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SECURITIES AND EXCHANGE COMMISSION

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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	111132015001675
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Remarks	

PW0000727
S.E.C Registration Number

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY

(Company's Full Name)

SAN MIGUEL TARLAC CITY

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

Wellerita D. Aguas
Contact Person

(632) 818-6270
Company Telephone Number

06	30
Month	Year

Fiscal Year

SEC 17-Q Quarterly Report
for the period ended September 30, 2015

02	any
Month	Year

Annual Meeting

Secondary License Type, If Applicable

CFD
Dept. Requiring this Doc

Amended Articles Number/Section

409
Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

COVERSHEET
CS-99-AF
COVER SHEET FOR ALL FILINGS EXCEPT EXPRESS LANE

COVER SHEET

SEC Number 727

Company TIN 000-229-931

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY
(Company's Full Name)

San Miguel, Tarlac, Tarlac
Makati Office – First Lucky Place, 2259 Pasong Tamo Extn,
Makati City
(Company's Address: No., Street, City, Town/Province)

818 – 6270
(Company's Telephone Number)

June 30
(Fiscal Year Ending)
(Month/Day)

February 26
Annual Meeting

17 – Q (Quarterly Report – 1st Quarter
of the Fiscal Year 2015-16 (July to Sept. 2015)
(FORM TYPE)

(Amendment Designation, if Applicable)

(Secondary License Type, if any)

(Company Representative)
(Birth Date)
(TIN)

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Cashier

File Number

Central Receiving Unit

Document ID

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 – Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES

REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER

1. For the quarterly period ended **Sept. 30, 2015 (1st Quarter of Fiscal Year July 1, 2015 – June 30, 2016)**
2. Commission 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)

San Miguel, Tarlac, Tarlac

7. Address of issuer's principal office Postal Code

818 –6270

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 Stock outstanding and amount of debt outstanding
Common	**28, 254, 596**

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

Yes [**X**] No [ ]

If yes, state the name of such Stock Exchange and the classes of securities listed therein:

12. Indicate by check mark whether the registrant:

(a.) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

In compliance with the requirements of SRC Rule 68, the following financial statements of Central Azucarera de Tarlac and Subsidiary are submitted together with this Form 17 – Q:

A. Unaudited Balance Sheet as of Sept. 30, 2015 and Audited June 30, 2015 Balance Sheet;

B. Unaudited Statements of Income/(Loss) for the Three (3) Months Ended Sept. 30, 2015 and 2014;

C. Unaudited Statements of Changes in Equity for the Three (3) Months Ended Sept. 30, 2015 and 2014; and

D. Unaudited Statements of Cash Flows for the Three (3) Months Ended Sept. 30, 2015 and 2014.

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

Our discussion in the foregoing sections of this report pertains to the financial condition and results of our company's operations for the three (3) months ended Sept. 30, 2015 in which references are made to results of operations for the same period of the previous year 2014.

Furthermore, the information contained herein should be read in conjunction with the accompanying unaudited financial statements and related notes. Our financial statements, and the financial discussions below, have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

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**
Vice President - Finance

Principal Financial / Accounting Officer / Controller **LORA MAY M. CADA**

Signature and Title Finance Manager

Date : Nov. 13, 2015

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

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY

The following Management Discussion and Analysis should be read in connection with the submitted Unaudited Consolidated Financial Statements as at and for the three months ended September 30, 2015 and 2014.

Executive Summary

The first quarter of fiscal year 2015 was spent in a focused implementation and execution of the strategies crafted over the last several months. CAT was deliberate in the performance of its committed business blueprint to ascertain the establishment of a solid foundation of corporate culture, financial resource management and operation productivity and efficiencies.

As the Company awaits for the start of the milling, it undertook the programmed and disciplined capital expenditure significantly utilized to increase efficiency in the milling and refinery operations. Moreover, CAT has successfully managed minimal operating costs for both fixed and variable amidst the expected low-revenue generating quarter.

Central Azucarera de Tarlac's financial performance greatly improved by posting a 50% or ₱57 million increase in EBITDA narrowing its negative earnings to ₱57.5 million from negative ₱116.0 million for the same quarter last year. This is due to the increased Revenues by 34% in an off-season in the sugar industry. As a result, its net loss of ₱133.2 million was bettered by 23% or ₱30.6 million decreasing its losses to ₱102.6 million.

The Company expects to reverse these losses as it moves toward the milling season in the 2-3Q of the year. Revenue generation in the subsequent periods is expected to materialize; and, with increased volume and favorable market price being anticipated, established targets have high probability of being surpassed.

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The following table is the Consolidated Statement of Income of the Company and its subsidiary, Luisita Land Corporation ("LLC"), for the periods ending 30 September 2015, 2014 & 2013. LLC's results of operations were consolidated beginning 16 October 2014.

(In Million Pesos except for Volume, Price & EPS)	THREE MONTHS ENDED SEPTEMBER 30					
	2015		2014		2013	
VOLUME AND PRICE MATRIX	Vol	P	Vol	P	Vol	P
Alcohol	1,593,990	44	1,433,412	40	1,110,653	37
REVENUE	77.36	100%	57.52	100%	40.80	100%
Alcohol	69.42	90%	57.52	100%	40.80	100%
Industrial services	7.94	10%		0%		0%
COST OF GOODS SOLD AND SERVICES	136.56	177%	163.81	285%	103.62	254%
Costs of goods sold	123.08	159%	147.65	257%	89.29	219%
Costs of tolling services	9.70	13%	16.16	28%	14.33	35%
Cost of industrial services	3.78	5%	.00	0%	.00	0%
Cost of real estate	.00	0%	.00	0%	.00	0%
GROSS PROFIT	(59.20)	-77%	(106.29)	-185%	(62.82)	-154%
OPERATING EXPENSES	19.32	25%	28.89	50%	23.98	59%
OPERATING PROFIT (LOSS) BEFORE INTEREST AND TAXES	**(78.52)**	**-102%**	**(135.18)**	**-235%**	**(86.80)**	**-213%**
Interest expense and bank charges	**(27.98)**	-36%	**(4.23)**	-7%	**(4.71)**	-12%
Interest income	**.58**	1%	**.12**	0%	**.03**	0%
Others - net	**3.38**	4%	**6.13**	11%	**3.13**	8%
INCOME (LOSS) BEFORE TAX	(102.55)	-133%	(133.16)	-232%	(88.35)	-217%
PROVISION FOR INCOME TAX	**.00**	**0%**	**.00**	**0%**	**.00**	**0%**
NET INCOME [LOSS]	-102.55	-133%	-133.16	-232%	-88.35	-217%
EBITDA	-58.59	-76%	-116.07	-202%	-69.55	-170%
EPS	(3.69)		(4.71)		(3.13)	

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Management Discussion and Analysis of Financial Condition and Results of Operations

The following identify the top five (5) Key Performance Indicators of the Company, which allow the measure of growth, financial performance and return on investment.

Revenue	Three Months Ended September 30		
	2015	2014	2013
Revenue (in millions)	77.36	57.52	40.80
% Growth	34%	41%	4%

EBITDA	Three Months Ended September 30		
	2015	2014	2013
EBITDA (in millions)	-58.6	-116.1	-69.6
% Growth	-50%	67%	-140%
EBITDA Margin	-76%	-202%	-170%

Net Income	Three Months Ended September 30		
	2015	2014	2013
Net income (in millions)	-102.55	-133.16	-88.35
% Growth	-23%	51%	50%
Net Income Margin	-133%	-232%	-217%

Earnings per share	Three Months Ended September 30		
	2015	2014	2013
Earnings per share	(3.63)	(4.71)	(3.13)

Milling Recovery	Three Months Ended September 30		
	2015	2014	2013
Milling recovery (Lkg/TC)	n/a	n/a	n/a

As of quarters ended September 30, 2015, 2014 and 2013, there are no comparable bases on Milling Recovery as one of the five (5) key performance indicators because production has not yet started as of those dates. The milling operation normally starts on the 2nd week of November.

Review of Operations

Revenues

REVENUES In Million Pesos	2015	2014	Growth	
			Amount	%
Alcohol	69.4	57.5	11.9	21%
Industrial services	7.9	.0	7.9	0%
Real estate sale	.0	.0	.0	0%
TOTAL	77.4	57.5	19.8	34%

The Parent Company's revenue accounted for 90% of the Group's consolidated revenues for the three (3) months ended September 30, 2015.

Revenues for the first quarter ending September 30, 2015 totaled P77.4M higher by 34% or P19.8M from the same period of the preceding year. Increments posted in both sales volume and average selling price boosted alcohol sales for the period in review.

Cost of Goods Sold

Cost of goods sold decreased by ₱24.6M or 17% this quarter from ₱147.7M to ₱123.1M. The following table summarizes the breakdown of cost of goods sold:

COST OF GOODS SOLD In Million Pesos	2015	2014	Increase(Decrease)	
			Amount	%
Salaries, wages bonuses and other benefits	10.9	30.4	-19.4	-64%
Repairs & Maintenance	36.3	46.4	-10.2	-22%
Inventory cost,spare parts and supplies	51.7	43.4	8.3	19%
Depreciation and amortization	13.9	11.5	2.4	21%
Freight and transportation	.4	.9	-.5	-54%
Security and outside services	1.6	1.3	.3	21%
Power and steam	5.2	6.2	-1.1	-17%
Insurance	1.3	2.1	-.8	-37%
Taxes and licenses	.5	2.0	-1.5	-76%
Others	1.3	3.4	-2.1	-61%
TOTAL	123.1	147.7	-24.6	-17%

- Salaries and wages decreased by ₱19.4M or 64% brought about by the Company's direction to streamline operations which included the implementation of voluntary retirement of numerous positions and aligning salary structure levels.

- Repairs and maintenance dropped by ₱10.2M or 22% caused by the Company's increased investment in capital expenditures which will provide benefits over a long period of time.
- The increase in Inventory cost, spare parts and supplies by ₱8.3M or 19% is in lieu of the increase in volume sales of alcohol.
- Power and steam decreased by ₱1.1M or 17% due to lower power consumption.

Cost of Tolling Services

Cost of tolling decreased by ₱6.5M or 40% this year from ₱16.2M to ₱9.7M. The table below summarizes the breakdown of cost of tolling:

COST OF TOLLING SERVICES *In Million Pesos*	2015	2014	Increase(Decrease)	
			Amount	%
Salaries, wages bonuses and other benefits	1.5	4.9	-3.5	-70%
Repairs & Maintenance	5.9	7.6	-1.7	-22%
Spare parts and supplies	.0	.0	.0	-100%
Depreciation and amortization	.9	.8	.1	10%
Freight and transportation	.1	.5	-.4	-77%
Power and steam	.5	.8	-.4	-44%
Insurance	.3	.6	-.3	-55%
Taxes and licenses	.6	.8	-.2	-30%
Others	.0	.0	.0	-81%
TOTAL	9.7	16.2	-6.5	-40%

- Salaries and wages decreased by ₱3.5M or 70% from ₱4.9M to P1.5M brought about by the savings generated as a result of the Company's direction to streamline business processes.
- Repairs and maintenance plunged by ₱1.7M or 22% after management's decision to invest in long-term capital expenditures versus outright repairs.

Operating Expenses

The level of operating expenses dropped significantly by ₱9.6M or 33% from ₱28.9M to ₱19.3M. The table below summarizes the breakdown of operating expenses:

OPERATING EXPENSES *In Million Pesos*	2015	2014	Increase(Decrease)	
			Amount	%
Salaries, wages bonuses and other benefits	6.9	8.8	-1.9	-22%
Repairs & Maintenance	.7	.7	.0	6%
Management fees and bonuses	.0	2.1	-2.1	-100%
Taxes and licenses	2.3	.1	2.2	3239%
Depreciation and amortization	.6	.6	.0	3%
Transportation and travel	1.2	5.3	-4.1	-78%
Security and outside services	.2	1.7	-1.6	-91%
Rentals	1.0	2.1	-1.1	-53%
Light and water	.1	.8	-.8	-93%
Entertainment, amusement and recreation	.4	1.0	-.5	-54%
Professional fees	5.0	3.7	1.3	36%
Dues and advertisements	.5	.2	.3	115%
Postage, telephone and telegram	.2	.4	-.2	-52%
Others	.3	1.4	-1.1	-78%
TOTAL	19.3	28.9	-9.6	-33%

- Salaries plunged by about ₱1.9M or 22% brought about by the savings generated as a result of the Company's direction to streamline business processes.
- Management fees were discontinued after the termination of services of the previous providers.
- Taxes and licenses increased by ₱2.2M or 3239% from ₱.1M to ₱2.3M arising from one-time acquisition related transaction.
- Security and outside services decreased by ₱1.6M or 91% from ₱1.7M to ₱0.2M due to the rationalization of security requirements in the Company's facilities.
- Rentals decreased by ₱1.1M or 53% from ₱2.1M to ₱1.0M due to the relocation of the Head Office to a new facility with lower rent and area.

Balance Sheet Accounts

The table below presents the Balance Sheet Statements of the Company as of period ended September 30, 2015 and year ended June 30, 2015.

(In Million Pesos)	AS OF SEPT. 30, 2015 INTERIM		AS OF JUNE 30, 2015 AUDITED		GROWTH	
	AMT	%	AMT	%	AMT	%
ASSETS						
Current Assets						
Cash and cash equivalents	209.03	4%	252.84	4%	-43.81	-17%
Receivables	791.16	14%	777.89	14%	13.27	2%
Inventories	100.71	2%	142.37	2%	-41.66	-29%
Real estate held for sale and development	987.24	17%	987.24	17%	.00	0%
Non-current asset held for sale	95.50	2%	95.50	2%	.00	0%
Other current assets	75.07	1%	61.20	1%	13.87	23%
Total Current Assets	**2,258.69**	**40%**	**2,317.04**	**41%**	**-58.35**	**-3%**
Non-current Assets						
AFS financial assets	103.52	2%	103.52	2%	.00	0%
Property, plant and equipment						
Land- at revalued amount	685.70	12%	685.70	12%	.00	0%
Property and equipment- at cost	402.84	7%	374.10	7%	28.75	8%
Investment property	1,357.40	24%	1,357.40	24%	.00	0%
Retirement asset	154.07	3%	154.07	3%	.00	0%
Goodwill	702.15	12%	702.15	12%	.00	0%
Other current assets	20.05	0%	19.82	0%	.24	1%
Total Non Current Assets	**3,425.73**	**60%**	**3,396.75**	**59%**	**28.98**	**1%**
TOTAL ASSETS	**5,684.42**	**100%**	**5,713.79**	**100%**	**-29.36**	**-1%**
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other liabilities	832.52	15%	816.78	14%	15.74	2%
Current portion of notes payable	263.10	5%	185.34	3%	77.76	42%
Deposits	6.48	0%	5.79	0%	.68	0%
Income tax payable	31.46	1%	31.46	1%	.00	0%
Total Current Liabilities	**1,133.56**	**20%**	**1,039.38**	**18%**	**94.18**	**9%**
Non-current liabilites						
Notes payable- net of current portion	2,036.20	36%	2,057.20	36%	-21.00	-1%
Deferred tax liability	373.50	7%	373.50	7%	.00	0%
Total Non Current Liabilities	**2,409.70**	**42%**	**2,430.70**	**43%**	**-21.00**	**-1%**
Equity						
Capital stock	282.55	5%	282.55	5%	.00	0%
Retained earnings (deficit)	-85.36	-2%	17.19	0%	-102.55	-597%
Revaluation increment	1,749.71	31%	1,749.71	31%	.00	0%
Remeasurement gains on defined benefit liability	76.94	1%	76.94	1%	.00	0%
Unrealized cumulative gain on AFS financial	117.33	2%	117.33	2%	.00	0%
Less cost of 720 shares of stock in treasury	-.01	0%	-.01	0%	.00	0%
Total Equity	**2,141.16**	**38%**	**2,243.71**	**39%**	**-102.55**	**-5%**
TOTAL LIABILITIES AND EQUITY	**5,684.42**	**100%**	**5,713.79**	**100%**	**-29.36**	**-1%**

Cash

The decrease in cash by P43.8M or 17% is due from cash used in operating activities of P28.2M, P44.4M net cash used in investing activities and P28.8M net cash provided by financing activities.

Inventories

The decrease amounting to P41.7M or 29% of the reported ending inventory is due to the alcohol sold for the quarter.

Other current assets

The increase of ₱13.9M or 23% in other current assets is due primarily to increased advance payments to suppliers for off-season maintenance requirements.

<u>Property, Plant and Equipment</u>

The net increase in property, plant and equipment after depreciation amounting to ₱28.7M or 8% is due to the strategic acquisition of various equipment and launch of off-milling repairs program.

<u>Current portion of Notes payable</u>

The increase of 42% or ₱77.8M represents the net availment of a loan which is expected to mature within 12 months from the balance sheet date.

<u>Deposits</u>

The increase of 12% or ₱0.7M is due to the increase of the Subsidiary's advances from locators, tenants and homeowners for water meter deposits.

<u>Total Stockholders Equity</u>

The net loss for period ended September 30, 2015 amounting to ₱102.5M resulted to the decrease in the Stockholders' Equity of the same amount or 597%.

<u>LIQUIDITY & SOLVENCY RATIO</u>

Current Ratio

The current ratio indicates a company's ability to meet short-term debt obligations. The Company's current ratio has improved because of increased in cash levels, receivables and inventory.

Asset to Equity Ratio

The asset to equity ratio indicates the relationship of the total assets of the company to its stockholder's equity. The Company's assets have been slightly financed more by debt than equity as a result of the acquisition of the Company and its subsidiary.

Debt to Equity Ratio

Debt-to-Equity ratio is the ratio of total liabilities of the company to its stockholder's equity. The Debt to Equity ratio slightly diminished due to the increased availment of a loan from a local bank.

Debt Service Coverage Ratio

This ratio is a measure to determine the company's ability to service its outstanding debt. The Company's debt service coverage had improved due to higher earnings during the current year.

LIQUIDITY & SOLVENCY RATIO	As of September 30, 2015	As of June 30, 2015
Current ratio	1.99	2.23
Asset-to-equity ratio	2.65	2.55
Debt-to-equity ratio	1.65	0.65
Debt Service Coverage Ratio	-0.32	1.22

Plans, Commitments, and events that have material impact on the issuer's liquidity

To the best of our knowledge, there are no known trends, demand, commitments, events or uncertainties that will have a material impact on our liquidity.

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

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.

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.

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

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

CENTRAL AZUCARERA DE TARLAC
INTERIM FINANCIAL STATEMENTS

(WITH COMPARATIVE STATEMENTS)

SEPTEMBER 30, 2015

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	As of September 30, 2015 (Interim)	As of June 30, 2015 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**209,025.29**	252,839.70
Receivables	**791,157.88**	777,891.89
Inventories	**100,706.55**	142,368.81
Real estate held for sale and development	**987,238.51**	987,238.51
Non-current asset held for sale	**95,500.00**	95,500.00
Other current assets	**75,065.52**	61,200.35
Total Current Assets	**2,258,693.75**	2,317,039.26
Noncurrent Assets		
AFS financial assets	**103,517.56**	103,517.56
Property, plant and equipment		
Land- at revalued amount	**685,700.00**	685,700.00
Property and equipment- at cost	**402,844.32**	374,098.54
Investment property	**1,357,400.00**	1,357,400.00
Retirement asset	**154,067.48**	154,067.48
Goodwill	**702,146.25**	702,146.25
Other current assets	**20,052.74**	19,817.58
Total Noncurrent Assets	**3,425,728.35**	3,396,747.40
TOTAL ASSETS	**5,684,422.09**	5,713,786.66
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other liabilities	**832,522.99**	816,780.68
Advances from Related Party	**.00**	
Current portion of notes payable	**263,101.65**	185,344.94
Deposits	**6,475.70**	5,793.05
Income tax payable	**31,459.54**	31,459.54
Total Current Liabilities	**1,133,559.87**	1,039,378.21
Noncurrent Liabilities		
Notes payable- net of current portion	**2,036,202.07**	2,057,202.07
Retirement liability	**.00**	
Deferred tax liability	**373,499.14**	373,499.14
Other noncurrent liabilities	**.00**	.00
Total Noncurrent Liabilities	**2,409,701.21**	2,430,701.21
Equity Attributable to Equity Holders of the Parent		
Capital stock - P10 par value per share		
Authorized - 40,000,000 shares		
Issued - 28,254,596 shares	**282,545.96**	282,545.96
Retained earnings (deficit)	**-85,356.23**	17,190.00
Revaluation increment	**1,749,705.25**	1,749,705.25
Remeasurement gains on defined benefit liability	**76,939.99**	76,939.99
Unrealized cumulative gain on AFS financial assets	**117,333.24**	117,333.24
	2,141,168.22	2,243,714.45
Less cost of 720 shares of stock in treasury	**-7.20**	-7.20
Total Equity	**2,141,161.02**	2,243,707.25
TOTAL LIABILITIES AND EQUITY	**5,684,422.09**	5,713,786.66

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015
(With Comparative Figures for the Three Months Ended September 30, 2015, 2014 & 2013)

	Unaudited		
	Three Months Ended September 30		
	2015	2014	2013
REVENUES			
Sale of sugar and by-products	69,415.36	57,520.46	40,803.28
Tolling fees	.00		
Industrial services	7,939.73		
Real estate sale	.00		
Total	77,355.09	57,520.46	40,803.28
COST OF GOODS SOLD AND SERVICES			
Costs of goods sold	123,077.21	147,653.48	89,291.12
Costs of tolling services	9,703.93	16,161.14	14,329.96
Cost of industrial services	3,778.68		
Cost of real estate sale	.00		
Total	136,559.82	163,814.62	103,621.08
GROSS INCOME	-59,204.73	-106,294.16	-62,817.80
OPERATING EXPENSES	19,317.91	28,887.24	23,981.03
OTHER INCOME (EXPENSES)			
Interest income	576.86	120.00	29.33
Interest expense	-27,979.59	-4,229.00	-4,714.69
Other Income(Expense)	3,379.15	6,126.00	3,129.58
Total	-24,023.59	2,017.00	-1,555.78
INCOME BEFORE INCOME TAX	-102,546.23	-133,164.39	-88,354.61
PROVISION FOR INCOME TAX			
NET INCOME	-102,546.23	-133,164.39	-88,354.61
Earnings Per Share - For income for the period ended			
Basic /Dilluted	(3.63)	(4.71)	(3.13)

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR EACH OF THE THREE MONTHS ENDED SEPTEMBER 30, 2015, 2014, 2013

	Capital Stock	Retained Earnings (Deficit)	Revaluation Increment	Remeasurement Gains(Losses) on Defined Benefit	Unrealized Cumulative Gain on AFS Financial Asset	Treasury Stock	Total Equity
Balances at June 30, 2013	282,545.96	-313,150.86	1,211,857.40	-58,873.67	59,795.87	-7.20	1,182,167.51
Total comprehensive income		-88,354.61					-88,354.
Balance at September 30, 2013	282,545.96	-401,505.47	1,211,857.40	-58,873.67	59,795.87	-7.20	1,093,812.90
Total comprehensive income		209,601.12	153,300.00	187,654.18	163.25	.00	550,718.55
Balance at June 30, 2014 (As Audited)	282,545.96	-191,904.34	1,365,157.40	128,780.52	59,959.12	-7.20	1,644,531.45
Total comprehensive income		-133,164.39					-133,164.39
Balance at September 30, 2014	282,545.96	-325,068.74	1,365,157.40	128,780.52	59,959.12	-7.20	1,511,367.06
Total comprehensive income		277,374.85	429,966.57	-11,447.27	16,980.87		712,875.02
Sale of land at revalued amount		64,883.89	-45,418.72				19,465.17
Balance at June 30, 2015 (As Audited)	282,545.96	17,190.00	1,749,705.25	117,333.24	76,939.99	-7.20	2,243,707.24
Total comprehensive income		-102,546.23					-102,546.23
Balance at September 30, 2015	**282,545.96**	**-85,356.22**	**1,749,705.25**	**117,333.24**	**76,939.99**	**-7.20**	**2,141,161.02**

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	-102,546.23	-133,164.39	-88,354.00
Adjustments for:			
Interest expense	27,979.59	4,228.58	4,714.69
Depreciation and amortization	15,972.22	12,624.65	14,089.01
Interest income	-576.86	-119.92	-29.33
Operating loss before working capital changes	-59,171.27	-116,431.08	-69,579.63
Provisions for (reversal of):			
Decrease (increase) in:			
Receivables	-13,265.99	-24,114.88	-11,218.54
Inventories	41,662.26	44,548.71	34,506.00
Other curent assets	-13,865.17	10,099.61	4,794.00
Increase (decrease) in:			
Trade and other payables	15,742.30	-21,494.89	-53,508.00
Deposits	682.64	.00	
Cash generated from (used for) operations	-28,215.22	-107,392.53	-95,006.17
Income tax paid	.00	.00	
Net cash provided by (used in) operating activities	-28,215.22	-107,392.53	-95,006.17
CASH FLOWS FROM INVESTING ACTIVITIES			
Net disposals of (additions to) property, plant and equipment	-44,718.00	-11,651.20	-16,358.99
Decrease (increase) in other noncurrent assets	-235.16	-13,020.87	-13,259.00
Interest received	576.86	119.92	29.33
Net cash provided by (used in) investing activities	-44,376.31	-24,552.15	-29,588.66
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Interest	-27,922.88	-4,228.58	-4,714.69
Notes payable	-43,300.00	-31,510.14	-7,500.00
Proceeds from availment of notes payable	100,000.00	83,000.00	173,000.00
Net cash used in financing activities	28,777.12	47,261.28	160,785.31
NET INCREASE (DECREASE) IN CASH	-43,814.41	-84,683.39	36,190.48
CASH AT BEGINNING OF YEAR	252,839.70	145,717.99	81,403.12
CASH AT END OF YEAR	209,025.29	61,034.60	117,593.60

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information, Status of Operations, Change in Majority Ownership and Authorization for the Issue of the Consolidated Financial Statements

Corporate Information
Central Azucarera de Tarlac (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on June 19, 1927. On January 27, 1976, the Board of Directors and the stockholders approved the extension of the corporate life of the Parent Company for another 50 years. The Parent Company and its wholly owned subsidiary, Luisita Land Corporation (LLC), collectively referred to as "The Group", are engaged in the production of sugar and by products, developing, leasing and selling real properties and other ancillary services.

LLC was incorporated and registered with the SEC on May 11, 1977 primarily for the purpose of developing, leasing and selling real properties. Currently, the subsidiary maintains and operates Luisita Industrial Park (LIP), Luisita Business Park (LBP) and Las Haciendas de Luisita (LHDL) in Tarlac and provides water distribution and wastewater treatment services to locators in LIP and residents of LHDL.

On October 15, 2014, the Parent Company acquired 100% of the total outstanding shares of LLC or the "Subsidiary".

On December 2, 2014, the Board of Directors has approved to amend the Subsidiary's articles of incorporation by changing its corporate name from "Luisita Realty Corporation" to "Luisita Land Corporation" and to amend the principal place of business from JCS Building, 119 Dela Rosa corner Carlos Palanca Jr. Streets, Legaspi Village, Makati City to Luisita Industrial Park, San Miguel, Tarlac City.

The registered office address and place of business of the Parent Company is San Miguel, Tarlac City.

Change in Majority Ownership
On July 26, 2014, CAT Resource & Asset Holdings, Inc. (CRAHI) entered into a Memorandum of Agreement (MOA) with the majority shareholders (the "Cojuangco Family") of the Parent Company for the acquisition of 19,772,510 outstanding common shares at ₱91.00 per share (total consideration of ₱1,799 million). The 19,772,510 common shares represent approximately 69.77% of the total issued and outstanding shares of the Parent Company as of July 26, 2014.

On August 20, 2014, CRAHI made a tender offer to the minority shareholders for the remaining 8,481,366 outstanding common shares at ₱91.00 per share representing 30.02% of the total issued and outstanding shares. The tender offer period expired on September 19, 2014.

At the end of the Tender Offer Period, a total of 1,332,044 shares, comprising 4.71% of the total outstanding capital stock of the Parent Company, were tendered and accepted at the price of ₱91.00 per share (the "Tendered Shares"). Cross and Settlement Date for the Tendered Shares occurred on October 15, 2014, whereupon CRAHI paid the amount of ₱121.2 million for the Tendered Shares in accordance with the Terms of the Tender Offer.

After completion of the Tender Offer, CRAHI owned and held a total of 21,104,554 of the Parent Company's common shares, representing 74.69% of the total outstanding capital stock of the Parent Company.

As part of the agreement, CRAHI will settle the outstanding obligation of Jose Cojuangco and Sons, Inc. (JCSI), one of the selling shareholders, to customers amounting to ₱995.0 million as of September 30, 2014. As such, the Parent Company's financial guarantee pertaining to the obligation of JCSI is extinguished as of that date.

Authorization for the Issue of the Consolidated Financial Statements
The accompanying consolidated financial statements were authorized for issue in accordance with a resolution by the Board of Directors (BOD) on October 8, 2015.

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

Basis of Preparation
The consolidated financial statements have been prepared on the historical cost basis, except for land under "Property, plant and equipment (PPE)" account that has been measured at revalued amount, "Investment property" and investment in listed shares of stock under "Available-for-sale (AFS) financial assets" account that have been measured at fair value. The consolidated financial statements are presented in Philippine peso (Peso) unit, which is the Parent Company's functional and presentation currency. All amounts are rounded to the nearest Peso, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

As discussed in Note 1, the Subsidiary was acquired only in October 2014. Thus, this is the Group's first consolidated financial statements. The comparative financial statements presented pertain to the Parent Company's primary financial statements issued in those years. This is also the first time that the Parent Company is presenting Parent-only financial statements.

Statement of Compliance
The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of a investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements (s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its wholly owned subsidiary LLC.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new, amended and improvements to PFRS, PAS and Philippine Interpretations from IFRIC which the Group has adopted during the year. However, they do not have impact on the financial statements of the Group unless otherwise stated below:

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)

These amendments clarify the meaning of currently has a legally enforceable right to set-off and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)

These amendments remove the unintended consequences of PFRS 13, Fair Value Measurement, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required.

- Philippine Interpretation IFRIC 21, *Levies (IFRIC 21)*

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21.

- Annual Improvements to PFRSs (2010-2012 cycle)

In the 2010 - 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

- Annual Improvements to PFRSs (2011-2013 cycle)

In the 2011 - 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements.

- PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 27, *Separate Financial Statements* (Amendments) – *Investment Entities*.

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss (FVPL). The amendments must be applied retrospectively, subject to certain transition relief.

<u>Standards Issued but not yet Effective</u>

The Group will adopt the following new and amended standards and interpretations when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have significant impact on the consolidated financial statements.

- · PAS 19 (Amendments), *Employee Benefits – Defined Benefit Plans: Employee Contributions* (effective for annual periods beginning on or after January 1, 2015 and are applied retrospectively) PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

Annual Improvements to PFRSs (2010-2012 Cycle) (effective for annual periods beginning on or after January 1, 2015)

These annual improvements include:

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*

The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures – Key Management Personnel*

The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

- PFRS 2, *Share-based Payment – Definition of Vesting Condition*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition.
- A performance target must be met while the counterparty is rendering service.
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
- A performance condition may be a market or non-market condition.
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*

The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement.*

- PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*

The amendments are applied retrospectively and clarify that:

An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

Annual Improvements to PFRSs (2011-2013 Cycle) (effective for annual periods beginning on or after January 1, 2015)

These annual improvements include:

- PAS 40, *Investment Property*

The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*

The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

- Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement – Portfolio Exception*

The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

Effective in 2016

- PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets* (Amendments) – *Clarification of Acceptable Methods of Depreciation and Amortization* (effective for annual periods beginning on or after January 1, 2016 and are applied prospectively)

The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

- PAS 16, *Property, Plant and Equipment* and PAS 41, *Agriculture* (Amendments) – *Bearer Plants* (effective for annual periods beginning on or after January 1, 2016 and are applied retrospectively)

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply.

- PAS 27 (Amendments), *Separate Financial Statements – Equity Method in Separate Financial Statements* (effective for annual periods beginning on or after January 1, 2016 and are applied retrospectively)

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Branch's financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective for annual periods beginning on or after January 1, 2016 and are applied retrospectively)

These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- PFRS 11 (Amendments), *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (effective for annual periods beginning on or after January 1, 2016 and are applied prospectively)

The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

Annual Improvements to PFRSs (2012-2014 Cycle) (effective for annual periods beginning on or after January 1, 2016)

These annual improvements include:

- PAS 19, *Employee Benefits – Regional Market Issue Regarding Discount Rate*

This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*

The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts*

PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

Effective in 2018

- PFRS 9, *Financial Instruments* (effective for annual periods beginning on or after January 1, 2018 and are applied retrospectively)

In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of adopting this standard.

Interpretation whose effective date was deferred

- Philippine Interpretation of IFRIC 15, *Agreements for the Construction of Real Estate*

This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippne SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Standard issued by the IASB but not yet been adopted by the FRSC

- IFRIC 15, *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted.

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

4. Summary of Significant Accounting and Financial Reporting Policies

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition- related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognized in the consolidated statement of income.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the balance sheet based on current or noncurrent classification.

An asset is current when it is expected to be realized or intended to be sold or consumed in the normal operating cycle or within twelve (12) months after the reporting date, when it is held primarily for the purpose of trading, or cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting date. All other assets are classified as noncurrent.

A liability is current when it is expected to be settled in the normal operating cycle or due to be settled within twelve (12) months after the reporting date, when it is held primarily for trading, or when there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting date. All other liabilities are classified as noncurrent.

Fair Value Measurement
The Group measures financial instruments such as AFS financial assets and nonfinancial assets such as land carried at revalued amount and investment property, at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 31.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re- assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

<u>Financial Assets</u>
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 Group's financial assets include loans and receivables and AFS financial assets. The Company has no financial assets classified at FVPL, HTM investments and derivatives designated as hedging instruments in an effective hedge as at June 30, 2015 and 2014.

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 consolidated statement of income. Loans and receivables are included in current assets if maturity is within twelve (12) months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

This category includes cash and cash equivalents (excluding cash on hand) 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 financial assets" account in the consolidated statement of income, or determined to be impaired, at which time the cumulative loss is recognized in the consolidated statement of income. Dividends earned on holding AFS equity instruments are recognized in the consolidated statement of income as dividend income when the right of the payment has been established.

The Subsidiary has an investment in AFS which are being classified as current assets.

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 consolidated 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 consolidated 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 consolidated 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 Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; 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 Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arran7gement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group 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 Group 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 Group could be required to repay.

Impairment of Financial Assets
The Group 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 effective interest rate or 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 consolidated statement of income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. 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 consolidated income. Interest income continues to be accrued on the reduced carrying amount based on the original EIR of the asset. Loans and receivables, 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 Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write- off is later recovered, the recovery is recognized in the consolidated statement of income under "Other income" account.

AFS Financial Assets. The Group treats AFS financial assets as impaired when there is objective evidence that impairment exists.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and current fair value, less any impairment loss previously recognized in the consolidated statement of income, is transferred from equity to the consolidated statement of income. Reversals in respect of equity instruments classified as AFS are not recognized in consolidated statement of income.

In the case of AFS equity investments carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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 Group 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, less directly attributable transaction costs.

The Group's financial liabilities consist of other financial liabilities. As at June 30, 2015 and 2014, the Group 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 consolidated statement of income when the liabilities are derecognized as well as through the EIR amortization process.

This category includes notes payable, trade and other payables (excluding statutory liabilities), due to related parties, and other noncurrent liabilities.

Financial Guarantees. Financial guarantees are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. The Group does not recognize financial guarantees in the financial statements until an obligation to pay the liability of another party to the arrangement is established. It is only disclosed as part of liquidity risk of the Group.

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 consolidated statement of income.