agreement with JC Enterprises (JCE) for the lease of its corporate office. The lease agreement is renewable annually at the option of the Company under terms and conditions mutually acceptable to both parties (see Note 20). The lease was renewed for a period of one year.
- c. Due from related parties represents mainly cash advances from the Company for working capital requirements. As at June 30, 2013 and 2012, the Company has outstanding advances to Tarlac Development Corporation (TDC), Centennial Holdings, Inc., Luisita Trust Fund (LTF), Luisita Realty Corporation (LRC), JCE and LGCCI.

Intercompany advances, except for those made to LRC and CLCGI, ceased to be interest-bearing starting 2004. Due from LRC bears interest at 9% and earns interest computed based on the monthly principal amount less the interest income that forms part of the principal amount for the years ended June 30, 2013, 2012 and 2011.

- d. Due to CLCGI represents interest-bearing advances from sugar operation for hauling, cutting and harvesting activities of the Company's planters ensuring continuous supply of sugar canes to the Company. In 2013, the Company paid the debt of CLCGI amounting to ₱30.0 million. Interest expense on these advances ranges from 9% to 11% of monthly balance of sugar operations payable to CLCGI.
- e. Advances to affiliates mainly represent payment of expenses by the affiliates in behalf of the Company. As at June 30, 2013 and 2012, the Company has outstanding advances to HLI, CAT Realty Corporation (CRC), Tarlac Distillery Corporation (TADISCO), JCSI, LGCCI and CLCGI.
- f. The Company had a marketing agreement with LMC for the selling and distribution of sugar and by-products of the Company in the prior years.
- g. JCSI assigned to the Company its trading agreement with a customer, as amended, for the delivery of standard grade refined sugar and rectified fine alcohol with an aggregate amount of ₱1,349.0 million as at June 30, 2012. This amount includes accumulated related interest and penalties for non-delivery amounting to ₱1,000.4 million. On December 21, 2012, the Company and JCSI entered into a settlement agreement with its customer (see Note 20).
- h. Assignment of the Company's trading arrangements with a customer to HLI for the supply of raw sugar aggregating ₱86.4 million in 2005. The said amount was applied against the Company's receivable from HLI. In addition, planters' receivables amounting to ₱1,017.5 million was assigned by HLI to the Company and forms part of the Company's receivable from HLI. As at June 30, 2011, the Company's receivables from HLI amounted to ₱1,065.4 million, consisting of planters' receivables of ₱1,017.5 million and advances of ₱47.9 million. On April 16, 2012, the Company assigned all of its receivables from HLI to JCSI amounting to ₱1,076.0 million.
- i. As at June 30, 2013 and 2012, the Company has notes payable to related parties with fixed interest rate of 10% in 2013 and 2012. These notes are generally for a period of 180 to 360 days (see Note 13).



- j. LTF is an asset management company which manages the post-employment benefit plans of the Company and its affiliates. The Company and LTF share certain key management personnel who exercise control over financial and operating activities. On an annual basis, the Company transfers funds to LTF in form of contributions to the post-employment benefit plan.
- k. The Company has investments in the stockholdings of CRC and LGCCI as at June 30, 2013 and 2012 (see Note 10).
- l. Certain properties of the Company's related parties are held as collateral to the Company's loans.
- m. As at June 30, 2013 and 2012, the Company has an outstanding payable to a shareholder, with interest at 10% per annum to be paid annually.
- n. Receivables from directors and employees represent loans and cash advances made by the Company for the business expenses that are anticipated to be incurred by the employee, director, or officer in behalf of the Company.

Intercompany receivables and payables with related parties will be settled by way of offsetting arrangements and exchanges of real properties.

#### Status of HLI's Operations and Planters' Receivables

HLI experienced a prolonged labor strike and temporarily ceased its operations. The labor dispute was resolved on December 8, 2005 when HLI and the union members signed a memorandum of agreement, which addressed the demands including back wages and bonuses, among others. Despite the labor settlement, HLI continued to have no operations and experienced financial difficulties.

The Presidential Agrarian Reform Council (PARC), on the other hand, issued a resolution calling for the revocation of the Stock Distribution Plan (Plan) with the farm workers-beneficiaries. On January 4, 2006, the Office of the PARC also issued notices of coverage (NOC) over HLI's landholdings. HLI filed a petition questioning the revocation of the Plan.

On July 7, 2011, HLI received the decision of the Supreme Court (SC) denying its petition questioning the resolution issued by the PARC ordering the revocation of the Plan. The resolutions issued by PARC were affirmed with the modification that the original 6,296 qualified farm workers-beneficiaries shall have the option to remain as stockholders of HLI. Of the 6,296 farm workers-beneficiaries, he or she who wishes to continue as a stockholder of HLI is entitled to 18,804.32 of HLI's shares and in case HLI's shares already given to him or her is less than 18,804.32 shares, HLI is ordered to issue or distribute additional shares to complete said prescribed number of shares at no cost to the farm workers-beneficiaries. Moreover, in the decision, HLI is directed to pay the 6,296 farm workers-beneficiaries the consideration of ₱500.0 million received by HLI from LRC for the sale to the latter of 200 hectares out of the 500 hectares covered by the August 14, 1996 Conversion Order, the consideration of ₱750.0 million received by the HLI's subsidiary, CHI for the sale of the remaining 300 hectares of the aforementioned 500-hectare lot to Luisita Industrial Park Corporation and the price of ₱80.5 million paid by the government through the Bases Conversion Development Authority for the sale of the 80.51-hectare lot used for the construction of the Subic-Clark-Tarlac Expressway (SCTEX) road network. Lastly, HLI is entitled to just compensation for the agricultural land that will be transferred to the Department of Agrarian Reform (DAR) to be reckoned from November 21, 1989, the date the Plan was formally approved by the PARC.



On July 22, 2011, HLI filed a Motion for Clarification and Partial Reconsideration of the decision, particularly on (a) the delivery of the net remainder of the proceeds of the sale of 500-hectare converted lot and the 80.51-hectare lot to SCTEX to the 6,296 original qualified farm workers-beneficiaries and (b) the reckoning period for purposes of determining the just compensation on the agricultural land. The other parties also filed their own Motion for Reconsideration. The SC then required the parties to file their Comments or Oppositions to the said Motions.

On November 22, 2011, the SC modified its decision that the 6,296 original farm workers-beneficiaries shall forfeit and relinquish their rights over the Company's shares of stock and the remaining land area shall be available for distribution to the original 6,296 farm workers-beneficiaries or their successors'-in-interest.

On April 24, 2012, the SC modified its decision that the DAR shall pay HLI the just compensation for the 240-square meter homelots distributed to farm worker-beneficiaries. The SC left to the DAR and Land Bank of the Philippines, the determination of the following (a) the just compensation for the agricultural land and homelots and (b) whether the proceeds from the sale of 500-hectare converted lot and the 80.51-hectare lot to SCTEX were spent for legitimate corporate purposes.

On April 11, 2013, the DAR released the Final Master List of FWBs of HLI containing the names of 6,212 qualified beneficiaries. The DAR contracted the services of a surveying company in order to facilitate the distribution of HLI's distributable land to the qualified FWBs. Upon final approval of the subdivision plans, the Certificate of Land Ownership Award will be issued to qualified FWBs. The DAR also contracted the services of Field Facilitators to assist in the conduct of an information campaign on the next steps to be undertaken by the former in connection with the distribution of lands to qualified beneficiaries. On the other hand, the determination of whether the proceeds from the sale of 500-hectare converted lot and the 80.51-hectare lot to SCTEX were spent for legitimate corporate purposes is still ongoing.

Compensation of Key Management Personnel

Compensation and other benefits of key management personnel of the Company are as follows:

	2013	2012	2011
Short-term employee benefits	<b>₱13,978,710</b>	₱14,342,145	₱7,766,000
Post-employment benefits	<b>6,342,051</b>	1,878,094	1,667,504
	<b>₱20,320,761</b>	₱16,220,239	₱9,433,504

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**19. Income Taxes**

The provision for current income tax represents MCIT in 2013 and 2012 and RCIT in 2011.

The components of the Company's deferred tax assets are as follows:

	2013	2012
Pension liability	<b>₱26,347,941</b>	₱29,329,691
Unamortized portion of past service costs	<b>14,308,465</b>	13,291,052
Allowance for doubtful accounts	<b>10,096,708</b>	12,504,795
Allowance for inventory obsolescence	<b>2,159,162</b>	2,159,162
	<b>₱52,912,276</b>	₱57,284,700



The Company also has deferred tax liability arising from revaluation increment of land amounting to ₱519.4 million June 30, 2013 and 2012 (see Note 11).

Deferred tax assets on NOLCO and excess MCIT over RCIT were not recognized since the Company does not expect that future taxable profits will be sufficient to avail the carryforward benefits of NOLCO and MCIT over RCIT.

The Company's carryforward benefits of unused NOLCO and excess MCIT over RCIT for which no deferred tax assets were recognized, are as follows:

	2013	2012
Excess MCIT over RCIT	<b>₱11,705,125</b>	₱4,851,401
NOLCO	-	173,277,269
	<b>₱11,705,125</b>	₱178,128,670

In 2013, NOLCO amounting to ₱173.3 million was applied against the net taxable income.

The carryforward benefit of MCIT, which can be claimed as tax credit against regular income tax, will expire in the years indicated below:

Period of Recognition	Availment Period	Amount	Applied	Expired	Balance
2012	2013-2015	₱4,851,401	₱-	₱-	₱4,851,401
2013	2014-2016	6,853,724	-	-	6,853,724
		<b>₱11,705,125</b>	<b>₱-</b>	<b>₱-</b>	<b>₱11,705,125</b>

The reconciliation of income tax on income before income tax computed at the statutory tax rate to benefit from income tax as shown in the statements of income is summarized as follows:

	2013	2012	2011
Income tax on income before tax	<b>₱45,250,570</b>	(₱50,181,089)	₱57,132,199
Income tax effects of:			
Nondeductible expenses	<b>9,913,455</b>	1,753,445	186,162
Deferred income tax written off	<b>2,408,087</b>	-	-
Interest income already subjected to final tax	<b>(177,722)</b>	(284,800)	(449,327)
Unallowable portion of interest expense	<b>73,311</b>	117,478	185,347
Dividend income	-	(630)	(840)
Effect of change in unrecognized deferred tax assets	<b>(45,129,459)</b>	56,834,580	(21,444,738)
	<b>₱12,338,242</b>	₱8,238,984	₱35,608,803



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## 20. Agreements

### Milling Agreements

The Company's milling agreements with various planters provide for a 67.0% and 33.0% sharing between the planters (including related parties) and the Company, respectively, of sugar and molasses produced every crop year. As a consequence of the milling agreements and tolling contracts (for refined sugar) with planters and traders, the Company holds the sugar stock of the planters and traders for safekeeping.

### Supply Agreement

The Company entered into a supply agreement with a customer for the delivery of refined sugar with an aggregate value of ₱375.0 million in 2005. Customers' advances relative to this agreement amounted to ₱348.6 million as at June 30, 2012. Because of the labor problem that severely affected the Company's operations, the Company failed to process the sugar requirements and comply with the scheduled delivery date under the agreement. The outstanding supply agreement, on which the delivery schedules were extended, is collateralized by real estate mortgage by certain stockholders.

On February 15, 2006, the agreement was amended to include a provision on interest and penalty for non-delivery of the refined sugar and interest of 12.0% per annum. In 2013, the Company recognized gain on reversal of liability due to the duties in the market price of sugar amounting to ₱65.9 million. The Company recognized interest and penalties from non-delivery of refined sugar and rectified fine alcohol aggregating to ₱160.7 million and ₱152.6 million in 2012 and 2011, respectively.

On December 20, 2012, the Company's BOD approved the agreement to settle the Company's outstanding customer deposits with one of its major customers. On December 21, 2012, the Company and its related party, JCSI, entered into an agreement with this major customers to amend the terms of the supply and toll manufacturing agreements. The obligations arising from the supply and toll manufacturing agreements were deemed substituted and novated by the payment of the relevant amounts specified in the revised proposal.

Also on the same agreement, the customer confirmed that payment of the obligations shall be unconditionally assumed by JCSI. Notwithstanding the assumption of JCSI of the obligation, the Company acknowledged, declared and confirmed that it shall, as long as any amount comprising the obligation remains outstanding, continue to act as a guarantor of obligation amounting to ₱1,201.0 million as at June 30, 2013.

On the same date, the Company transferred customers' advances and accumulated interest and penalties amounting to ₱348.6 million and ₱934.5 million, respectively, to JCSI, in accordance with the terms and condition of the settlement agreement.

Lastly, the revised obligation will be secured by the mortgages constituted over the real properties beneficially owned by the Company, TDC, JCSI, LRC, and certain individuals.

### Lease Agreement

The Company has a lease agreement with JCE (see Note 18), and was renewed during the year effective January 1, 2013. Rent expense charged to operations amounted to ₱6.6 million in 2013 and ₱4.8 million in 2012 and 2011(see Note 16).



Future annual minimum lease payments are as follows:

	Amount
One year	₱6.6 million
Over one year but not more than five years	26.4 million

#### Labor Agreement

In November 2011, the Memorandum of Agreement between the Company and union members was finalized. The agreement covers a period of five years from July 1, 2011 up to June 30, 2016 and the significant issues and matters addressed by both parties such as wage adjustments, hospitalization benefits, signing bonus and other provisions of the previous agreement which were not modified by or inconsistent with the addressed matters.

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## 21. Equity

#### Capital Stock

The authorized capital stock of the Company is 40.0 million shares as at June 30, 2013 and 2012, with par value of ₱10.0 per share. The Company's shares of stock were listed in the PSE on April 12, 1977. There was no active stock trading on the Company's capital stock in the Philippine Stock Exchange.

The total number of shareholders is 638 and 639 as at June 30, 2013 and 2012, respectively.

#### Earnings Per Share

The Company's earnings per share for the years ended June 30, 2013, 2012 and 2011 are computed as follows:

	2013	2012	2011
Net income (loss) (a)	<b>₱138,496,991</b>	(₱175,509,283)	₱154,831,861
Weighted average number of shares (b):			
Issued shares	<b>28,254,596</b>	28,254,596	28,254,596
Less treasury shares	<b>720</b>	720	720
	<b>28,253,876</b>	28,253,876	28,253,876
Earnings (loss) per share (a/b)	<b>₱4.90</b>	(₱6.21)	₱5.48

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## 22. Notes to Statements of Cash Flows

In 2013, the Company entered into an agreement with a major customer and a related party wherein the obligation of the Company amounting to ₱348.6 million of customer's advances and ₱934.5 million of accumulated interest and penalties as at December 21, 2012 will be assumed by the related party, which form significant part of the Company's noncash operating and financing activities.

Noncash operating activities includes assignment of receivables to a related party amounting to ₱1,076.0 million in 2012.



### 23. Financial Risk Management Objectives and Policies

The Company's principal financial instruments include cash, AFS financial assets, notes payable and due from/to related parties. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are liquidity risk, credit risk and interest rate risk. The BOD reviews and agrees on the policies for managing each of these risks and these are summarized below:

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations on time or at reasonable prices. The Company uses cash flow approach in managing its liquidity, in this way, funding requirements under normal economic condition are met.

The table below summarizes the maturity profile of the Company's financial liabilities as of June 30, 2013 and 2012 based on undiscounted payments:

	2013			Total
	Within 30 Days	Within 1 Year	Above 1 Year	
Notes payable (including interest)	<b>₱1,984,654</b>	<b>₱267,657,754</b>	<b>₱135,833,334</b>	<b>₱405,475,742</b>
Trade	<b>129,896,045</b>	<b>32,935,732</b>	<b>69,503,107</b>	<b>232,334,884</b>
Due to related parties	–	<b>185,089,665</b>	–	<b>185,089,665</b>
Accruals (excluding interest and taxes)	<b>91,502,977</b>	–	–	<b>91,502,977</b>
Others	<b>48,204,694</b>	–	–	<b>48,204,694</b>
	<b>₱271,588,370</b>	<b>₱485,683,151</b>	<b>₱205,336,441</b>	<b>₱962,607,962</b>

	2012			Total
	Within 30 Days	Within 1 Year	Above 1 Year	
Notes payable (including interest)	₱–	₱171,153,669	₱152,666,667	₱323,820,336
Trade	119,323,095	31,779,100	102,438,839	253,541,034
Due to related parties	–	91,960,024	–	91,960,024
Accruals (excluding interest and taxes)	82,079,996	–	–	82,079,996
Others	35,098,896	–	–	35,098,896
	<b>₱236,501,987</b>	<b>₱294,892,793</b>	<b>₱255,105,506</b>	<b>₱786,500,286</b>

The financial liabilities in the above tables are gross undiscounted cash flows. However, those amounts may be settled gross or net using the following financial assets:

	2013			Total
	Within 30 Days	Within 1 Year	Above 1 Year	
Cash (excluding cash on hand)	<b>₱81,326,123</b>	<b>₱–</b>	<b>₱–</b>	<b>₱81,326,123</b>
Receivables:				
Trade	–	<b>68,629,733</b>	–	<b>68,629,733</b>
Planters' receivables	–	<b>16,734,641</b>	–	<b>16,734,641</b>
Due from related parties	–	<b>312,203,442</b>	–	<b>312,203,442</b>
Advances to directors, officers and employees	–	<b>9,639,652</b>	–	<b>9,639,652</b>
Others	–	<b>11,075,841</b>	–	<b>11,075,841</b>

(Forward)



	2013			
	Within 30 Days	Within 1 Year	Above 1 Year	Total
AFS financial assets:				
Proprietary	P85,400,000	P-	P-	P85,400,000
Listed	811,439	-	-	811,439
Unlisted	162,000	-	-	162,000
	<b>P167,699,562</b>	<b>P418,283,309</b>	<b>P-</b>	<b>P585,982,871</b>
	2012			
	Within 30 Days	Within 1 Year	Above 1 Year	Total
Cash (excluding cash on hand)	P57,769,764	P-	P-	P57,769,764
Receivables:				
Trade	-	46,445,229	-	46,445,229
Planters' receivables	-	34,133,240	-	34,133,240
Due from related parties	-	1,344,452,894	-	1,344,452,894
Advances to directors, officers and employees	-	8,997,545	-	8,997,545
Others	-	16,776,355	-	16,776,355
AFS financial assets:				
Proprietary	85,050,000	-	-	85,050,000
Listed	731,399	-	-	731,399
Unlisted	162,000	-	-	162,000
	<b>P143,713,163</b>	<b>P1,450,805,263</b>	<b>P-</b>	<b>P1,594,518,426</b>

#### Credit Risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument leading to a financial loss. The Company imposes cash basis approach in its sales transaction to lower exposure to credit risk.

With respect to credit risk arising from other financial assets of the Company, which comprise cash in banks and cash equivalents, receivables, and AFS financial assets, exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as stated below:

	2013	2012
Cash (excluding cash on hand)	<b>P81,326,123</b>	P57,769,764
Receivables:		
Trade	<b>68,629,733</b>	46,445,229
Planters' receivables	<b>16,734,641</b>	34,133,240
Due from related parties	<b>312,203,442</b>	1,344,452,894
Advances to directors, officers and employees	<b>9,639,652</b>	8,997,545
Others	<b>11,075,841</b>	16,776,355
AFS financial assets:		
Proprietary shares	<b>85,400,000</b>	85,050,000
Investment in shares of stock		
Listed	<b>811,439</b>	731,399
Unlisted	<b>162,000</b>	162,000
<b>Total credit risk exposure</b>	<b>P585,982,871</b>	<b>P1,594,518,426</b>

Since the Company trades only with recognized third parties, there is no requirement for collateral.



As at June 30, 2013 and 2012, the analysis of receivables is as follows:

	2013					Total
	Impaired	Neither Past Due nor Impaired	Past Due but not Impaired			
			30 Days	90 Days	More than 150 Days	
Trade	<b>₱27,973,155</b>	<b>₱40,656,578</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱68,629,733</b>
Planters' receivables	-	-	<b>16,734,641</b>	-	-	<b>16,734,641</b>
Due from related parties	-	-	-	-	<b>312,203,442</b>	<b>312,203,442</b>
Advances to directors, officers and employees	<b>5,682,541</b>	-	<b>3,957,111</b>	-	-	<b>9,639,652</b>
Others	-	<b>11,075,841</b>	-	-	-	<b>11,075,841</b>
	<b>₱33,655,696</b>	<b>₱51,732,419</b>	<b>₱20,691,752</b>	<b>₱-</b>	<b>₱312,203,442</b>	<b>₱418,283,309</b>

	2012					Total
	Impaired	Neither Past Due nor Impaired	Past Due but not Impaired			
			30 Days	90 Days	More than 150 Days	
Trade	<b>₱28,000,108</b>	<b>₱18,445,121</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱46,445,229</b>
Planters' receivables	<b>8,000,000</b>	-	<b>26,133,240</b>	-	-	<b>34,133,240</b>
Due from related parties	-	-	-	-	<b>1,344,452,894</b>	<b>1,344,452,894</b>
Advances to directors, officers and employees	<b>5,682,541</b>	-	<b>3,315,004</b>	-	-	<b>8,997,545</b>
Others	-	<b>16,776,355</b>	-	-	-	<b>16,776,355</b>
	<b>₱41,682,649</b>	<b>₱35,221,476</b>	<b>₱29,448,244</b>	<b>₱-</b>	<b>₱1,344,452,894</b>	<b>₱1,450,805,263</b>

As at June 30, 2013 and 2012, the credit analyses of the Company's financial assets are as follows:

	2013		
	Grade		Total
	High	Standard	
Loans and receivables:			
Cash (excluding cash on hand)	<b>₱81,326,123</b>	<b>₱-</b>	<b>₱81,326,123</b>
Trade receivables	<b>68,629,733</b>	-	<b>68,629,733</b>
Due from related parties	<b>312,203,442</b>	-	<b>312,203,442</b>
Advances to directors, officers and employees	<b>9,639,652</b>	-	<b>9,639,652</b>
Others	<b>11,075,841</b>	-	<b>11,075,841</b>
AFS financial assets:			
Proprietary shares	-	<b>85,400,000</b>	<b>85,400,000</b>
Investment in shares of stock			
Listed	-	<b>811,439</b>	<b>811,439</b>
Unlisted	-	<b>162,000</b>	<b>162,000</b>
	<b>₱482,874,791</b>	<b>₱86,373,439</b>	<b>₱569,248,230</b>



	2012		
	High	Standard	Total
<b>Loans and receivables:</b>			
Cash (excluding cash on hand)	₱57,769,764	₱-	₱57,769,764
Trade receivables	46,445,229	-	46,445,229
Due from related parties	1,344,452,894	-	1,344,452,894
Advances to directors, officers and employees	8,997,545	-	8,997,545
Others	16,776,355	-	16,776,355
<b>AFS financial assets:</b>			
Proprietary shares	-	85,050,000	85,050,000
Investment in shares of stock			
Listed	-	731,399	731,399
Unlisted	-	162,000	162,000
	<b>₱1,474,441,787</b>	<b>₱85,943,399</b>	<b>₱1,560,385,186</b>

The credit quality was determined as follows:

Cash and AFS financial assets - based on the credit standing or rating of the counterparty. Cash is classified as high grade since these are deposited and invested with a reputable bank and can be withdrawn anytime.

Receivables - High Grade receivables pertain to those receivables from customers that always pay on time or even before the maturity date. Standard Grade receivables include receivables in which the collections from customer are delayed caused by clearing with banks. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Company are included under Substandard Grade receivables.

*Concentration of Risk*

This is the risk that the Company's receivables are focused in a particular customer, facing threats on realizability of receivables. The Company is affected by concentration of risk but is mitigated by imposing cash basis approach in its sales transaction.

Interest Rate Risk

Interest rate risk arises from the possibility that the changes in interest rates will affect the fair value of financial instruments. Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The Company's financial instruments that are exposed to cash flow interest rate risk pertain mainly to its notes payable to local banks amounting to ₱331.5 million and ₱239.0 million in 2013 and 2012, respectively, which are subject to floating interest rate (see Note 13).

The effect on income before income tax due to possible changes in interest rates is as follows:

Increase/Decrease in Interest Rate	Effect on Income Before Income Tax	
	2013	2012
+1%	(₱3,315,000)	(₱2,390,000)
-1%	3,315,000	2,390,000



There is no other impact on the Company's equity other than those affecting profit and loss.

### Capital Management

The Company's primary objective is to ensure that it maintains a strong credit rating and healthy capital ratios to sustain its business and maximize shareholder value. The Company manages its capital structure based on its business requirements and the economic environment. The Company monitors capital using a gearing ratio, which is total debt divided by total debt and equity. Total debt includes notes payable and trade and other payables. Equity includes capital stock, deficit, revaluation increment and unrealized cumulative gain on AFS financial assets and treasury stock.

	2013	2012
Notes payable	<b>₱399,833,334</b>	₱317,333,334
Trade and other payables	<b>648,999,440</b>	1,923,755,120
Total debt (a)	<b>1,048,832,774</b>	2,241,088,454
Equity	<b>1,186,404,628</b>	1,047,477,597
Total debt and equity (b)	<b>₱2,235,237,402</b>	₱3,288,566,051
Gearing ratio (a/b)	<b>0.47</b>	0.68

## 24. Financial Instruments

The following is a comparison by category of the carrying values and fair values of all of the Company's financial instruments that are carried in the financial statements as at June 30, 2013 and 2012:

	2013		2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Loans and receivables:				
Cash ( <i>excluding cash on hand</i> )	<b>₱81,326,123</b>	<b>₱81,326,123</b>	₱57,769,764	₱57,769,765
Trade receivables	<b>68,629,733</b>	<b>68,629,733</b>	46,445,229	46,445,229
Planters' receivables	<b>16,734,641</b>	<b>16,734,641</b>	34,133,240	34,133,240
Due from related parties	<b>312,203,442</b>	<b>312,203,442</b>	1,344,452,894	1,344,452,894
Advances to directors, officers and employees	<b>9,639,652</b>	<b>9,639,652</b>	8,997,545	8,997,545
Others	<b>11,075,841</b>	<b>11,075,841</b>	16,776,355	16,776,355
	<b>499,609,432</b>	<b>499,609,432</b>	1,508,575,027	1,508,575,028
AFS financial assets:				
Proprietary shares	<b>85,400,000</b>	<b>85,400,000</b>	85,050,000	85,050,000
Investment in shares of stock				
Listed	<b>811,439</b>	<b>811,439</b>	731,399	731,399
Unlisted	<b>162,000</b>	<b>162,000</b>	162,000	162,000
	<b>86,373,439</b>	<b>86,373,439</b>	85,943,399	85,943,399
<b>Total Financial Assets</b>	<b>₱585,982,871</b>	<b>₱585,982,871</b>	₱1,594,518,426	₱1,594,518,427
<b>Financial Liabilities</b>				
Other financial liabilities:				
Trade payables	<b>₱232,334,884</b>	<b>₱232,334,884</b>	₱253,541,034	₱253,541,034
Due to related parties	<b>185,089,665</b>	<b>185,089,665</b>	91,960,024	91,960,024
Accruals ( <i>excluding taxes and   liens</i> )	<b>97,145,385</b>	<b>97,145,385</b>	88,566,998	88,566,998
(Forward)				



	2013		2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Notes payable (including current portion)	<b>P399,833,334</b>	<b>P399,833,334</b>	P317,333,334	P317,333,334
Others	<b>48,204,694</b>	<b>48,204,694</b>	35,098,896	35,098,896
<b>Total Financial Liabilities</b>	<b>P962,607,962</b>	<b>P962,607,962</b>	<b>P786,500,286</b>	<b>P786,500,286</b>

#### Cash, Receivables and Trade and Other Payables

Due to the short-term nature of these financial instruments, their fair values approximate the carrying amounts as of balance sheet date.

#### AFS Financial Assets

The fair value of the listed AFS financial assets are determined in reference to quoted market bid prices at the close of business on the balance sheet date since these are mostly actively traded in organized financial market. Unlisted common shares of stock are unquoted and there are no other reliable sources of their fair market values, therefore, they are stated at cost.

#### Notes Payable

The fair values of notes payable based on Level 1 are determined using the discounted cash flow method. Discount rates used ranged from 5% to 10.5% and 7.5% to 10.5% as at June 30, 2013 and 2012, respectively.

#### Fair Value Hierarchy

As at June 30, 2013, the Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs which have significant effect on the fair value that are not based on observable market data.

The Company's financial assets carried at fair value as at June 30, 2013 and 2012 based on Level 1 comprise investment in listed shares of stock amounting to P0.8 million and P0.7 million, respectively.

As at June 30, 2013, the Company has no financial instruments carried at fair value which is based on Levels 2 and 3.

There was no transfer between Level 1 and 2 fair value measurements and no transfer into and out of Level 3 fair value measurement in 2013 and 2012.

## **25. Supplementary Tax Information Required under Revenue Regulations (RR) 19-2011**

RR No. 19-2011 was issued to prescribe the new Bureau of Internal Revenue (BIR) forms that will be used for income tax filing covering and starting with December 31, 2011, and to modify Revenue Memorandum Circular (RMC) No. 57-2011 dated November 25, 2011. The RR is effective for all taxpayers required to file their income tax returns under Section 51(A)(1) of the Tax Code, and those not required to file under Section 51(A)(2) but who nevertheless opted to do



so, covering and starting with December 31, 2011.

The following are the required schedules under regular rate prescribed under existing revenue issuances applicable to the Company as at June 30, 2013:

Revenue

Sale of goods/properties	₱719,379,346
Sale of services	290,668,191
	<hr/>
	₱1,010,047,537

Cost of Sales (Trading/Manufacturing)

Merchandise/Finished goods inventory, beginning	₱89,545,531
Add: Purchases of merchandise/Cost of goods manufactured	515,684,367
	<hr/>
Total goods available for sale	605,229,898
Less: Merchandise/Finished goods inventory, end	48,072,976
	<hr/>
	₱557,156,922

Cost of Services

Direct Charges - Materials, supplies, and facilities	₱96,242,761
Direct Charges - Salaries, wages and benefits	27,133,583
Direct Charges - Depreciation	2,942,131
Others	1,242,535
	<hr/>
	₱127,561,010

Non-Operating and Taxable Other Income

Gain on reversal of liabilities	₱65,942,455
Storage income	2,909,425
Interest income	2,308,543
Other income	1,800,849
	<hr/>
	₱72,961,272

Itemized Deductions

Interest	₱39,027,679
Salaries and allowances	38,146,057
Losses	34,715,332
Transportation and travel	19,573,273
Management and consultancy fee	17,150,716
Security services	12,934,257
Professional fees	9,887,389
Rental	6,641,899
Representation and entertainment	4,864,117
Taxes and licenses	4,493,458
Communication, light and water	3,217,713
Repairs and maintenance - Materials/Supplies	2,515,896
Amortization of pension trust contribution	2,189,291
(Forward)	



Depreciation	P2,198,244
Janitorial and messengerial services	1,334,132
Office supplies	483,130
Advertising	440,102
Insurance	422,006
Others: Bank charges	348,521
Charitable contributions	111,456
Bad debts	25,550
Miscellaneous	20,586,410
<hr/> Total regular itemized deductions	<hr/> 221,306,628
Allowance for NOLCO	173,277,269
	<hr/> <hr/> P394,583,897

## 26. Supplementary Tax Information Required under Revenue Regulations (RR) 15-2010

On November 15, 2010, the Bureau of Internal Revenue issued RR No. 15-2010 to amend certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements accompanying the tax return.

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on taxes and license fees paid or accrued during the taxable year:

### Value-added Tax (VAT)

The National Internal Revenue Code of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. RA No. 9337 increased the VAT rate from 10.0% to 12.0%, effective February 1, 2006.

Details of the Company's net sales/receipts, output VAT and input VAT accounts are as follows:

- a. Sales/Receipts and Output VAT declared in the Company's VAT returns filed for the period

	Net Sales/Receipts	Output VAT
Taxable Sales:		
Sale of goods	P804,178,874	P96,501,465
Leasing income	135,086	16,210
Others	1,243,313	149,198
	<hr/> 805,557,273	<hr/> 96,666,873
Exempt Sales	180,048,791	-
	<hr/> <hr/> P985,606,064	<hr/> <hr/> P96,666,873

In 2013, the Company has exempt sales of services amounting to P180.0 million for services of milling sugar cane into raw sugar.



The Company's sales of services are based on actual collections received, hence, may not be the same as amounts accrued in the statement of income.

b. Details of the input VAT for 2013 are as follows:

Current year's domestic purchases/payments for:	
Goods for resale/manufacture or further processing	₱14,573,972
Importation	3,109,201
Presumptive	15,614,814
Goods other than for resale or manufacture	2,371,848
Services lodged under cost of goods sold	18,683,645
	<hr/>
	54,353,480
Claims for tax credit/refund and other adjustments	3,694,324
	<hr/>
	₱50,659,156
	<hr/>

c. Details of the Company's importations are shown below:

Total landed cost of imports	₱27,949,428
Customs duties	2,527,343
Others	2,184,838
Insurance	58,420
	<hr/>
	₱32,720,029
	<hr/>

#### Taxes and Licenses

This includes all other taxes, local and national, including real estate taxes, licenses and permit fees lodged under the 'Taxes and Licenses' account both under the 'Cost of Goods Sold', 'Cost of Tolling Services' and 'Operating Expenses' sections in the Company's statement of income.

Details consist of the following:

#### ***Lodged under Cost of Goods Sold and Tolling***

##### ***Services:***

Real estate taxes	₱4,297,458
License and permits fees	2,198,787
Others	106,239
	<hr/>
	6,602,484

##### ***Lodged under Operating Expenses:***

Documentary stamp taxes	2,284,720
License and permits fees	1,031,240
Real estate taxes	480,478
Others	74,698
	<hr/>
	3,871,136
	<hr/>
	₱10,473,620
	<hr/>



Withholding Taxes

Details of withholding taxes for the year are as follows:

Withholding taxes on compensation	₱13,047,195
Expanded withholding taxes	10,000,351
	<hr/>
	₱23,047,546

During the year, the Company was a petitioner in a case before the Court of Tax Appeals (CTA) under case no. 8338, Central Azucarera de Tarlac (CAT) v Bureau of Internal Revenue (BIR), for alleged tax deficiency during fiscal year ending June 30, 2006. The Company requested from the BIR for a compromise settlement of its deficiency taxes for ₱19.9 million. It was agreed by the latter and paid by the Company on December 28, 2012. The case before the CTA was then declared closed and terminated as of January 31, 2013.

As at June 30, 2013, the Company is neither a party to any litigation in courts nor under preliminary investigation of regulatory bodies.

