

The terms and condition of due from related parties and advances to directors, officers and employees are discussed in Note 26.

Receivables from officers and employees arise from cash advances to the Group's personnel. Receivables from contractors are advanced payments for services to be provided or goods to be delivered to the Group. These receivables are generally collected within one year.

Advances to TDC, JCST, CRC and LGCCI pertain to advances made by the Group to its previous affiliates which are unsecured and non-interest bearing.

Others consist of receivables with various insignificant amounts.

Movements in the allowance for doubtful accounts as at June 30, 2015 and 2014 are summarized below:

	2015		
	Trade	Nontrade	Total
Balance at beginning of year - Parent	₱2,665,024	₱5,156,723	₱7,821,747
Acquisition of Subsidiary	8,439,142	-	8,439,142
Provision during the year	919,498	-	919,498
Reversals/write off during the year	(8,115,458)	(1,428,388)	(9,543,846)
Balance at end of year	₱3,908,206	₱3,728,335	₱7,636,541
	2014		
	Trade	Nontrade	Total
Balance at beginning of year	₱27,973,155	₱5,682,541	₱33,655,696
Reversals/write off during the year	(25,308,131)	(525,818)	(25,833,949)
Balance at end of year	₱2,665,024	₱5,156,723	₱7,821,747

9. **Inventories**

This account consists of:

	2015	2014
At cost:		
Alcohol	₱84,170,625	₱68,204,547
Raw sugar	1,059,417	-
Molasses	2,980,606	82,597
At NRV:		
Spare parts and supplies	54,158,160	61,445,734
	₱142,368,808	₱129,732,878

The cost of spare parts and supplies amounted to ₱61.4 million and ₱68.6 million as at June 30, 2015 and 2014, respectively. Allowance for inventory obsolescence amounted to ₱7.2 million as at June 30, 2015 and June 30, 2014. No provision for inventory obsolescence was recognized in 2015, 2014 and 2013.

**10. Real Estate Held for Sale and Development**

This account consists of:

	2015
Land held for development	₱981,080,536
Land available for sale	6,157,976
	<b>₱987,238,512</b>

Land held for development is a parcel of land which is still undeveloped. Land available for sale includes parcels of land developed into a first class residential subdivision and an industrial community. There are no additions and sale since the date of acquisition of Subsidiary.

**11. Assets Classified as Held for Sale**

Assets classified as held for sale pertains to the Subsidiary's 35.25% ownership interest or 955,500 common shares of stock with par value of ₱100 per share of LIC. On the date when the Subsidiary was acquired, this investment is classified as held for sale and accounted for in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*. As part of the MOA entered into between CRAHI and the Cojuangco family, the LIC shares will be sold to the latter or its designated assignee.

**12. Other Current Assets**

This account includes:

	2015	2014
Advances to suppliers	32,401,384	₱11,827,056
CWT	17,588,446	-
Prepaid rent	4,943,000	-
Prepaid tax	2,726,849	2,597,725
Prepaid insurance	1,809,370	2,129,757
Input tax	89,911	-
Others	1,641,390	258,318
	<b>₱61,200,350</b>	<b>₱16,812,856</b>

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 Group which can be applied against the income tax payable without prescription.

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

Input VAT represents VAT paid to suppliers that can be claimed as credit against the Group's future output VAT liabilities without prescription.

Others include individual insignificant amounts.

**13. Business Combination**

On October 15, 2014, the Parent Company acquired 100% of the total outstanding shares of LLC for ₱135.0 million. The MOA includes the Parent Company assuming LLC's liabilities to the seller group amounting to ₱1,115.2 million resulting in total consideration of ₱1,250.3 million.

The Parent Company acquired LLC for its real estate processes and to complement its land holdings.

The fair values of the identifiable assets and liabilities of LLC as at the date of acquisition were:

	Fair value recognized on acquisition
<b>Assets:</b>	
Cash	₱22,856,283
Receivables	23,964,604
Real estate held for sale and development	987,238,512
Assets classified as held for sale	95,500,000
Property and equipment	17,430,303
Other current assets	18,416,467
Other noncurrent assets	11,568,481
	1,176,974,650
<b>Liabilities:</b>	
Trade and other payables	35,457,276
Advances from related parties	505,034,402
Customer's deposits	7,771,132
Retirement liability	1,411,786
Deferred tax liability	79,186,027
	628,860,623
<b>Total identifiable net assets at fair value</b>	<b>₱548,114,027</b>
Consideration transferred	₱1,250,260,276
Fair value of identifiable net assets	(548,114,027)
<b>Goodwill</b>	<b>₱702,146,249</b>

The accounting for this business combination was determined provisionally as the Parent Company is still finalizing the fair valuation of assets acquired including the real estate held for sale and development and goodwill. This will be finalized in 2016 as allowed by PFRS.

LLC's real estate held for sale and development is adjusted to its fair value at acquisition. Deferred tax liability is recognized for the future taxable income attributable to the fair value of the real estate.

From the date of acquisition, LLC contributed ₱31.0 million of revenue and to the consolidated income before income tax. If the combination had taken place during the year, consolidated revenue would have been ₱1,033.3 million and consolidated income tax would have been ₱201.9 million.

14. Available-for-Sale Financial Assets

The details of AFS financial assets are as follows:

	2015	2014
Proprietary shares	<b>₱102,580,000</b>	₱85,550,000
Investment in shares of stock:		
Listed	775,560	824,687
Unlisted	162,000	162,000
	<b>₱103,517,560</b>	₱86,536,687

The movements in this account are as follows:

	2015	2014
At beginning of year	<b>₱86,536,687</b>	₱86,373,439
Change in fair value of AFS investments	16,980,873	163,248
At end of year	<b>₱103,517,560</b>	₱86,536,687

The fair value of the listed shares of stocks and proprietary shares are 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 Group's proprietary shares of stock with carrying value of ₱100.1 million as at June 30, 2015 are used as collateral for the Group's loans (see Note 20).

There were no sale or purchase transactions on the Group's AFS financial assets in 2015 and 2014.

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

	2015	2014
At beginning of year	<b>₱59,959,117</b>	₱59,795,869
Unrealized gain on AFS financial assets during the year	16,980,873	163,248
At end of year	<b>₱76,939,990</b>	₱59,959,117

**15. Property, Plant and Equipment**

Movements in this account are summarized below:

**At Cost**

Cost:	June 30, 2014	Acquisition of subsidiary	Additions	Reclassifications	Disposals/ Write-offs/	June 30, 2015
Machinery and equipment	₱1,427,175,398	₱4,792,910	₱588,487	(₱75,063,602)	₱1,357,493,193	
Buildings and improvements	90,452,618	42,894,396	--	(4,490,398)	128,856,616	
Furniture, fixtures and equipment	72,942,100	249,036	1,764,481	(39,393,618)	35,561,999	
Land improvements	47,482,891	835,959	--	353,284	48,672,134	
Transportation equipment	26,624,000	72,321	7,405,979	(12,153,687)	21,948,613	
Communication and utility systems	16,950,513	--	39,732	(9,834,621)	7,155,624	
Roads and bridges	12,350,552	--	--	--	12,350,552	
Agricultural machinery and equipment	2,684,709	--	2,890,939	33,533,552	39,109,200	
	1,696,662,781	48,844,622	12,689,618	(107,049,090)	1,651,147,931	
Less accumulated depreciation and amortization:						
Machinery and equipment	1,161,656,224	2,598,256	39,514,336	(107,391,185)	1,096,377,631	
Buildings and improvements	71,489,149	28,764,084	7,629,404	(7,420,820)	100,461,817	
Furniture, fixtures and equipment	64,904,719	51,532	4,015,434	(41,532,026)	27,430,659	
Land improvements	38,657,174	--	--	--	38,657,174	
Transportation equipment	25,059,542	447	555,564	(20,664,553)	4,951,000	
Communication and utility systems	15,804,517	--	780,280	(9,857,835)	6,726,962	
Roads and bridges	12,303,234	--	47,302	--	12,350,536	
Agricultural machinery and equipment	650,757	--	2,525,820	(384,702)	2,791,875	
	1,390,525,316	31,414,319	55,068,140	(187,251,121)	1,289,756,654	
Construction in-progress	9,719,619	--	83,269,846	(80,282,202)	12,707,263	
	₱315,857,084	--	₱374,098,540	--	₱714,098,540	
	June 30, 2013	Additions	Reclassifications		June 30, 2014	
Cost:						
Machinery and equipment	₱1,385,345,435	₱--	₱41,829,963	₱1,427,175,398		
Buildings and improvements	86,824,477	--	3,628,141	90,452,618		
Furniture, fixtures and equipment	69,830,365	2,564,947	546,788	72,942,100		
Land improvements	42,026,215	--	5,456,676	47,482,891		
Transportation equipment	26,602,839	21,161	--	26,624,000		
Communication and utility systems	16,906,942	43,571	--	16,950,513		
Roads and bridges	12,350,552	--	--	12,350,552		
Agricultural machinery and equipment	384,709	2,300,000	--	2,684,709		
	1,640,271,534	4,929,679	51,461,568	1,696,662,781		
Less accumulated depreciation and amortization:						
Machinery and equipment	1,116,481,770	45,174,454	--	1,161,656,224		
Buildings and improvements	69,246,434	2,242,715	--	71,489,149		
Furniture, fixtures and equipment	61,699,084	3,205,635	--	64,904,719		
Land improvements	38,593,111	64,063	--	38,657,174		
Transportation equipment	24,534,453	725,089	--	25,059,542		
Communication and utility systems	15,664,290	140,227	--	15,804,517		
Roads and bridges	12,006,440	296,794	--	12,303,234		
Agricultural machinery and equipment	383,579	267,178	--	650,757		
	1,338,409,161	52,116,155	--	1,390,525,316		
Construction in-progress	4,774,500	56,406,687	(51,461,568)	9,719,619		
	₱306,636,873	₱315,857,084	--	₱315,857,084		

During 2015, the Group has written off fully depreciated properties not used in operation. Total cost of property, plant and equipment written off during the year amounted to ₱187.3 million.

Land at Revalued Amount

The fair value of land as at June 30, 2015 and 2014 amounted to ₱685.7 million and ₱1,976.0 million, respectively. The fair value, categorized as Level 3, is based on valuations determined by an independent appraiser, accredited by the SEC, as of June 30, 2015 and 2014. The valuation models used by the appraiser are in accordance with that recommended by the International Valuation Standards Council. The current use of the land is its highest and best use.

The fair value of the land is determined using the market data (direct sales comparison) approach. Under this approach, a property's fair value is estimated based on comparing prices paid for comparable properties sold in the market against the subjected property. The weight given to this approach is dependent on the availability of recent confirmed sales of properties considered comparable to the property under appraisal. These sold properties are compared to the subject in key units of comparison. Appropriate adjustments are made for differences between the subject and the comparables, resulting in adjusted sales values for each of the comparable. These adjusted values are then reconciled for a value conclusion by the sales comparison approach.

On September 18, 2014, the Company sold parcels of land, with total land area of 164.0 square meters, to a related party (see Note 26) with a total consideration of ₱65.6 million. The carrying value of the land sold amounted to ₱65.6 million with related revaluation increment net of tax of ₱45.4 million.

Movements in this account are summarized below:

	2015	2014
At beginning of year	₱1,976,000,000	₱1,757,000,000
Reclassification to investment property (Note 16)	(1,486,398,150)	-
Sale of land	(65,599,600)	-
Revaluation increment during the year	261,697,750	219,000,000
At end of year	₱685,700,000	₱1,976,000,000

The new management, following its strategic direction to improve factory efficiency and productivity, has released the previously earmarked land for expansion. As a result, such land area is no longer required for cane milling and sugar refinery operations. Therefore, it was deemed necessary to reclassify the said property to be held for capital appreciation to make it available for future use that has yet to be determined. The Parent Company reclassified land with a revalued amount of ₱1,357.4 million from *Property Plant and Equipment* to *Investment Property* due to the change in the use of the property as approved by the BOD.

The fair value as of June 30, 2015, which is the date of change in use, amounted to ₱1,357.4 million. This will be the cost of investment property as of June 30, 2015.

Movements in the revaluation increment, net of tax, recognized directly in equity are as follows:

	2015	2014
At beginning of year	₱1,365,157,402	₱1,211,857,402
Revaluation increment during the year	429,966,571	153,300,000
Sale of land	(45,418,723)	-
At end of year	₱1,749,705,250	₱1,365,157,402
Attributable to:		
Property, plant and equipment	₱626,115,747	₱1,365,157,402
Investment property	1,123,589,502	-

Deferred tax liability on revaluation increment as of June 30, 2015 and 2014 amounted to ₱268.3 million and ₱585.1 million, respectively (see Note 27). Revaluation increment in 2015 includes adjustment to deferred tax liability amounting to ₱375.8 million as a result of classifying certain land from *Property Plant and Equipment* to *Investment Property* (see Note 16).

Real properties included under *Property Plant and Equipment* and *Investment Property* with aggregate carrying value of ₱2,043.1 million and ₱1,976.0 million as at June 30, 2015 and 2014, respectively, are used as collateral to secure the Company's notes payable (see Note 20).

**16. Investment Property**

As discussed in Note 15 to the financial statements, the new management, following its strategic direction to improve factory efficiency and productivity, has released the previously earmarked land for expansion. As a result, such land area is no longer required for cane milling and sugar refinery operations. Therefore, it was deemed necessary to reclassify the said property to be held for capital appreciation to make it available for future use that has yet to be determined. The Parent Company reclassified land with a revalued amount of ₱1,357.4 million from *Property Plant and Equipment* to *Investment Property* due to the change in the use of the property as approved by the BOD.

The fair value as of June 30, 2015, which is the date of change in use, amounted to ₱1,357.4 million. This will be the cost of investment property as of June 30, 2015.

The fair value, categorized as Level 3, is based on valuations determined by an independent appraiser, accredited by the SEC, as of June 30, 2015. The valuation models used by the appraiser are in accordance with that recommended by the International Valuation Standards Council. The current use of the land is its highest and best use.

The fair value of the land is determined using the market data (direct sales comparison) approach. Under this approach, a property's fair value is estimated based on comparing prices paid for comparable properties sold in the market against the subjected property. The weight given to this approach is dependent on the availability of recent confirmed sales of properties considered comparable to the property under appraisal. These sold properties are compared to the subject in key units of comparison. Appropriate adjustments are made for differences between the subject and the comparables, resulting in adjusted sales values for each of the comparables. These adjusted values are then reconciled for a value conclusion by the sales comparison approach.

**17. Other Noncurrent Assets**

This account consists of:

	2015	2014
Deferred charges	₱14,238,382	₱6,260,354
Recoverable deposits	4,827,458	2,694,599
Others	751,740	-
	<b>₱19,817,580</b>	<b>₱8,954,953</b>

Deferred charges are accumulated charges incurred for Las Haciendas de Luisitas (LHDL) such as security, repairs and maintenance, and power among others. Annual Dues collected from homeowners and collections from use of LHDL facilities is credited to this account. Recoverable deposits are advances to contractors and suppliers for items incidental to their service

such as electric meters for electricity provider.

**18. Trade and Other Payables**

This account consists of:

	2015	2014
Trade payables	₱186,501,088	₱189,736,797
Accruals:		
Freight and transportation	28,927,738	32,576,373
Interest and penalties	21,278,141	8,212,469
Spare parts, supplies and inventory cost	21,880,631	24,210,558
Taxes	9,634,081	2,075,106
Repairs and maintenance	9,776,644	12,148,226
Professional fees	3,450,000	5,920,000
Salaries, wages and other benefits	1,187,259	7,553,060
Management fees and bonus	-	11,224,302
Others	18,379,840	18,607,484
Advances from related parties (see Note 26)	196,399,085	-
Advances from Hacienda Luisita, Inc. (HLI)	252,600,116	-
Advances from J.C. Enterprises, Inc. (JCE)	53,867,782	-
Advances from Stockholders	-	17,683,888
Customers' advances	2,810,789	3,586,464
Other payables	10,087,489	23,201,591
	816,780,683	356,736,318
Less noncurrent portion	-	35,368,649
	<b>₱816,780,683</b>	<b>₱321,367,669</b>

Trade payables are noninterest-bearing and generally settled or have a 30 days term. As at June 30, 2015, all trade payables are current and expected to be paid within one year period. Remaining portion of restructured payables to utility providers, amounting to ₱36.3 million including interests, is due on June 30, 2016. These payables bear interest at an annual rate of 7.2%. Outstanding noncurrent balance as of June 30, 2015 and 2014 amounted to nil and ₱35.4 million, respectively.

Accruals are settled throughout the financial year.

Terms and conditions of due to related parties are discussed in Note 26.

Prior to acquisition of Parent Company's majority shares, the Group availed of advances from HLI and JCE which are non-interest bearing and with no collaterals.

Customers' advances represent payments received in advance by the Group for the delivery of denatured alcohol in the next fiscal year.

Other payables consist of various immaterial account balances.



**19. Deposits**

	2015	2014
This account consists of:		
Customers' deposits	₱3,930,438	₱-
Construction deposits	1,862,615	-
	<b>₱5,793,053</b>	<b>₱-</b>

Customers' deposits consists of advances for water meter deposits from locators, tenants and homeowners and advances made by the lot owners in transferring the titles to them to be liquidated once the transaction has been made.

Construction deposits pertain to advances made by the contractor for the construction of facilities in LIP and houses in LHDL.

**20. Notes Payable**

	2015	2014
This account consists of:		
Local banks	₱2,172,197,069	₱349,843,478
Related parties (see Note 26)	-	15,000,000
Others	70,349,932	51,500,000
	<b>2,242,547,001</b>	<b>416,343,478</b>
Less current portion	185,344,935	327,676,811
	<b>₱2,057,202,066</b>	<b>₱88,666,667</b>

*Notes payable to local banks*

On October 15, 2014, the Parent Company obtained a long-term interest-bearing loan from a local bank amounting to ₱2,100 million. Net proceeds from the loan amounted to ₱2,068.0 million and transaction costs incurred amounted to ₱32.0 million which will be amortized throughout the term of the loan using the effective interest rate method. The principal of the loan will be repaid in five equal annual installments amounting to ₱21.0 million starting on July 15, 2015 until July 15, 2019 and the remaining balance to be paid on October 14, 2019. The loan is equally divided into two series amounting to ₱1,050.0 million each for purposes of interest computation. Series A will incur an interest of 5.25% per annum or PDST-R1 on the interest selling date plus a spread of 137 basis points, whichever is higher. Series B will incur an interest of 4.0% per annum or the prevailing BSP Overnight Repurchase Rate on the interest selling date plus a spread of 25 basis points, whichever is higher. As of June 30, 2015, the interest expense related to this loan amounted to ₱79.5 million, including amortization of the transaction cost amounting to ₱4.1 million. The carrying value of this loan as of June 30, 2015 is ₱2,072.2 million and the unamortized transaction cost amounted to ₱27.9 million.

On May 18, 2015, the Parent Company obtained a short-term interest-bearing loan from a local bank amounting to ₱100.0 million and will mature on November 11, 2015. The loan will incur an interest to be paid monthly at 4.25% per annum for the first 31 days and will be repriced based on the prevailing market interest rate every 30 to 180 days thereafter as agreed by the parties. As of June 30, 2015, interest expense on this loan amounted to ₱0.5 million.

In 2014, the Parent Company availed short-term loans for working capital requirements with market interest rates ranging from 7.0% to 9.0% from local banks with an aggregate amount of ₱674.0 million. In 2015, the Parent Company availed additional short-term loans from these local banks amounting to ₱40.0 million. As of June 30, 2015, the Parent Company has settled all the outstanding loan balances from these banks totaling ₱289.0 million, including the outstanding balance as of June 30, 2014 amounting to ₱249.0 million. Loan repayments made in 2014 on these loans amounted to ₱594.5 million. Interest expense on these short-term loans amounted to ₱6.4 million in 2015, ₱22.2 million in 2014 and ₱16.3 million in 2013.

Part of the short-term loans availed in 2014 include a one-year credit facility amounting to ₱60.0 million with market interest ranging from 7.2% to 8.2%. The credit facility expired on May 22, 2015. The said loans are secured by a first mortgage on the real properties of TDC, a related party prior to Parent Company's reorganization. TDC also acts as a surety to the said loans to the extent of ₱50.0 million.

In 2013, the Parent Company availed a long-term loan from a local bank amounting to ₱60.0 million with interest rate of 5.0%, subject to quarterly repricing, for capital expenditures. The principal is to be paid in 30 equal monthly installments every January to June beginning 2013. In 2015, the Parent Company has settled in full the outstanding balance on this loan amounting to ₱36.0 million as of June 30, 2014. Loan repayments made in 2014 amounted to ₱12.0 million. Interest expense amounted to ₱0.2 million in 2015, ₱2.4 million in 2014 and ₱1.2 million in 2013.

The Parent Company also has a long-term loan from a local bank obtained in 2011 amounting to ₱65.0 million with interest rate of 7.5% for capital expenditures. The principal is to be paid monthly every January to June beginning 2014 until 2016. In 2015, the Parent Company has fully settled the outstanding balance on this loan amounting to ₱49.8 million as of June 30, 2014. Loan repayments in 2014 on this loan amounted to ₱15.2 million. Interest expense amounted to ₱0.4 million in 2015, ₱4.6 million in 2014 and ₱4.9 million 2013.

The Parent 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. In 2015, the Parent Company has fully settled the outstanding obligation on this loan amounting to ₱15.0 million as of June 30, 2014. Loan repayments made in 2014 amounted to ₱10.0 million. Interest expense amounted to ₱0.4 million in 2015, ₱1.5 million in 2014 and ₱2.2 million in 2013.
- Obligation amounting to ₱80.0 million was converted to term loans payable with floating interest rate set by the bank. In 2014, the Parent Company has fully settled the outstanding obligation amounting to ₱24.0 million as of June 30, 2013. This is covered by deeds of assignments on a portion of the proceeds of the Parent Company's share in sugar production and certificates of proprietary shares of stock with market value aggregating ₱175.1 million as at June 30, 2013. Interest expense on this loan amounted to ₱0.6 million in 2014 and ₱2.8 million in 2013.

All outstanding notes payable are secured by mortgage participation certificates under an Amended Mortgage Trust Indenture under the custody of a local bank trustee. This indenture covers real properties with carrying value of ₱2,043.1 million as at June 30, 2015 (see Note 15) and all of the Parent Company's outstanding common shares acquired by CRAHI and Luisita Golf and Country Club, Inc. proprietary shares held by the Parent Company.

Scheduled maturities of Parent Company's bank loans are as follows:

Fiscal year	Amount
2016	₱121,000,000
2017	21,000,000
2018	21,000,000
2019	21,000,000
2020	2,016,000,000
	₱2,200,000,000

Notes facility agreements provide certain restrictions and requirements principally with respect to maintenance of required financial ratios and material changes in membership and control.

The Group's capital management policies ensure that the Group is able to meet financial covenants attached to interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

*Notes payable to related parties*

Notes payable to related parties are exempt commercial papers registered with the SEC with fixed interest rate ranging from 8% to 10%. These notes are generally for a period of 180 to 360 days. Balance of ₱15.0 million as at June 30, 2014 has been fully paid as of June 30, 2015. Interest expense amounted to ₱0.3 million in 2015, ₱2.1 million in 2014 and ₱1.8 million in 2013.

During the year, First Lucky Holdings Corp. (FLHC) provided a loan amounting to ₱58.0 million to the Parent Company for the settlement of loans with Mortgage Trust Indentures (MTI). The loan to FLHC was fully settled as at June 30, 2015. Interest expense for the period amounted to ₱0.7 million.

*Other notes payable*

Other notes payable include borrowings from the Philippine Sugar Corporation (Philsucor) as follows:

- A short-term loan amounting to ₱50.0 million obtained on July 21, 2014 with fixed annual interest rate of 6.0% and is payable in two semi-annual installments. The loan was fully settled on October 9, 2014. Interest expense on this loan amounted to ₱0.2 million in fiscal year 2015.
- A short-term loan amounting to ₱33.0 million obtained in July 2013 with fixed annual interest rate of 8.0% and is payable in two semi-annual installments. The loan was fully settled on October 9, 2014. Loan repayments made in fiscal year 2014 amounted to ₱16.5 million and outstanding balance as at June 30, 2014 amounted to ₱16.5 million. Interest expense amounted to ₱0.2 million in 2015 and ₱2.0 million in 2014.
- A long-term loan amounting to ₱50.0 million on in October 2012 with fixed annual interest rate of 9.0% and is payable in semi-annual instalments for five years until October 2017. The loan was fully settled on October 9, 2014. Loan repayments made in fiscal year 2014 amounted to ₱10.0 million and the outstanding balance on the loan as at June 30, 2014 amounted to ₱35.0 million. Interest expense on this loan amounted to ₱1.1 million in 2015, ₱4.5 million in 2014 and ₱3.1 million in 2013.

- A short-term loan amounting to ₱50.0 million obtained in February 2011 with fixed annual interest rate of 10.0% payable semi-annually. The outstanding balance as of June 30, 2013 amounting to ₱8.3 million was fully settled in fiscal year 2014. Interest expense amounted to ₱0.6 million in 2014 and ₱2.4 million in 2013.

Other notes payable also includes the Subsidiary's outstanding promissory notes amounting to ₱70.3 million as of June 30, 2015. The notes are for a period of one year with a fixed interest rate of 4%. Interest expense amounted to ₱5.6 million.

## 21. Costs of Goods Sold

This account consists of:

	2015	2014	2013
Salaries, wages, bonuses and other benefits	₱151,493,141	₱168,517,459	₱167,591,505
Repairs and maintenance	102,094,089	151,657,686	155,783,712
Inventory costs, spare parts, and supplies	67,629,205	15,972,756	47,803,929
Depreciation and amortization	48,542,872	46,293,357	51,626,220
Freight and transportation	43,873,639	53,999,690	66,661,263
Security and outside services	18,714,943	25,259,454	19,970,185
Retirement (see Note 25)	12,172,602	8,132,676	6,156,539
Power and steam	6,506,516	6,078,431	7,239,628
Insurance	3,984,624	4,371,505	3,750,007
Taxes and licenses	2,891,902	5,023,180	4,797,884
Others	19,574,956	26,502,157	23,172,164
	<b>₱477,478,489</b>	<b>₱511,808,351</b>	<b>₱554,553,036</b>

## 22. Costs of Tolling Services

This account consists of:

	2015	2014	2013
Power and steam	₱43,319,640	₱42,712,176	₱52,031,773
Salaries, wages, bonuses and other benefits	24,355,192	26,654,814	27,133,583
Repairs and maintenance	20,671,416	32,140,821	27,975,264
Spare parts and supplies	9,571,390	6,443,978	7,049,481
Freight and transportation	5,471,332	5,373,606	4,957,982
Retirement (see Note 25)	2,875,884	1,435,178	1,169,981
Taxes and licenses	2,240,753	1,589,232	1,804,600
Depreciation and amortization	2,098,473	2,877,610	2,942,131
Insurance	962,716	1,227,607	758,890
Others	1,128,949	1,215,737	1,242,535
	<b>₱112,695,745</b>	<b>₱121,670,759</b>	<b>₱127,066,220</b>

**23. Cost of Industrial Services**

The cost of industrial services pertains to the services rendered by the Subsidiary. This account consists of:

	2015
Power and steam	₱3,389,029
Repairs and maintenance	2,769,963
Security and outside services	1,904,573
Depreciation and amortization	1,844,097
Salaries, wages, bonuses and other benefits	1,374,339
Materials	486,712
Taxes and licenses	167,573
Retirement (see Note 25)	120,106
Others	110,093
	<b>₱12,166,485</b>

**24. Operating Expenses**

This account consists of:

	2015	2014	2013
Salaries, wages and other benefits	₱37,061,706	₱41,588,274	₱38,146,057
Taxes and licenses	21,033,253	3,152,797	13,774,974
Professional fees	18,726,355	17,877,843	9,887,389
Transportation and travel	13,948,608	25,699,391	19,573,273
Security and janitorial services	11,561,531	14,424,770	12,934,257
Rentals (see Note 28)	5,355,660	8,485,798	6,641,899
Retirement (see Note 25)	3,131,726	2,167,188	1,538,607
Entertainment, amusement and recreation	2,689,492	4,979,147	8,391,829
Depreciation and amortization	2,582,698	2,945,188	2,198,244
Repairs and maintenance	2,383,291	8,475,530	2,515,896
Management fees and bonuses	1,978,138	18,454,002	17,150,716
Light and water	1,646,030	3,244,321	3,217,713
Dues and advertisements	1,050,710	687,635	440,102
Postage, telephone and telegram	968,424	1,380,608	1,334,132
Provision for doubtful accounts	919,498	-	25,550
Bank charges	728,709	303,067	348,521
Others	3,454,055	3,234,726	19,527,079
	<b>₱129,219,884</b>	<b>₱157,100,285</b>	<b>₱157,646,238</b>

**25. Retirement Asset**

The Parent Company maintains a tax-qualified, funded, noncontributory defined benefit retirement plan covering substantially all of its permanent employees. The Subsidiary however, provides for estimated retirement benefits required to be recognized under Republic Act (RA) No. 7641 to

qualified employees. The benefits are based on years of service and compensation during the latest year of employment. The latest retirement valuation was made as at June 30, 2015.

The fund is administered by Luisita Trust Fund (LTF), a related party, under the supervision of LTF's Board of Trustees. The Board of Trustees defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes into account the plans' objectives, benefit obligations and risk capacity.

The defined benefit retirement plan meets the minimum retirement benefit specified under R. A. No. 7641, Retirement Pay Law.

In May 2015, the Parent Company under the new owners and management reduced its headcount. Total amount paid by the Parent Company in relation to the manpower reduction amounted to ₱355.0 million.

<u>Net Retirement Expense</u>	2015	2014	2013
Current service cost	₱7,208,395	₱7,404,794	₱6,251,300
Settlement cost	20,875,989	-	-
Interest cost	7,505,831	7,313,682	7,793,100
Interest income	(17,289,897)	(2,983,434)	(5,179,273)
	<b>₱18,300,318</b>	<b>₱11,735,042</b>	<b>₱8,865,127</b>

<u>Retirement Asset</u>	2015	2014
Fair value of plan assets	₱180,607,176	₱348,586,637
Present value of defined benefit obligations	(26,539,701)	(150,317,181)
Effect of asset ceiling	-	(8,459,627)
Net retirement asset	<b>₱154,067,475</b>	<b>₱189,809,829</b>

<u>Changes in the Present Value of Defined Benefit Obligation</u>	2015	2014
Balance at beginning of year	₱150,317,181	₱158,456,000
Acquisition of subsidiary LLC	1,411,786	-
Interest cost	7,505,831	7,313,682
Current service cost	7,208,395	7,404,794
Benefits paid	-	(18,164,264)
Effect of curtailment	(135,115,265)	-
Actuarial loss (gain):		
Experience adjustments	(9,881,984)	659,606
Changes in financial assumptions	5,416,562	(5,352,637)
Reversals	(322,805)	-
Pension benefit obligation at end of year	<b>₱26,539,701</b>	<b>₱150,317,181</b>

Changes in the Fair Value of Plan Assets

	2015	2014
Beginning balances	₱348,586,637	₱64,576,500
Interest income included in interest cost	17,289,897	2,983,434
Actual return excluding amount included in interest cost	(29,278,104)	271,843,997
Contributions	-	27,346,970
Net benefits paid	(155,991,254)	(18,164,264)
Fair value of plan assets at end of year	₱180,607,176	₱348,586,637

Remeasurement Effects Recognized in OCI

	2015	2014
Actuarial gain	₱4,465,423	₱4,693,031
Return on assets excluding amount included in net interest cost	(29,278,104)	271,843,997
Effect of asset ceiling	8,459,625	(8,459,627)
Amount recognized in OCI	(₱16,353,056)	₱268,077,401

Changes in Net Amount Recognized in OCI

	2015	2014
Net amount recognized in OCI, beginning	₱128,780,515	(₱58,873,666)
Amount recognized during the period - net of tax effect	(11,447,274)	187,654,181
Net amount recognized in OCI, ending	₱117,333,241	₱128,780,515

The fair value of the Parent Company's plan assets by each class as at the end of the reporting period are as follows:

	2015	2014
<b>Assets</b>		
Cash in banks and cash equivalents	₱14,427,179	₱4,445,825
Investments in shares of stocks	426,104,280	344,140,811
Office equipment - net	1	1
	440,531,460	348,586,637
<b>Liabilities</b>		
Payable to CAT	258,649,685	-
Payable to LLC	1,065,561	-
Accrued expenses	173,019	-
Withholding tax payable	36,019	-
	259,924,284	-
	₱180,607,176	₱348,586,637

Cash equivalents are short-term deposits made for varying periods up to three months and are not subject to significant credit risk and changes in value. Investments in shares of stocks consist of the Parent Company's shares which are traded in the PSE. The fund owns 16.76% or 4,734,492 common shares of stocks of the Parent Company. The Chief Executive Officer of the Parent Company and Chairman of the Board of Trustee of the fund, represents the fund and

exercises the voting right over the shares owned by the fund. The Parent Company's shares of stock were listed in the PSE on April 12, 1977. There was no active trading on the Parent Company's outstanding shares in the PSE until the SEC issued an order on January 29, 2014 lifting the order of suspension made in 2010 in relation to the registration of and permit to sell the said securities. These investments are revalued based on quoted prices at closing dates. As of June 30, 2015 and June 30, 2014, the quoted prices of the Parent Company's shares were ₱89.2 per share and ₱78.0 per share, respectively. The fund recognized gains arising from its investment in the equity securities of the Parent Company amounting to ₱82.0 million in 2015 and ₱287.7 million in 2014.

The effect of the asset ceiling is as follows:

	2015	2014
(1) Net assets	₱155,302,481	₱198,269,456
(2) Present value of available refund	155,302,481	189,809,829
(3) Asset limit to be recognized in the financial position [lower of (1) and (2)]	155,302,481	189,809,829
Unrecognized asset due to asset limit	₱-	₱8,459,627

The principal actuarial assumptions used for Parent Company are as follows:

	2015	2014
Future salary increase rate	3.00%	3.00%
Discount rate	4.59%	4.96%
Turnover rate	A scale ranging from 1% at age 20 to 0% at age 50	A scale of 1% at age 20 decreasing to 0% at age 50
Average working lives (in years)	16	18

The principal actuarial assumptions used for the Subsidiary are as follows:

	2015
Future salary increase rate	3.33%
Discount rate	4.63%
Turnover rate	A scale of 26% at age 20 decreasing to 0% at age 50
Average working lives (in years)	11

Mortality rate is based on the 1994 Group Annuity Mortality Table for 2014.

The discount rate used is a single weighted average rate based on bootstrapped Philippine Dealing System Treasury Reference Rates (PDST-R2) at various tenors as of June 30, 2015. Rates for intermediate durations were interpolated. The rates were then weighted by the expected benefit payments at those durations to arrive at the single weighted average discount rate.

The turnover rate represents the proportion of current plan members who will resign from service prior to their retirement date and hence be entitled to resignation benefits instead of retirement benefits.



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

<u>Significant Assumptions</u>	<u>Defined Benefit Obligation</u>
<u>Discount rate</u>	
Increase of 1%	(₱23,945,898)
Decrease of 1%	29,497,384
<u>Future salary increase rate</u>	
Increase of 1%	29,444,482
Decrease of 1%	(₱23,941,277)

The overall investment policy and strategy of the defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risk of the plans.

The Parent Company does not expect to make additional contributions to the defined benefit plan in 2015 since the plan is on a net asset position.

The average duration of the defined benefit obligation is 15.4 years and 20 years as of June 30, 2015 and 2014, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments:

Plan Year	<u>Expected Benefit Payments</u>		
	Normal Retirement	Other than Normal Retirement	Total
Less than 1 year	₱-	₱258,296	₱258,296
More than 1 year to 5 years	2,531,024	1,767,683	4,298,707
More than 5 years to 10 years	6,881,774	4,249,289	11,131,063
More than 10 years to 15 years	37,514,374	4,917,471	42,431,844
More than 15 years to 20 years	11,331,715	632,241	11,963,956
More than 20 years	₱16,888,210	₱2,730,686	₱19,618,896

**26. Related Party Transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related party 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, 2015 and 2014, the Group 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 Group, in the normal course of business, has transactions with related parties.

Significant transactions with related parties are summarized below:

	Year	Amount/ Volume	Outstanding Balance Receivables (Payables)	Terms	Conditions
<b>Shareholders of the Parent Company</b>					
Receivables	2015	₱75,458,098	₱75,458,098	Net settlement; no interest	Unsecured, no impairment
Payables	2015	15,399,085	(15,399,085)	Net settlement; no interest	Unsecured, no impairment
<b>Parent Company</b>					
Receivables	2015	208,563,759	208,563,759	Net settlement; no interest	Unsecured, no impairment
Payables	2015	181,000,000	(181,000,000)	Net settlement; no interest	Unsecured, no impairment
<b>Trust Fund</b>					
Receivables	2015	259,715,247	259,715,247	Net settlement; no interest	Unsecured, no impairment
<b>Other Related Party</b>					
Rentals	2015	2,523,227	-	Operating lease, payable monthly in advance	-
<b>Stockholders, Directors and Officers</b>					
Receivables	2015	13,251,039	3,280,904	Non-interest bearing	Unsecured, with impairment
	2014	6,211,175	10,289,519	-	-
Interest expense/ Payables	2015	-	-	Compounding interest at 10%	Unsecured
	2014	1,627,899	(17,683,888)	-	-

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

- a. The Parent Company sold land to North Star Estate Holdings, Inc (NSEH) (see Note 15) and provided advances for working capital requirements resulting to a receivable from NSEH amounting to ₱75.5 million as of June 30, 2015.
- b. As of June 30, 2015, the Parent Company has advances from FLHC amounting to ₱15.4 million.

- c. The Parent Company also provided advances to CRAHI for working capital requirements and for the Subsidiary's settlement of promissory note due to its previous shareholders resulting to a receivable from CRAHI amounting to ₱208.6 million.
- d. The Subsidiary has advances from CRAHI for the settlement of the promissory notes due to its previous shareholders amounting to ₱181.0 million.
- e. The Group made advances to LTF to partially fund the manpower reduction program amounting to ₱259.7 million.
- f. The Parent Company entered into a lease agreement with First Lucky Property Corporation (FLPC) for the transfer and lease of its corporate office commencing December 1, 2014 for a period of one year.
- g. Receivables from directors and employees represent loans and cash advances made by the Group for business expenses that are anticipated to be incurred by the employee, director, or officer in behalf of the Group.

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

Compensation of Key Management Personnel

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

	2015	2014	2013
Short-term employee benefits	₱13,665,194	₱10,119,311	₱10,119,311
Post-employment benefits	5,639,388	7,142,442	7,142,442
	<b>₱19,304,582</b>	<b>₱17,261,753</b>	<b>₱17,261,753</b>

**27. Income Taxes**

The components of the Group's recognized deferred tax assets (liabilities) are as follows:

	2015	2014	2013
Deferred tax assets:			
Unamortized portion of past service costs	₱15,662,396	₱18,303,276	₱14,308,465
Allowance for doubtful accounts	1,118,501	2,346,524	10,096,708
Accruals	1,672,891	-	-
Allowance for inventory obsolescence	2,159,162	2,159,162	2,159,162
	<b>20,612,950</b>	<b>22,808,962</b>	<b>26,564,335</b>
Deferred tax liabilities:			
Real estate held for sale and development	79,186,027	-	-
Revaluation increment on PPE	268,335,320	585,067,458	519,367,458
Retirement asset	46,590,744	56,942,949	-
	<b>394,112,091</b>	<b>642,010,407</b>	<b>519,367,458</b>
Net deferred tax liabilities	<b>(₱373,499,141)</b>	<b>(₱619,201,445)</b>	<b>(₱492,803,123)</b>

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

	2015	2014	2013
Income tax on income before tax	<b>₱66,129,152</b>	₱50,253,318	₱44,411,042
Income tax effects of:			
Nondeductible expenses	<b>3,170,907</b>	7,786,192	9,913,455
Interest income already subjected to final tax	<b>(298,660)</b>	(94,148)	(177,722)
Unallowable portion of interest expense	<b>112,363</b>	39,126	73,311
Dividend income	<b>-</b>	(14,821)	-
Effect of change in unrecognized deferred tax assets	<b>8,522,012</b>	(11,705,122)	(45,129,459)
Nontaxable income	<b>(1,415,727)</b>	-	-
Others	<b>-</b>	-	2,408,087
	<b>₱76,220,047</b>	₱46,264,545	₱11,498,714

The Group has deductible temporary differences that are available for offset against future taxable income or income tax payable for which deferred tax assets have not been recognized. These deductible temporary differences are as follows:

	2015	2014
Carryforward benefits of NOLCO	<b>₱137,366,639</b>	₱190,808,724
Allowance for doubtful accounts	<b>3,908,206</b>	8,439,142
MCIT	<b>3,254,782</b>	2,936,409
Accrual for retirement benefits	<b>1,235,006</b>	1,411,786
Others	<b>138,957</b>	138,957
	<b>₱145,903,590</b>	₱203,735,018

The Subsidiary has available NOLCO which can be carried over and applied against taxable income tax and MCIT which can be claimed as credit against the RCIT.

The following table summarizes the movements in NOLCO and MCIT:

**NOLCO**

Period of Recognition	Availment Period	Amount	Applied	Expired	Balance
2012	2013-2015	₱93,818,755	₱-	₱93,818,755	₱-
2013	2014-2016	96,989,969	-	-	96,989,969
2015	2016-2017	40,376,670	-	-	40,376,670
		<b>₱231,185,394</b>	<b>₱-</b>	<b>₱93,818,755</b>	<b>₱137,366,639</b>

MCT

Period of Recognition	Availment Period	Amount	Applied	Expired	Balance
2012	2013-2015	₱249,779	₱-	₱249,779	₱-
2013	2014-2016	247,578	-	-	247,578
2014	2015-2017	2,439,052	-	-	2,439,052
2015	2016-2018	568,152	-	-	568,152
		₱3,504,561	₱-	₱249,779	₱3,254,782

28. Agreements

Milling Agreements

The Parent Company's milling agreements with various planters provide for a 67.0% and 33.0% sharing between the planters (including related parties) and the Parent 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 Parent Company holds the sugar stock of the planters and traders for safekeeping. The following table summarizes the sugar obligations of the Parent Company to planters and traders:

	2015	2014
<b>Raw Sugar</b>		
Planters	26,082 Lkg	269,822 Lkg
Traders	1,359	16,754
<b>Refined sugar – traders</b>	348,167	119,621

Supply Agreement

The Parent 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 related to this agreement were received by the Parent Company. Because of the labor problem that severely affected the Parent Company's operations, the Parent 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. The Parent Company recognized interest and penalties from non-delivery of refined sugar and rectified fine alcohol aggregating to ₱245.7 million in 2012.

On December 20, 2012, the Parent Company's BOD approved the agreement to settle the Parent Company's outstanding customer deposits. On December 21, 2012, the Parent Company and its related party, JCSI, entered into an agreement with the customer 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 Parent 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 ₱1,063.7 million as at June 30, 2014. However, as part

of the MOA, JCSI has settled its outstanding obligation amounting to ₱995.0 million last October 2014. As such, the Parent Company's financial guarantee is extinguished as of that date.

Lease Agreement

During the year, the Parent Company transfers its main office and entered into an operating lease agreement with FLPC effective from December 1, 2014 to November 30, 2015 (see Note 26). The lease contract includes a clause for the extension of the lease term for an additional period of three years at the option of the lessee. The Parent Company paid advance rental and security deposit amounting to ₱0.85 million and ₱0.76 million respectively. Rental expense recognized in the consolidated statement of income amounted to ₱2.8 million in 2015.

The Parent Company's previous lease agreement with JCE was renewed during the year effective January 1, 2014 until December 31, 2014. Rent expense charged to operations amounted to ₱2.5 million in 2015 and ₱8.5 million in 2014.

Labor Agreement

In November 2011, the Memorandum of Agreement between the Parent Company and union 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 the 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. The 2011-2016 CBA, however, became inoperative upon retirement of all employees in Tarmac, consisting of managers, supervisors, and rank and file, including all members of the bargaining unit, under the Parent Company's manpower reduction program which took effect in May 2015.

**29. Capital Stock, Treasury Shares, and Earnings per Share**

Capital Stock

The authorized capital stock of the Parent Company is 40.0 million shares as at June 30, 2015 and June 30, 2014, with par value of ₱10 per share. The Parent Company's shares of stock were listed in the PSE on April 12, 1977. There was no active trading on the Parent Company's outstanding shares in the PSE until the SEC issued an order on January 29, 2014 lifting the order of suspension made in 2010 in relation to the registration of and permit to sell the said securities.

The total number of shareholders is 409 and 638 as at June 30, 2015 and June 30, 2014, respectively.

Basic/diluted Earnings Per Share

The basic/diluted earnings per share for the years ended June 30, 2015 and June 30, 2014 are computed as follows:

	2015	2014	2013
Net income (a)	₱144,210,459	₱121,246,517	₱136,538,092
Weighted average number of shares (b):			
Issued shares	28,254,596	28,254,596	28,254,596
Less treasury shares	720	720	720
	<u>28,253,876</u>	<u>28,253,876</u>	<u>28,253,876</u>
Basic/diluted earnings per share (a/b)	<u>₱5.10</u>	<u>₱4.29</u>	<u>₱4.83</u>

The Group has no dilutive potential ordinary shares; hence the diluted earnings per share are the same as the basic earnings per share.

There are 720 shares that are in the treasury amounting to ₱7,200 as of June 31, 2015 and 2014. There are no movements in the Group's treasury shares in 2015 and 2014.

### 30. Notes to Statements of Cash Flows

In June 2014, the Parent Company settled its due from and due to related party balances amounting to ₱226.3 million as approved by the Parent Company's Board of Directors on June 30, 2014 (see Note 26).

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

### 31. Fair Value Measurement and Financial Instruments

The following table provides the fair value measurement hierarchy of the Group's assets that are carried at fair value as of June 30, 2015:

Assets Measured at Fair Value Property, plant and equipment Land Investment property AFS financial assets - quoted	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	₱-	₱-	₱685,700,000	₱685,700,000
	-	-	1,357,400,000	1,357,400,000
	103,517,560	-	-	103,517,560
	₱103,517,560	₱-	₱2,043,100,000	₱2,146,617,560

The following are the relevant information and assumptions used in determining the fair value of land as of June 30, 2015:

- *Weighted average value per sq. m.* This pertains to the weighted average ask price of land per square meter based on the listing prices of comparable properties after the effect of adjustments relating to restrictions and the easement on the fair value measurement of the land.
- *Conditions on sale of comparable properties.* This pertains to the effect of restrictions or conditions that are present in contracts of sale relating to the comparable properties.
- *Physical adjustments.* These pertain to adjustments relating to the superiority or inferiority of the Company's land as regards location, shape, topography, size, zoning, amenities, and easement for access and utility lines.

The table below summarizes the foregoing statements. It also presents the unobservable inputs used by management in assessing the fair value of land categorized as Level 3. Management believes that this information is beneficial in evaluating the fair value of the land.

	Amount or Percentage of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Unobservable Inputs		
Weighted average value per sq. m.	₱300 to ₱2,253	The higher the value, the higher the fair value
Conditions on sale of comparable properties	20.0%	The more onerous the conditions in contract of sale of comparable properties, the higher the fair value
Physical Adjustments	53.0%	The superiority of the quality of the Company's land, the higher the fair value

Fair value of all other assets and liabilities approximates their carrying values as of June 30, 2015 and are disclosed in their respective notes. Below are the descriptions of the Company's financial instruments that are carried in the financial statements as at June 30, 2015 and 2014.

Cash and Cash Equivalents, 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 carrying value of notes payable with variable interest rates approximates their fair value because of semi-annual or quarterly resetting of interest rate based on market conditions. The fair values of notes payable with fixed interest rates based on Level 1 are determined using the discounted cash flow method. Discount rates used range from 5.0% to 10.5% as at June 30, 2015 and 2014. Because the nominal rates are almost similar to the discount rates used, the carrying values of fixed-rate notes payable approximate their fair values.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There have been no assets and liabilities transferred between Level 1, Level 2 and Level 3 during the period.

**32. Financial Risk Management Objectives and Policies**

The Group'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 Group's operations. The Group 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 Group'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 Group will not be able to settle or meet its obligations on time or at reasonable prices. The Group 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 Group's financial liabilities as of June 30, 2015 and 2014 based on undiscounted payments:

	2015			Total
	Within 30 Days	Within 1 Year	Above 1 Year	
Notes payable including interest	₱47,937,111	₱251,638,606	₱2,441,007,153	₱2,740,582,870
Trade including interest	7,347,339	200,431,890	-	207,779,229
Advances from HLI	252,600,116	-	-	252,600,116
Due to related parties	-	196,399,085	-	196,399,085
Advances from JCE	-	53,867,782	-	53,867,782
Accruals*	-	104,880,252	-	104,880,252
Others	-	12,898,278	-	12,898,278
	₱307,884,566	₱820,115,893	₱2,441,007,153	₱3,569,007,612

*\*Excluding statutory liabilities*

	2014			Total
	Within 30 Days	Within 1 Year	Above 1 Year	
Notes payable including interest	₱39,843,477	₱306,278,229	₱96,323,264	₱442,444,970
Financial guarantee (see Note 20)	27,658,331	304,241,641	829,749,930	1,161,649,902
Trade including interest	415,351	172,451,893	25,082,022	197,949,266
Accruals*	-	120,452,473	-	120,452,473
Advances from stockholders	-	17,683,888	-	17,683,888
Others	-	22,702,123	-	22,702,123
	₱67,917,159	₱943,810,247	₱951,155,216	₱1,962,882,622

*\*Excluding statutory liabilities*

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:

	2015			Total
	Within 30 Days	Within 1 Year	Above 1 Year	
Cash and cash equivalents*	₱252,375,269	₱-	₱-	₱252,375,269
Receivables:				
Trade	50,637	2,422,195	-	2,472,832
Receivable from real estate contractors	19,554,587	-	-	19,554,587
Planters' receivables	3,488,452	10,706,053	-	14,194,505
Due from related parties	-	543,737,104	-	543,737,104
Advances to:				
TDC	-	24,438,603	136,822,899	161,261,502
JCSI	-	-	14,600,758	14,600,758
CRC	-	422,542	15,000,000	15,422,542
LGCCI	-	2,451,600	-	2,451,600

(Forward)

	2015		
	Within 30 Days	Within 1 Year	Above 1 Year
Directors, officers and employees	P-	P-	P303,146
Others	-	3,893,312	-
AFS financial assets:			3,893,312
Proprietary	102,580,000	-	-
Listed	775,560	-	-
Unlisted	162,000	-	-
	P378,986,505	P588,071,409	P166,726,803
			P1,133,784,717

\*Excluding cash on hand

	2014		
	Within 30 Days	Within 1 Year	Total
Cash and cash equivalents*	P145,640,989	P-	P145,640,989
Receivables:			
Trade	-	62,777,900	62,777,900
Planters' receivables	-	24,238,161	24,238,161
Due from related parties	-	62,929,344	62,929,344
Advances to directors, officers and employees	-	10,289,519	10,289,519
Others	-	14,011,688	14,011,688
AFS financial assets:			
Proprietary	85,550,000	-	85,550,000
Listed	824,687	-	824,687
Unlisted	162,000	-	162,000
	P232,177,676	P174,246,612	P406,424,288

\*Excluding cash on hand

Credit Risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument leading to a financial loss. The Group 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 Group, 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:

	2015	2014
Cash and cash equivalents*	P252,375,269	P145,640,989
Receivables:		
Trade	2,472,832	62,777,900
Receivables from real estate contractors	19,554,587	-
Planters' receivables	14,194,505	24,238,161
Due from related parties	543,737,104	62,929,344
Advances to:		
TDC	161,261,502	-
JCSI	14,600,758	-
CRC	15,422,542	-
LGCCI	2,451,600	-

(Forward)

As at June 30, 2015 and 2014, the credit analyses of the Group's financial assets are as follows:

	2015		
	High	Standard	Total
<b>Loans and receivables:</b>			
Cash and cash equivalents*	₱252,375,269	₱-	₱252,375,269
Trade receivables	2,436,495	-	2,436,495
Others	3,893,312	-	3,893,312
<b>AFS financial assets:</b>			
Proprietary	102,580,000	-	102,580,000
Listed	775,560	-	775,560
Unlisted	-	162,000	162,000
	<b>₱362,060,636</b>	<b>₱162,000</b>	<b>₱362,222,636</b>

\*Excluding cash on hand

	2014		
	High	Standard	Total
<b>Loans and receivables:</b>			
Cash and cash equivalents*	₱145,640,989	₱-	₱145,640,989
Trade receivables	62,777,900	-	62,777,900
Others	14,011,688	-	14,011,688
<b>AFS financial assets:</b>			
Proprietary	85,550,000	-	85,550,000
Listed	824,687	-	824,687
Unlisted	-	162,000	162,000
	<b>₱308,805,264</b>	<b>₱162,000</b>	<b>₱308,967,264</b>

\*Excluding cash on hand

#### Credit Quality of Financial Assets

The credit quality of financial assets is managed by the Company using high grade and standard grade as internal credit ratings.

**High Grade.** This pertains to counterparty who is not expected by the Company to default in settling its obligations; thus, credit risk exposure is minimal. This normally includes large prime financial institutions, companies, government agencies and individual buyers. Credit quality was determined based on the credit standing of the counterparty.

**Standard Grade.** Other financial assets not assessed as high grade financial assets are included in this category.

#### 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 Group's financial instruments that are exposed to cash flow interest rate risk pertain mainly to its notes payable to local banks amounting to ₱2,172.2 million and ₱349.8 million in 2015 and 2014, respectively, which are subject to floating interest rate (see Note 20).

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	
	2015	2014
+1%	(₱21,721,971)	(₱4,060,000)
-1%	21,721,971	4,060,000

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

#### Capital Management

The Group'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 Group manages its capital structure based on its business requirements and the economic environment. The Group 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, retained earnings, revaluation increment, unrealized cumulative gain on AFS financial assets and treasury stock.

	2015	2014
Notes payable	₱2,242,547,001	₱416,343,478
Trade and other payables	816,780,683	356,736,318
Deposits	5,793,053	-
Total debt (a)	3,065,120,737	773,079,796
Equity	2,243,707,245	1,644,531,451
Total debt and equity (b)	₱5,308,827,982	₱2,417,611,247
Gearing ratio (a/b)	0.58	0.32

#### 32. Events After Reporting Period

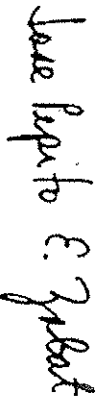
On July 1, 2015, the Company acquired 100% of the outstanding shares of Agrikulto, Inc. from NSEH at an agreed upon value. As of October 8, 2015, the initial accounting of the purchase transaction is incomplete as the determination of consideration to be given and received, and the recognized amounts of identifiable assets acquired and liabilities assumed are not made final.

**SGV**Building a better  
working worldSYCIP Gorres Velayo & Co  
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1226 Makati City  
PhilippinesTel (632) 891 0307  
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e: [sgv.com@ph](mailto:sgv.com@ph)BOM/PRC Reg. No. 0001,  
December 28, 2012, valid until December 31, 2015  
SEC Accreditation No. 0012-FR-3 (Group A),  
November 15, 2012, valid until November 15, 2015**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors  
Central Azucarera de Tarlac  
San Miguel, Tarlac City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Central Azucarera de Tarlac and Subsidiary as at June 30, 2015 and 2014 and for each of the three years in the period ended June 30, 2015, included in this Form 17-A and have issued our report thereon dated October 8, 2015. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules and the Schedule of All Effective Standards and Interpretations under Philippine Financial Reporting Standards are the responsibilities of the management of Central Azucarera de Tarlac. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO &amp; CO.

Jose Pepito E. Zabat III  
Partner

CPA Certificate No. 85501

SEC Accreditation No. 0328-AR-3 (Group A),

May 1, 2015, valid until April 30, 2018

Tax Identification No. 102-100-830

BIR Accreditation No. 08-001998-60-2015,

February 27, 2015, valid until February 26, 2018

PTR No. 4751344, January 5, 2015, Makati City

October 8, 2015

**CENTRAL AZUCARERA DE TARIAC AND SUBSIDIARY  
SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER  
PHILIPPINE FINANCIAL REPORTING STANDARDS  
EFFECTIVE AS AT JUNE 30, 2015**

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		Adopted	Not Adopted	Not Applicable	
Framework for the Preparation and Presentation of Financial Statements		✓			
Conceptual Framework Phase A: Objectives and qualitative characteristics					
PFRSs Practice Statement Commentary				✓	
Philippine Financial Reporting Standards					
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓	
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓			
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓	
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓	
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓	
	Amendments to PFRS 1: Government Loans			✓	
	PFRS 2	Share-based Payment			✓
		Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
		Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	PFRS 3 (Revised)	Business Combinations	✓		
Insurance Contracts				✓	
PFRS 4	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓	
	Non-current Assets Held for Sale and Discontinued Operations			✓	
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓	
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
	Operating Segments			✓
	Financial Instruments			✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
PFRS 13	Fair Value Measurement	✓		
<b>Philippine Accounting Standards</b>				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income		Not early adopted	
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Amended)	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements			✓
PAS 28	Investments in Associates			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			Not early adopted
PAS 33	Earnings per Share	✓		
pPAS 34	Interim Financial Reporting			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
<b>Philippine Interpretations</b>				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	<i>Determining Whether an Arrangement Contains a Lease</i>			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
IFRIC 7	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 8	<i>Scope of PFRS 2</i>			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

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
NONE TO REPORT				
TOTAL		Php	-	0

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	Balance, July 1, 2014	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at, June 30, 2015
Advances to officers and employees - cash advance for business expenses	10,289,519.00	1,118,400.00	(8,127,015)				3,280,904.00
	10,289,519.00	1,118,400.00	(8,127,015.00)	-	-	-	3,280,904.00

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	Amount in Pesos	Equity in earnings (losses) of investees for the period	Other	Number of shares or principal amounts of bonds and notes	Amount in Pesos
<b>Proprietary shares</b>						
Luisita Golf and Country Club, Inc.	555	83,400,000	0		555	100,080,000
Alabang Golf & Country Club	1	2,150,000	0		1	2,500,000
<b>Investment in shares of stock</b>						
Philippine Long Distance Corporation	3426	824,688	0		3426	775,560
CAT Realty Corporation	35000	147,000	0		35000	147,000
Economic Development Foundation, Inc.	1	15,000			1	15,000
		86,536,688	-	-		103,517,560

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 at beginning of period	Balance at end of period
North Star Estate Holdings		75,458,098
CAT Resource and Asset Holdings, Inc.		208,563,759
Luisita Trust Fund		259,715,247
Others		2,364,176
<b>TOTAL</b>	-	546,101,280

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

Schedule E. Intangible Assets - Other Assets

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Goodwill		702,146,249				702,146,249

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	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Notes Payable - Banks		185,344,935	1,986,852,134
Notes Payable - Others			70,349,932
<b>Total</b>		<b>185,344,935</b>	<b>2,057,202,066</b>



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	Balance at beginning of period	Balance at end of period
First Lucky Holdings Corporation		15,399,085
CAT Resource and Asset Holdings, Inc.		181,000,000
<b>Total</b>	-	<b>196,399,085</b>

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	Amount owned by person for which statement is filed	Nature of guarantee
NONE TO REPORT				



103032015001740



# SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: [mis@sec.gov.ph](mailto:mis@sec.gov.ph)

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## Company Representative

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## Company Information

SEC Registration No. PW00000727  
Company Name CENTRAL AZUCARERA DE TARLAC  
Industry Classification  
Company Type Stock Corporation

## Document Information

Document ID	103032015001740
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
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Department	CFD
Remarks	

COVER SHEET

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(Company's Full Name)

F	I	R	S	T	L	U	C	K	Y	P	L	A	C	E									
2	2	5	9	P	A	S	O	N	G	T	A	M	O	E	X	T	E	N	S	I	O	N	
M	A	K	A	T	I	C	I	T	Y														

(Business Address: No. Street City / Town / Province)

ADDISON B. CASTRO

892-0301 Fax No. 818-2220

Contact Person

Company Telephone Number

Month Day

Fiscal Year

1 7 C FORM TYPE

Month Day

Annual Meeting

Secondary License, If Applicable

Amended Articles Number/section

Dept. Requiring this Doc.

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **March 3, 2015**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **727**      3. BIR TIN **000-229-931**
4. **CENTRAL AZUCARERA DE TARLAC**  
Exact name of issuer as specified in its charter
5. **Manila, Philippines**      6.   (SEC Use Only)  
Province, country or other jurisdiction of      Industry Classification Code:  
incorporation
7. **San Miguel, Tarlac City**      **2300**  
Address of principal office      Postal Code
8. **(632) 818-6270**  
Issuer's telephone number, including area code
9. **N/A**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of  
the RSA  

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	<b>28,254,596</b>

11. Indicate the item numbers reported herein:

**Results of the Annual Stockholders' Meeting Held on 26 February 2015 and  
Organizational Meeting of the Board of Directors Held Immediately Thereafter**

In the recently concluded Annual Stockholders' Meeting of Central Azucarera de Tarlac ("CAT"), stockholders representing 87% of CAT's outstanding capital stock as of 21 February 2015 (record date), approved / ratified the following reports / proposals / acts:

1. The Minutes of the Annual Meeting of Stockholders held on 22 April 2014;
2. The Audited Financial Statements for the Fiscal Year Ending June 30, 2014, contained in the Annual Report for the Fiscal Year 2013-2014;
3. All acts and proceedings of the Board of Directors and Officers since the last Annual Meeting of the Stockholders;
4. Reappointment of Sycip Gorres Yelayo & Company as external auditors of the Company for Fiscal Year 2014-2015.

In the same meeting, the stockholders elected the following nominees to the Board of Directors:

1. MARTIN IGNACIO P. LORENZO
2. FERNANDO IGNACIO C. COJUANGCO
3. MARCO P. LORENZO
4. VIGOR D. MENDOZA II
5. FERNAN VICTOR P. LUKBAN
6. RENATO B. PADILLA -- Independent Director
7. BEJAMIN I. ESPIRITU -- Independent Director

Immediately after the stockholders' meeting, the newly-elected members of the Board of Directors convened to elect the officers and to constitute the committees of the Board. The outcome of said meeting is as follows:

A. The following were elected / appointed officers of CAT:

Name	Position
MARTIN IGNACIO P. LORENZO	Chairman of the Board and CEO
FERNANDO C. COJUANGCO	President and COO
CECILE D. MACALAY	Treasurer
WELLERITA D. AGUAS	VP For Finance
JANETTE L. PEÑA	Corporate Secretary
ADDISON B. CASTRO	Assistant Corporate Secretary and Compliance Officer

B. The following were appointed to constitute the Board's Audit Committee, Compensation Committee, Nominations Committee and Executive Committee:

AUDIT COMMITTEE

BENJAMIN I. ESPIRITU	Chairman
MARTIN IGNACIO P. LORENZO	Member
FERNAN VICTOR P. LUKBAN	Member

NOMINATIONS COMMITTEE

FERNANDO C. COJUANGCO	Chairman
FERNAN VICTOR P. LUKBAN	Member
RENATO B. PADILLA	Member

COMPENSATION COMMITTEE

MARTIN IGNACIO P. LORENZO	Chairman
FERNAN VICTOR P. LUKBAN	Member
RENATO B. PADILLA	Member


EXECUTIVE COMMITTEE

MARTIN IGNACIO P. LORENZO	Chairman
FERNANDO C. COJUANGCO	Member
FERNAN VICTOR P. LUKBAN	Member

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized, in the City of Makati, Metro Manila on the 3<sup>rd</sup> day of March 2015.

CENTRAL AZUCARERA DE TARLAC  
Issuer

By:   
ADDISON B. CASTRO  
Assistant Corporate Secretary and Compliance Officer



# CENTRAL AZUCARERA DE TARLAC

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS


The management of CENTRAL AZUCARERA DE TARLAC, is responsible for all information and representations contained in the consolidated financial statements as of and for the years ended June 30, 2015 and 2014. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.


In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.


The Board of Directors reviews the consolidated financial statements before such statements are approved and submitted to the stockholders of the company.

SYCIP Gorres Velayo & Co., the independent auditors and appointed by the stockholders, has examined the financial statements of the company in accordance with Philippine Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to stockholders.

Signed and under oath by the following:

  
MARTIN IGNACIO P. LORENZO  
Chairman of the Board and CEO

  
FERNANDO IGNACIO C. COJUANGCO  
President and COO

  
WELLERITA D. AGUAS  
VP-Finance

SUBSCRIBED AND SWORN to before me this day of OCT 09 2015 2015 affiant(s) exhibiting to me their PASSPORT ID's as follows:

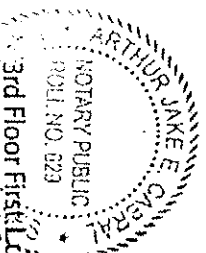
NAME  
Martin Ignacio P. Lorenzo  
Fernando C. Cojuangco  
Wellerita D. Aguas

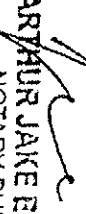
ID No  
EB 33389057  
EB 5820479  
EB 3354321

EXPIRING ON  
Aug. 10, 2016  
July 2, 2017  
Aug. 11, 2016

Doc. No.  
Page No.  
Book No.  
Series of 2015

206  
473  
I



  
ARTHUR JAKE E. CABRAL  
NOTARY PUBLIC

Appointment No. M-262 / Unit: Dec. 31, 2018  
5/F Dominion Building, 83rd Avenue, Makati City  
PTR No. 4754730/15.07.15 / Makati City  
JRP No. 968882 / 04.21.14 / Makati City  
2259 Pasong Tamo Extension, Makati City Philippines 1231



CENTRAL AZUCARERA DE TARIAC

SIGNATURES

Pursuant to the requirements 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, therunto duly authorized, in the City of Makati on \_\_\_\_\_ 2015:

By: Frank P. Lorenz

MARTIN IGNACIO P. LORENZO  
Chairman of the Board and CEO

Fernando Ignacio C. Cojuangco  
President and COO

JANETTE L. PENNA  
Secretary

WEL FERITA D. AGUAS  
Vice President Finance

LORA MAY M. CADA  
Finance Manager

SUBSCRIBED AND SWORN to before me this day of SEPT. 09 2015 affiant (s) exhibiting to me their PASSPORT ID's as follows:

NAME	ID No	EXPIRING ON
Martin Ignacio P. Lorenzo	EB 3338057	Aug. 10, 2016
Fernando C. Cojuangco	EB 5820479	July 2, 2017
Janette L. Pena	EB 9544620	Nov. 5, 2018
Wellerita D. Aguas	EB 3354321	Aug. 11, 2016
Lora May M. Cada	EB 8265870	May 30, 2018

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Series of 2015



**ARTHUR JAKE E. CABRAL**  
NOTARY PUBLIC  
Abbreviated No. M-292 / Until Dec. 31, 2016  
Organization Building, 808 Amorsolo Ave. Makati City  
P.O. No. 4764730791 07 15 / Makati City  
TEL NO. 9688820029 / 9688820114 / Makati City  
TEL NO. 9688820029 / 9688820114 / Makati City  
ROLL NO. 6299