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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

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C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P W 0 0 0 0 0 7 2 7

COMPANY NAME

C E N T R A L A Z U C A R E R A D E T A R L A C A N
D S U B S I D I A R Y

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

S A N M I G U E L , T A R L A C

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A C F S	S E C	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	818-6270	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
400	01/26	06/30

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mrs. Wellerita D. Aguas	willie_aguas@yahoo.com	818-3911	N/A

CONTACT PERSON's ADDRESS

3/F First Lucky Place, 2259 Pasong Tamo Extension, Makati City 1231

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended **June 30, 2017**

2. SEC Identification Number **727** 3. BIR Tax Identification No. **000-229-931**

4. Exact name of issuer as specified in its charter **CENTRAL AZUCARERA DE TARLAC**

5. **Manila, Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code:

7. **San Miguel, Tarlac City, Tarlac** **1231**
Address of principal office Postal Code

8. **(02) 818-6270**
Issuer's telephone number, including area code

9. **n/a**
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	282,538,760

11. Are any or all of these 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:
PHILIPPINE STOCK EXCHANGE **COMMON**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that 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 [ ]   No [**X**]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

Not applicable

CENTRAL AZUCARERA DE TARLAC
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SEC FORM 17-A

PART I - BUSINESS AND GENERAL INFORMATION

A. Description of Business

Central Azucarera de Tarlac ("Company" or "CAT") was incorporated in 1927 and the Company's life was renewed in 1976. It operates an integrated manufacturing facility that processes sugar and all its by-products. Its business and facilities include the sugar milling and refinery, distillery and carbon dioxide plants located in Barrio San Miguel, Tarlac City. The sugar cane supply is sourced predominately from the Tarlac district and a few in the nearby towns of Pampanga.

The Company, in addition to its sugar processing operations, has a one hundred percent (100%) stake in Luisita Land Corporation ("LLC"), a domestic corporation engaged in developing, leasing, and selling real properties and other ancillary services.

Products and By-Products

Raw and Refined Sugar

The Company's sugar milling and refinery facilities have a capacity of 7,200 tons cane and 8,000 50-kg bags per day, respectively. The sugar cane is initially processed to extract sugar of which 31% represents the company's mill share, 69% belongs to the planters. Most of the raw sugar extracted is further processed in the refinery to produce refined sugar. Tolling fees are collected from customers' upon withdrawal of refined sugar from the Company's inventory. In addition to raw and refined sugar, the mill and refinery produce molasses, a by-product. The molasses produced in the mill is likewise subjected to the planter-miller share of 31% and 69%, respectively.

The mill's raw sugar sales and the refinery's tolling fees represent approximately 53% and 22%, respectively, of the Company's total revenues. The raw and refined sugars produced are sold to industrial users through traders. The Company operates within 5 to 6 months while the refinery operates between 8 to 9 months with the crop year.

Alcohol

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

In addition to alcohol sales, tolling fees are earned from various distillers whose molasses are processed by the distillery. In the last three years, the distillery's contribution to the Company's operating revenues was between 0.4-3.0%.

Carbon Dioxide

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

Industrial Services

The Company, thru LLC, provides property management, water distribution and wastewater treatment series to locators of Luisita Industrial Park and residents of Las Haciendas de Luisita.

Industrial Profile

Since the beginning of the 2016-17 season, the International Sugar Organization (ISO) has been projecting that the year will be the second season of a significant statistical deficit, with an anticipated massive 11.1 million metric tons drop in global inventories and augurs well for a strong world market prices. True enough, world market prices (Market No. 11) hovered at more than 20 cents per pound up until February 2017. Thereafter, prices remained under downward pressure as analysts begins to realize that the expected significant production deficit will not materialize due to the higher final world production output. Hereunder is the latest world sugar balance figure:

	World Sugar Balance (Million tons, raw value)			
	2016-17	2015-16	Change	
			in mln t	in percent
Production	167.773	165.840	1.933	1.17%
Consumption	171.633	171.584	0.049	0.03%
Surplus/(Deficit)	(3.860)	(5.744)		
Import Demand	60.115	58.362	1.753	3.00%
Export Availability	60.234	58.501	1.733	2.96%
End Stocks	87.364	82.561	4.803	5.82%
Stock/Consumption Ratio, in percent	**50.90%**	**48.12%**		

The high domestic prices of sugar in the country in 2015-16 season resulted in the expansion of the area planted to cane for harvesting in the following 2016-17 season. The area planted to cane expanded by an estimated 10,560 hectares to 423,995 hectares. Coupled with a generally more favorable weather that prevailed during the year, the country's average yield per hectare grew by about 9%, from 108.31 tons cane to 117.95 tons cane per hectare. These resulted to a higher total cane haulage for the season of 28,005,461 tons cane vs. 23,254,083 tons cane, albeit at a slightly lower recovery rate of 1.79 vs. 1.93 50-kilogram bags of raw sugar per ton cane milled.

The nation's total raw sugar production for the season reached 2,500,509 tons, up by 11.69% from last year's 2,238,872 tons. Almost all of the country's major sugar producing areas posted higher output with the exception of Eastern Visayas which posted a drop in production of about 3,762 tons or 6.40% to a total of 54,970 tons. The raw sugar output from Luzon rose by 13,742 tons or 5.73% to 253,468 tons, Negros by 172,737 tons or 12.74% to 1,528,302 tons, Panay by 19,936 tons or 11.99% to 186,276 tons and finally Mindanao by 58,984 or 14.09% to 477,493 tons.

CANE TONNAGE - PHILIPPINES - CY 2016-17 & CY 2015-16						
MILLS	TONS CANE MILLED				% SHARE IN TOTAL	
	2016-17	2015-16	GROWTH	%	2016-17	2015-16
LUZON						
Cagayan	184,679	212,594	(27,915)	-13.13%	0.66%	0.91%
Bicol	180,066	193,508	(13,442)	-6.95%	0.64%	0.83%
Batangas	1,854,037	1,750,050	103,987	5.94%	6.62%	7.53%
Pampanga	191,475	166,260	25,215	15.17%	0.68%	0.71%
Tarlac	617,142	526,542	90,600	17.21%	2.20%	2.26%
VISAYAS						
Panay	2,305,722	1,855,985	449,737	24.23%	8.23%	7.98%
Eastern Visayas	700,926	663,386	37,540	5.66%	2.50%	2.85%
Negros	16,707,345	13,973,558	2,733,787	19.56%	59.66%	60.09%
MINDANAO	5,264,069	3,912,200	1,351,869	34.56%	18.80%	16.82%
Total	**28,005,461**	**23,254,083**	**4,751,378**	**20.43%**	**100.00%**	**100.00%**

Competition

The Company is one of the almost 30 sugar mills currently operating in the country and is one of the few with integrated operations, from sugar milling, refinery and alcohol distillery under one contiguous facility. Located in Central Luzon, CAT caters to the milling requirement of the sugar cane planters of Tarlac and nearby province of Pampanga. Though directly competing with Sweet Crystal, a Pampanga-based mill, the lion's share of 76.32% or 617,142 tons was milled in CAT. This year's total canes hauled by CAT represents an increase of 17.21% or 90,599 tons from the previous 526,543 tons cane.

CANE TONNAGE - CENTRAL LUZON - CY 2016-17 & CY 2015-16						
MILLS	TONS CANE MILLED				% SHARE IN TOTAL	
	2016-17	2015-16	GROWTH	%	2016-17	2015-16
Sweet Crystal	191,475	166,260	25,215	15.17%	23.68%	24.00%
Tarlac	617,142	526,542	90,600	17.21%	76.32%	76.00%
Total	**808,617**	**692,802**	**115,815**	**16.72%**	**100.00%**	**100.00%**

CAT has the distinct advantage of having its own sugar refinery, a capability currently not possessed by its neighboring mills. This being so, CAT remains to be the only major source of easily accessible commercial grade refined sugar to cater to the demands of Central and Northern Luzon. In the last several years, CAT produced approximately 1.0M to 1.2M 50-kilogram bags of commercial grade refined sugar per season, a volume insufficient to meet the demand of its own market especially during off-season months of June to October.

Transactions With and/or Dependence on Related Parties

The Company's transactions with related parties are disclosed in Note 27 (pages 46-47) of the Company's audited financial statements. In addition, the Company's operations are not dependent on its related parties. The Company provides working capital support to its related parties.

Research and Development Spend

CAT spends approximately 0.05-0.10% for product research and development over the last three (3) years. The Company adheres to its core product, sugar, and finds no need to further conduct product research and development. However, it continuously adopts new production technology to which spending is through capital expenditure amounting to ₱100-120M annually.

Government Regulations

Other than the Bureau of Internal Revenue ("BIR") and the Securities and Exchange Commission ("SEC"), the Sugar Regulatory Administration ("SRA") is the government regulatory arm that oversees the operation and administration of the sugar industry. One of the most important functions of the SRA is the allocation of the country's sugar production. The SRA determines the quantity of sugar to be sold in the domestic and foreign markets and likewise, regulates importation of sugar, if deemed necessary. Intermittently, the Company seeks approval from the SRA should sugar product change form from one classification to another. This is dependent on the projected sugar supply and demand at a particular period of time.

Cost and effects of compliance with environmental laws

The Company is compliant with environmental standards set by DENR and is ensured of continued operations. The efforts of CAT to comply with all the regulatory requirements and social obligation are evidenced by the costs and expenses incurred by the Company to ensure that pollution control and environmental standards are upheld.

To date, CAT has incurred between ₱4.0-6.0M annually to maintain its environs safe.

Employee

As of June 30, 2017, following is the employee details:

	Exec./Mgrl./Supv.		Rank/File		Retainer/	Total
	Perm.	Prob.	Perm.	Prob.	Consultant	
CAT- TARLAC	85	0	198	0	14	297
CAT- MAKATI	10	0	3	0	3	16
LLC	4	0	4	0	0	8
TOTAL	**99**	**0**	**205**	**0**	**17**	**321**

Major Risk in the Business of CAT

The following are the threats and risks that the Company is subjected to:

Operational risk. The Company's main operational threat is the undersupply of sugar cane. Its sources of sugar cane predominately come from Tarlac and the nearby province of Pampanga. Planters who have become beneficial owners of agricultural land have begun to explore or engage in sugar planting. In addition, the Company continuously augments its planters programs, incentives, aids and other services to entice planter/land owners to return to sugar crop propagation and engage CAT for its milling and refinery requirements.

Another notable common operational risk is the breakdown of factory facilities resulting to downtime and leading to decreased production output. To mitigate such risks, the Company conducts it preventive maintenance and repair programs during the off-milling season (June to October) in preparation for an uninterrupted subsequent milling, refinery and distillery operations.

Financial risk. The Company is faced with the high volatility of sugar prices, inherent in the sugar industry since sugar is a commodity product. The profitability margins of the Company may be affected should the sugar prices behave erratically. However, this is countered through CAT's strategic management of costs, inventory and operating expenses during the low and high price seasonality of the industry.

A national threat to the sugar industry is the importation of smuggled sugar. The disadvantageous consequence of this unlawful activity includes the weakening of domestic sugar prices. It affects not only CAT but the also the industry players as well. It likewise impacts the local planters creating an imbalance in the domestic sugar supply. The Company addresses this risk by managing its costs to allow competitive pricing should excess sugar enters the market. Moreover, CAT collaborates with the government agencies such as the Sugar Regulatory Administration (SRA), whose purpose is to protect the domestic sugar players, and participates in other government programs to uphold the progression of the sugar industry in the Philippines.

Hazard risk. Due to its agriculturally-based raw materials, extreme changes in weather conditions greatly affect the quantity and quality of sugar canes. Lower supply from the farmers results to lower sugar production output for the Company. Therefore, CAT is currently implementing its expansion and intensification programs to address any adverse effects of weather and environmental hazards.

B. Properties

The Company owns real estate property consisting of 627.9 hectares located within the Luisita Agro-Industrial Complex in San Miguel, Tarlac City. The property in its entirety is located approximately 3.5 kms west from Luisita Interchange of the SCTEX, or 4.5 kms. East from McArthur Highway/Luisita Business Park; and about 10.0 kms Southeast from the downtown of Tarlac City.

Areas of reference on its existing use	Area in sq.meters	% against total land area
Industrial		
Factory Area	677,220	10.78%
Administrative area	276,569	4.40%
Not used in business and operation	3,303,107	52.60%
Held for sale and development (thru LLC)	2,022,412	32.21%
Total	**6,279,308**	**100%**

Factory Plants/Buildings Used In Business Operations

The CAT complex is composed of the raw sugar milling, sugar refinery, alcohol distillery and wastewater treatment facilities.

The Raw Sugar Factory. The sugar factory was originally built with a milling capacity of 5,000 tons per day (TCD). Over the years, the Company has continuously upgraded its facilities increasing its capacity and efficiency using the latest available technology. CAT has currently excess capacity and can accommodate up to 1.0M tons cane in its milling and refinery operations.

Refinery Operation. The sugar refinery, which produces the renowned Luisita Sugar, processes refined sugar employing phosphoric acid-lime clarification and de-colorization. Its average daily output is 7,500 50-kg. bags of refined sugar.

Alcohol and Ancillary Products. The distillery presently employs several sets of distilling columns with a combined output of 65,000 liters total alcohol with a grade of 189.0 proof. By-products from the distillery are recovered at the CO2, and yeast plants.

Other Auxiliary and Support Facilities. CAT operates its own electrical substation with electrical distribution system. Other facilities include various shops, laboratory, instrumentation and maintenance equipment.

Water and Wastewater Management. To support CAT's operations, the water treatment facility re-circulates all process cooling water by spray cooling. In addition, the integrated wastewater treatment plant employs an anaerobic digester and 17 facultative lagoons covering an area of 30 hectares, treating the final effluents to irrigate nearby sugarcane fields.

Property Management and Utility Distribution. Thru CAT's subsidiary, LLC, the Company provides property management and water distribution services to locators to commercial and industrial districts within the ten (10) barangays of Tarlac City.

The Company owns all the properties. There are no limitations as to the properties' usage. These are under the Mortgage Trust Indenture as a security to the long-term loan the Company secured from a local bank. Currently, CAT does not lease any of these properties.

C. Legal Proceedings

The Company is currently not under any legal proceedings.

D. Submission of Matters to a Vote of Security Holders

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

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PART II – SECURITIES OF THE REGISTRANT

A. Market Price of and Dividends on Registrant's Common Equity and Related Stockholders Matters

Market Information

Central Azucarera de Tarlac is a Company whose common shares are listed in the Philippine Stock Exchange since April 1977. The following tables list the Company's Stock Price for the 3-year period from FY 2014-2018 and its last trading date.

Market Information				
Year	Quarter	Period	High	Low
2017-2018	1Q	July - September	26.80	14.02
2016 - 2017	1Q	July - September	22.00	17.00
	2Q	October - December	37.50	15.80
	3Q	January - March	21.00	14.22
	4Q	April - June	15.00	14.08
2015 - 2016	1Q	July - September	10.99	7.16
	2Q	October - December	10.00	8.32
	3Q	January - March	24.00	9.50
	4Q	April - June	23.90	12.00
2014 - 2015	1Q	July - September	11.40	11.40
	2Q	October - December	9.01	8.92
	3Q	January - March	9.69	9.69
	4Q	April - June	9.20	9.20

Market Information (Last Trading Date)	
Date	October 10, 2017
Open	19.12
High	20.50
Low	19.12
Close	19.50
Volume	3,900

Holders of Security

The following table enumerates the top 20 shareholders of the Company as of 30 June 2017.

	Name of Stockholder	Citizenship	Amount Subscribed (Php)	No. of Shares Held	% Total Outstanding
1	PCD NOMINEE CORPORATION (FILIPINO)	Filipino	264,392,814	264,392,814	93.578%
2	PCD NOMINEE CORPORATION (FOREIGN)	Others	5,289,641	5,289,641	1.872%
3	ROMULO, MARILES C.	Filipino	441,240	441,240	0.156%
4	OLLER, MA. MERCE FORMENTI	Spanish	430,880	430,880	0.153%
5	SANTIAGO, O' MARINA SOLDEVILLA	Spanish	369,040	369,040	0.131%
6	SENCHERMES, JUAN GALOBART	Spanish	326,160	326,160	0.115%
7	ALCANTARA, VALERIO	Filipino	280,160	280,160	0.099%
8	DELA RIVA, CARMEN GALOBART	Spanish	277,440	277,440	0.098%
9	IRAGORRI, EDUARDO GALLARZA	Spanish	272,560	272,560	0.096%
10	MENDOZA, NESTOR C.	Filipino	250,960	250,960	0.089%
11	MORTON, CHARLES V.	American	243,440	243,440	0.086%
12	CHUA, WILLINGTON	Filipino	233,100	233,100	0.083%
13	CHEE, LIM BENG	Chinese	231,840	231,840	0.082%
14	RECTOR DEL SEMINARIO MAYOR DE SAN CARLOS	Filipino	221,480	221,480	0.078%
15	DELGADO, NELLIE C.	Filipino	219,040	219,040	0.078%
16	FORD, THOMAS J.	American	210,320	210,320	0.074%
17	MARTIN, FRANCISCO LON	Filipino	204,400	204,400	0.072%
18	GUTIERRES, TERESA MARTINEZ VDA DE	Spanish	198,160	198,160	0.070%
19	HEIRS OF MA. VICTORIA MARFA SATRUSTEGUI	Spanish	178,720	178,720	0.063%
20	SATRUSTEGUI, MA. ISABEL MARFA	Spanish	178,720	178,720	0.063%
	TOTAL:		**274,450,115**	**274,450,115**	**97.137%**

The following table lists the security ownership of certain record and beneficial owners the Company owning more than 5% of its Common Shares as of 30 June 2017.

Title of Class	Name	Number of Shares Held	Name of Beneficial Ownership	Citizenship	%
Common Shares	PCD Nominee Corporation*	264,392,814	PCD Nominee Corporation	Filipino	93.58
**Beneficial ownership through PCD Nominee Corporation*					
Common Shares	CAT Resource & Asset Holdings Inc.	201,718,140	Martin P. Lorenzo 102,876,250 shares	Filipino	71.39
			Fernando C. Cojuangco 98,841,890 shares	Filipino	
	Luisita Trust Fund	46,359,920	Luisita Trust Fund	Filipino	16.41

The following table identifies the shareholdings of Directors and Officers of the Company as of 30 June 2017.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	%
Common	Martin Ignacio P. Lorenzo	102,876,250	Indirect	Filipino	36.41
		200	Indirect	Filipino	0.00
Common	Fernando C. Cojuangco	98,841,890	Indirect	Filipino	34.98
		200	Indirect	Filipino	0.00
Common	Marco P. Lorenzo	200	Indirect	Filipino	0.00
Common	Vigor D. Mendoza II	200	Indirect	Filipino	0.00
Common	Fernan Victor P. Lukban	200	Indirect	Filipino	0.00
Common	Renato B. Padilla	10	Direct	Filipino	0.00
Common	Benjamin I. Espiritu	10	Direct	Filipino	0.00
Common	Cecile D. Macaalay	5000	Indirect	Filipino	0.00
Common	Wellerita D. Aguas	9980	Direct	Filipino	0.00
		10,000	Indirect	Filipino	0.00
Common	Janette L. Peña	0	-	Filipino	0.00
Common	Addison B. Castro	0	-	Filipino	0.00
Total		**201,744,140**			**71.40**

Dividends

2016 – 2017- No dividends declared
2015 – 2016- No dividends declared
2014 - 2015 - No dividends declared
2013 - 2014 - No dividends declared
2012 - 2013 - No dividends declared
2011 - 2012 - No dividends declared

Recent Sales of Unregistered *or Exempt* Securities*, Including Recent Issuance of Securities Constituting an Exempt Transaction*

The Company has not had any sale of unregistered or exempt securities.

B. Description of Registrant's Securities

As of June 30, 2017, the Company's Authorized Capital Stock remains at ₱400,000,000 divided into 400,000,000 Common Shares with a par value of ₱1.00 per share. As of the same date, 282,538,760 shares are outstanding and are held by 400 stockholders.

On April 19, 2016, the Board of Directors approved the change in par value of common shares from ₱10 per share to ₱1 per share and ratified by the stockholders on June 15, 2016. The date of approval by the Securities and Exchange Commission is October 12, 2016. In accordance with the Exchange' Policy on Updating of Stock Certificates, the change in the par value of common shares was reflected on Philippine Stock Exchange Trading System on October 25, 2016.

PART III - FINANCIAL INFORMATION

A. Management's Discussion and Analysis or Plan of Operation

Executive Summary

Central Azucarera de Tarlac remained steadfast amidst the volatility of sugar prices during the fiscal year ending June 2017 as it increased its EBITDA by 32% to P591.8M from P447.8M in the FY2016. Recurring earnings increased by 3% despite the freefall of sugar prices in 2017. Net Income stood at P287.1M, a 63% increase from last year.

The Company continued to be focused in optimizing its efficiency and productivity by milling a volume of 617K TC, a 17% increase from last fiscal year's 527K TC volume. Sugar Sales and Tolling Fees remained to be the significant contributor with increases of 12% and 15%, respectively.

The Cost of Goods Sold slightly increased by 10% as a result of significant increases in Depreciation by P40M or 88%; Labor cost by P12M or 27% due to longer Milling and Refinery Operations; and, Inventory Cost, Spare Parts and Supplies P33M or 10%. Most costs were related to establishing plant cane, which, historically, was elevated compared to establishing sugar cane ratoon.

Meanwhile, apart from the Company's earnings from its sugar operations, CAT likewise benefited from the upswing in the value of the land it currently holds for capital appreciation. As a result, EBITDA margin reached 45% while Net Income margin was strong at 22%.

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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 fiscal years ending 30 June 2017, 2016 & 2015.

(In Million Pesos except for Volume, Price & EPS)	**FY 2017**		**FY 2016**		**FY 2015**	
	617,142	**TC**	**526,543**	**TC**	**627,231**	**TC**
	AMT	**%**	**AMT**	**%**	**AMT**	**%**
VOLUME AND PRICE MATRIX	**Vol**	**P**	**Vol**	**P**	**Vol**	**P**
Raw Sugar Equivalent	462,703	1,389	321,906	1,778	365,389	1,496
Tolling of Refined Sugar	1,058,358	244	938,170	239	1,027,492	222
Alcohol	5,790,738	52	7,156,011	49	4,480,374	42
Carbon Dioxide	2,909,160	10	2,917,638	12	1,971,318	14
REVENUE	**1,304.80**	**100%**	**1,214.04**	**100%**	**1,023.90**	**100%**
Sugar	642.49	49%	572.37	47%	546.62	53%
Tolling of Refined Sugar	258.32	20%	224.04	18%	227.86	22%
Alcohol	301.99	23%	347.17	29%	187.31	18%
Tolling of Alcohol	.00	0%	.00	0%	3.54	1%
Molasses	34.60	13%	.00	0%	.00	0%
Carbon Dioxide	28.16	2%	36.23	3%	27.61	3%
Industrial services	39.23	3%	33.28	3%	25.57	0%
Real estate sale		0%	.95	0%	5.41	0%
COST OF GOODS SOLD AND SERVICES	**816.65**	**63%**	**751.07**	**62%**	**602.44**	**59%**
Costs of goods sold	692.27	53%	630.03	52%	477.48	47%
Costs of tolling services	102.44	8%	102.89	8%	112.70	11%
Cost of industrial services	21.95	2%	18.07	1%	12.17	0%
Cost of real estate		0%	.08	0%	.10	0%
GROSS PROFIT	**488.14**	**37%**	**462.97**	**38%**	**421.47**	**41%**
OPERATING EXPENSES	**158.92**	12%	**110.10**	9%	**129.22**	13%
OPERATING PROFIT (LOSS) BEFORE INTEREST AND TAXES	**329.22**	**25%**	**352.87**	**29%**	**292.25**	**29%**
Interest expense and bank charges	**(138.09)**	-11%	**(123.69)**	-10%	**(95.18)**	-9%
Interest income	**27.08**	2%	**1.23**	0%	**4.23**	0%
Gain on revaluation of land	**129.00**	20%	**.00**	0%	**.00**	0%
Others - net	**34.78**	3%	**38.11**	3%	**19.13**	2%
INCOME (LOSS) BEFORE TAX	**382.00**	**29%**	**268.52**	**22%**	**220.43**	**22%**
PROVISION FOR INCOME TAX	**94.90**	**7%**	**91.86**	**8%**	**76.22**	**7%**
NET INCOME [LOSS]	**287.09**	**22%**	**176.65**	**15%**	**144.21**	**14%**
EBITDA	**591.83**	**45%**	**447.82**	**37%**	**370.68**	**36%**
EPS	**₱1.02**		**₱0.63**		**₱0.51**	

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Plan of Operation

Outlook for FY 2017-2018

After two consecutive years of production deficit the world sugar economy is projecting a surplus in production over consumption. The world sugar output is expected to rise sharply to 179.300 million tons, higher by 6.87% from this year's 167.773 million tons on the back of the massive production increases in India, the European Union, Thailand and China. On the other hand, the world consumption is place at 174.664 million tons. The expected surplus in production is expected to increase the ending stocks by 0.12% or 0.107 million tons in the next October/September cycle of the world sugar economy.

The projected surplus in the world sugar economy is usually bearish for prices as may be gleaned in the current trend in values in the world market. On a more positive note, any further decline in world market prices could prompt a return in Brazil to the traditional raw sugar production mix of at around 56:44 in favor of ethanol. This could eat up a sizeable portion of the current surplus projection thus, boosting market fundamentals. Also and more importantly, the supply and demand projection is still to be confirmed by actual production patterns all over the world. Weather, natural or man-made calamities and other developments may significantly alter the projection.

	World Sugar Balance (Million tons, raw value)			
			Change	
	2017-18	2016-17	in mln t	in percent
Production	179.300	167.773	11.527	6.87%
Consumption	174.664	171.633	3.031	1.77%
Deficit	4.636	(3.860)	8.496	-220.10%
Import Demand	57.617	60.115	(2.498)	-4.16%
Export Availability	62.146	60.234	1.912	3.17%
End Stocks	87.471	87.364	0.107	0.12%
Stock/Consumption Ratio, in percent	**50.08%**	**50.90%**		

The Sugar Regulatory Administration projects another bumper crop for coming 2017-18 season. Raw sugar output is estimated to reach 2.38 million tons, whereas consumption is placed at 2.17 metric tons. As a result, the SRA recently issued Sugar Order No. 1 s. 2017-18 mandating the sugar allocation by class as follows:

Sugar Classes	Production MMT	% Actual Allocation
"A" or U.S. Market Sugar	0.238	10.0%
"B" or Domestic Sugar Market	1.904	80.0%
"D" or World Sugar Market	0.238	10.00%
	2.38	**100.00%**

The carry-over stock for the "B" or domestic market sugar from the previous season is estimated to be at around 318,726 tons raw and 303,756 tons refined, or a total of 622,842 tons of raw and refined sugar. The carry-over stock is much more than the comfortable level of around 400,000 tons to cover domestic consumption during the off-milling season, meaning, there is a glut in the supply of the sweetener in the domestic market. Exacerbating the situation of over-supply is the seemingly unabated importation of high fructose corn syrup (HFCS) by industrial users of sugar. Statistics indicate that for the period January to December 2016 the importation of HFCS totaled 373,178 tons. At 77% conversion ratio, this figure translates to 287,316 tons or 5,746,325 50-kilogram bags in equivalent refined sugar consumption that was displaced by the HFCS. Despite the issuance of Sugar Order Nos. 3 and 3-A to regulate the issuance of clearances for the importation of HFCS in February 2017, the January to July 2017 shipments to the country of HFCS totaled an estimated 167,722 tons or about 45% of the previous year's total.

Given the glut in the domestic supply of sugar and the continued importation of sugar substitutes such as HFCS and other pre-mixes, bearish sentiments will probably prevail this coming milling season. Early indications point to a lower price composite than last year.

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Management Discussion and Analysis

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.

CENTRAL AZUCARERA DE TARLAC
KEY PERFORMANCE INDICATOR

Revenue	FY 2017	FY 2016	FY 2015
Revenue (in millions)	1,304.80	1,214.04	1,023.90
% Growth	7%	19%	4%

EBITDA	FY 2017	FY 2016	FY 2015
EBITDA (in millions)	591.8	446.6	370.7
% Growth	33%	20%	112%
EBITDA Margin	45%	37%	36%

Net Income	FY 2017	FY 2016	FY 2015
Net income (in millions)	287.09	176.65	144.21
% Growth	63%	22%	181%
Net Income Margin	22%	15%	14%

Earnings per share	FY 2017	FY 2016	FY 2015
Earnings per share	1.02	0.63	0.51

Milling Recovery	FY 2017	FY 2016	FY 2015
Milling recovery (Lkg/TC)	1.848	1.652	1.743

FY 2017 Review of Operations

Revenues

REVENUES *In Million Pesos*	2017	2016	2015	Growth %	
				2017 vs 2016	2016 vs 2015
Sugar	642.5	572.4	546.6	12%	5%
Tolling of Refined Sugar	258.3	224.0	227.9	15%	-2%
Molasses	34.6	.0	.0	0%	100%
Alcohol	302.0	347.2	187.3	-13%	85%
Tolling of Alcohol	.0	.0	3.5	0%	-100%
Carbon Dioxide	28.2	36.2	27.6	-22%	31%
Industrial services	39.2	33.3	25.6	18%	0%
Real estate sale	.0	1.0	5.4	-100%	0%
TOTAL	**1,304.8**	**1,214.0**	**1,023.9**	**7%**	**19%**

For the Fiscal Year 2016-2017, the gross revenues from the sale of products and services amounted to ₱1,304.8M, higher by ₱90.8M or 7% from the last year. Despite the unfavorable selling prices this year, the overall achievement is the result of increase in cane tonnage by 17%, better quality of cane milled and the consolidated effort to increase productivity that resulted to higher level of continuity of mill operations of 74% compared to last year's 62%.

- Raw sugar production rose by 24% despite the drop in raw sugar composite price this year contributed to ₱70.1M or 12% increase in raw sugar revenues
- Higher volume of raw sugar available for refining triggered the increase in tolling revenues by 15% or ₱34.3M
- Strategic sale of excess molasses added to the coffers by ₱34.6M
- While average selling price of alcohol increased by 7%, volume sold dipped by 19% resulting to a drop in sales of ₱44.2M or 13%
- 22% decline in carbon dioxide selling price resulted to the decrease in revenues by ₱8.6M.
- Increased water sales volume and price of the Company's subsidiary resulted to an increase of ₱5.9M or 18%

Cost of Goods Sold

Cost of goods sold increased by ₱62.2M or 10% this year from ₱630.0M to ₱692.3M. The following table summarizes the breakdown of cost of goods sold:

COST OF GOODS SOLD *In Million Pesos*	2017	2016	2015	Growth %	
				2017 vs 2016	2016 vs 2015
Salaries, wages bonuses and other benefits	61.1	48.2	151.5	27%	-68%
Repairs & Maintenance	67.8	98.3	102.1	-31%	-4%
Inventory cost,spare parts and supplies	355.7	322.2	67.6	10%	376%
Depreciation and amortization	87.3	46.3	48.5	88%	-5%
Freight and transportation	40.3	37.5	43.9	7%	-14%
Security and outside services	41.2	44.4	18.7	-7%	137%
Power and steam	6.2	7.3	6.5	-16%	12%
Insurance	8.5	4.3	4.0	97%	8%
Taxes and licenses	2.3	1.5	2.9	51%	-47%
Others	21.9	20.0	19.6	10%	2%
TOTAL	**692.3**	**630.0**	**477.5**	**10%**	**32%**

- Appointment of key positions and regularized manpower structure caused the increase in salaries and wages by ₱12.9M or 27%
- Intensification in capital expenditures which will provide long term benefits caused the repairs and maintenance to decrease by ₱30.6M or 31%
- Inventory cost and spare parts increased by ₱33.5M or 10% due to planned purchase of feedstock in alcohol production that remains unsold as of reporting date
- Depreciation and amortization jumped by ₱40.9M or 88% due to the Management's continuous focus on spending in strategic capital expenditures
- Despite increase in production, power and steam decreased by ₱6.5M or 16% due to efficient milling operations
- Widened insurance coverage instigated the increase in insurance cost by ₱4.0M or 97%

Cost of Tolling Services

Overall, the cost of tolling services remained at ₱102M level despite the increase in production of refined sugar. The table below summarizes the breakdown of cost of tolling:

COST OF TOLLING SERVICES *In Million Pesos*	2017	2016	2015	Growth %	
				2017 vs 2016	2016 vs 2015
Salaries, wages bonuses and other benefits	10.9	8.7	24.4	25%	-64%
Repairs & Maintenance	22.0	20.4	20.7	8%	-1%
Spare parts and supplies	4.3	11.2	9.6	-61%	17%
Depreciation and amortization	5.6	4.1	2.1	38%	95%
Freight and transportation	4.7	4.7	5.5	-1%	-14%
Security and outside services	5.2	5.5	.0	-4%	0%
Retirement	.0	.0	2.9	0%	-100%
Power and steam	44.7	44.6	43.3	0%	3%
Insurance	1.4	1.0	1.0	48%	0%
Taxes and licenses	1.8	1.7	2.2	8%	-26%
Others	1.7	1.1	1.1	60%	-4%
TOTAL	**102.4**	**102.9**	**112.7**	**0%**	**-9%**

- Salaries and wages increased by ₱2.2M or 25% due to regularized manpower structure across the organization
- Efficiency in refinery operations caused the reduced consumption of chemicals and other suppliers by ₱6.9M or 61%
- Depreciation and amortization augmented by ₱1.5M or 38% as more capital expenditures are infused in the refinery operations
- Widened insurance coverage triggered the jump in insurance cost by ₱0.5M or 48%

Cost of Industrial Services

Cost of industrial services increased by ₱3.9M or 21% this year from ₱18.1M to ₱21.9M. The following table summarizes the breakdown of cost of industrial services:

COST OF INDUSTRIAL SERVICES *In Million Pesos*	**2017**	**2016**	**2015**	**Growth %**	
				2017 vs 2016	**2016 vs 2015**
Salaries, wages bonuses and other benefits	.5	1.8	1.4	-71%	27%
Repairs & Maintenance	2.8	4.2	2.8	-34%	52%
Spare parts and supplies	1.0	.8	.5	31%	63%
Depreciation and amortization	2.0	2.3	1.8	-11%	24%
Security and outside services	3.5	2.8	1.9	23%	49%
Retirement	.0	.1	.1	-100%	17%
Power and steam	4.6	4.8	3.4	-3%	41%
Termination Expense	2.3	.0	.0	100%	0%
Taxes and licenses	.3	.3	.2	-6%	62%
Others	4.9	1.0	.1	392%	800%
TOTAL	**21.9**	**18.1**	**12.2**	**48%**	**48%**

- Salaries and wages decreased by ₱1.2M or 71% brought about by the Subsidiary's decision to right size the operation which include the retirement of numerous positions and aligning salary structure level
- Focused capital expenditures in the water operations in the following years of the Subsidiary caused the spending of repairs and maintenance to decline by ₱1.4M or 34%
- Added posting of key security markers increased the security and outside services by ₱0.6M or 23%
- As the result of right sizing the operations of the Subsidiary, termination expense incurred amounted to ₱2.3M or 100%

Operating Expenses

Operating expenses increased by ₱48.8M or 44% this year from ₱110.1M to ₱158.9M. The following table summarizes the breakdown of operating expenses:

OPERATING EXPENSES *In Million Pesos*	2017	2016	2015	Growth %	
				2017 vs 2016	2016 vs 2015
Salaries, wages bonuses and other benefits	32.1	35.3	37.1	-9%	-5%
Repairs & Maintenance	9.6	6.8	2.4	42%	184%
Management fees and bonuses	.4	.3	2.0	37%	-86%
Taxes and licenses	23.1	13.7	21.0	69%	-35%
Depreciation and amortization	3.8	2.9	2.6	32%	13%
Transportation and travel	8.6	6.3	13.9	38%	-55%
Security and outside services	11.2	1.0	11.6	1019%	-91%
Rentals	3.0	3.2	5.4	-5%	-41%
Light and water	.6	.9	1.6	-31%	-45%
Retirement	.0	.0	3.1	0%	-100%
Entertainment, amusement and recreation	1.8	1.9	2.7	-4%	-29%
Professional fees	27.9	22.5	18.7	24%	20%
Dues and advertisements	2.9	1.0	1.1	177%	-1%
Postage, telephone and telegram	.6	.6	1.0	-5%	-35%
Termination Expense	1.2	.0	.0	0%	0%
Bank Charges	1.0	1.4	.7	-26%	89%
Provision for doubtful accounts	.4	2.6	.9	-84%	177%
Provision for losses	.1	6.4	.0	-99%	0%
Others	30.4	3.3	3.5	817%	-4%
TOTAL	**158.9**	**110.1**	**129.2**	**44%**	**-15%**

- Various outside-plant offices are continuously renovated resulting to an increase of ₱2.8M or 42% repairs and maintenance cost
- Higher business taxes, timely tax remittances and prompt settlements to avail discounts caused the increase of taxes and licenses by ₱9.4M or 69%
- Depreciation jumped by ₱0.9M or 32% due to past year's amplified spending in various outside-plant offices
- Security and outside services increased by ₱10.2M or 1,019% due to added posting of key security markers across the Company's properties
- Professional fees increased by ₱5.4M or 24% as the Company engaged experts to improve the milling operations
- Supplementary memberships and advertisements to sugar industry organizations and events brought the increase of ₱1.9M or 177% in dues and advertisements

Balance Sheet Accounts

The table below presents the Balance Sheet Statements of the Company as of fiscal years dated 31 June 2017, 2016 and 2015.

(In Million Pesos)	FY 2017		FY 2016		FY 2015		GROWTH	
	AMT	%	AMT	%	AMT	%	AMT	%
ASSETS								
Current Assets								
Cash and cash equivalents	237.97	3%	93.95	1%	252.84	4%	144.03	153%
Receivables	763.04	11%	659.43	10%	777.89	12%	103.61	16%
Inventories	393.12	6%	154.76	2%	142.37	2%	238.37	154%
Real estate held for sale and development	988.40	15%	987.96	15%	987.24	16%	.44	0%
Non-current asset held for sale		0%		0%	95.50	2%	.00	0%
Other current assets	152.79	2%	117.00	2%	61.20	1%	35.79	31%
Total Current Assets	**2,535.33**	**37%**	**2,013.10**	**30%**	**2,317.04**	**37%**	**522.23**	**26%**
Non-current Assets								
AFS financial assets	172.49	3%	104.07	2%	103.52	2%	68.42	66%
Property, plant and equipment								
Land- at revalued amount	874.00	13%	716.60	11%	685.70	11%	157.40	22%
Property and equipment- at cost	503.42	7%	429.14	6%	374.10	6%	74.27	17%
Investment property	1,486.40	22%	1,357.40	20%	1,357.40	22%	129.00	0%
Retirement asset	339.37	5%	706.47	10%	154.07	2%	-367.10	-52%
Goodwill	702.15	10%	702.15	10%	702.15	11%	.00	0%
Other non-current assets	198.79	3%	199.00	3%	19.82	0%	-.21	0%
Total Non Current Assets	**4,276.62**	**63%**	**4,214.83**	**62%**	**3,396.75**	**55%**	**61.78**	**1%**
TOTAL ASSETS	**6,811.94**	**100%**	**6,227.93**	**91%**	**5,713.79**	**92%**	**584.01**	**9%**
LIABILITIES AND EQUITY								
Current Liabilities								
Trade and other liabilities	486.79	7%	413.01	6%	816.78	13%	73.79	18%
Current portion of notes payable	787.34	12%	393.13	6%	185.34	3%	394.21	100%
Deposits	6.95	0%	6.60	0%	5.79	0%	.36	0%
Income tax payable		0%	10.46	0%	31.46	1%	-10.46	-100%
Total Current Liabilities	**1,281.08**	**19%**	**823.19**	**12%**	**1,039.38**	**17%**	**457.89**	**56%**
Non-current liabilites								
Notes payable- net of current portion	2,028.09	30%	2,042.51	30%	2,057.20	33%	-14.42	-1%
Deferred tax liability	426.51	6%	480.77	7%	308.22	5%	-54.26	0%
Total Non Current Liabilities	**2,454.59**	**36%**	**2,523.27**	**37%**	**2,365.42**	**38%**	**-68.68**	**-3%**
Equity								
Capital stock	282.55	4%	282.55	4%	282.55	5%	.00	0%
Retained earnings (deficit)	480.93	7%	193.84	3%	17.19	0%	287.09	148%
Revaluation increment	1,946.79	29%	1,836.61	27%	1,814.98	29%	110.18	6%
Remeasurement gains on defined benefit liability	226.93	3%	490.98	7%	76.94	1%	-264.05	-54%
Unrealized cumulative gain on AFS financial	139.07	2%	77.49	1%	117.33	2%	61.58	79%
Less cost of 720 shares of stock in treasury	-.01	0%	-.01	0%	-.01	0%	.00	0%
Total Equity	**3,076.26**	**45%**	**2,881.46**	**42%**	**2,308.99**	**37%**	**194.80**	**7%**
TOTAL LIABILITIES AND EQUITY	**6,811.94**	**100%**	**6,227.93**	**91%**	**5,713.79**	**92%**	**584.01**	**9%**

Cash

The increase in cash by ₱144.0M or 153% is due from net cash provided by operating activities of ₱214.7M, ₱311.1M net cash used in investing activities and ₱240.4M net cash provided by financing activities.

Receivables

The increase in receivables by ₱103.6M or 16% from ₱763.0M to ₱659.4M is due to advances made to affiliated companies.

Inventories

The significant increase amounting to ₱238.4M or 154% is due to the ending inventory of alcohol and sugar that remains unsold and molasses to be processed next milling season as of reporting period.

AFS financial assets

The increase in the proprietary golf shares owned by the Parent Company caused the increase in AFS financial assets by ₱68.4M or 66% from ₱104.1M to ₱172.5M

Other current assets

The increase of ₱35.8M or 31% in other current assets is due to increased advances to suppliers for off-season maintenance requirements.

Property, Plant and Equipment

The Company reported a net growth of ₱74.3M or 17% due to the increase in capital expenditures in line with the Company's expansion projects and ₱157.4M or 22% land value appreciation.

Retirement asset

The drop in the retirement asset by ₱367.1M or 52% is caused by the decline in the fair value shares of stocks as part of the plan assets managed by the Parent Company's Retirement Fund.

Trade and other liabilities

Trade and other liabilities increased by ₱73.8M or 18% from ₱413.0M to ₱486.8M due to accruals and intensified purchases in preparation for the repair season.

Current portion of notes payable

Current portion of notes payable increased from ₱393.1M to ₱787.3M or ₱394.2M primarily due to availments of short-term loan from a reputable local bank.

Long term notes payable

Long term notes payable slightly decreased by ₱14.7M or 1% due to the scheduled payment of amortized principal obligation. The long term note payable was availed as a result of the global transaction arising from the acquisition of the Company by its holding company, CAT Resource & Asset Holdings Inc.

Total Stockholders' Equity

The increase in Stockholders' Equity of ₱194.8M or 7% is brought about by the reported consolidated net income of ₱287.1M, revaluation increment of ₱110.2M, remeasurement loss on defined benefit liability of ₱264.0M and unrealized cumulative gain on AFS financial assets of ₱61.6M.

FY 2016 Review of Operations

Revenues

For the Fiscal Year 2015-2016, the gross revenues from the sale of products and services amounted to ₱1,214.0M, higher by ₱190.1M or 19% from the last year. The increase in the total revenues was achieved despite the almost 19% drop in cane tonnage and its resultant effects in the overall productivity. The achievement was a combination of improved market prices for raw sugar, alcohol, tolling fee and other operational actions instituted to mitigate the negative effects of the lower cane tonnage.

- Improved raw sugar composite price triggered the increase in sugar sales by ₱25.8M or 5% despite of decreased volume sold.
- Tolling of refined sugar decreased by ₱3.8M or 2% due to lower available raw sugar for refining, despite of the increase in tolling fee per 50-kilogram bag of refined sugar by 8%.
- Alcohol sales volume growth by 60% and price growth of 16% boosted the significant increase in alcohol revenues by ₱159.9M or 43%.
- Carbon dioxide sales increased by ₱8.6M or 31% due to the increase in volume sales by 48% in spite of the decrease in average selling price.

Cost of Goods Sold

Cost of goods sold increased by ₱148.9M or 31% this year from ₱477.5M to ₱626.4M.

- Salaries and wages decreased by ₱103.3M or 68% which is the subsequent effect of the Company's rightsizing strategy last year.
- Inventory cost, spare parts and supplies increased by ₱254.6M or 376% due to the purchase of molasses in significant volumes and other raw materials, brought about by the intensified efforts to increase production levels.
- Outside services grew by ₱25.7M or 137% as the Company engaged the services of an agency to supply manpower services during milling season.

Cost of Tolling Services

Cost of tolling decreased by ₱10.7M or 9% this year from ₱112.7M to ₱102.0M.

- Salaries and wages dropped by ₱15.6M or 64% which is the subsequent effect of the Company's rightsizing strategy last year.
- Spare parts and supplies slightly increased by ₱1.6M or 17% due to the increase of raw materials used in refining.
- Depreciation grew by ₱2.0M or 95% as a result of last year's increased investment in capital expenditures which provide long term benefits.
- Freight and handling plunged by ₱2.0M or 95% due to effective and synchronized handling of refined sugar and decrease in volume of sugar cane hauled.

Cost of Industrial Services

Cost of industrial services grew by ₱5.9M or 48% from last year's ₱12.2M to ₱18.1M.

- Repairs and maintenance grew by ₱1.4M or 52% due to the rehabilitation of water pumps in preparation of the intensified water generation efforts.
- ₱0.9M or 49% rise in security and outside services is brought about by the increase in security rates and added security postings.
- Power and steam grew by ₱1.4M or 41% due to higher electricity consumed by the Subsidiary's water generation services.

Operating Expenses

Operating expenses diminished by ₱20.0M or 15% from last year's ₱129.2M to ₱109.2M.

- Various outside-plant offices were renovated thus resulting to ₱4.4M or 184% growth in repairs and maintenance.
- Management fees diminished significantly by ₱1.7M or 86% after the termination of contracted services.
- Last year's taxes and licenses include one-time acquisition related transactions, thus decreasing this year by ₱7.3M or 35%.
- Security and outside services dropped significantly by ₱10.6M or 91% due to the rationalization of security requirements in the Company's facilities.

Balance Sheet Accounts

Cash

The decrease in cash by ₱158.9M or 63% is due from net cash provided by operating activities of ₱362.1M, ₱590.0M net cash used in investing activities and ₱69.0M net cash provided by financing activities.

Receivables

The decrease in receivables by ₱118.5M or 15% from ₱777.9M to ₱659.4M is due to the collections received from various customers and other borrowers.

Inventories

The slight increase amounting to ₱12.4M or 9% of the reported ending inventory is due to the increase in the finished products of alcohol.

Non-current asset held for sale

The non-publicly listed shares of stock owned by the Subsidiary amounting to ₱95.5M were disposed.

Other current assets

The increase of ₱55.8M or 91% in other current assets is due to increased advances to suppliers for off-season maintenance requirements.

Property, Plant and Equipment

The Company reported a growth of ₱55.0M or 15% due to the increase in capital expenditures in line with the Company's expansion projects.

Retirement asset

The fair value of plan assets managed by the Parent Company's Retirement Fund grew by ₱552.4M or 359%, causing the retirement asset to increase from ₱154.1M to ₱706.5M.

Other non-current assets

Other non-current assets increased by ₱179.2M or 904% from ₱19.8M to ₱199.0M due to advances for land maintenance, which includes land preparation, cultivation and planting in conjunction with the Company's massive long term plan to increase the tons cane.

Trade and other payable

Trade and other payables significantly decreased by ₱403.8M or 49% from ₱816.8M to ₱413.0M due to strategic settlement of obligations.

Current portion of notes payable

Current portion of notes payable increased from ₱185.3M to ₱393.1M or ₱207.8M primarily due to availments of short-term loan from a reputable local bank.

Long term notes payable

Long term notes payable slightly decreased by ₱14.7M or 1% due to the scheduled payment of amortized principal obligation. The long term note payable was availed as a result of the global transaction arising from the acquisition of the Company by its holding company, CAT Resource & Asset Holdings Inc.

Total Stockholders' Equity

The increase in Stockholders' Equity of ₱637.8M or 28% is brought about by the reported consolidated net income of ₱176.7M, revaluation increment of ₱86.9M and remeasurements gains on defined benefit liability of ₱414.0M.

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FY 2015 Review of Operations

Revenues

Gross revenues reached a total of ₱1,203.9M, higher by 4% or ₱35.2M from the previous ₱988.7M. This year's total revenues were attained despite the 13% drop in sugar cane supply. With the exception of the tolling rates at the Refinery and the Distillery that remained unchanged for the year, all the other products enjoyed higher market prices.

- Raw sugar sales dropped by ₱16.1M or 3% due to lower sugar cane supply resulting to decreased volume sold in spite of increase in market price.
- Tolling of refined sugar decreased by ₱11.5M or 5% due to lower available raw sugar for refining.
- Significant
- increase in revenues from alcohol was due to improved extraction. Coupled with the volume, improved alcohol prices boosted the revenues by ₱56.8M or 43%.
- The increased demand for molasses caused the reduction on tolling fees of alcohol by ₱24.6M or 87%.

Cost of Goods Sold

Cost of goods sold decreased by ₱34.3M or 7% this year from ₱511.8M to ₱477.5M.

- Salaries and wages decreased by ₱17.0M or 10% brought about by the Company's direction to right size the operation which included the retirement of numerous positions and aligning salary structure levels.
- Repairs and maintenance dropped by ₱11.5M or 36% caused by the Company's increased investment in capital expenditures which will provide benefits over a long period of time.
- The decrease in volume of sugar cane hauled resulted in the decrease of freight and transportation by ₱10.1M or 19%.
- Security cost decreased by ₱6.5M or 26% due to the rationalization of security requirements in the Company's facilities.

Cost of Tolling Services

Cost of tolling decreased by ₱9.0M or 7% this year from ₱121.7M to ₱112.7M.

- Salaries and wages decreased by ₱2.3M or 9% from ₱26.7M to P24.4M brought about by the Company's direction to right size the operation which included the retirement of numerous positions and aligning salary structure levels.
- Repairs and maintenance plunged by ₱11.5M or 36% after management's decision to invest in long-term capital expenditures versus outright repairs.

Operating Expenses

The level of operating expenses dropped significantly by ₱27.9M or 18% from ₱129.2M to ₱157.1M.

- Salaries plunged by about ₱4.5M or 11% brought about by the Company's direction to right size the operation which included the retirement of numerous positions and aligning salary structure levels.
- Management fees significantly dropped from ₱18.5M to ₱2.0M by ₱16.5M or 89% after the termination of management services of the previous owners.
- Taxes and licenses increased by ₱17.9M or 567% from ₱3.2M to ₱21.0M arising from one-time acquisition related transactions.
- Rentals decreased by ₱3.1M or 37% from ₱8.5M to ₱5.4M due to the relocation of the Head Office to a new facility with lower rent and area.

Balance Sheet Accounts

Cash

The increase in cash by ₱107.1M or 73% is due from cash provided by operating activities of ₱335.9M, ₱1,930.7M net cash used in investing activities and P1,701.9M net cash provided by financing activities.

Receivables

The total increase in receivables amounting to ₱608.8M or 360% from ₱169.1M to ₱777.8M is due to advances to affiliates and reclassification of certain accounts following the acquisition of the Company by the new shareholders.

Inventories

The increase amounting to ₱12.7M or 10% of the reported ending inventory is due to the increase in the finished products of alcohol.

Land held for sale

The Company reported a ₱1,082.7M real estate available for sale. The land is owned and maintained by LLC after it was consolidated in October 2014.

Other current assets

The increase of ₱44.4M or 264% in other current assets is due primarily to increased advance payments to suppliers for off-season maintenance requirements.

Available for sale financial assets

The increase in available for sale in securities is due primarily of the increase in fair value of investments in proprietary shares of ₱16.9M or 20% following the investment in Luisita Golf and Country Club, Inc.

Property, Plant and Equipment

The decrease in property, plant and equipment amounting to ₱1,232.1M or 54% is due to the reclassification of land from PPE to Investment Property to be held by the Company for land appreciation. Such land has been classified not used in business following the change in plans for facility expansion.

Goodwill

The Company reported a ₱702.2M goodwill as a result of the acquisition of the 100% total outstanding shares of Luisita Land Corporation arising from the business combination.

Trade and other payables

The increase in payable of ₱495M or 154% is due to advances to related parties, which will be settled throughout the year by way of offsetting arrangements and clean up of related transactions.

Current portion of Notes payable

The decrease of 43% or ₱142.3M represents the portion of the loan, which is not expected to mature within 12 months from the balance sheet date.

Long term Notes payable

The increase of 2200% or ₱1,968.5M of note payable is due to the availment of a long term loan from a local bank as a result of the global transaction arising from the acquisition of the Company by its holding company, CAT Resource & Asset Holdings Inc.

Total Stockholders' Equity

The reported net income for fiscal year ended June 30, 2015 amounting to ₱144.2M and the recorded revaluation increment of the Company's real estate assets contributed to the increase in the Stockholders' Equity by ₱599.2M or 36%.

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LIQUIDITY & SOLVENCY RATIO

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	FY 2017	FY 2016
Current ratio	1.98	2.45
Asset-to-equity ratio	2.21	2.16
Debt-to-equity ratio	1.33	1.13
Debt Service Coverage Ratio	0.64	0.87

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.

Changes in and Disagreements with Accountants On Accounting and Financial Disclosures

There have been no disagreements with the Company's auditor, Sycip Gorres, Velayo and Co., for the last 3 fiscal years on accounting, financial concerns and disclosures in the Financial Statements, which is attached hereto as Exhibit "A".

The consolidated fees, net of VAT billed for the last two fiscal years by the Company's external auditor for the Company's annual financial statements audit were ₱1,220,000 for FYs 2017 and 2016.

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

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PART IV - MANAGEMENT AND CERTAIN SECURITY HOLDERS

A. Directors, Independent Directors and Executive Officers Of The Registrant

Directors, Independent Directors and Executive Officers

The following are the Directors, Independent Directors and Corporate Officers of the registrant. The Directors were elected during the Annual Meeting of Stockholders held on January 31, 2017 to hold office for one (1) year and until their successors are elected and qualified.

Name	Position	Membership in the Corporate Governance Committee
Martin Ignacio P. Lorenzo	Chairman of the Board & CEO	Chairman of Executive Committee
Fernando Ignacio C. Cojuangco	President & COO	Member of Executive Committee
Marco P Lorenzo	Director	
Vigor D. Mendoza II	Director	Member of Audit Committee
Fernan Victor P. Lukban	Director	Member of Executive Committee Member of Audit Committee Member of Corporate Governance Committee
Renato B. Padilla	Independent Director	Chairman of Corporate Governance Committee
Benjamin I. Espiritu	Independent Director	Chairman of Audit Committee Member of Corporate Governance Committee
Cecile D. Macaalay	Treasurer	
Wellerita D. Aguas	VP for Finance	
Janette L. Peña	Corporate Secretary	
Addison B. Castro	Asst. Corp. Secretary	

Martin Ignacio P. Lorenzo, age 52, Filipino, is currently the Chairman & Chief Executive Officer of CAT. Concurrently, he is also the Chairman and Chief Operating Officer of CAT Resource & Asset Holdings Inc. He holds the same position in the investment holding company of CAT, First Lucky Holdings Corporation, and its subsidiaries, namely, Restaurants Concepts Group, Inc., Amang Rodriguez Holdings, Inc. Cocosorbetero Holdings, Inc., Hospitality School Management Group, Inc. Mr. Lorenzo is likewise the Chairman and Chief Executive Officer of Marlor Investments Corporation and holds the same position in its subsidiaries: Blue Mountains Corporation and LAC-DC. He is also the Chairman and President of First Lucky Property Corporation. He currently holds position in other investment companies, namely, St. Tropez Holdings Corporation and Sierra Madre Capital. He is a Director in Familia Lorenzo Foundation, Incorporated. Mr. Lorenzo has over 20 years of extensive experience in investments and operations in various industries including agriculture, manufacturing and food retail. He obtained his BS Management Engineering degree at Ateneo de Manila University in 1986. He obtained his Masters in Business Administration in Wharton Graduate School, University of Pennsylvania, in 1990.

Fernando C. Cojuangco, age 55, Filipino, is currently the President and Chief Operating Officer of the Company. He holds the same position in CAT Resource & Asset Holdings Inc. and is also the Chairman and President of Liberty Insurance Corporation. He is the Chairman & Chief Operating Officer of North Star Estate Holdings. A lawyer by profession, he is a principal partner in MALCOLM Law Offices. Mr. Cojuangco has extensive experience in agriculture, real estate and insurance industries. He is a holder of a Bachelor of Arts degree in Economics from the University of California and Member of the Omicron Delta Epsilon Honors Society. He obtained his Bachelor of Laws degree with honors from the Ateneo de Manila University.

Marco P. Lorenzo, age 56, Filipino, is currently Director and Consultant of the Company handling the Cane Supply Operations. He is also currently engaged by Del Monte Philippines as consultant for Plantation Operations. He was the Managing Director of the Wallco Pastoral NT in Australia. He also served as the Senior Vice President for Operations of the Del Monte Philippines for nine years. He held the position of Senior Group Manager of Lapanday Agricultural Development Corporation for seven years. He graduated from Ateneo de Manila University in 1982 with a Bachelor of Arts degree in Interdisciplinary Studies. He obtained his Bachelor Degree in Agricultural Science and Management from the University of California in 1985.

Vigor D. Mendoza II, age 57, Filipino, a Director of the Company. He is a lawyer by profession and is a principal partner in MALCOLM Law Offices heading the Practice in Public Utility and Property and Energy Law. He is likewise a Director of CAT Resource & Asset Holdings Inc. Mr. Mendoza was a former Commissioner of the Land Transportation Franchising & Regulatory Board under the Department of Transportation and Communication. He was a former Congressman representing the 1-Utak Party List under the 4th Congress of the Republic of the Philippines. He graduated with a degree of Bachelor of Arts in Economics from the Ateneo de Manila University in 1983. He obtained his Bachelor of Laws degree from the Ateneo de Manila University in 1988.

Fernan Victor P. Lukban, age 56, Filipino, is a Director of the Company. He is one of the top Strategy and Family Business consultants in the Philippines. He is a founding fellow at the Institute of Corporate Directors in Manila and is also an International Fellow of the Australian Institute of Company Directors. He holds undergraduate degrees in Engineering from De La Salle University and graduate degrees in Industrial Economics from the Center for Research & Communication, now University of Asia & the Pacific, Manila. He also has a Master's degree in Business Administration from IESE, Barcelona, Spain.

Renato B. Padilla, age 71, Filipino, is an Independent Director of the Company. He is a lawyer by profession and is currently the General Manager of the Philippine International Convention Center (PICC) in Manila. He was formerly an Undersecretary of the Department of Agrarian Reform from 1989-1995.

Benjamin I. Espiritu Ph. D, age 65, Filipino, is an Independent Director of the Company. He is a practicing Certified Public Accountant, President & CEO of Change

Management International, Inc. and Chairman of Banco de Mindoro, Inc. He was Dean of Far Eastern University Makati, and Chair of the Accounting, Finance, Business and Governance Department of the De La Salle University Graduate School of Business. He served as Governor of the Province of Oriental, Mindoro. He earned his Ph.D., Major in Public Administration from the University of Santo Tomas, Master in National Security Administration from the National Defense College of the Philippines, Master of Business Administration and Bachelor of Science in Commerce, Major in Accounting degrees from De La Salle University.

Cecile D. Macaalay, age 49, Filipino, is the Treasurer of the Company. She is a practicing Certified Public Accountant. She is currently the Chief Finance Officer of First Lucky Holdings Corporation and the Director of its subsidiaries such as RestaurantConcepts Group, Inc., LAC -DC and Cocosorbetero Holdings, Inc. She is also the Treasurer of CAT Resource & Asset Holdings, Inc. and Assistant Treasurer of Amang Rodriguez Holdings, Inc. She is also serving as the Director of First Lucky Property Corporation and its numerous subsidiaries. She obtained her Bachelor of Science Degree in Business Administration and Accountancy at University of the Philippines in 1990.

Wellerita D. Aguas, age 72, Filipino, is the Vice President for Finance of the Company since October 15, 2014. She held finance positions in the various companies under Jose Cojuangco and Sons, Inc. She is a BSBA graduate of the University of the East.

Janette L. Peña, age 58, Filipino, is the current Corporate Secretary the Company. She is also the Corporate Secretary of CAT Resource & Asset Holdings Inc. and First Lucky Holdings Corp. Ms. Peña is an Independent Director of The Manufacturer's Life Insurance Co. (Phils), Inc. Manulife Financial Plans, Inc., Manulife Chinabank Life Assurance Corporation, China Oceans Philippines, Inc., and Corporate Secretary for Macondray Philippines Co., Inc., other subsidiaries, among others. Ms. Peña graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics (Cum laude). She received her Bachelor of Laws from the University of the Philippines College of Law (Cum laude) and ranked first in the 1985 Philippine Bar Exams. She completed her Master of Laws in Harvard Law School.

Addison B. Castro, age 54, Filipino, is the Assistant Corporate Secretary of the Company. Atty. Castro is a practicing lawyer and a Principal Partner of Gatchalian Castro & Mawis Law Offices. He is a professor of the Lyceum of the Philippines University, College of Law since 2008. He graduated with a degree of Bachelor of Science in Applied Economics at the De La Salle University in 1983. He obtained his Bachelor of Laws degree from the Ateneo de Manila University in 1988.

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Family Relationships

Mr. Martin Ignacio P. Lorenzo and Mr. Marco P. Lorenzo are brothers.

Identification of Significant Personnel

Mr. Noel M. Payongayong, Resident Manager and Mr. Oliver Timbol, General Manager are some of the key personnel who are expected to make significant contribution to the business of the registrant.

Involvement in Certain Legal Proceedings

None of the directors and officers was involved during the past five years in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceeding or being subject to a pending criminal proceeding, or being subject to any order, judgment or decree of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; nor being found in a civil action to have violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated. As of the years ended June 30, 2016 and June 30, 2015, the Company is not involved in any litigation it considers material.

B. Executive Compensation

The following table summarizes the compensation of key management personnel of the Company for the fiscal years June 30, 2016, 2015 and 2014.

FY 2016-2017						
Name	Position	Salary & Professional fees	Bonus	Transportation	Per Diem	Total
July 1, 2016 - June 30, 2017						
Martin Ignacio P. Lorenzo	Chairman of the Board & CEO	₱15,935,820	₱1,561,296	₱2,051,782	₱380,000	₱19,928,898
Fernando Ignacio C. Cojuangco	President & COO					
Marco P Lorenzo	Director					
Wellerita D. Aguas	VP for Finance					
Marcelo P. Karaan II	VP for Human Resources					
All Other Officers & Directors as a group						
TOTAL		**₱15,935,820**	**₱1,561,296**	**₱2,051,782**	**₱380,000**	**₱19,928,898**

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FY 2015-2016							
Name	**Position**	**Salary & Professional fees**	**Bonus**	**Transportation**	**Per Diem**	**Total**
July 1, 2015 - June 30, 2016						
Martin Ignacio P. Lorenzo	Chairman of the Board & CEO					
Fernando Ignacio C. Cojuangco	President & COO					
Marco P Lorenzo	Director	₱15,896,014	₱3,011,843	₱1,877,066	₱276,500	₱21,061,423
Wellerita D. Aguas	VP for Finance					
Marcelo P. Karaan II	VP for Human Resources					
All Other Officers & Directors as a group						
TOTAL		**₱15,896,014**	**₱3,011,843**	**₱1,877,066**	**₱276,500**	**₱21,061,423**

FY 2014-2015						
Name	**Position**	**Salary & Professional fees**	**Bonus**	**Transportation**	**Per Diem**	**Total**
October 16, 2014 - June 30, 2015						
Martin Ignacio P. Lorenzo	Chairman of the Board & CEO					
Fernando Ignacio C. Cojuangco	President & COO					
Marco P Lorenzo	Director					
Wellerita D. Aguas	VP for Finance					
July 1, 2014 - October 15, 2015						
Jose Cojuangco Jr.	Chairman of the Board & President	₱14,481,734	₱2,333,336	₱3,953,058	₱835,000	₱21,603,128
Josephine Reyes	Treasurer & Director					
Ernesto Teopaco	Vice President & Director					
Wellerita Aguas	VP for Finance					
Eufrocinio dela Merced Jr.	Asst. VP					
All Other Officers & Directors as a group						

The Directors Compensation consists of per diem and transportation allowance. There are no any other arrangement including consulting control. Further, there are no warrants and options outstanding as well as no warrants and options repriced.

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C. Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

The following table identifies the security ownership of certain record and beneficial owners the Company owning more than 5% of its Common Shares as of 30 June 2017.

Title of Class	Name	Number of Shares Held	Name of Beneficial Ownership	Citizenship	%
Common Shares	PCD Nominee Corporation*	264,392,814	PCD Nominee Corporation	Filipino	93.58
**Beneficial ownership through PCD Nominee Corporation*					
Common Shares	CAT Resource & Asset Holdings Inc.	201,718,140	Martin P. Lorenzo 102,876,250 shares	Filipino	71.39
			Fernando C. Cojuangco 98,841,890 shares	Filipino	
	Luisita Trust Fund	46,359,920	Luisita Trust Fund	Filipino	16.41

Security Ownership of Management

The following table identifies the security ownership of Management as of 30 June 2017.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	%
Common	Martin Ignacio P. Lorenzo	102,876,250	Indirect	Filipino	36.41
		200	Indirect	Filipino	0.00
Common	Fernando C. Cojuangco	98,841,890	Indirect	Filipino	34.98
		200	Indirect	Filipino	0.00
Common	Marco P. Lorenzo	200	Indirect	Filipino	0.00
Common	Vigor D. Mendoza II	200	Indirect	Filipino	0.00
Common	Fernan Victor P. Lukban	200	Indirect	Filipino	0.00
Common	Renato B. Padilla	10	Direct	Filipino	0.00
Common	Benjamin I. Espiritu	10	Direct	Filipino	0.00
Common	Cecile D. Macaalay	5000	Indirect	Filipino	0.00
Common	Wellerita D. Aguas	9980	Direct	Filipino	0.00
		10,000	Indirect	Filipino	0.00
Common	Janette L. Peña	0	-	Filipino	0.00
Common	Addison B. Castro	0	-	Filipino	0.00
Total		**201,744,140**			**71.40**

PART V - CORPORATE GOVERNANCE

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

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

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

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

The Company's Annual Corporate Governance Report is hereto as Exhibit "B".

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

	P	W	0	0	0	0	0	7	2	7

COMPANY NAME

CENTRAL AZUCARERA DE TARLAC AN
D SUBSIDIARY

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

SAN MIGUEL, TARLAC

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	818-6270	N/A
No. of Stockholders	**Annual Meeting (Month / Day)**	**Fiscal Year (Month / Day)**
400	01/26	06/30

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mrs. Wellerita D. Aguas	willie_aguas@yahoo.com	818-3911	N/A

CONTACT PERSON's ADDRESS

3/F First Lucky Place, 2259 Pasong Tamo Extension, Makati City 1231

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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, 2017 and 2016. 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	**FERNANDO IGNACIO C. COJUANGCO**	**WELLERITA D. AGUAS**
Chairman of the Board & CEO	President and COO	VP-Finance

SUBSCRIBED AND SWORN to before me this day of OCT 12 2017 affiant(s) exhibiting to me their PASSPORT ID's as follows:

NAME	ID No	EXPIRING ON
Martin Ignacio P. Lorenzo	EC 6023262	Dec. 1, 2020
Fernando C. Cojuangco	EB 5820479	Mar. 14, 2022
Wellerita D. Aguas	EC 7357953	Apr. 9, 2021

Doc. No. 491
Page No. 100
Book No. I
Series of 2017

JEROME T. AZARCON
NOTARY PUBLIC
NOTARY PUBLIC ROLL NO. 68144
Appointment No. M-247 / Until Dec. 31, 2018
4th Floor Jose Cojuangco & Sons Bldg.,
119 Dela Rosa corner Palanca Sts., Legaspi Vill. Makati
PTR No. 5919494/ 01.11.2017/Makati City
IBP No. 1060383/ 01.09.2017/Makati
Roll No. 68144

3rd Floor, First Lucky Place
2259 Pasong Tamo Extension, Makati City, Philippines 1231
Trunkline: (632) 894-5980; (632) 818-6270 • Telefax: (632) 818-8867

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

OCT 19 2017

The Board of Directors and Stockholders
Central Azucarera de Tarlac

Opinion

We have audited the consolidated financial statements of Central Azucarera de Tarlac and its subsidiary (the Group), which comprise the consolidated balance sheets as at June 30, 2017 and 2016, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended June 30, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated balance sheets of the Group as at June 30, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended June 30, 2017 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of Land

The Group carries land in its consolidated balance sheet as property, plant and equipment and investment property using the revaluation and fair value model, respectively. These land represent 34.65% of the total consolidated assets of the Group as at June 30, 2017. The determination of the revalued amount and fair value of these land involve significant management judgments and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors. Thus, we considered the valuation of these land as a key audit matter.

The disclosures relating to these land are included in Note 16 of the consolidated financial statements.

Audit response
We obtained an understanding of the Group's valuation process and the related controls. We evaluated the competence, capabilities and qualifications of the external appraiser by considering their qualifications, experience and reporting responsibilities. We involved our internal specialist in the review of the methodology and assumptions used in the valuation of these land. We assessed the methodology adopted by referencing common valuation models and reviewed the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price.

Goodwill Impairment Assessment

Under Philippine Financial Reporting Standards, the Group is required to annually test the amount of goodwill for impairment. As at June 30, 2017, the Group's goodwill attributable to its investment in Luisita Land Corporation amounted to ₱702.1 million, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions, specifically revenue growth rate, gross profit, operating margin, capital expenditures, discount rate and the long-term growth rate.

The Group's disclosures about goodwill are included in Note 13 to the consolidated financial statements.

Audit response
We obtained an understanding of the Group's impairment testing process and the related controls. We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include revenue growth rate, gross profit, operating margin, capital expenditures, discount rate and the long-term growth rate. We compared the key assumptions used, such as revenue growth rate against the historical performance of the CGU and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended June 30, 2017, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended June 30, 2017 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Maria Veronica Andresa R. Pore.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore
Partner
CPA Certificate No. 90349
SEC Accreditation No. 0662-AR-3 (Group A),
March 2, 2017, valid until March 1, 2020
Tax Identification No. 164-533-282
BIR Accreditation No. 08-001998-71-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5908745, January 3, 2017, Makati City

September 18, 2017

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	June 30	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱238,194,857**	₱93,948,771
Receivables (Note 8)	**762,821,158**	659,429,276
Inventories (Note 9)	**393,121,739**	154,755,136
Real estate held for sale and development (Note 10)	**988,398,335**	987,962,514
Other current assets (Note 12)	**152,789,598**	117,003,714
Total Current Assets	**2,535,325,687**	2,013,099,411
Noncurrent Assets		
Available-for-sale (AFS) financial assets (Note 14)	**172,489,748**	104,066,900
Property, plant and equipment:		
Land - at revalued amount (Note 16)	**874,000,000**	716,600,000
Property, plant and equipment - at cost (Note 15)	**503,415,721**	429,143,238
Investment property (Note 16)	**1,486,400,000**	1,357,400,000
Retirement asset - net (Note 26)	**339,372,984**	706,471,536
Goodwill (Note 13)	**702,146,249**	702,146,249
Other noncurrent assets (Note 17)	**198,791,158**	199,004,448
Total Noncurrent Assets	**4,276,615,860**	4,214,832,371
TOTAL ASSETS	**₱6,811,941,547**	₱6,227,931,782
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 18)	**₱486,793,188**	₱413,850,059
Short-term notes payable (Note 19)	**772,919,122**	377,589,824
Current portion of long-term notes payable (Note 19)	**14,420,921**	14,694,471
Deposits	**6,951,707**	6,596,212
Income tax payable	**–**	10,463,312
Total Current Liabilities	**1,281,084,938**	823,193,878
Noncurrent Liabilities		
Long-term notes payable - net of current portion (Note 19)	**2,028,086,673**	2,042,507,595
Deferred income tax liabilities - net (Note 28)	**426,506,175**	480,765,975
Total Noncurrent Liabilities	**2,454,592,848**	2,523,273,570
Total Liabilities	**3,735,677,786**	3,346,467,448
Equity		
Capital stock (Note 30)	**282,545,960**	282,545,960
Retained earnings:		
Appropriated (Note 30)	**200,000,000**	–
Unappropriated	**280,932,349**	193,840,135
Revaluation increment (Note 16)	**1,946,793,293**	1,836,613,293
Remeasurement gains on defined benefit liability - net (Note 26)	**226,929,466**	490,982,816
Unrealized cumulative gains on AFS financial assets (Note 14)	**139,069,893**	77,489,330
	3,076,270,961	2,881,471,534
Cost of 7,200 shares of stock held in treasury (Note 30)	**(7,200)**	(7,200)
Total Equity	**3,076,263,761**	2,881,464,334
TOTAL LIABILITIES AND EQUITY	**₱6,811,941,547**	₱6,227,931,782

See accompanying Notes to Consolidated Financial Statements.

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended June 30		
	2017	2016	2015
REVENUES			
Sale of sugar and by-products	**₱1,007,242,395**	₱955,769,538	₱761,534,665
Tolling fees	**258,324,021**	224,035,212	231,394,319
Industrial services	**39,229,718**	33,279,618	25,565,781
Real estate sale	–	954,000	5,408,040
	1,304,796,134	1,214,038,368	1,023,902,805
COST OF GOODS SOLD AND SERVICES			
Cost of goods sold (Note 20)	**692,271,038**	630,028,400	477,478,489
Cost of tolling services (Note 21)	**102,437,775**	102,892,861	112,695,745
Cost of industrial services (Note 22)	**21,946,099**	18,066,725	12,166,485
Cost of real estate sale	–	84,367	97,001
	816,654,912	751,072,353	602,437,720
GROSS INCOME	**488,141,222**	462,966,015	421,465,085
GAIN ON FAIR VALUE CHANGE OF INVESTMENT PROPERTY (Note 16)	**129,000,000**	–	–
INTEREST INCOME (Notes 7, 8 and 27)	**27,084,864**	1,225,821	4,232,088
OPERATING EXPENSES (Note 23)	**(158,921,963)**	(110,101,239)	(129,219,884)
INTEREST EXPENSE (Note 19)	**(138,087,288)**	(123,688,110)	(95,181,025)
GAIN ON SALE OF SHARES (Note 11)	–	25,622,574	–
OTHER INCOME - net (Note 25)	**34,780,115**	12,487,343	19,134,242
INCOME BEFORE INCOME TAX	**381,996,950**	268,512,404	220,430,506
PROVISION FOR INCOME TAX (Note 28)			
Current	**89,362,933**	89,131,599	79,470,457
Deferred	**5,541,803**	2,730,674	(3,250,410)
	94,904,736	91,862,273	76,220,047
NET INCOME	**₱287,092,214**	₱176,650,131	₱144,210,459
Basic/diluted earnings per share (Note 30)	**₱1.02**	₱0.63	₱0.51

See accompanying Notes to Consolidated Financial Statements.

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended June 30		
	2017	2016	2015
NET INCOME	**₱287,092,214**	₱176,650,131	₱144,210,459
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified to profit or loss - net of income tax effect: :			
Unrealized gains on available-for-sale financial assets (Note 14)	**61,580,563**	549,340	16,980,873
Items that will not be reclassified to profit or loss - net of income tax effect :			
Remeasurement gain (losses) on retirement asset (Note 26)	**(264,053,350)**	373,649,575	(11,447,274)
Revaluation increment on land (Note 16)	**110,180,000**	21,630,000	495,244,614
	(153,873,350)	395,279,575	483,797,340
OTHER COMPREHENSIVE INCOME (LOSS)	**(92,292,787)**	395,828,915	500,778,213
TOTAL COMPREHENSIVE INCOME	**₱194,799,427**	₱572,479,046	₱644,988,672

See accompanying Notes to Consolidated Financial Statements.

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED JUNE 30, 2017

	Capital Stock (Note 30)	Retained Earnings: Unappropriated (Note 30)	Retained Earnings: Appropriated	Revaluation Increment (Note 16)	Remeasurement Gains on Retirement Asset (Note 26)	Unrealized Cumulative Gains on Available-for-Sale Financial Assets (Note 14)	Cost of Treasury Stock (Note 30)	Total Equity
Balances at June 30, 2014	₱282,545,960	(₱191,904,343)	₱–	₱1,365,157,402	₱128,780,515	₱59,959,117	(₱7,200)	₱1,644,531,451
Total comprehensive income (loss)	–	144,210,459	–	495,244,614	(11,447,274)	16,980,873	–	644,988,672
Sale of land at revalued amount	–	64,883,888	–	(45,418,723)	–	–	–	19,465,165
Balances at June 30, 2015	282,545,960	17,190,004	–	1,814,983,293	117,333,241	76,939,990	(7,200)	2,308,985,288
Total comprehensive income	–	176,650,131	–	21,630,000	373,649,575	549,340	–	572,479,046
Balances at June 30, 2016	282,545,960	193,840,135	–	1,836,613,293	490,982,816	77,489,330	(7,200)	2,881,464,334
Total comprehensive income (loss)	–	287,092,214	–	110,180,000	(264,053,350)	61,580,563	–	194,799,427
Appropriation (Note 30)		(200,000,000)	200,000,000					
Balances at June 30, 2017	₱282,545,960	₱280,932,349	₱200,000,000	₱1,946,793,293	₱226,929,466	₱139,069,893	(₱7,200)	₱3,076,263,761

See accompanying Notes to Consolidated Financial Statements.

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended June 30		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱381,996,950**	₱268,512,404	₱220,430,506
Adjustments for:			
Interest expense (Note 19)	**138,087,288**	123,688,110	95,181,025
Depreciation and amortization (Note 15)	**98,826,102**	55,616,011	55,068,140
Provision for doubtful accounts (Note 8)	**401,755**	1,481,986	919,498
Provision for losses (Notes 9 and 12)losses	**87,447**	6,384,758	–
Gain on fair value change of investment property (Note 16)	**(129,000,000)**	–	–
Interest income (Notes 7, and 8 and 27)	**(27,084,864)**	(1,225,821)	(4,232,088)
Net retirement expense (income) (Note 26)	**(10,818,686)**	(5,277,537)	18,445,894
Gain on disposal of property, plant and equipment	**(23,601)**	(25,622,574)	–
Loss on cancellation of contracts	–	4,629,890	–
Reversal of inventory obsolescence (Note 25)	–	(2,426,801)	–
Loss on write-off of property, plant and equipment	–	–	80,171
Operating income before working capital changes	**452,472,391**	425,760,426	385,424,766
Decrease (increase) in:			
Receivables	**(628,500)**	101,939,698	90,004,372
Inventories	**(238,454,050)**	(9,959,527)	(12,635,930)
Real estate held for sale and development	**(435,821)**	–	–
Other current assets	**(46,912,750)**	(71,722,867)	(25,971,027)
Increase (decrease) in:			
Trade and other payables	**63,735,153**	27,273,606	(49,169,305)
Deposits	**355,495**	803,159	(1,978,079)
Net cash generated from operations	**230,131,918**	474,094,495	385,674,797
Retirement benefits paid (Note 26)	–	(12,932,746)	(468,380)
Income tax paid	**(87,416,031)**	(99,087,531)	(49,710,391)
Net cash provided by operating activities	**142,715,887**	362,074,218	335,964,406
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to related parties	**(66,579,435)**	(300,924,440)	(612,040,432)
Decrease (increase) in other noncurrent assets	**213,290**	(179,186,868)	705,854
Additions to property, plant and equipment	**(173,134,942)**	(110,745,075)	(95,959,464)
Interest received	**608,970**	845,286	3,943,432
Acquisition of a subsidiary - net of cash acquired	–	–	(1,227,403,993)
Net cash used in investing activities	**(238,892,117)**	(590,011,097)	(1,930,754,603)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of notes payable	**470,000,000**	250,000,000	2,326,964,585
Payments of:			
Interest (Note 19)	**(132,146,556)**	(118,035,816)	(83,340,551)
Notes payable	**(97,431,128)**	(62,918,234)	(506,343,477)
Other non-current liabilities	–	–	(35,368,649)
Net cash provided by financing activities	**240,422,315**	69,045,950	1,701,911,908
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**144,246,086**	(158,890,929)	107,121,711
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**93,948,771**	252,839,700	145,717,989
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱238,194,857**	₱93,948,771	₱252,839,700

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information, 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.

As at June 30, 2017, the Parent Company is 73.10% owned by CAT Resource & Asset Holdings, Inc. (CRAHI).

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.

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 69.98% of the total issued and outstanding shares of the Parent Company as at 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. In 2014, CRAHI disposed of 450,000 shares of the Parent Company which reduced its shareholdings to 73.10%.

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 at September 30, 2014. As such, the Parent Company's financial guarantee pertaining to the obligation of JCSI is extinguished as at that date.

Authorization for the Issue of the Consolidated Financial Statements
The accompanying consolidated financial statements as at and for the three years in the period ended June 30, 2017 were authorized for issue in accordance with a resolution by the Board of Directors (BOD) on September 18, 2017.

2. Basis of Preparation, Statement of Compliance and Basis of Consolidation

Basis of Preparation
The consolidated financial statements have been prepared using 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 Group'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 periods.

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

Basis of Consolidation
The consolidated financial statements include the financial results of the Parent Company 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 an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(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 consolidated 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 statements of income. Any investment retained is recognized at fair value.

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

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 PFRSs, Philippine Accounting Standards (PAS) and Philippine Interpretations from IFRIC which are effective for annual periods beginning July 1, 2016.

PFRS 10 (Amendments), *Consolidated Financial Statements*, PFRS 12 (Amendments), *Disclosure of Interests in Other Entities*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures* - *Investment Entities: Applying the Consolidation Exception*
These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value. They also clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture) to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries when applying the equity method.

These amendments are not applicable to the Group since it is not a subsidiary of an investment entity.

PFRS 11 (Amendments), *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
The amendments to PFRS 11 require a joint operator that is 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, *Business Combinations,* 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.

The amendments do not have impact on the Group as there has been no interest acquired on a joint operation during the year.

PFRS 14, *Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRSs. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the balance sheet and present movements in these account balances as separate line items in the statement of comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

These amendments do not have any impact to the Group as it does not have any activities subject to rate-regulation.

PAS 1 (Amendments), *Presentation of Financial Statements - Disclosure Initiative*
The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRSs. The amendments clarify:

- That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
- That specific line items in the statement of income and other comprehensive income and the balance sheet may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to statement of income.

These amendments do not have any impact to the Group as the disclosures in the consolidated financial statements are already in compliance with the requirement.

PAS 16 (Amendments), *Property, Plant and Equipment*, and PAS 38 (Amendments), *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization*
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.

These amendments are applied prospectively and do not have any impact to the Group given that the Group have not used a revenue based method to depreciate or amortize its property and equipment.

PAS 16 (Amendments) and PAS 41 (Amendments), *Agriculture - Bearer Plants*
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.

The amendments do not apply since the Group do not have any bearer plants.

PAS 27 (Amendments), *Separate Financial Statements - Equity Method in Separate Financial Statements*
The amendments 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.

This amendment is applicable to the Parent Company's separate financial statements.

Annual Improvements to PFRSs (2012 - 2014 Cycle)
PFRS 5 (Amendment), *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
Asset (or disposal groups) are generally disposed of either through sale distribution to owners. The amendment is applied prospectively and clarifies that changing from one of these disposal methods to the other would not be considered 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.

PFRS 7 (Amendment), *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 for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The amendment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

PFRS 7 (Amendment) - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.

PAS 19 (Amendment), *Employee Benefits - Regional Market Issue Regarding Discount Rate*
The amendment 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.

PAS 34 (Amendment), *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

These improvements to PFRSs did not have any significant impact on the consolidated financial statements.

New Accounting Standards, Interpretation and Amendments to Existing Standards Effective Subsequent to June 30, 2017
Standards and interpretation issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these standards and interpretation when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards, improvements to PFRSs and new interpretation to have significant impact on the consolidated financial statements.

Effective for Fiscal Year 2018
PAS 7 (Amendments), *Statement of Cash Flows - Disclosure Initiative*
The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

PAS 12 (Amendments), *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses*
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

Annual Improvements to PFRSs [2014 - 2016 Cycle; Adopted by Financial Reporting Standards Council (FRSC)]
PFRS 12 (Amendment) - *Clarification of the Scope of the Standard*
The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

Effective for Fiscal Year 2019 (Adopted by FRSC)
PFRS 2 (Amendments), *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*
The amendments address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

PFRS 4 (Amendments), *Insurance Contracts - Applying PFRS 9, Financial Instruments, with PFRS 4*
The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in the statement of comprehensive income, rather than in the statement of income, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

PFRS 15, *Revenue from Contracts with Customers*
PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 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 PFRS 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 PFRS. Entities can choose to apply the standard using either a full retrospective approach, with some limited relief provided, or a modified retrospective approach.

The Group is currently assessing the impact of adopting this new standard on its financial statements.

PFRS 15 (Amendments) - *Clarifications to PFRS 15*
The amendments address three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. It was concluded that it was not necessary to amend PFRS 15 with respect to collectability or measuring non-cash consideration. The Group is currently assessing the impact of adopting this amendment on its financial statements.

PFRS 9, *Financial Instruments*
In July 2014, the final version of PFRS 9 was issued. PFRS 9 replaces PAS 39 and all previous versions of PFRS 9. PFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

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 amendment on its financial statements.

PAS 40 (Amendments), *Investment Property* - *Transfers of Investment Property*
The amendments stated that an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

Philippine Interpretation from IFRIC 22, *Foreign Currency Transactions and Advance Consideration*
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Annual Improvements to PFRSs (2014 - 2016 Cycle; Adopted by FRSC)
Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Deletion of Short-term Exemptions for First-time Adopters*
The amendments deleted the short-term exemptions in paragraphs E3-E7 of PFRS 1 as the reliefs provided under these paragraphs had been available to entities only for reporting periods that had passed.

PAS 28 (Amendments) - *Measuring an Associate or Joint Venture at Fair Value*
The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at FVPL. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

Effective for Fiscal Year 2020
PFRS 16, *Leases*
Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in the statement of income. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

The Group is currently assessing the impact of adopting this new standard on the consolidated financial statements.

Deferred Effectivity
PFRS 10 (Amendments) and PAS 28 (Amendments) - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in PFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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 consolidated 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 reporting 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 reporting 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.

The Group measures fair value on its land, recognized as property, plant and equipment and investment property and AFS financial assets.

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.

Cash and Cash Equivalents
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.

Financial Assets
Initial Recognition and Measurement. Financial assets within the scope of PAS 39 are classified as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments and AFS financial assets. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value, except for financial assets at FVPL, plus 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 Group commits to purchase or sell the asset.

The Group's financial assets include loans and receivables and AFS financial assets. The Group has no financial assets classified at FVPL, HTM investments and derivatives designated as hedging instruments in an effective hedge as at June 30, 2017 and 2016.

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.

This accounting policy relates to the Group's "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 as financial assets 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.

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.

Impairment of Financial Assets

The Group assesses at each reporting 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 consolidated statement of 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.

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 arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the 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.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities within the scope of PAS 39 are classified as financial liabilities at FVPL and other liabilities at amortized costs. 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, 2017 and 2016, 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 financial liabilities 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) and due to related parties.

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 consolidated 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.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

Inventories

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

Real Estate Held for Sale and Development

Real estate held for sale and development are carried at the lower of cost and NRV. NRV is the selling price in the ordinary course of business, less costs of completion and estimated costs to make the sale. Costs include acquisition cost of land, expenditures for development and improvements of the property and borrowing costs, if any.

Property, Plant and Equipment

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

Any revaluation surplus, net of tax, is credited to the "Revaluation increment" account included in the equity section of the consolidated balance sheet. Revaluation increase, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the consolidated statement of income, is recognized in the consolidated statement of comprehensive income. A revaluation decrease is recognized in the consolidated statement of comprehensive income, except to the extent that it reverses a revaluation increase of the same asset previously recognized in the consolidated statement comprehensive income is recognized in the consolidated statement of income.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognized. This may involve transferring the whole of the surplus when the asset is retired or disposed of. However, some of the surplus may be transferred as the asset is used by the Group. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through the consolidated statement of income.

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment.

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

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

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

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

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

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

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

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

Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gain or loss arising from changes in the fair values of investment properties is included in the consolidated statement of income in the period in which they arise, including the corresponding tax effect, if any. Fair values are determined based on an annual evaluation performed by an accredited external appraiser applying a valuation model approved by the International Valuation Standards Committee.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of income in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. In the case of an owner-occupied property becoming an investment property, previously recognized revaluation surplus is retained until such time that the property is disposed. On subsequent disposal, the revaluation surplus may be transferred to retained earnings; note that this transfer is not made through the statement of income.

Impairment of Nonfinancial Assets

Property, Plant and Equipment

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

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

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group assesses whether there are any indicators that goodwill is impaired at each reporting date.

Impairment is determined for goodwill by assessing the recoverable amount of the CGUs, to which the goodwill relates. Where the recoverable amount of the CGUs is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs impairment test of goodwill annually (as at June 30) or when an impairment indicator exists.

Customers' Advances

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

Provisions

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

Equity

Capital Stock

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax.

Retained Earnings

Retained earnings include cumulative profits and are reduced by dividends. Retained earnings also include effect of changes in accounting policies as may be required by the standards' transitional provisions. When retained earnings account has a debit balance, it is called 'deficit' a deficit is not an asset but a reduction from equity.

Revaluation Increment

Revaluation increment consists of the revaluation adjustment made on its property, plant and equipment being carried at revalued amount, net of tax.

Treasury Shares

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

Revenue

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

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

Sale of Sugar. Sale of sugar is recognized upon endorsement and transfer of quedans and/or issuance of a sugar release order in the name of the customer which represents ownership title over the sugar.

Sale of By-Products. Sale of by-products, which includes alcohol, carbon dioxide and yeasts, is recognized upon shipment or delivery and acceptance by the customers. Sale of by-products is presented in the consolidated statement of income under "Sale of sugar and by products" line item.

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

Industrial Services. Revenue from industrial services, which include water and wastewater treatment services and locator fees are recognized as the services are rendered.

Sale of Real Estate. Revenue from sale of real estate is accounted for using the full accrual method. The Group assesses whether it is probable that the economic benefits will flow to the Group when the contract price is collectible. Collectability of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuing investments that motivate the buyer to honor its obligation. Collectability is also assessed by considering factors such as collections and credit standing of the buyer.

The Group recognizes revenue in full when the buyer has paid 25% of the selling price for property sold. The Group determines that the significant risks and rewards of the property sold are transferred to the buyer at this point.

Back out sales are recognized once the Group determines that a buyer will not be able to continue its commitment to complete payment of the entire contract price. Revenue and cost of sales previously recognized is reversed and the related inventory is recorded back at fair value with any difference recognized as other income or loss.

Nonrefundable payments by customers are recognized as other income.

For income tax purposes, full recognition is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.

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

Other Income. This includes revenue recognized when earned from sources other than the normal business operations of the Group.

Expenses

Cost of Goods Sold and Tolling Services. These are the direct and allocated indirect costs that are incurred upon processing of the Group's products and rendering of the Group's tolling services. These are recognized when the related goods are sold and the related services are rendered.

Cost of Industrial Services. Costs that are directly related to water and wastewater treatment services and are recognized when incurred.

Cost of Real Estate Sales. Costs from the sale of real estate are recognized when the buyer makes a down payment upon which the significant risks and rewards of the land are transferred.

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

Income Taxes

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

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

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient future taxable profits will be available against which the temporary differences can be utilized.

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

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

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

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

Value-added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except:

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

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of “Other current assets” or “Trade and other payables” accounts, respectively, in the consolidated balance sheet.

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

The determination of whether an arrangement contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies:

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) a renewal option is exercised or extension is granted, unless that term of the renewal or extension was initially included in the lease term;
(c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) there is a substantial change to the asset.

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

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

Retirement Cost
The Parent Company has a funded, noncontributory defined benefit retirement plan, covering substantially all of its permanent employees. The Subsidiary does not have a formal retirement plan. In this case, employees who will qualify for retirement will be paid the minimum retirement under Republic Act 7641. Retirement expense is actuarially determined using the projected unit credit method. This method reflects discount rate, salary increase and average working lives of employees to the date of valuation. Retirement benefit costs comprise the following:

- service cost,
- net interest on the net defined benefit liability or asset, and
- remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in consolidated other comprehensive income (OCI) in the period in which they arise. Remeasurements are not reclassified to the consolidated statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund (other than non-transferable financial instruments issued by the reporting entity). Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a pre-tax discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of plan assets is higher than the present value of defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditures required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Borrowing Costs

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

Segment Information

For management purposes, the Group is organized and managed separately according to the nature of the business. These operating businesses are the basis upon which the Group reports its segment information presented in Note 6 to the consolidated financial statements.

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

(b) with operating results regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and
(c) for which discrete financial information is available.

Earnings Per Share (EPS)

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

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

Diluted earnings per share is computed in the same manner, adjusted for the effect of any potential dilutive shares. As the Group has no dilutive potential common shares outstanding, basic and diluted EPS are the same.

Contingencies

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

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

5. Summary of Significant Accounting Judgments, Estimates and Assumptions

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

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following items are those matters which the Group assess to have significant risks arising from judgements and estimation uncertainties.

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

Classification of Property. The Group determines whether a property is classified as real estate held for sale and development, investment property or property plant and equipment based on the following:

Real estate held for sale includes land developed into a first class residential subdivision and an industrial community. Real estate held for development pertains to land that is still undeveloped.

Investment property comprises land which is not occupied for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily for capital appreciation.

Property, plant and equipment is held for use in the supply of goods or services or for administrative purposes.

Contingencies. The Group's estimate of the probable costs for the resolution of claims and proceedings has been developed in consultation with outside counsel handling defense in these matters and is based upon an analysis of potential results. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and are of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the Group's financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings. Management assessed that the likelihood that any liability arising from such legal actions is remote, hence, no provision for liability has been recognized in the consolidated financial statements.

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

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

Provisions for doubtful accounts recognized in 2017, 2016 and 2015 amounted to ₱0.4 million, ₱1.5 million and ₱0.9 million, respectively. The allowance for doubtful accounts on receivable amounted to ₱9.1 million and ₱9.0 million as at June 30, 2017 and 2016, respectively. The carrying amounts of receivables as at June 30, 2017 and 2016 amounted to ₱763.0 million and ₱659.4 million, respectively (see Note 8).

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

Provision for inventory obsolescence amounting to ₱0.1 million in 2017 and nil in 2016 and 2015 was recognized. Reversal of inventory obsolescence amounted to ₱2.4 million in 2016 and nil in 2017 and 2015. The carrying amounts of inventories as at June 30, 2017 and 2016 amounted to ₱393.1 million and ₱154.8 million, respectively (see Note 9).

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

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

No provision for impairment of AFS financial assets was recognized in 2017, 2016 and 2015. The carrying amounts of AFS financial assets as at June 30, 2017 and June 30, 2016 amounted to ₱172.5 million and ₱104.1 million, respectively (see Note 14).

NRV of Real Estate held for Sale and Development. The Group provides allowance for decline in value of real estate inventories whenever NRV of inventories becomes lower than cost due to damage, physical deterioration, change in price levels or other causes. Estimates of NRV are based on the most realizable evidence available at the time the estimates are made, of the amount the inventories are expected to realize.

There was no allowance for decline in real estate inventory value in 2017 and 2016. The carrying amounts of real estate inventories as at June 30, 2017 and 2016 amounted to ₱988.4 million and ₱988.0 million, respectively (see Note 10).

Revalued Amount of Land under Property, Plant and Equipment and Fair Value of Investment Property. The Group has property, plant and equipment and investment property carried at revalued amount and fair value, respectively. These consist of land which is being valued by reference to market using comparable prices adjusted for specific market factors such as location and condition of the property. The Group engaged an external appraiser to determine revalued amount and fair value as at June 30, 2017 and 2016.

The significant methods and assumptions used by the appraiser in estimating fair values of land are discussed in Note 16. The revalued amount of land under property, plant and equipment as at June 30, 2017 and 2016 amounted to ₱874.0 million and ₱716.6 million, respectively (see Note 16). The fair value of land under investment property amounted to ₱1.5 billion and ₱1.4 billion in June 30, 2017 and 2016, respectively (see Note 16).

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

There were no changes in the estimated useful lives of property, plant and equipment in 2017, 2016 and 2015. The carrying values of property, plant and equipment carried at cost as at June 30, 2017 and 2016 amounted to ₱503.4 million and ₱429.1 million, respectively (see Note 15).

Impairment of Nonfinancial Asset. The Group assesses whether there are any indicators of impairment for property plant and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make judgments and estimates that can materially affect the consolidated financial statements.

There were no provision for impairment losses recognized in 2017, 2016 and 2015. The fair values of land under property plant and equipment as at June 30, 2017 and 2016 amounted to ₱874.0 million and ₱716.6 million, respectively (see Note 16). The carrying amounts of property, plant and equipment carried at cost as at June 30, 2017 and 2016 amounted to ₱503.4 million and

₱429.1 million, respectively (see Note 15). The carrying amounts of other noncurrent assets as at June 30, 2017 and 2016 amounted to ₱198.8 million and ₱199.0 million, respectively (see Note 17).

Estimating Impairment of Goodwill
The Group performs impairment review on goodwill annually, or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. This requires an estimation of the value in use of the CGU to which goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and to make use of a suitable discount rate to calculate the present value of those future cash flows.

Goodwill recognized as at June 30, 2017 and 2016 amounted to ₱702.1 million (see Note 13).

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

The Parent Company's deferred income tax assets arising from temporary differences as at June 30, 2017 and 2016 amounted to ₱26.1 million and ₱31.6 million, respectively (see Note 28). Unrecognized deferred income tax assets arising from temporary differences, NOLCO and MCIT of the Subsidiary amounted to ₱169.0 million and ₱112.2 million as at June 30, 2017 and 2016, respectively (see Note 28).

Retirement Asset. The determination of the obligation and cost for retirement is dependent on the selection of certain assumptions determined by management and used by actuaries in calculating such amounts. These include discount rate, turnover rate, mortality rate, salary increase rate and future retirement benefits increase. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligation. The assumptions used are disclosed in Note 26.

Retirement income recognized in 2017 and 2016 amounted to ₱10.1 million and ₱5.4 million, respectively. Retirement expenses recognized in 2015 amounted to ₱18.3 million, respectively (see Note 26). The carrying amounts of the Group's net retirement asset as at June 30, 2017 and 2016 amounted to ₱339.4 million and ₱706.5 million, respectively (see Note 26).

6. Segment Information

The Group's operating businesses are organized and managed according to the nature of the products and services marketed, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group has operations only in the Philippines. The Group derives revenues from two main segments as follows:

Sugar and by products
This segment pertains to the production of sugar (raw and refined) and sugar by-products such as molasses, alcohol and carbon dioxide.

Real estate
This segment pertains to developing, leasing and selling real properties and other ancillary services.

2017

	Sugar and by products	**Real estate**	**Eliminations**	**Total**
Revenues	**₱1,265,566,416**	**₱39,229,718**	**₱–**	**₱1,304,796,134**
Cost of goods sold and services	**794,708,813**	**21,946,099**	**–**	**816,654,912**
Gross income	**470,857,603**	**17,283,619**	**–**	**488,141,222**
Gain on fair value change of investment property	**129,000,000**	**–**	**–**	**129,000,000**
Interest income	**89,007,406**	**171,110**	**(62,093,652)**	**27,084,864**
Operating expenses	**(143,019,023)**	**(15,902,940)**	**–**	**(158,921,963)**
Interest expense	**(137,168,737)**	**(63,012,203)**	**62,093,652**	**(138,087,288)**
Other income - net	**34,523,339**	**256,776**	**–**	**34,780,115**
Segment income before income tax	**₱443,200,588**	**(₱61,203,638)**	**₱–**	**₱381,996,950**
Segment assets	**₱6,816,226,292**	**₱836,914,863**	**(₱841,199,608)**	**₱6,811,932,417**
Segment liabilities	**₱3,616,456,649**	**₱1,705,492,105**	**(₱1,593,113,253)**	**₱3,728,835,501**

2016

	Sugar and by products	Real estate	Eliminations	Total
Revenues	₱1,179,804,750	₱34,233,618	₱–	₱1,214,038,368
Cost of goods sold and services	732,921,261	18,151,092	–	751,072,353
Gross income	446,883,489	16,082,526	–	462,966,015
Interest income	57,375,021	302,990	(56,452,190)	1,225,821
Interest expense	(121,613,901)	(58,526,399)	56,452,190	(123,688,110)
Operating expenses	(99,626,415)	(10,504,624)	–	(110,131,039)
Other income - net	22,387,662	15,752,055	–	38,139,717
Segment income before income tax	₱305,405,856	(₱36,893,452)	₱–	₱268,512,404
Segment assets	₱6,158,890,651	₱844,684,822	(₱775,643,691)	₱6,227,931,782
Segment liabilities	₱3,220,693,691	₱1,653,331,093	(₱1,527,557,336)	₱3,346,467,448

2015

	Sugar and by products	Real estate	Eliminations	Total
Revenues	₱992,928,984	₱30,973,821	₱–	₱1,023,902,805
Cost of goods sold and services	590,174,234	12,263,486	–	602,437,720
Gross income	402,754,750	(18,710,335)		421,465,085
Interest income	30,064,779	189,584	(26,022,275)	4,232,088
Operating expenses	(121,412,663)	(7,807,221)		(129,219,884)
Interest expense	(90,047,683)	(31,155,617)	26,022,275	(95,181,025)
Other income - net	17,058,701	2,075,541		19,134,242
Segment income before income tax	₱238,417,884	(₱17,987,378)	₱–	₱220,430,506
Segment assets	₱5,138,405,576	₱1,076,927,575	(₱501,546,489)	₱5,713,786,662
Segment liabilities	₱2,876,142,353	₱1,847,397,198	(₱1,253,460,134)	₱3,470,079,417

Inter-segment income and advances are eliminated upon consolidation and reflected in the eliminations column.

7. Cash and Cash Equivalents

	2017	2016
Cash on hand	**₱1,117,162**	₱792,107
Cash in banks	**236,932,848**	88,004,131
Cash equivalents	**144,847**	5,152,533
	₱238,194,857	₱93,948,771

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

During the years, the Group made temporary cash investments in local banks with average maturity of 30 days. Interest rates ranges from 1.50% to 2.38% per annum.

Interest income earned from cash in banks and cash equivalents amounted to ₱0.6 million in 2017 and 2016 and ₱1.1 million in 2015, respectively.

8. Receivables

	2017	2016
Trade:		
Non-affiliates	**₱145,366,118**	₱153,871,675
Nontrade:		
Due from related parties (see Note 27)	**515,507,577**	413,735,928
Planters' receivables	**5,678,150**	5,074,105
Advances to directors, officers and employees (see Note 27)	**7,688,385**	11,020,750
(Forward)		

	2017	2016
Advances to Tarlac Development Corporation (TDC)	**₱30,436,879**	₱30,300,639
Advances to JCSI	**14,600,758**	14,600,758
Advances to CAT Realty Corporation (CRC)	**15,422,542**	15,422,542
Advances to Luisita Golf and Country Club, Inc. (LGCCI)	**13,006,959**	12,906,959
Others	**24,217,566**	11,450,411
	771,924,934	668,383,767
Less allowance for doubtful accounts	**9,103,776**	8,954,491
	₱762,821,158	₱659,429,276

Trade receivables from non-affiliates are noninterest-bearing and are generally on 30 to 60 day credit terms.

Planters' receivables are subject to interest at 12% per annum in 2017, 2016 and 2015. Interest income earned from planters' receivables amounted to ₱0.3 million, ₱0.4 million, and ₱3.1 million in 2017, 2016 and 2015, respectively.

Receivables from officers and employees arise from cash advances to the Group's personnel which are generally collected within one year.

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

Movements in the allowance for doubtful accounts are summarized below:

2017

	Trade	**Nontrade**	**Total**
Balances at beginning of year	**₱4,189,053**	**₱4,765,438**	**₱8,954,491**
Provisions	**40,671**	**361,084**	**401,755**
Write-off	**(252,470)**	**–**	**(252,470)**
Balances at end of year	**₱3,977,254**	**₱5,126,522**	**₱9,103,776**

2016

	Trade	Nontrade	Total
Balances at beginning of year	₱3,908,206	₱3,728,335	₱7,636,541
Provisions	444,883	1,037,103	1,481,986
Write-off	(164,036)	–	(164,036)
Balances at end of year	₱4,189,053	₱4,765,438	₱8,954,491

9. Inventories

	2017	2016
At cost:		
Alcohol	**₱154,156,869**	₱77,034,657
Raw sugar	**87,193,238**	2,167,421
Molasses	**95,086,980**	23,304,879
At NRV:		
Spare parts and supplies	**56,684,652**	52,248,179
	₱393,121,739	₱154,755,136

The following table is a rollforward analysis of the allowance for impairment losses recognized on spare parts and supplies:

	2017	2016
Balances at beginning of year	**₱4,770,406**	₱7,197,207
Provision (see Note 23)	**87,447**	–
Reversal (see Note 25)	**–**	(2,426,801)
Balances at end of year	**₱4,857,853**	₱4,770,406

10. Real Estate Held for Sale and Development

	2017	2016
Land held for development	**₱981,516,357**	₱981,080,536
Land available for sale	**6,881,978**	6,881,978
	₱988,398,335	₱987,962,514

Land held for development pertains to land that are still undeveloped.

Land available for sale includes land developed into a first class residential subdivision and industrial community located at LHDL, San Miguel, Tarlac.

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 Liberty Insurance Corporation (LIC). 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.

In 2016, the Group sold all its outstanding LIC shares to TDC as part of the MOA for a total consideration of ₱121.1 million. Gain from sale of shares amounted to ₱25.6 million.

12. Other Current Assets

	2017	2016
Advances to suppliers - net of allowance of ₱6.4 million in 2017 and 2016	**₱123,000,916**	₱92,200,438
CWTs	**18,101,686**	17,746,023
Prepaid tax	**8,538,329**	2,857,181
Prepaid insurance	**1,850,853**	2,122,691
Input VAT	**–**	127,522
Others	**1,297,814**	1,949,859
	₱152,789,598	₱117,003,714

Advances to suppliers include payments made to suppliers for goods to be received in the future. As at June 30, 2017 and 2016, allowance account amounted to ₱6.4 million (see Note 23).

13. **Goodwill**

As at June 30, 2017 and 2016, the recoverable amount, calculated through value in use, of the CGU where the goodwill is attributed exceeded the carrying amount of the CGU including goodwill. CGU pertains to the Parent Company's investment in LLC. Value in use was derived using cash flow projections based on financial budgets approved by senior management covering a five-year period and the expected realization of the Group's land inventory. Cash flow beyond the five-year period are extrapolated using a 5.00% growth rate. Discount rate applied to the cash flow projections in determining value in use is 10.18% and 4.74% in 2017 and 2016, respectively.

The calculations of value in use of goodwill are most sensitive to the following assumptions:

a) Discount rates - Discount rates were derived from the Group's weighted average cost of capital and reflect management's estimate of risks within the CGU. This is the benchmark used by the management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates, regard has been given to various market information, including, but not limited to, ten-year government bond yield, bank lending rates and market risk premium and country risk premium.

b) Growth rate estimates - The long-term rate used to extrapolate the budget for the investee companies excludes expansions and possible acquisitions in the future. Management also recognizes the possibility of new entrants, which may have significant impact on existing growth rate assumptions. Management however, believes that new entrants will not have a significant adverse impact on the forecast included in the budget.

Sensitivity to Changes in Assumptions

With regards to the assessment of value-in-use of LLC, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to exceed its recoverable amount.

14. **Available-for-Sale Financial Assets**

	2017	2016
Proprietary shares	**₱171,800,000**	₱103,280,000
Investment in shares of stock:		
Listed	**527,748**	624,900
Unlisted	**162,000**	162,000
	₱172,489,748	₱104,066,900

The movements in this account are as follows:

	2017	2016
Balances at beginning of year	**₱104,066,900**	₱103,517,560
Changes in fair value of AFS financial assets	**68,422,848**	549,340
Balances at end of year	**₱172,489,748**	₱104,066,900

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, 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 ₱166.8 million and ₱100.1 million as at June 30, 2017 and 2016 are used as collateral for the Group's loans (see Note 19).

Movements in the unrealized gains on AFS financial assets, net of tax, included in the other comprehensive income are as follows:

	2017	2016
Balances at beginning of year	**₱77,489,330**	₱76,939,990
Unrealized gains on AFS financial assets - net of tax	**61,580,563**	549,340
Balances at end of year	**₱139,069,893**	₱77,489,330

15. **Property, Plant and Equipment** - at cost

2017

	Machinery and equipment	Agricultural machinery and equipment	Land improvements	Buildings and improvements	Transportation equipment	Furniture, fixtures and equipment	Communication and utility systems	Roads and bridges	Construction in-progress	Total
Cost:										
Balances at beginning of year	**₱1,414,362,751**	**₱49,383,726**	**₱85,284,958**	**₱132,697,530**	**₱22,998,435**	**₱40,224,925**	**₱7,557,483**	**₱12,350,552**	**₱9,529,543**	**₱1,774,389,903**
Additions	**98,733,955**	**37,697,435**	**271,042**	**9,654,339**	**3,425,823**	**4,384,393**	**416,395**	**–**	**18,551,560**	**173,134,942**
Disposal	**(44,643)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(44,643)**
Reclassifications	**6,684,251**	**–**	**–**	**42,318**	**–**	**–**	**–**	**–**	**(6,726,569)**	**–**
Balances at end of year	**1,519,736,314**	**87,081,161**	**85,556,000**	**142,394,187**	**26,424,258**	**44,609,318**	**7,973,878**	**12,350,552**	**21,354,534**	**1,947,480,202**
Accumulated depreciation and amortization:										
Balances at beginning of year	**1,140,448,852**	**5,358,593**	**40,281,495**	**103,541,911**	**5,923,848**	**30,424,706**	**6,916,724**	**12,350,536**	**–**	**1,345,246,665**
Depreciation and amortization (see Notes 20, 21, 22, 23 and 24)	**74,179,898**	**10,500,802**	**1,467,816**	**6,179,227**	**2,181,365**	**4,056,941**	**260,053**	**–**	**–**	**98,826,102**
Disposal	**(8,286)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,286)**
Balances at end of year	**1,214,620,464**	**15,859,395**	**41,749,311**	**109,721,138**	**8,105,213**	**34,481,647**	**7,176,777**	**12,350,536**	**–**	**1,444,064,481**
Net book values	**₱305,115,850**	**₱71,221,766**	**₱43,806,689**	**₱32,673,049**	**₱18,319,045**	**₱10,127,671**	**₱797,101**	**₱16**	**₱21,354,534**	**₱503,415,721**

2016

	Machinery and equipment	Agricultural machinery and equipment	Land improvements	Buildings and improvements	Transportation equipment	Furniture, fixtures and equipment	Communication and utility systems	Roads and bridges	Construction in-progress	Total
Cost:										
Balances at beginning of year	₱1,357,493,193	₱39,109,200	₱48,672,134	₱128,856,616	₱21,948,613	₱35,561,999	₱7,155,624	₱12,350,552	₱12,707,263	₱1,663,855,194
Additions	47,212,191	10,274,526	34,108,437	3,379,771	1,049,822	4,788,926	401,859	–	9,529,543	110,745,075
Write-off	–	–	–	–	–	(126,000)	–	–	–	(126,000)
Reclassifications	9,657,367	–	2,504,387	461,143	–	–	–	–	(12,707,263)	(84,366)
Balances at end of year	1,414,362,751	49,383,726	85,284,958	132,697,530	22,998,435	40,224,925	7,557,483	12,350,552	9,529,543	1,774,389,903
Accumulated depreciation and amortization:										
Balances at beginning of year	1,096,377,631	2,791,875	38,657,174	100,461,817	4,951,000	27,439,659	6,726,962	12,350,536	–	1,289,756,654
Depreciation and amortization (see Notes 20, 21, 22, 23 and 24)	44,071,221	2,566,718	1,624,321	3,080,094	972,848	3,111,047	189,762	–	–	55,616,011
Write-off	–	–	–	–	–	(126,000)	–	–	–	(126,000)
Balances at end of year	1,140,448,852	5,358,593	40,281,495	103,541,911	5,923,848	30,424,706	6,916,724	12,350,536	–	1,345,246,665
Net book values	₱273,913,899	₱44,025,133	₱45,003,463	₱29,155,619	₱17,074,587	₱9,800,219	₱640,759	₱16	₱9,529,543	₱429,143,238

16. **Land**

Land recognized under property, plant and equipment carried at revalued amount as at June 30, 2017 and 2016 amounted to ₱874.0 million and ₱716.6 million, respectively and land recognized under investment property carried at fair value as at June 30, 2017 and 2016 amounted to ₱1.5 billion and ₱1.4 billion, respectively.

The fair value, categorized as Level 3 in the fair value hierarchy, is based on valuations determined by an independent appraiser, accredited by the Philippine SEC, as at June 30, 2017. 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 comparable properties sold in the market. The weight given to this approach is dependent on the availability of recent confirmed sales of properties considered comparable to the property being appraised. These sold properties are compared to the property being appraised based on the key units of comparison. Adjustments are made to account for identified differences against the comparable, resulting in adjusted sales values for each of the comparable.

Property and Equipment

Movements in land at revalued amount recognized under property, plant and equipment are summarized below:

	2017	2016
Balances at beginning of year	**₱716,600,000**	₱685,700,000
Revaluation increments	**157,400,000**	30,900,000
Balances at end of year	**₱874,000,000**	₱716,600,000

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

	2017	2016
Balances at beginning of year	**₱1,836,613,293**	₱1,814,983,293
Revaluation increments	**110,180,000**	21,630,000
Balances at end of year	**₱1,946,793,293**	₱1,836,613,293
Attributable to:		
Property, plant and equipment	**₱605,610,313**	₱495,430,313
Property, plant and equipment reclassified to investment property	**1,341,182,980**	1,341,182,980

Investment Property

Movements in land at fair value recognized under investment property are summarized below:

	2017	2016
Balances at beginning of year	**₱1,357,400,000**	₱1,357,400,000
Change in fair value of investment property	**129,000,000**	–
Balances at end of year	**₱1,486,400,000**	₱1,357,400,000

17. **Other Noncurrent Assets**

	2017	2016
Advances for land maintenance	**₱170,858,885**	₱182,520,080
Deferred charges	**23,674,596**	11,681,880
Recoverable deposits	**4,237,677**	4,782,488
Others	**20,000**	20,000
	₱198,791,158	₱199,004,448

Advances for land maintenance refers to advance costs for future land preparation, planting and harvesting to augment the cane supply in alignment with management's strategy.

Deferred charges are accumulated costs incurred for LHDL such as security, repairs and maintenance and power among others. Annual dues received from homeowners and collections from use of LHDL facilities are credited to this account.

18. **Trade and Other Payables**

	2017	2016
Trade payables	**₱226,406,892**	₱156,723,125
Accruals:		
Freight and transportation	**43,923,840**	42,289,454
Interest and penalties	**31,202,714**	26,115,020
Spare parts, supplies and inventory cost	**28,907,316**	31,100,718
Repairs and maintenance	**28,677,655**	39,983,578
Taxes	**6,538,023**	12,354,031
Professional fees	**2,891,694**	5,245,000
Salaries, wages and other benefits	**2,442,022**	1,660,271
Others	**30,365,218**	16,148,138
Advances from related parties (see Note 27)	**13,025,174**	3,817,198
Estimated liability for cash surrender value	**2,527,345**	2,527,345
Customers' advances	**1,658,305**	2,692,726
Other payables	**68,226,990**	73,193,455
	₱486,793,188	₱413,850,059

Trade payables are non-interest bearing and are generally settled within a 30-day credit term.

Other payables includes advances from J.C. Enterprises, Inc. (JCE) which pertains to cash received years for working capital requirements. These advances are non-interest bearing.

19. **Notes Payable**

Short-term bank notes

	2017	2016
Working capital facilities	**₱753,333,334**	₱350,000,000
Promissory notes	**19,585,788**	27,589,824
	₱772,919,122	₱377,589,824

₱820.0 million Working Capital Facilities Agreement (WCFA)
Under the loan agreement, the Parent Company entered into a WCFA with BDO. Under the agreement, the Parent Company can withdraw up to ₱820.0 million at 4.25% interest rate per annum.

The promissory notes are for a period of one year with a fixed interest rate of 4%.

Total interest expense incurred for all short-term notes amounted to ₱27.1 million, ₱11.7 million and ₱15.7 million in 2017, 2016, and 2015, respectively.

Long-term bank notes

	2017	2016
Local bank	**₱2,058,000,000**	₱2,079,000,000
Less deferred financing cost	**15,492,406**	21,797,934
	2,042,507,594	2,057,202,066
Less current portion	**14,420,921**	14,694,471
	₱2,028,086,673	₱2,042,507,595

On October 15, 2014, the Parent Company obtained a long-term interest-bearing loan from a Banco de Oro Unibank, Inc. (BDO) amounting to ₱2.1 billion. Net proceeds from the loan amounted to ₱2.1 billion 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 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 ₱1.1 billion each for the purposes of interest computation. Series A incurs 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 incurs an interest of 4.0% per annum of the prevailing BSP Overnight Repurchase Rate on the interest selling date plus a spread of 25 basis points, whichever is higher. As at June 30, 2017, 2016 and 2015, the interest expense related to this loan amounted to ₱110.9 million, ₱112.0 million and ₱79.5 million, respectively, including amortization of the transaction cost amounting to ₱6.3 million, ₱6.1 million and ₱4.1 million, respectively.

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

Fiscal year	Amount
2017	₱21,000,000
2018	21,000,000
2019	2,016,000,000
	₱2,058,000,000

The 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.

The Group's land, recognized as property, plant and equipment and investment property, with carrying value of ₱2.4 billion and ₱2.1 billion as at June 30, 2017 and 2016, respectively, are used as collateral to secure the Parent Company's obligation under the term of this long-term bank notes.

20. Cost of Goods Sold

	2017	2016	2015
Inventory costs, spare parts, and supplies	**₱355,713,420**	₱322,180,619	₱67,629,205
Depreciation and amortization (see Notes 15 and 24)	**87,313,991**	46,335,259	48,542,872
Repairs and maintenance	**67,774,823**	98,342,489	102,094,089
Personnel cost (see Note 24):			
Salaries, wages, bonuses and other benefits	**61,122,358**	48,162,881	151,493,141
Retirement (see Note 26)	**–**	–	12,172,602
Security and outside services	**41,246,349**	44,397,278	18,714,943
Freight and transportation	**40,251,405**	37,513,945	43,873,639
Insurance	**8,462,544**	4,291,630	3,984,624
Power and steam	**6,162,231**	7,307,801	6,506,516
Taxes and licenses	**2,304,577**	1,525,505	2,891,902
Others	**21,919,340**	19,970,993	19,574,956
	₱692,271,038	₱630,028,400	₱477,478,489

21. Cost of Tolling Services

	2017	2016	2015
Power and steam	**₱44,742,226**	₱44,637,716	₱43,319,640
Repairs and maintenance	**22,000,353**	20,375,983	20,671,416
Personnel cost (see Note 24):			
Salaries, wages, bonuses and other benefits	**10,881,452**	8,725,166	24,355,192
Retirement (see Note 26)	**–**	–	2,875,884
Depreciation and amortization (see Notes 15 and 24)	**5,633,995**	4,085,204	2,098,473
Security and outside services	**5,225,761**	5,456,280	–
Freight and transportation	**4,654,472**	4,709,634	5,471,332
Spare parts and supplies	**4,348,109**	11,200,723	9,571,390
Taxes and licenses	**1,797,511**	1,657,415	2,240,753
Insurance	**1,428,683**	966,147	962,716
Others	**1,725,213**	1,078,593	1,128,949
	₱102,437,775	₱102,892,861	₱112,695,745

22. **Cost of Industrial Services**

	2017	2016	2015
Power and steam	**₱4,649,350**	₱4,782,204	₱3,389,029
Security and outside services	**3,491,970**	2,846,612	1,904,573
Repairs and maintenance	**2,767,596**	4,201,063	2,769,963
Termination Expense	**2,318,397**	–	–
Depreciation and amortization (see Notes 15 and 24)	**2,028,528**	2,289,776	1,844,097
Materials	**1,042,599**	793,419	486,712
Salaries, wages, bonuses and other benefits (see Note 24)	**513,224**	1,750,558	1,374,339
Taxes and licenses	**256,032**	271,446	167,573
Retirement (see Notes 24 and 26)	–	140,515	120,106
Others	**4,878,403**	991,132	110,093
	₱21,946,099	₱18,066,725	₱12,166,485

23. **Operating Expenses**

	2017	2016	2015
Personnel cost (see Note 24):			
Salaries, wages and other benefits	**₱32,116,844**	₱35,344,253	₱37,061,706
Retirement (see Note 26)	–	29,800	3,277,302
Professional fees	**27,943,614**	22,548,743	18,726,355
Taxes and licenses	**23,097,393**	13,700,453	21,033,253
Security and janitorial services	**11,155,669**	997,114	11,561,531
Repairs and maintenance	**9,578,837**	6,768,000	2,383,291
Transportation and travel	**8,637,985**	6,265,888	13,948,608
Depreciation and amortization (see Notes 15 and 24)	**3,849,588**	2,905,772	2,582,698
Rentals (see Note 27)	**3,021,017**	3,167,963	5,355,660
Dues and advertisements	**2,896,027**	1,044,707	1,050,710
Entertainment, amusement and recreation	**1,825,283**	1,897,476	2,689,492
Termination Expense	**1,238,552**	–	–
Bank charges	**1,018,233**	1,378,294	728,709
Light and water	**626,940**	912,623	1,646,030
Postage, telephone and telegram	**601,762**	633,858	968,424
Provision for doubtful accounts (see Note 8)	**401,755**	1,481,986	919,498
Management fees and bonuses	**380,000**	276,500	1,978,138
Provision for losses (see Notes 9 and 12)	**87,447**	6,384,758	–
Others	**30,445,017**	4,363,051	3,308,479
	₱158,921,963	₱110,101,239	₱129,219,884

24. **Nature of Expense**

Depreciation and amortization included in the consolidated statements of comprehensive income are as follows:

	2017	2016	2015
Cost of goods sold (see Note 20)	**₱87,313,991**	₱46,335,259	₱48,542,872
Cost of tolling services (see Note 21)	**5,633,995**	4,085,204	2,098,473
Cost of industrial services (see Note 22)	**2,028,528**	2,289,776	1,844,097
Operating expenses (see Note 23)	**3,849,588**	2,905,772	2,582,698
	₱98,826,102	₱55,616,011	₱55,068,140

Personnel expenses included in the consolidated statements of comprehensive income are as follows:

	2017	2016	2015
Cost of goods sold			
Salaries, wages, bonuses and other benefits	**₱61,122,358**	₱48,162,881	₱151,493,141
Net retirement benefit expense	–	–	12,172,602
Cost of tolling services			
Salaries, wages, bonuses and other benefits	**10,881,452**	8,725,166	24,355,192
Net retirement benefit expense	–	–	2,875,884
Cost of industrial services			
Salaries, wages, bonuses and other benefits	**513,224**	1,750,558	1,374,339
Net retirement benefit expense	–	140,515	120,106
Operating expenses			
Salaries, wages, bonuses and other benefits	**32,116,844**	35,344,253	37,061,706
Net retirement benefit expense	–	29,800	3,277,302
Other income - net			
Net retirement income	**(10,818,686)**	(5,447,852)	–
	₱93,815,192	₱88,705,321	₱232,730,272

25. **Other Income -** net

	2017	2016	2015
Retirement income			
(see Notes 24 and 26)	**₱10,818,686**	₱5,447,852	₱–
Insurance fee	**9,984,590**	5,853,262	10,263,892
Storage fee	**7,125,730**	5,925,172	5,845,503
Sale of scraps	**5,912,289**	–	2,638,985
Reversal of inventory write down			
(see Note 9)	–	2,426,801	–
Other expenses	**938,820**	(7,165,744)	385,862
	₱34,780,115	₱12,487,343	₱19,134,242

26. **Retirement Cost**

Parent Company
The Parent Company maintains a tax-qualified, funded, noncontributory defined benefit retirement plan covering substantially all of its permanent employees. The benefits are based on years of service and compensation during the latest year of employment. The latest retirement valuation was made as at June 30, 2017.

The fund is administered by Luisita Trust Fund (LTF) 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 Republic Act (RA) 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 manpower reduction amounted to ₱355.0 million.

Net Retirement Expense (Income)

	2017	2016	2015
Current service cost	**₱21,956,921**	₱1,680,531	₱7,208,395
Interest cost	**2,466,425**	1,161,486	7,505,831
Interest income	**(33,371,432)**	(8,289,869)	(17,289,897)
Past service cost	**(1,170,182)**	–	–
Settlement cost	–	–	20,875,989
	(₱10,118,268)	(₱5,447,852)	₱18,300,318

Retirement Asset

	2017	2016
Fair value of plan asset	**₱373,568,851**	₱765,526,094
Present value of defined benefit obligation	**(34,166,454)**	(56,695,672)
Net retirement asset	**₱339,402,397**	₱708,830,422

Changes in the Present Value of Defined Benefit Obligation

	2017	2016
Balances at beginning of year	**₱56,695,672**	₱25,304,695
Current service cost	**21,956,921**	1,680,531
Interest cost	**2,466,425**	1,161,486
Benefits paid	**–**	(12,932,746)
Past service cost	**(1,170,182)**	–
Actuarial losses (gains):		
Changes in financial assumptions	**(25,092,294)**	34,113,984
Experience adjustments	**(18,517,660)**	7,937,169
Changes in demographic assumptions	**(2,172,428)**	(569,447)
Balances at end of year	**₱34,166,454**	₱56,695,672

Changes in the Fair Value of Plan Asset

	2017	2016
Balances at beginning of year	**₱765,526,094**	₱180,607,176
Interest income included in interest cost	**33,371,432**	8,289,869
Actual return excluding amount included in interest cost	**(425,328,675)**	576,629,049
Balances at end of year	**₱373,568,851**	₱765,526,094

Remeasurement Effects Recognized in OCI

	2017	2016	2015
Actuarial gains (loss)	**₱45,782,382**	(₱41,481,706)	₱4,465,871
Actual return on assets excluding amount included in net interest cost	**(425,328,675)**	576,629,049	(29,278,104)
Effect of asset ceiling	**–**	–	8,459,625
Amount to be recognized in OCI	**(₱379,546,293)**	₱535,147,343	(₱16,352,608)

Changes in Net Amount Recognized in OCI

	2017	2016
Net amount recognized in OCI, beginning	**₱491,936,830**	₱117,333,690
Amount recognized during the year - net of tax effect	**(265,682,405)**	374,603,140
Net amount recognized in OCI, ending	**₱226,254,425**	₱491,936,830

The fair value of the Parent Company’s plan asset by each class are as follows:

	2017	2016
Assets:		
Cash in banks and cash equivalents	**₱19,119,263**	₱3,494,196
Investments in shares of stock	**659,238,062**	1,041,588,240
	678,357,325	1,045,082,436

(Forward)

	2017	2016
Liabilities:		
Payable to CAT	**₱272,725,079**	₱246,266,511
Payable to FLHC	**1,450,428**	1,450,428
Accounts payable and accrued expenses	**30,612,967**	31,839,403
	304,788,474	279,556,342
Net	**₱373,568,851**	₱765,526,094

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 stock consist mainly of the Parent Company's shares which are traded in the PSE with LTF owning 16.76% or 4,734,492 common shares.

The principal actuarial assumptions used are as follows:

	2017	2016
Future salary increase rate	**6.00%**	3.00%
Discount rate	**5.13%**	4.36%
Turnover rate	**A scale of 4% at age 18 decreasing to 0% at age 60**	A scale of 1% at age 18 decreasing to 0% at age 60
Average working lives (in years)	**18**	23

Mortality rate is based on the 2017 Philippine Intercompany Mortality table and 1994 Group Annuity Mortality Table.

The discount rate used is a single weighted average rate based on bootstrapped Philippine Dealing System Treasury Reference Rates (PDST-R2) at various tenors. 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 at the end of the reporting period, assuming all other assumptions were held constant:

Significant Assumptions	2017	2016
Discount rate		
Increase of 1%	**(₱30,914,959)**	(₱49,039,711)
Decrease of 1%	**37,931,266**	66,296,681
Future salary increase rate		
Increase of 1%	**38,135,060**	66,111,295
Decrease of 1%	**(30,683,445)**	(48,980,772)

The overall investment policy and strategy of the Parent Company's defined benefit plan 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 2017 since the plan is on a net asset position.

The average duration of the defined benefit obligation as at June 30, 2017 and 2016 is 25 years and 20 years, respectively.

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

2017

	Expected Benefit Payments		
Plan Year	**Normal Retirement**	**Other than Normal Retirement**	**Total**
Less than 1 year	**₱–**	**₱357,711**	**₱357,711**
More than 1 year to 5 years	**3,890,706**	**3,304,295**	**7,195,001**
More than 5 years to 10 years	**19,341,985**	**6,459,566**	**25,801,551**
More than 10 years to 15 years	**58,887,213**	**4,862,617**	**63,749,830**
More than 15 years to 20 years	**27,741,387**	**4,704,199**	**32,445,586**
More than 20 years	**195,919,463**	**17,764,081**	**213,683,544**

2016

	Expected Benefit Payments		
Plan Year	Normal Retirement	Other than Normal Retirement	Total
Less than 1 year	₱–	₱252,567	₱252,567
More than 1 year to 5 years	–	2,253,563	2,253,563
More than 5 years to 10 years	18,101,609	8,815,577	26,917,186
More than 10 years to 15 years	113,644,638	13,977,052	127,621,690
More than 15 years to 20 years	48,801,350	16,164,295	64,965,645
More than 20 years	2,022,462,104	308,999,090	2,331,461,194

The Subsidiary

The Subsidiary provides for estimated retirement benefits required to be recognized under R.A. 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, 2017.

Retirement Expense

	2017	2016	2015
Current service cost	**₱191,294**	₱113,134	₱95,477
Interest cost	**101,668**	57,181	50,099
Past service cost	**(993,380)**	–	–
	(₱700,418)	₱170,315	₱145,576

Changes in the Present Value of Defined Benefit Obligation

	2017	2016
Balances at beginning of year	**₱2,358,886**	₱1,235,006
Current service cost	**191,294**	113,134
Interest cost	**101,668**	57,181
Actuarial loss (gains) due to:		
Experience adjustments	**(1,599,393)**	(120,203)
Changes in financial assumptions	**(29,339)**	1,355,919
Changes in demographic Assumptions	**(323)**	(282,151)
Past service cost	**(993,380)**	–
Balances at end of year	**₱29,413**	₱2,358,886

Remeasurement Effects Recognized in OCI

	2017	2016	2015
Actuarial gain (losses)	**₱1,629,055**	(₱953,565)	(₱449)

Changes in Net Amount Recognized in OCI

	2017	2016
Net amount recognized in OCI, beginning	**(₱954,014)**	(₱449)
Amount recognized during the year - net of tax	**1,629,055**	(953,565)
Net amount recognized in OCI, ending	**₱675,041**	(₱954,014)

The principal actuarial assumptions used are as follows:

	2017	2016
Future salary increase rate	**6.00%**	10.00%
Discount rate	**5.00%**	4.31%
Turnover rate	**A scale of 24% at age 18 decreasing to 0% at age 60**	A scale of 24% at age 18 decreasing to 0% at age 60
Average working lives (in years)	**8**	12

Mortality rate is based on the 2017 Philippine Intercompany Mortality table and 1994 Group Annuity Mortality Table.

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 at June 30, 2017. 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 at the end of the reporting period, assuming all other assumptions were held constant:

Significant Assumptions	**2017**	2016
Discount rate		
Increase of 1%	**(₱25,528)**	(₱2,074,463)
Decrease of 1%	**33,996**	2,692,737
Future salary increase rate		
Increase of 1%	**34,030**	2,680,579
Decrease of 1%	**(25,430)**	(2,078,330)

The average duration of the defined benefit obligation as at June 30, 2017 and 2016 is 18 years and 16 years, respectively.

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

2017

Plan Year	**Expected Benefit Payments**
More than 10 years to 15 years	**₱673,554**
More than 15 years to 20 years	**346,721**
More than 20 years	**363,452**

2016

Plan Year	Expected Benefit Payments
More than 1 year to 5 years	₱249,389
More than 5 years to 10 years	935,453
More than 10 years to 15 years	1,672,491
More than 15 years to 20 years	3,580,325
More than 20 years	2,734,889

27. 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.

Transactions with Related Parties

The Group, in the normal course of business, has the following transactions with related parties:

		Year	Transactions	Outstanding Receivables (Payables)	Terms	Conditions
Shareholders						
Receivables	(a)	**2017**	**₱–**	**₱75,458,098**	Net settlement;	Unsecured,
		2016	₱–	₱75,458,098	non-interest bearing; generally 30 days	no impairment
Payables	(b)	**2017**	**(10,076,518)**	**(13,025,174)**	Net settlement;	Unsecured
		2016	–	(2,949,085)	non-interest bearing; generally 30 days	
CRAHI						
Receivables	(c)	**2017**	**76,376,642**	**167,324,400**	Net settlement;	Unsecured,
		2016	63,381,998	90,945,758	non-interest bearing; generally 30 days	no impairment
Trust Fund						
Receivables	(d)	**2017**	**26,458,568**	**272,725,079**	Net settlement;	Unsecured,
		2016	67,254	247,332,072	10% interest per annum; generally 30 days	no impairment
Other Related Party						
Rentals	(e)	**2017**	**3,021,017**	–	Payable monthly	Unsecured
		2016	3,167,963	–	in advance	
Stockholders, Directors and Officers						
Receivables	(f)	**2017**	**47,935,717**	**7,098,821**	Non-interest	
		2016	39,967,513	10,839,363	bearing; generally 30 days	Unsecured, with impairment

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

a. Pertains to the sale of land to North Star Estate Holdings, Inc. and for working capital advanced by the Group.

b. Pertains to payments made by shareholders on behalf of the Group.

c. Pertains to cash advances given to CRAHI for working capital requirements and for settlement of promissory note due to previous shareholders.

d. Pertains to cash advances given to LTF for the funding of the manpower reduction program. Interest income amounted to ₱26.2 million and nil as at June 30, 2017 and 2016, respectively.

e. Pertains to the lease agreement with First Lucky Property Corporation (FLPC) for the lease of its corporate office commencing from December 1, 2014 for a period of one year extendible at the option of the Lessee for an additional period of three (3) years subject to mutually acceptable rates, terms and conditions.

f. 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 on behalf of the Group.

Compensation of Key Management Personnel
Short-term employee benefits of key management personnel amounted to ₱24.7 million and ₱25.2 million for the years ended June 30, 2017 and 2016, respectively.

28. Income Taxes

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

	2017	2016
Deferred income tax assets recognized in profit or loss		
Unamortized portion of past service costs	**₱10,380,634**	₱13,021,516
Retirement benefit	**9,077,192**	12,112,672
Provision for losses	**1,915,427**	1,915,427
Accruals	**1,672,892**	1,672,892
Allowance for doubtful accounts	**1,584,001**	1,475,676
Allowance for inventory obsolescence	**1,457,356**	1,431,122
	26,087,502	31,629,305
Deferred income tax liabilities recognized directly in equity		
Revaluation increment on PPE	**259,547,277**	212,327,277
Retirement benefit	**99,274,155**	213,138,043
Fair value adjustment on real estate held for sale and development	**79,186,027**	79,186,027
Unrealized cumulative gains on AFS financial asset	**14,586,218**	7,743,933
	452,593,677	512,395,280
Net deferred income tax liabilities	**₱426,506,175**	₱480,765,975

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:

	2017	2016	2015
Income tax at 30% on income before income tax	**₱114,599,085**	₱80,553,721	₱66,129,152
Income tax effects of:			
Changes in unrecognized deferred income tax assets	**18,694,056**	19,043,843	8,522,012
Nondeductible expenses	**463,513**	151,220	3,170,907
Gain on fair value change of investment property	**(38,700,000)**	–	–
Interest income already subjected to final tax	**(150,918)**	(199,740)	(298,660)
Income subject to final tax	–	(7,686,771)	–
Unallowable portion of interest expense	–	–	112,363
Nontaxable income	–	–	(1,415,727)
	₱94,904,736	₱91,862,273	₱76,220,047

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

	2017	2016
NOLCO	**₱156,353,064**	₱94,917,391
Allowance for doubtful accounts	**3,823,771**	4,035,570
MCIT	**1,254,170**	3,336,834
Accrual for retirement benefits	**29,413**	2,358,886
Others	**7,517,231**	7,517,231

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
2015	2016–2018	₱40,376,670	₱–	₱–	₱40,376,670
2016	2017–2019	54,540,721	–	–	54,540,721
2017	2018–2020	61,435,673	–	–	61,435,673
		₱156,353,064	₱–	₱–	₱156,353,064

MCIT

Period of Recognition	Availment Period	Amount	Applied	Expired	Balance
2014	2015–2017	₱2,439,052	₱–	₱2,439,052	₱–
2015	2016–2018	568,151	–	–	568,151
2016	2017–2019	329,631	–	–	329,631
2017	2018–2020	356,388	–	–	356,388
		₱3,693,222	₱–	₱2,439,052	₱1,254,170

29. **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:

	2017	2016
Refined sugar - traders	**389,923 Lkg**	488,228 Lkg

Lease Agreement
In previous years, the Parent Company transferred its main office and entered into an operating lease agreement with FLPC effective from December 1, 2014 to November 30, 2015 (see Note 27). 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 subject to mutually acceptable rates, terms and conditions. The Parent Company paid advance rental and security deposit amounting to ₱0.9 million and ₱0.8 million respectively. Rental expense recognized in the consolidated statements of income amounted to ₱3.0 million, ₱3.2 million and ₱2.8 million in 2017, 2016 and 2015, respectively.

The Group's previous lease agreement with JCE was renewed until December 31, 2014. Rent expense charged to operations amounted to ₱2.5 million in 2015.

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 Tarlac, 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.

30. **Equity**

Capital Stock
The authorized capital stock of the Parent Company is 40.0 million shares as at June 30, 2017 and 2016, 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 Philippine 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.

On June 15, 2016, the BOD of the Parent Company authorized a ten-for-one stock split to increase the number of shares of stock and decrease the par value that took effect on October 18, 2016.

	Prior to Amendment			After Amendments		
	Authorized Capital	Number of Shares	Par Value	Authorized Capital	Number of Shares	Par Value
Common Stock	40,000,000	28,254,596	₱10.00	400,000,000	282,545,960	₱1.00

The total number of shareholders is 400 and 395 as at June 30, 2017 and June 30, 2016, respectively.

Retained Earnings
As at June 30, 2017, the Group appropriated its retained earnings amounting to ₱200.0 million for the costs expected to be incurred to its planned maintenance on its milling facility based on the BOD Resolution dated June 20, 2017. These activities are expected to be completed over the period of two years.

Basic/diluted Earnings Per Share

The basic/diluted earnings per share for the years ended June 30, 2017, 2016 and 2015 are computed as follows:

	2017	2016	2015
Net income (a)	**₱287,092,214**	₱176,650,131	₱144,210,459
Weighted average number of shares (b):			
Issued shares	**282,545,960**	282,545,960	282,545,960
Less treasury shares	**7,200**	7,200	7,200
	282,538,760	282,538,760	282,538,760
Basic/diluted earnings per share (a/b)	**₱1.02**	₱0.63	₱0.51

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 7,200 shares that are in the treasury amounting to ₱7,200 as at June 30, 2017 and 2016.

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:

2017

	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets Measured at Fair Value				
Land classified as property, plant and equipment	**₱–**	**₱–**	**₱874,000,000**	**₱874,000,000**
Investment property	**–**	**–**	**1,486,400,000**	**1,486,400,000**
AFS financial assets - quoted	**172,327,748**	**–**	**–**	**172,327,748**
	₱ 172,327,748	**₱–**	**₱2,360,400,000**	**₱2,532,727,748**

2016

	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets Measured at Fair Value				
Land classified as property, plant and equipment	₱–	₱–	₱716,600,000	₱716,600,000
Investment property	–	–	1,357,400,000	1,357,400,000
AFS financial assets - quoted	103,904,900	–	–	103,904,900
	₱ 103,904,900	₱–	₱2,074,000,000	₱2,177,904,900

The following are the relevant information and assumptions used in determining the fair value of land:

- *Sale/Asking price per sq. m.* This pertains to the sale/asking price per square meter based on the listing prices of comparable properties.
- *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 Group's land as regards to 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.

Unobservable Inputs	Amount or Percentage of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Sale/asking price per sq.m.	₱450 to ₱1,200	The higher the value, the higher the fair value
Conditions on sale of comparable properties	Up to +/- 15.0%	The more onerous the conditions in contract of sale of comparable properties, the higher the fair value
Physical Adjustments	Up to +/- 30.0%	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 at June 30, 2017 and are disclosed in their respective notes. Below are the descriptions of the Group's financial instruments that are carried in the consolidated financial statements as at June 30, 2017 and 2016.

<u>Cash and Cash Equivalents, Receivables and Trade and Other Payables</u>
Due to the short-term nature of these financial instruments, their fair values approximate the carrying amounts as at reporting date.

<u>AFS Financial Assets</u>
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 reporting 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.

<u>Notes Payable</u>
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 3 are determined based on estimated cash flows with discount rates ranging from 4.8% to 6.0% as at June 30, 2017 and 2016

The fair value and carrying amount of the Group's notes payable are as follows:

	2017	2016
Carrying amount	**₱2,028,086,673**	₱2,042,507,595
Fair value	**1,987,006,002**	2,100,262,915

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at 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 and cash equivalent, AFS financial assets and notes payable. 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:

<u>Liquidity Risk</u>
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 based on undiscounted payments:

<u>2017</u>

	Within 30 Days	**Within 1 Year**	**Above 1 Year**	**Total**
Notes payable including interest	**₱40,395,462**	**₱197,125,355**	**₱2,168,921,650**	**₱2,406,442,467**
Trade payables	**96,572,722**	**129,834,170**	**–**	**226,406,892**
Due to related parties	**–**	**13,025,174**	**–**	**13,025,174**
Accruals*	**–**	**166,305,126**	**–**	**166,305,126**
Other payables	**1,599,937**	**68,285,357**	**–**	**69,885,294**
	₱138,568,121	**₱574,575,182**	**₱2,168,921,650**	**₱2,882,064,953**

**Excluding statutory liabilities*

<u>2016</u>

	Within 30 Days	Within 1 Year	Above 1 Year	Total
Notes payable including interest	₱26,254,843	₱584,807,617	₱2,190,466,320	₱2,801,528,780
Trade payables	31,883,585	124,839,540	–	156,723,125
Due to related parties	–	3,817,198	–	3,817,198
Accruals*	36,242,173	252,396,539	–	288,638,712
Other payables	2,945,176	75,468,350	–	78,413,526
	₱97,325,777	₱1,041,329,244	₱2,190,466,320	₱3,329,121,341

**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:

2017

	Within 30 Days	Within 1 Year	Above 1 Year	Total
Cash and cash equivalents*	**₱238,194,857**	**₱–**	**₱–**	**₱238,194,857**
Receivables:				
Trade	**95,647,947**	**33,090,963**	**–**	**128,738,910**
Receivable from real estate contractors	**–**	**–**	**16,728,039**	**16,728,039**
Planters' receivables	**–**	**5,678,150**	**–**	**5,678,150**
Due from related parties	**–**	**515,507,577**	**–**	**515,507,577**
Advances	**–**	**81,155,523**	**–**	**81,155,523**
AFS financial assets:				
Proprietary	**171,800,000**	**–**	**–**	**171,800,000**
Listed	**527,748**	**–**	**–**	**527,748**
Unlisted	**182,000**	**–**	**–**	**182,000**
	₱506,352,552	**₱635,432,213**	**₱16,728,039**	**₱1,158,512,804**

**Excluding cash on hand*

2016

	Within 30 Days	Within 1 Year	Above 1 Year	Total
Cash and cash equivalents*	₱93,156,664	₱–	₱–	₱93,156,664
Receivables:				
Trade	30,813,317	106,330,319	–	137,143,636
Receivable from real estate contractors	16,728,039	–	–	16,728,039
Planters' receivables	–	5,074,105	–	5,074,105
Due from related parties	–	413,735,928	–	413,735,928
Advances	–	84,251,648	–	84,251,648
AFS financial assets:				
Proprietary	103,280,000	–	–	103,280,000
Listed	624,900	–	–	624,900
Unlisted	162,000	–	–	162,000
	₱244,764,920	₱609,392,000	₱–	₱854,156,920

**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:

	2017	2016
Cash and cash equivalents*	**₱236,857,253**	₱93,156,664
Receivables:		
Trade	**128,738,910**	137,143,636
Receivables from real estate contractors	**16,728,039**	16,728,039
Planters' receivables	**5,678,150**	5,074,105
Due from related parties	**515,507,577**	413,735,928
Advances	**81,155,523**	84,251,648
Others	**24,116,735**	11,450,411
AFS Financial Assets:		
Proprietary	**171,800,000**	103,280,000
Listed	**527,748**	624,900
Unlisted	**182,000**	162,000
Total credit risk exposure	**₱1,181,291,935**	₱865,607,331

**Excluding cash on hand*

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

The analysis of receivables is as follows:

2017

		Neither	Past Due but not Impaired			
	Total	**Past Due nor Impaired**	**30 Days**	**90 Days**	**More than 150 Days**	**Impaired**
Trade	**₱124,030,109**	**₱123,876,626**	**₱–**	**₱–**	**₱–**	**₱153,483**
Receivables from real estate contractor	**21,336,008**	**687,981**	**–**	**22,804**	**16,801,452**	**3,823,771**
Planters' receivables	**5,678,150**	**–**	**5,678,150**	**–**	**–**	**–**
Due from related parties	**515,507,577**	**–**	**–**	**–**	**515,507,577**	**–**
Advances	**81,155,523**	**7,098,821**	**–**	**–**	**68,930,180**	**5,126,522**
Others	**24,217,567**	**23,051,175**	**–**	**–**	**1,166,392**	**–**
	₱771,924,934	**₱154,714,603**	**₱5,678,150**	**₱22,804**	**₱602,405,601**	**₱9,103,776**

2016

		Neither	Past Due but not Impaired			
	Total	Past Due nor Impaired	30 Days	90 Days	More than 150 Days	Impaired
Trade	₱135,555,352	₱135,401,869	₱–	₱–	₱–	₱153,483
Receivables from real estate contractor	21,773,385	154,184	–	141,233	17,442,398	4,035,570
Planters' receivables	5,074,105	–	5,074,105	–	–	–
Due from related parties	448,230,287	–	–	–	448,230,287	–
Advances	48,691,728	10,839,363	–	–	33,086,927	4,765,438
Others	9,058,910	7,856,280			1,202,630	–
	₱668,383,767	₱154,251,696	₱5,074,105	₱141,233	₱499,962,242	₱8,954,491

As at June 30, 2017 and 2016, the credit analyses of the Group's financial assets that are neither past due nor impaired are as follows:

2017

	Grade		
	High	**Standard**	**Total**
Loans and receivables:			
Cash and cash equivalents*	**₱237,077,695**	**₱–**	**₱237,077,695**
Trade receivables	**123,876,626**	**–**	**123,876,626**
Receivables from real estate contractor	**687,981**	**–**	**687,981**
Advances	**7,098,821**	**–**	**7,098,821**
Others	**23,051,175**	**–**	**23,051,175**
AFS financial assets:			
Proprietary	**171,800,000**	**–**	**171,800,000**
Listed	**527,748**	**–**	**527,748**
Unlisted	**–**	**182,000**	**182,000**
	₱564,120,046	**₱182,000**	**₱564,302,046**

**Excluding cash on hand*

2016

	Grade		
	High	Standard	Total
Loans and receivables:			
Cash and cash equivalents*	₱84,940,260	₱–	₱84,940,260
Trade receivables	135,401,869	–	135,401,869
Receivables from real estate contractor	154,184	–	154,184
Advances	10,839,363	–	10,839,363
Others	7,856,280	–	7,856,280
AFS financial assets:			
Proprietary	103,280,000	–	103,280,000
Listed	624,900	–	624,900
Unlisted	–	162,000	162,000
	₱343,096,856	₱162,000	₱343,258,856

**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 is fixed until the maturity of the instrument. The Group's financial instruments with fixed interest rate exposes the Group to fair value interest rate risk. The changes in market interest rate will not have an impact on the Group's consolidated statement of income.

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.

	2017	2016
Notes payable	**₱2,815,426,716**	₱2,434,791,890
Trade and other payables	**486,793,188**	413,850,059
Deposits	**6,951,707**	6,596,212
Total debt (a)	**3,309,171,611**	2,855,238,161
Equity	**3,076,263,761**	2,881,464,334
Total debt and equity (b)	**₱6,385,435,372**	₱5,736,702,495
Gearing ratio (a/b)	**0.52**	0.50

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Central Azucarera de Tarlac and Subsidiary
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, 2017 and 2016 and for the years then ended and have issued our report thereon dated September 18, 2017. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following supplementary schedules of:

1. Costs of goods sold;
2. Operations;
3. Financial highlights;
4. Revenue and cost of goods sold and services; and
5. Production highlights

for the years then ended are presented for purposes of additional analysis, and are not required part of the basic financial statements. The information in the supplementary schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore

Maria Veronica Andresa R. Pore
Partner
CPA Certificate No. 90349
SEC Accreditation No. 0662-AR-3 (Group A),
March 2, 2017, valid until March 1, 2020
Tax Identification No. 164-533-282
BIR Accreditation No. 08-001998-71-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5908745, January 3, 2017, Makati City

September 18, 2017

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INDEPENDENT AUDITOR'S 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 accompanying consolidated financial statements of Central Azucarera de Tarlac and Subsidiary as at and for the years ended June 30, 2017 and 2016 and have issued our report thereon dated September 18, 2017. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore

Maria Veronica Andresa R. Pore
Partner
CPA Certificate No. 90349
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September 18, 2017

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY
INDEX TO FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE

SUPPLEMENTARY SCHEDULES

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY

SCHEDULE A - RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

AS AT JUNE 30, 2017

Retained earnings as at July 1, 2016		₱193,840,135
Deferred income tax asset		(26,087,502)
Retained earnings as at July 1, 2016 *as adjusted to available for dividend declaration*		167,752,633
Add: Net income actually earned/realized during the period		
Net income during the year closed to retained earnings	287,092,214	
Less: Non-actual/unrealized income net of tax		
Equity in net earnings of associate/joint venture	–	
Unrealized foreign exchange gain - net (except those attributable to cash)	–	
Unrealized actuarial gain	–	
Fair value adjustment (mark-to-market gain)	–	
Fair value adjustment of investment property resulting to gain	129,000,000	
Adjustment due to deviation from PFRS - gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transaction accounted for under PFRS	–	
Subtotal	129,000,000	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS - loss	–	
Loss on fair value adjustment on investment property (after tax)	–	
Subtotal	–	
Net income actually earned during the period		158,092,214
Add (Less):		
Dividend declarations during the year	–	
Appropriation of retained earnings	(200,000,000)	
Reversal of appropriations	–	
Effect of prior period adjustments	–	
Treasury shares	(7,200)	
Subtotal		(200,007,200)
Retained earnings as at June 30, 2017 available for dividends		₱125,837,647

CENTRAL AZUCARERA DE TARLAC

SCHEDULE B – LIST OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS

AS AT JUNE 30, 2017

List of Philippine Financial Reporting Standards (PFRSs) and Philippine Interpretations Committee (PIC) Q&As effective as at June 30, 2017:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at June 30, 2017		**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 Management 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			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions*	Not Early Adopted		
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9 with PFRS 4*	Not Early Adopted		
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓

**Standards and interpretations which will become effective subsequent to June 30, 2017.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at June 30, 2017		Adopted	Not Adopted	Not Applicable
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39: 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*			✓
	Amendments to PFRS 7: Disclosures - Servicing Contracts			✓
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments*	Not Early Adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities - Applying the Consolidation Exception			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Not Early Adopted		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓

**Standards and interpretations which will become effective subsequent to June 30, 2017.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at June 30, 2017		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities - Applying the Consolidation Exception			✓
	Amendments to PFRS 12: Clarification of the Scope of the Standard*	Not Early Adopted		
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers*	Not Early Adopted		
	Amendments to PFRS 15: Clarifications to PFRS 15*	Not Early Adopted		
PFRS 16	Leases*	Not Early Adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Statement of Cash Flows - Disclosure Initiative*	Not Early Adopted		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
	Amendments to PAS 12: Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*	Not Early Adopted		

**Standards and interpretations which will become effective subsequent to June 30, 2017.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at June 30, 2017		Adopted	Not Adopted	Not Applicable
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions			✓
	Amendments to PAS 19: Regional Market Issue regarding Discount Rate			✓
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	✓		
	Amendments to PAS 24: Key Management Personnel			✓
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception			✓
	Amendments to PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Not Early Adopted		
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value*	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓

**Standards and interpretations which will become effective subsequent to June 30, 2017.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at June 30, 2017		Adopted	Not Adopted	Not Applicable
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32: 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	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendments to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
PAS 39	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: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets			✓
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendment to PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Amendments to PAS 40: Transfers of Investment Property*	Not Early Adopted		
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓

**Standards and interpretations which will become effective subsequent to June 30, 2017.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at June 30, 2017		**Adopted**	**Not Adopted**	**Not Applicable**
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - 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 15	Agreements for the Construction of Real Estate*	Not Early Adopted		
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			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration*	Not Early Adopted		
SIC-7	Introduction of the Euro			✓

**Standards and interpretations which will become effective subsequent to June 30, 2017.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at June 30, 2017		**Adopted**	**Not Adopted**	**Not Applicable**
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
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			✓

**Standards and interpretations which will become effective subsequent to June 30, 2017.*

110202017003623

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632)726-0931 to 39 Fax:(632)725-5293 Email: mis@sec.gov.ph

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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	110202017003623
Document Type	LETTER/MISC
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Remarks	ACGR

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S.E.C Registration Number

CENTRAL AZUCARERA DE TARLAC AN
D 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

ANNUAL CORPORATE GOVERNANCE

0 6 3 0	**SEC 17-A Annual Report for the period ended June 30, 2017**	0 1	any
Month / Fiscal Year		Month	Year
		Annual Meeting	

Secondary License Type, If Applicable

CFD
Dept. Requiring this Doc

Amended Articles Number/Section

Total Amount of Borrowings

4	0	0

Total No. of Stockholders

Domestic | Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

A. Three (3) complete set of the report shall be filed with the Main Office of the Commission.

B. At least one complete copy of the report filed with the Commission shall be **manually** signed.

C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year 2017 (January to June)

2. Exact Name of Registrant as Specified in its Charter

CENTRAL AZUCARERA DE TARLAC

3. San Miguel, Tarlac City
Address of Principal Office

2301
Postal Code

4. SEC Identification Number 727

5. (SEC Use Only)
Industry Classification Code

6. BIR Tax Identification Number
000229931

7. (632) 8186270
Issuer's Telephone number, including area code

8. N/A
Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	9[1]
Actual number of Directors for the year	7

(a) Composition of the Board

Complete the table with information on the Board of Directors:

At the annual meeting of the stockholders of Central Azucarera de Tarlac (the "Corporation") held on 31 January 2017, the following were nominated and duly elected:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (If ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
MARTIN P. LORENZO	ED			Oct. 15, 2014	Jan. 31, 2017	Annual Meeting	2
FERNANDO C. COJUANGCO	ED			Jan. 31, 2012	Jan. 31, 2017	Annual Meeting	5
MARCO P. LORENZO	NED			Oct. 15, 2014	Jan. 31, 2017	Annual Meeting	2
VIGOR D. MENDOZA II	NED			Oct. 15, 2014	Jan. 31, 2017	Annual Meeting	2
FERNAN VICTOR P. LUKBAN	NED			Oct. 15, 2014	Jan. 31, 2017	Annual Meeting	2
RENATO B. PADILLA	ID		Nominated by Fernando C. Cojuangco, no relationship either by affinity or consanguinity, and neither did he have any professional or business relationship with ID	Jan. 31, 2012	Jan. 31, 2017 5 years as ID	Annual Meeting	5
BENJAMIN I. ESPIRITU	ID		Nominated by Fernando C. Cojuangco, no relationship either by	Oct. 29, 2013	Jan. 31, 2017	Annual Meeting	3

[1] The Company's Amended Articles of Incorporation increasing the number of directors from 8 to 9 was approved by the Securities and Exchange Commission (SEC) on 12 October 2016.

			affinity or consanguinity, and neither did he have any professional or business relationship with ID		3 years as ID		

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Company's Manual on Corporate Governance lays down the following objective:

OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

The following are the provisions of the Company's Manual of Corporate Governance relative to the treatment of all shareholders, respect for the rights of minority shareholders, disclosure duties and board responsibilities.

I. BOARD'S GOVERNANCE RESPONSIBILITIES

1. Establishing a Competent Board

The company shall be headed by a competent, working board to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.

1.1. Composition of the Board of Directors

The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by the stockholders who shall discharge their duties for a term of one (1) year or until their successor shall have been elected and shall have qualified.

The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the company's industry/sector. The Board shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

1.2. Non-Executive Directors

The Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

xxx

1.5. Corporate Secretary

xxx

The Corporate Secretary is primarily responsible to the Company and its shareholders, and not to the Chairman or Chief Executive Officer of the Company and has, among others, the following duties and responsibilities:

xxx

1.5.2. Keeps safe and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Company;

1.5.3. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Company, and advises the Board and the Chairman on all relevant issues as they arise;

1.5.4. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;

xxx

1.5.6. Issues notice of all meetings;

xxx

1.5.10. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and

1.5.11. Performs such other duties and responsibilities as may be provided by the SEC.

1.6. Compliance Officer

xxx

The Compliance Officer is a member of the company's management team in charge of the compliance function and is primarily liable to the Company and its shareholders, and not to the Chairman or Chief Executive Officer of the company. The Compliance Officer has, among others, the following duties and responsibilities:

xxx

1.6.2. Monitors, reviews, evaluates and ensures the compliance by the Company, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;

1.6.3. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;

1.6.4. Ensures the integrity and accuracy of all documentary submissions to regulators;

1.6.5. Appears before the SEC when summoned in relation to compliance with this Code;

1.6.6. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;

1.6.7. Identifies possible areas of compliance issues and works towards the resolution of the same;

2. Establishing Clear Roles and Responsibilities of the Board

The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines shall be clearly made known to all directors as well as to shareholders and other stakeholders.

2.1. Duties and Responsibilities

2.1.1. The Board members shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders. There are two key elements of the fiduciary duty of board members: the duty of care and the duty of loyalty. The duty of care requires board members to act on a fully informed basis, in good faith, with due diligence and care. The duty of loyalty is also of central importance; the board member shall act in the interest of the company and all its shareholders, and not those of the controlling company of the group or any other stakeholder.

2.1.2. The Board shall oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength. The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures.

2.1.3. The Board shall adopt an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This shall include a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the Company.

2.1.4. The Board shall align the remuneration of key officers and board members with the long-term interests of the company. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director shall participate in discussions or deliberations involving his own remuneration.

2.1.5. The Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.

2.1.6. The Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).

2.1.7. The Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.

2.1.8. The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board shall also approve the Internal Audit Charter.

2.1.9. The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

2.1.10. The Board shall have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions and shall be publicly available and posted on the company's website.

xxx

3. Establishing Board Committees

Board committees shall be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established shall take into consideration the Company's size, risk profile, complexity of operations, among others. The respective charter of the committees shall be made publicly available.

3.1. Audit Committee

The Board shall establish an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

3.1.1. Composition

The Audit Committee shall be composed of at least three (3) appropriately qualified non-executive directors. The Chairman of the Audit Committee must be an independent director and shall not be the chairman of the Board of Directors or any board committees. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

3.1.2. Duties and Responsibilities

The Audit Committee shall be primarily responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. The Audit Committee shall ensure that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. It has the following duties and responsibilities, among others:

3.1.2.1. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;

3.1.2.2. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;

3.1.2.3. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee shall also approves the terms and conditions for outsourcing internal audit services;

3.1.2.4. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit Committee;

3.1.2.5. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;

3.1.2.6. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

3.1.2.7. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence . The non-audit work, if allowed, shall be disclosed in the Company's Annual Report and Annual Corporate Governance Report;

3.1.2.8. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Areas where a significant amount of judgment has been exercised
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements

3.1.2.9. Reviews the disposition of the recommendations in the External Auditor's management letter;

3.1.2.10. Performs oversight functions over the Company's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

3.1.2.11. Coordinates, monitors and facilitates compliance with laws, rules and regulations;

3.1.2.12. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders;

3.1.2.13. Performs the functions of Board Risk Oversight Committee and/or Related Party Transactions Committee;

3.1.2.14. Meets with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit; and

3.1.2.15. Such other duties and responsibilities assigned to the committee by the Board.

3.2. Corporate Governance Committee

The Board shall establish a Corporate Governance Committee that shall assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It shall be composed of at least three members, all of whom shall be independent directors, including the Chairman.

3.2.1. Composition

The Corporate Governance Committee shall be composed of at least three (3) appropriately qualified directors, majority of whom shall be independent directors, including the Chairman.

3.2.2. Duties and Responsibilities

The Corporate Governance Committee shall be responsible in ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:

3.2.2.1. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;

3.2.2.2. Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

3.2.2.3. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

3.2.2.4. Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;

3.2.2.5. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

3.2.2.6. Proposes and plans relevant trainings for the members of the Board;

3.2.2.7. Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and

3.2.2.8. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates.

3.3. Other Committees

The Board may establish such other committees as it may deem fit, taking into careful consideration the company's size, risk profile and complexity of operations, among other factors.

4. Fostering Commitment in the Board

The directors shall devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the Company's business.

4.1. The directors shall attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so.

4.2. In Board and Committee meetings, the director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

4.3. The absence of a director in more than fifty percent (50%) of all regular and special meetings of the Board during his/her incumbency is a ground for disqualification in the succeeding election, unless the absence is due to illness, death in the immediate family, serious accident or other unforeseen or fortuitous events.

4.4. The non-executive directors of the Board shall concurrently serve as directors to a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.

4.5. A director shall notify the Board where he/she is an incumbent director before accepting a directorship in another company.

5. Reinforcing Board Independence

The board shall endeavor to exercise an objective and independent judgment on all corporate affairs

5.1. A director with a material interest in any transaction affecting the Company shall abstain from taking part in the deliberations for the same.

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II. DISCLOSURE AND TRANSPARENCY

8. Enhancing Company Disclosure Policies and Procedures

The Company shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

8.1. The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.

8.2. All directors and officers shall disclose/report to the Company any dealings in the Company's shares within three (3) business days.

8.3. The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

8.4. The company shall provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. The Company shall also disclose the remuneration on an individual basis, including termination and retirement provisions

8.5. The Company shall comply with the prescribed laws, rules and regulations relative to transactions involving related parties. The material or significant RPTs reviewed and approved during the year shall be disclosed in the Annual Corporate Governance Report.

8.6. The Company shall make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the offeree company shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

8.7. The Company's corporate governance policies, programs and procedures shall be appended to this Manual on Corporate Governance, which shall be submitted to the regulators and posted on the company's website.

9. Strengthening the External Auditor's Independence and Improving Audit Quality

The Company shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

9.1. The Audit Committee shall have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor shall be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change shall be disclosed to the regulators and the public through the company website and required disclosures.

9.2. The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter shall also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.

9.3. The company shall disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The Audit Committee shall determine any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.

10. Increasing Focus on Non-Financial Sustainability Reporting

The company shall ensure that the material and reportable non-financial and sustainability issues are disclosed.

> 10.1. The Board shall have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. The Company shall adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.

11. Promoting a Comprehensive and Cost-Efficient Access to Relevant Information

The company shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. The company shall include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

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IV. CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS

13. Promoting Shareholder Rights

The company shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

> 13.1. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. Shareholders' rights relate to the following, among others:
>
> > 13.1.1. Pre-emptive rights;
> > 13.1.2. Dividend policies;
> > 13.1.3. Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting;
> > 13.1.4. Right to nominate candidates to the Board of Directors;
> > 13.1.5. Nomination process; and
> > 13.1.6. Voting procedures that would govern the Annual and Special Shareholders' Meeting.
>
> 13.2. The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.
>
> 13.3. The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the company website within five business days from the end of the meeting.
>
> 13.4. The Board shall make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.
>
> 13.5. The Board shall establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting.

V. DUTIES TO STAKEHOLDERS

14. Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholders' Rights

The rights of stakeholders established by law, by contractual relations and through voluntary commitments shall be respected. Where stakeholders' rights and/or interests are at stake, stakeholders shall have the opportunity to obtain prompt effective redress for the violation of their rights.

14.1. The Board shall identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.

14.2. The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

14.3. The Board shall adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.

15. Encouraging Employees' Participation

A mechanism for employee participation shall be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

15.1. The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance. The policies, programs and procedure may focus on, among others, the following: (1) health, safety and welfare; (2) training and development; and (3) reward/compensation for employees.

15.2. The Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board shall disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture.

15.3. The Board shall establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

16. Encouraging Sustainability and Social Responsibility

The company shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

The company shall recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.

(c) How often does the Board review and approve the vision and mission?

The Board reviews and approves the vision and mission annually.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[2]

Identify, if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
MARTIN P. LORENZO	Mr. Martin P. Lorenzo is also a Director of Luisita Land Corporation (formerly Luisita Realty Corporation), a subsidiary of CAT	Mr. Martin P. Lorenzo is also the Chairman of the Board and the Chief Executive Officer of Luisita Land Corporation (formerly Luisita Realty Corporation).

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

FERNANDO C. COJUANGCO	Mr. Fernando C. Cojuangco is also a Director of Luisita Land Corporation (formerly Luisita Realty Corporation), a subsidiary of CAT	Mr. Fernando C. Cojuangco is also the President and Chief Operating Officer of Luisita Land Corporation (formerly Luisita Realty Corporation).
FERNAN VICTOR P. LUKBAN	Mr. Fernan Victor P. Lukban is also a Director of Luisita Land Corporation (formerly Luisita Realty Corporation), a subsidiary of CAT	NED
VIGOR D. MENDOZA II	Mr. Vigor D. Mendoza is a Director of Luisita Land Corporation (formerly Luisita Realty Corporation), a subsidiary of CAT	NED

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Fernan Victor P. Lukban	Century Pacific Food, Inc.	Lead Independent Director
	Shakey's Pizza Asia Ventures, Inc.	Independent Director

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Martin Ignacio P. Lorenzo and Marco P. Lorenzo are brothers.		

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

Yes. Section 4.4 of the Central Azucarera de Tarlac's Manual on Corporate Governance[3] states,

"The non-executive directors of the Board shall concurrently serve as directors to a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company."

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly

[3] Revised in Compliance with SEC Memorandum Circular No. 19, Series of 2016, approved by the Board of Directors on 03 May 2017

own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
MARTIN P. LORENZO		200 / PCD Nominee	0.00%
		102,876,250 / CAT Resource Asset & Holdings, Inc. as PCD Participant[4]	36.41%
FERNANDO C. COJUANGCO		200 / PCD Nominee	0.00%
		98,841,890 /CAT Resource Asset & Holdings, Inc. as PCD Participant[5]	34.98%
MARCO P. LORENZO		200 / PCD Nominee	0.00%
VIGOR D. MENDOZA II		200 / PCD Nominee	0.00%
FERNAN VICTOR P. LUKBAN		200 / PCD Nominee	0.00%
RENATO B.PADILLA	10		0.00%
BENJAMIN I. ESPIRITU	10		0.00%
TOTAL			71.40%

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☐ No ☑

While the Chairman and Chief Executive Officer positions are being held by one and the same individual, the President and Chief Operating Officer whose function includes overseeing the operations of the Company are held by another individual and they are not related to each other. Below are the officers mentioned:

Chairman of the Board and CEO	MARTIN P. LORENZO
President and COO	FERNANDO C. COJUANGCO

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer

[4] Amended SEC 23-B of Martin Ignacio P. Lorenzo filed on 28 December 2016 for period covered July 2015.
[5] Amended SEC 23-B of Fernando Ignacio C. Cojuangco filed on 28 December 2016 for period covered July 2015.

Role	The Manual on Corporate Governance provides: 2.2. Chairman of the Board The Board shall be headed by a competent Chairman. The Chairman of the Board shall preside at all meetings of the Board of Directors and of the stockholders. He shall be the Chief Executive Officer of the Corporation and shall have supervision of all business affairs of the Corporation. He shall present to the Board of Directors and stockholders the balance sheets, statement of accounts and reports of the Company and shall see to it that the resolutions of the Directors are duly executed and carried out and shall perform all such other duties as are incidental to the office or are properly required of him by the Board of Director. The duties and responsibilities of the Chairman include, among others, the following: 2.2.1. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations; 2.2.2. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
Accountabilities	2.2.3. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors; 2.2.4. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management; 2.2.5. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and 2.2.6. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on. xxx 5.3. Chief Executive Officer The CEO has the following roles and responsibilities, among others: 5.3.1. Determines the Company's strategic direction and formulates and implements its strategic plan on the direction of the business; 5.3.2. Communicates and implements the Company's vision, mission, values and overall

Deliverables	strategy and promotes any organization or stakeholder change in relation to the same; 5.3.3. Oversees the operations of the Company and manages human and financial resources in accordance with the strategic plan; 5.3.4. Has a good working knowledge of the Company's industry and market and keeps up-to-date with its core business purpose; 5.3.5. Directs, evaluates and guides the work of the key officers of the Company; 5.3.6. Manages the Company's resources prudently and ensures a proper balance of the same; 5.3.7. Provides the Board with timely information and interfaces between the Board and the employees; 5.3.8. Builds the corporate culture and motivates the employees of the Company; and 5.3.9. Serves as the link between internal operations and external stakeholders.

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

Under the Company's Manual on Corporate Governance, the following provisions deals with the role of the Board of Directors for the succession of the CEO/Managing Director/President and the top key management positions,

I. BOARD'S GOVERNANCE RESPONSIBILITIES

2. Establishing Clear Roles and Responsibilities of the Board

2.1. Duties and Responsibilities

2.1.3. The Board shall adopt an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This shall include a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the Company.

xxx

3. Establishing Board Committees

3.2. Corporate Governance Committee

3.2.2. Duties and Responsibilities

3.2.2.4. Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. Under Section 1.4 on Board Diversity of the Company's Manual on Corporate Governance, "The Company believes in the principle of board diversity as a tool of corporate governance. To respond to its current needs and evolving business environment and strategic direction, the Company shall endeavor to diversity the composition of its Board, which includes diversity on, among others, gender, age, ethnicity, culture, skills, competence and knowledge."

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. Under Section 2.4 Qualifications of Directors, a director of the Company must possess the following qualifications

2.4.5. Previous business experience;

2.4.6. Possession of knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile;

Moreover, under Section 8.3 of the Manual, "[T]he Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment."

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	Executive director – a director who has executive responsibility of day-to-day operations of a part or the whole of the organization.	Non-executive director – a director who has no executive responsibility and does not perform any work related to the operations of the Company. xxx 1.2. Non-Executive Directors The Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances. xxx 3.1.1.Composition The Audit Committee shall be composed of at least three (3) appropriately qualified non-executive	Independent director – a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. xxx 3.1.1. xxx The Chairman of the Audit Committee must be an independent director xxx. 3.2. Corporate Governance Committee. xxx It shall be composed of at least three members, all of whom shall be independent directors, including the Chairman xxx 5.2. Independent Directors The Board shall have at least two (2) Independent Directors or such Independent Directors as shall constitute at least twenty percent (20%) of the members of the Board of Directors, whichever is lesser. 5.2.1. The Board shall ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position. An Independent Director refers to a person who, ideally: 5.2.1.1. Is not, or has not been a senior officer or employee of the covered company unless there has been a change in the controlling ownership of the company; 5.2.1.2. Is not, and has not been in the three years immediately preceding the election, a director of the covered company; a director, officer, employee of the covered company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered company's substantial shareholders and its related companies; 5.2.1.3. Has not been appointed in the covered company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in

		directors. xxx . All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. xxx 4.4. The non-executive directors of the Board shall concurrently serve as directors to a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.	a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election; 5.2.1.4. Is not an owner of more than two percent (2%) of the outstanding shares of the covered company, its subsidiaries, associates, affiliates or related companies; 5.2.1.5. Is not a relative of a director, officer, or substantial shareholder of the covered company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister; 5.2.1.6. Is not acting as a nominee or representative of any director of the covered company or any of its related companies; 5.2.1.7. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer; 5.2.1.8. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election; 5.2.1.9. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment; 5.2.1.10.Is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders; and 5.2.1.11.Is not employed as an executive officer of another company where any of the covered company's executives serve as directors. Related companies, as used in this section, refer to (a) the covered entity's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company. 5.2.2. Term of Independent Director The Board's independent directors shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from reelection as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the

			annual shareholders' meeting.

Accountabilities and Deliverables	Board of Directors – the governing body elected by the stockholders that exercises the corporate powers of the Company, conducts all its business and controls its properties. I. BOARD'S GOVERNANCE RESPONSIBILITIES 1. Establishing a Competent Board The company shall be headed by a competent, working board to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders. 1.1. Composition of the Board of Directors The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by the stockholders who shall discharge their duties for a term of one (1) year or until their successor shall have been elected and shall have qualified. The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the company's industry/sector. The Board shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction. 1.3. Training The Company shall provide an eight-hour orientation program for first-time directors covering SEC-mandated topics on corporate governance and an introduction to the company's business, Articles of Incorporation, and Code of Conduct. The Company shall also provide a four-hour relevant annual continuing training for all directors aim to promote effective board performance and continuing qualification of the directors in carrying-out their duties and responsibilities. The topics will include topics on corporate governance matters relevant to the company, including audit, internal controls, risk management, sustainability and strategy. 1.4. Board Diversity The Company believes in the principle of board diversity as a tool of corporate governance. To respond to its current needs and evolving business environment and strategic direction, the Company shall endeavor to diversity the composition of its Board, which includes diversity on, among others, gender, age, ethnicity, culture, skills, competence and knowledge. 2. Establishing Clear Roles and Responsibilities of the Board The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines shall be clearly made known to all directors as well as to shareholders and other stakeholders. 2.1. Duties and Responsibilities 2.1.1. The Board members shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders. There are two key elements of the fiduciary duty of board members: the duty of care and the duty of loyalty. The duty of care requires board members to act on a fully informed basis, in good faith, with due diligence and care. The duty of loyalty is also of central importance; the board member shall act in the interest of the company and all its shareholders, and not those of the controlling company of the group or any other stakeholder. 2.1.2. The Board shall oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength. The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures.

2.1.3. The Board shall adopt an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This shall include a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the Company.

2.1.4. The Board shall align the remuneration of key officers and board members with the long-term interests of the company. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director shall participate in discussions or deliberations involving his own remuneration.

2.1.5. The Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.

2.1.6. The Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).

2.1.7. The Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.

2.1.8. The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board shall also approve the Internal Audit Charter.

2.1.9. The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

2.1.10. The Board shall have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions and shall be publicly available and posted on the company's website.

xxx

2.4. Qualifications of Directors

A director of the Company must possess the following qualifications:

2.4.1. Ownership of at least twenty (20) shares, which shall be registered in the books of the Company. An independent director must own at least one (1) share of the capital stock of the Company;

2.4.2. College education or equivalent academic degree;

2.4.3. Practical understanding of the business of the Company;

2.4.4. Membership in good standing in relevant industry, business or professional organizations;

2.4.5. Previous business experience;

2.4.6. Possession of knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile;

2.4.7. A record of integrity and good repute;

	2.4.8. Sufficient time to carry out their responsibilities; 2.4.9. Have the ability to promote a smooth interaction between board members; and 2.4.10. Such other qualifications as may be required by existing laws, rules, regulations and those prescribed by the Board. 4. Fostering Commitment in the Board The directors shall devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the Company's business. 4.1. The directors shall attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. 4.2. In Board and Committee meetings, the director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations. 4.3. The absence of a director in more than fifty percent (50%) of all regular and special meetings of the Board during his/her incumbency is a ground for disqualification in the succeeding election, unless the absence is due to illness, death in the immediate family, serious accident or other unforeseen or fortuitous events. 4.4. The non-executive directors of the Board shall concurrently serve as directors to a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company. 4.5. A director shall notify the Board where he/she is an incumbent director before accepting a directorship in another company. 5. Reinforcing Board Independence The board shall endeavor to exercise an objective and independent judgment on all corporate affairs 5.1. A director with a material interest in any transaction affecting the Company shall abstain from taking part in the deliberations for the same. 7. Strengthening Board Ethics 7.1. The Board shall adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, senior management and employees. It shall also be disclosed and made available to the public through the company website. 7.2. The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.

Provide the company's definition of "independence" and describe the company's compliance to the definition.

Based on the Definitions in the Company's Manual on Corporate Governance, an Independent director is a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company's Manual of Corporate Governance, in compliance with SEC Memorandum Circular No. 19, Series of 2017 and SEC Memorandum Circular No. 4, Series of 2017, states that

"5.2.2. Term of Independent Director

The Board's independent directors shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from reelection as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting."

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

There has been no change in the composition of the Board of Directors.

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors (ii) Non-Executive Directors	The Company's Manual on Corporate Governance states that 2.3. Nomination and Election of Directors 2.3.1. All nominations for the election of Directors by the stockholders shall be submitted in writing to the Corporate Governance Committee at least thirty (30) business days before the scheduled date of the Annual Stockholders' Meeting. The stockholders who are entitled to vote may vote such number of shares for as many persons as there are Directors to be elected, multiplied by the number of shares, or under the same principle the stockholder may distribute his votes among as many candidates as he believes convenient so long as the number of votes cast by him shall not be more than the number of shares owned by him multiplied by the number of Directors to be elected. 2.3.2. The Corporate Governance Committee shall ensure that the nominees possess the necessary qualifications and none of the disqualifications provided for by existing laws, rules & regulations, Company's By-Laws and this Manual. The qualifications and disqualifications shall be continuously monitored. 2.3.3. The election of the Directors shall be done by ballots , or by viva	2.4. Qualifications of Directors A director of the Company must possess the following qualifications: 2.4.1. Ownership of at least twenty (20) shares, which shall be registered in the books of the Company. An independent director must own at least one (1) share of the capital stock of the Company; 2.4.2. College education or equivalent academic degree; 2.4.3. Practical understanding of the business of the Company; 2.4.4. Membership in good standing in relevant industry, business or professional organizations; 2.4.5. Previous business experience; 2.4.6. Possession of knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile; 2.4.7. A record of integrity and good repute; 2.4.8. Sufficient time to carry out their responsibilities; 2.4.9. Have the ability to promote a smooth interaction between board members; and 2.4.10. Such other qualifications as may be required by existing laws, rules, regulations and those prescribed by the Board.

(iii) Independent Directors	voce, if requested by a stockholder. 2.3.4. The Company may engaged the services of professional search firms or external sources when searching for candidates to the Board.	In addition to the general qualifications as a directors, the Company's Manual on Corporate Governance dictates that 5.2.1. The Board shall ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position. An Independent Director refers to a person who, ideally: 5.2.1.1. Is not, or has not been a senior officer or employee of the covered company unless there has been a change in the controlling ownership of the company; 5.2.1.2. Is not, and has not been in the three years immediately preceding the election, a director of the covered company; a director, officer, employee of the covered company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered company's substantial shareholders and its related companies; 5.2.1.3. Has not been appointed in the covered company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election; 5.2.1.4. Is not an owner of more than two percent (2%) of the outstanding shares of the covered company, its subsidiaries, associates, affiliates or related companies; 5.2.1.5. Is not a relative of a director, officer, or substantial shareholder of the covered company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister; 5.2.1.6. Is not acting as a nominee or representative of any director of the covered company or any of its related companies; 5.2.1.7. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer; 5.2.1.8. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered company,

		any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election; 5.2.1.9. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment; 5.2.1.10.Is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders; and 5.2.1.11.Is not employed as an executive officer of another company where any of the covered company's executives serve as directors. Related companies, as used in this section, refer to (a) the covered entity's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.
b. Re-appointment		
(i) Executive Directors (ii) Non-Executive Directors	Same as above	Director maintains the qualifications and none of the disqualifications as enumerated and defined under the Company's Manual on Corporate Governance and the Revised Rules on Corporate Governance
(iii) Independent Directors	Same as above	Same as original election / appointment as long as the same is compliant with the required term limit of an independent director.
c. Permanent Disqualification		

(i) Executive Directors	Same as above	The Company's Manual on Corporate Governance provides, 2.5. Permanent Disqualifications of Directors The following shall be grounds for the permanent disqualification of a director: 2.5.1. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that: (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; 2.5.2. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, Bangko Sentral ng Pilipinas (BSP) or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities. The disqualification shall also apply if (a) such person is the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the Commission or BSP; (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant

(ii) Non-Executive Directors	Same as above	of the organization; 2.5.3. Any person convicted by final judgment or order by a court, or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; 2.5.4. Any person who has been adjudged by final judgment or order of the SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP; 2.5.5. Any person judicially declared as insolvent; 2.5.6. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated previously;
(iii) Independent Directors	Same as above	2.5.7. Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Corporation Code committed within five years prior to the date of his election or appointment; 2.5.8. Any person who is engaged in any business or activity which competes with or is antagonistic to that of the Company or any of its subsidiaries and affiliates. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged: 2.5.8.1. If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any corporation (other than one in which the Company owns at least 30% of the capital stock) engaged in a business or activity which the Board, by at least two-thirds vote of the directors present constituting a quorum, determines to be competitive or antagonistic to that of the Company or its subsidiaries and affiliates; or 2.5.8.2. If he is "an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Company or that of its subsidiaries and affiliates and in the judgment of the Board, by at least two-thirds vote of the directors present constituting a quorum, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of

		Directors; or 2.5.8.3. If the Board, in the exercise of its judgment in good faith, determines by at least two thirds vote of the directors present constituting a quorum that he is the nominee of any person set forth in (a) or (b). The term "subsidiary" as used in this Section is defined as a corporation or entity in which Company directly or indirectly owns, controls or has the power to vote at least majority of the shares or interests therein. The term "affiliate" as used in this Section is defined as a corporation or entity in which Central Azucarera de Tarlac directly or indirectly owns, controls or has the power to vote at least ten percent (10%) but not more than fifty percent (50%) of the shares or interests therein. In determining whether or not a person is engaged in a business or activity which competes with or is antagonistic to that of the Company or any of its subsidiaries and affiliates, or if he is a controlling person, beneficial owner, or the nominee of another, or if he suffers from the foregoing disqualifications, the Board may take into account such factors as business, professional and family relationships. 2.5.9. Other grounds as the SEC may provide.
d. Temporary Disqualification		
(i) Executive Directors	Same as above	2.6. Temporary Disqualifications of Directors A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent. The Board may provide for a temporary disqualification of a director based on any of the following grounds: 2.6.1. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any 12-

(ii) Non Executive Directors	Same as above	month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election; 2.6.2. Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination; 2.6.3. If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and 2.6.4. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
(iii) Independent Directors	Same as above	
e. Removal		
(i) Executive Directors	Section 28 of the Corporation Code provides: " Sec. 28. Removal of directors or trustees. - Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock, or if the corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of the members entitled to vote: Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the	Instances enumerated in Section2, Subsection 2.5 of the Company's Manual on Corporate Governance provides for the Permanent Disqualifications of a Directors also serves as a criteria or ground for the removal of a director.

(ii) Non-Executive Directors (iii) Independent Directors	meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock, or, if it be a non-stock corporation, on the written demand of a majority of the members entitled to vote. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of this Code.	
f. Re-instatement		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	A proposal for the reinstatement of a Director may be submitted to the Corporate Governance Committee. Upon determining that the Director is qualified for re-instatement, then the Committee submits its recommendation to the Board of Directors, for the latter's appropriate action.	Same as above
g. Suspension		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Same as above	Same as above

Voting Result of the last Annual Stockholders' Meeting held on January 31, 2017.

Name of Director	Votes Received
MARTIN P. LORENZO	88.16%

FERNANDO C. COJUANGCO	88.16%
MARCO P. LORENZO	88.16%
VIGOR D. MENDOZA II	88.16%
FERNAN VICTOR P. LUKBAN	88.16%
RENATO B. PADILLA	88.16%
BENJAMIN I. ESPIRITU	88.16%

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any. Newly elected directors are furnished a copy of the Company's Manual on Corporate Governance, and encouraged to attend a seminar on corporate governance.

In accordance with the Company's Manual on Corporate Governance, "[T]he Company shall provide an eight-hour orientation program for first-time directors covering SEC-mandated topics on corporate governance and an introduction to the company's business, Articles of Incorporation, and Code of Conduct.

(b) State any in-house training and external courses attended by Directors and Senior Management[6] for the past three (3) years: (See table below)

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year. (See table below)

Name of Director/Officer	Date of Training	Program	Name of Training Institution
MARTIN P. LORENZO	November 22, 2016	3rd Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission and Philippine Stock Exchange
FERNANDO C. COJUANGCO	December 16, 2016	Corporate Governance Seminar	ROAM, Inc.
MARCO P. LORENZO	December 16, 2016	Corporate Governance Seminar	ROAM, Inc.
VIGOR D. MENDOZA II	December 16, 2016	Corporate Governance Seminar	ROAM, Inc.
FERNAN VICTOR P. LUKBAN	March 9, 2016 November 9, 2016	Distinguish Corporate Governance Speaker Series Enhancing Audit Committee Effectiveness (Essentials)	Institute of Corporate Directors Institute of Corporate Directors
RENATO B. PADILLA	August 3, 2016	Corporate Governance Forum	Securities and Exchange Commission
BENJAMIN I. ESPIRITU	August 3, 2016	Corporate Governance Forum	Securities and Exchange Commission
WELLERITA D. AGUAS	November 22, 2016	3rd Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission and Philippine Stock Exchange
CECILE D. MACAALAY	November 22, 2016	3rd Annual SEC-PSE Corporate	Securities and Exchange Commission and Philippine

[6] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

		Governance Forum	Stock Exchange
JANETTE L. PEÑA	November 22, 2016	3rd Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission and Philippine Stock Exchange
ADDISON B. CASTRO	August 3, 2016	Corporate Governance Forum	Securities and Exchange Commission
	November 22, 2016	3rd Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission and Philippine Stock Exchange
MARCELO KARAAN (VP for Human Resources)	November 22, 2016	3rd Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission and Philippine Stock Exchange
ALLAN LIWANAG (Internal Auditor)	November 22, 2016	3rd Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission and Philippine Stock Exchange

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Based on the Company's Manual on Corporate Governance, more particularly Section 2, Subsection 2.1 thereof states 2.1. Duties and Responsibilities 2.1.1. The Board members shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders. There are two key elements of the fiduciary duty of board members: the duty of care and the duty of loyalty. The duty of care requires board members to act on a fully informed basis, in good faith, with due diligence and care. The duty of loyalty is also of central importance; the board member shall act in the	Must observe the same norms of conduct as directors, more particularly: a) Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation. b) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities Violation of the non-compete clause in the employment contract is a ground for termination due to loss of trust and confidence.	Employees are required to make a full disclosure of possible conflict of interest. Conflict of Interest Questionnaire is routed to the employees every annually. Transacting personal business on company premises whether the employee is on or off-duty is prohibited and subject to disciplinary action ranging from reprimand to dismissal.
(b) Conduct of Business and Fair Dealings			Any employee who commits an act of immorality and whose immoral conduct interferes with the proper performance of his duties, or cause actual harm to the interest of the Company or has a reasonable tendency to cause such harm shall be penalized with termination of employment Any employee who by any of the means falsified document to the damage or detriment of the interest of the Company, or with the intention of causing such damage or detriment to

	interest of the company and all its shareholders, and not those of the controlling company of the group or any other stakeholder.		Company interests shall be penalized with termination of employment.
(c) Receipt of gifts from third parties		Must not use his position to profit or gain some benefit or advantage for himself and/or his related interests.	
(d) Compliance with Laws & Regulations	2.1.2. The Board shall oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength. The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures. 2.1.3. The Board shall adopt an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This shall include a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the Company 2.1.4. The Board shall align the remuneration of key officers and board members with the long-term interests of the company. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director shall participate in discussions or deliberations involving his own remuneration. 2.1.5. The Board shall have the overall responsibility in ensuring that there is a group-wide	Based on the Company's Code of Conduct: *Central Azucarera de Tarlac (CAT)*, an integrated sugar manufacturing plant producing raw and refined sugar, molasses, alcohol, carbon dioxide and yeast is committed to manage and continuously improve its Safety Management System (SMS) that shall provide a safe and healthy workplace; prevent and/or minimize accidents, injuries, and occupational health hazards relevant to the activities, products, and services of the organization. • The company shall also commit itself to comply with the current applicable Occupational Health and Safety (OHS) legislations; and with the other requirements to which it subscribes. *Central Azucarera de Tarlac (CAT)*, an integrated sugar manufacturing plant producing raw and refined sugar, molasses, alcohol, carbon dioxide and yeast is committed to implement and continuously improve a consistent Environmental Management System (EMS) that shall help minimize the negative impacts of the above operations to land, air, and water; and to provide a clean, safe, and healthy environment for the reciprocal benefit of its employees, stakeholders, and the community where we operate. To achieve this commitment, CAT shall adhere to these principles that lead to the following statements: *<u>Continuous Improvement to Sustain Development</u>* • CAT shall develop, put in place, and continuously improve, effective controls and procedures to conserve energy, water, and raw materials. • CAT shall endeavor to re-use and recycle resources to reduce environmental impact to a minimum. *<u>Prevention</u>* • CAT shall seek to prevent pollution at its source, reduce solid/liquid waste generated at our facilities; establish and support pollution-prevention procedures/programs that shall prevent, if not minimize, adverse effects of activities and/or conditions to its employees and to the environment. • CAT shall reduce water consumption to prevent depletion of water sources by implementing and supporting set programs in water conservation. • CAT shall treat chemical wastes or spent chemicals before proper disposal. *<u>Strict Compliance</u>* • CAT shall commit to comply with all relevant/applicable national and local environmental laws and regulations and shall continuously manage, check, and improve ways and means of	

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<td rowspan="5">policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.

2.1.6. The Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).

2.1.7. The Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.

2.1.8. The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board shall also approve the Internal Audit Charter.

2.1.9. The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to</td>
<td colspan="2">controlling air emissions, land, and water discharges to assure compliance.</td>
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<td>(e) Respect for Trade Secrets/Use of Non-public Information</td>
<td rowspan="2">Violation of non-disclosure agreement / clause, as the case may be, is a ground for termination of employment by reason of loss of trust and confidence.

Any employee who steals, pilfers or misappropriates Company funds or its equivalent, materials, property or asset for personal gain or the gain of another shall be penalized with termination of employment</td>
<td>Any employee whose duties or functions entail knowledge of or accesses to any confidential information and who divulges the same, with or without prompting, to unauthorized persons shall be penalized with termination of employment.</td>
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<td>(f) Use of Company Funds, Assets and Information</td>
<td>Any employee who steals, pilfers or misappropriates Company funds or its equivalent, materials, property or asset for personal gain or the gain of another shall be penalized with termination of employment.

Any employee who while operating, using, utilizing, manipulating, or while in custody of any vehicle, equipment, machine, or instrument of the Company, by negligence causes physical injury to, or the death of any person shall be subjected to disciplinary action ranging from suspension to dismissal, depending on the amount of damage and frequency of the offense.</td>
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<td>(g) Employment & Labor Laws & Policies</td>
<td>The Anti-Sexual Harassment Policy and Drug Free Workplace Policy are in place.</td>
<td>In addition to the Anti-Sexual Harassment and Drug Free Workplace Policy, the Company's employment relations committee also undertakes issues related to existing labor laws.</td>
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<td>(h) Disciplinary Action</td>
<td colspan="2">Types of Disciplinary Actions under the Company's Code of Conduct:

Any employee who commits any of the offenses in the Company Policies and Rules and Regulations may be disciplined in accordance with the following Table of Penalties:

1. Written Warning – notice or advice given to an employee for having committed an offense, reminding or calling his/her attention of sterner penalties which may be imposed in case of repetition of the same offense.

2. Suspension – this place an employee under suspension without pay for the specified period of day(s), and all fringe benefits may also be considered suspended during the period of suspension.

3. Dismissal – this is termination of An employee for commission of an extremely serious violation or any repeated offenses.

Violation of non-disclosure agreement / clause, as the case may be, is a ground for termination of employment by reason</td>
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	effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the	of loss of trust and confidence. Violation of the non-compete clause in the employment contract is a ground for termination due to loss of trust and confidence
(i) Whistle Blower	Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. 2.1.10. The Board shall have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions and shall be publicly available and posted on the company's website.	This policy provides a formal procedure for a whistle blower, who may be a director, officer, employee, or other third party, who may raise his/her concerns regarding an illicit or unethical event inside the Corporation. The whistleblower may send a report through any available means of communication to the Human Resources Department. The report shall be treated in utmost confidence and the identity of the whistleblower shall not be disclosed, except when the whistle blower may be put to testify in court. Anonymous reports, though not prohibited, are highly discouraged as the veracity of the information may be put in issue. Intentionally submitting a false report/allegation or fabricating any material evidence shall be dealt with severely. Proper disciplinary action may be sanctioned against the employee, without prejudice to the right of the Corporation or the aggrieved party to initiate any civil or criminal suit.
(j) Conflict Resolution		Grievance procedure; mediation and conciliation; arbitration, and administrative investigation, as the case may be. The Company's employment relations committee, composed of equal representation from the management and employees, handles issues of any violation of the Company's policies on Ethics and Good Governance and Company Rules and Regulations. The committee also conducts investigation and makes recommendations on the reviewed and investigated cases.

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

   Yes.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

   The Company's Manual on Corporate Governance provides,

   "7. Strengthening Board Ethics

   7.1. The Board shall adopt a Code of Business Conduct and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, senior management and employees. It shall also be disclosed and made available to the public through the company website.

   7.2. The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies."

   Based on the Company's Code of Conduct and Employee's Manual:

   "<u>Administration and Implementation</u>

   The administration and the implementation of this policy shall be the primary responsibility of the Unit Head who may, for this purpose, issue such implementing rules and regulations within their respective units that are consistent with this policy."

"Investigation and Decision

Upon complaint or report, or on his own initiative, a Unit Head shall investigate or cause to be investigated, and decide all disciplinary offenses involving employees within his/her Unit.

a. Offenses involving employees belonging to two or more Units shall be jointly investigated and decided by the Unit Heads concerned.
b. Offenses for which the prescribed penalty is dismissal shall be investigated and decided in accordance with applicable laws, presidential decrees and republic acts. The Unit Head shall, in the discharge of this responsibility, be assisted by the Legal Office.

The decision shall be in writing and shall state i) the proofs submitted during the investigation; ii) the offense proven to have been committed, and iii) the reason in support of the decision."

"Evaluation of Cases

The objectives sought to be attained by this policy shall be the guiding principles in evaluating all disciplinary cases. Unit Heads shall, in the discharge of their responsibilities under this Policy, see to it that the interests of the company are protected."

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	**Policies and Procedures**
(1) Parent Company (2) Joint Ventures	The Company's Manual on Corporate Governance defines related party and related party transactions as follows: Related Party – shall cover the company's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the company exerts direct or indirect control over or that exerts direct or indirect control over the company; the company's directors; officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the company. Related Party Transactions – a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It shall be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party. Moreover, the Company's Manual on Corporate Governance provides

(3) Subsidiaries	the following safeguards: 2.1.5. The Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations. xxx 3. Establishing Board Committees Board committees shall be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established shall take into consideration the Company's size, risk profile, complexity of operations, among others. The respective charter of the committees shall be made publicly available. 3.1. Audit Committee xxx 3.1.2. Duties and Responsibilities xxx 3.1.2.13. Performs the functions of Board Risk Oversight Committee and/or Related Party Transactions Committee; xxx 8.5. The Company shall comply with the prescribed laws, rules and regulations relative to transactions involving related parties. The material or significant RPTs reviewed and approved during the year shall be disclosed in the Annual Corporate Governance Report. Policies and procedures are formulated and strictly implemented to ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board. However, to ensure integrity and transparency, all material information about the related party transaction, which could adversely affect its viability or the interests of the stockholders, shall be publicly and timely disclosed through the appropriate Exchange mechanisms and submissions to the Securities and Exchange Commission. In addition, the Corporation's operations are not dependent on its related parties and it provides sufficient working capital support to its related parties
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse /children/siblings/parents	
(7) Directors including spouse /children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	Not Applicable
Name of Officer/s	Not Applicable
Name of Significant Shareholders	Not Applicable

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	The Company's Manual on Corporate Governance provides, 8.3. The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. 9.3. The company shall disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The Audit Committee shall determine any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity. The Audit Committee has been created to assist the Board in fulfilling its oversight responsibility relative to the determination and resolution of possible conflict of interest between and the Company and/or its group and their directors, officers and significant shareholders.
Group	Not Applicable

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[7] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Not Applicable	Not Applicable	Not Applicable

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description

[7]Family relationship up to the fourth civil degree either by consanguinity or affinity.

Luisita Trust Fund	Luisita Trust Fund is a non-contributory retirement fund of the regular employees of the registrant

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
Not Applicable	Not Applicable	Not Applicable

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	The Office of the Corporate Secretary and/or Office of the Assistant Corporate Secretary in coordination with the Company's authorized stock and transfer agent, attends to the stockholders' concerns.
Corporation & Third Parties	Arbitration clause is a standard provision in every contract / agreement entered into by and between the Company and Third Parties
Corporation & Regulatory Authorities	The Company will submit to the appropriate ADR in settling conflicts with government authorities and regulatory agencies.

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Schedule of Board meeting is scheduled in accordance with the Company's By-Laws.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	MARTIN P. LORENZO	Jan. 31, 2017	3	3	100
Member	FERNANDO C. COJUAGNCO	Jan. 31, 2017	3	3	100
Member	MARCO P. LORENZO	Jan. 31, 2017	3	2	67

Member	VIGOR D. MENDOZA II	Jan. 31, 2017	3	3	100
Member	FERNAN VICTOR P. LUKBAN	Jan. 31, 2017	3	3	100
Independent	RENATO B. PADILLA	Jan. 31, 2017	3	3	100
Independent	BENJAMIN I. ESPIRITU	Jan. 31, 2017	3	3	100

3) Do non-executive directors have a separate meeting during the year without the presence of any executive?

No.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

A quorum at any meeting of the Board shall consist of a majority of the entire membership of the Board. A majority of such quorum shall decide any question that may come before the meeting , save and except any such matters in which the law of the Philippines may require the affirmative vote of a greater proportion of the members (Section 8, Article III, Amended By-Laws). However, all meetings of the Board were attended by at least two-thirds of the board members, with at least one (1) Independent Director present, and all Board decisions were unanimously approved.

5) Access to Information

(a) How many days in advance are board papers[8] for board of directors meetings provided to the board?

At least five (5) working days.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc? Yes.

Section 1, Subsection 1.5 of the Company's Manual on Corporate Governance provides:

1.5. Corporate Secretary

The Board must be assisted by a Corporate Secretary who shall be a separate individual from the Compliance Officer. The Corporate Secretary shall not be a member of the Board of Directors and shall annually attend a training on corporate governance. The Corporate Secretary shall be a citizen and a resident of the Philippines.

The Corporate Secretary is primarily responsible to the Company and its shareholders, and not to the Chairman or Chief Executive Officer of the Company and has, among others, the following duties and responsibilities:

1.5.1. Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;

1.5.2. Keeps safe and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Company;

1.5.3. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Company, and advises the Board and the Chairman on all relevant issues as they arise;

[8] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

1.5.4. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;

1.5.5. Advises on the establishment of board committees and their terms of reference;

1.5.6. Issues notice of all meetings;

1.5.7. Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five (5) working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

1.5.8. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;

1.5.9. Performs required administrative functions;

1.5.10. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and

1.5.11. Performs such other duties and responsibilities as may be provided by the SEC.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes. The Corporate Secretary, Atty. Janette L. Peña is also the Corporate Secretary of CAT Resource & Asset Holdings Inc. and First Lucky Holdings Corp. Ms. Peña is an Independent Director of The Manufacturer's Life Insurance Co. (Phils), Inc. Manulife Financial Plans, Inc., Manulife Chinabank Life Assurance Corporation, China Oceans Philippines, Inc., and Corporate Secretary for Macondray Philippines Co., Inc., among others. Ms. Peña graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics (Cum laude). She received her Bachelor of Laws from the University of the Philippines College of Law (Cum laude) and ranked first in the 1985 Philippine Bar Exams. She completed her Master of Laws in Harvard Law School.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [✓] No [ ]

Committee	Details of the procedures
Executive	The Directors may request the Office of the Corporate Secretary to provide the necessary information to enable them to prepare in advance for their committee meetings. In the event that the information sought is not available at the Office of the Secretary, then the latter shall secure the same from the appropriate office/s.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members should be given independent access to Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense.

Procedures	Details
See above	See above

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
Not Applicable	Not Applicable	Not Applicable

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

<table>
<tr><th>Process</th><th>CEO</th><th>Top 4 Highest Paid Management Officers</th></tr>
<tr><td>(1) Fixed remuneration</td><td>As determined by the Board of Directors</td><td rowspan="4">As determined by the Board of Directors upon Recommendation of the CEO or COO, as the case may be.

According to Section 9, Article III of the By-Laws of the Corporation, "The board shall fix the compensation or salary of the President, Vice-President, General Manager, Treasurer, Secretary and other duly elected or appointed officer or officers."</td></tr>
<tr><td>(2) Variable remuneration</td><td>As determined by the Board of Directors</td></tr>
<tr><td>(3) Per diem allowance</td><td>As determined by the Board of Directors</td></tr>
<tr><td>(4) Bonus</td><td>As determined by the Board of Directors</td></tr>
<tr><td>(5) Stock Options and other financial instruments</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>(6) Others (Professional Fees)</td><td>Not applicable</td><td>Not applicable</td></tr>
</table>

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	In accordance with the By-Laws of the Corporation, "The Board shall receive a fee of up to three percent (3%) of the net profits of thee Corporation which shall be distributed proportionately among the directors; and each director shall receive a reasonable per diem in an amount to be determined by the Board of Directors for every board meeting actually attended. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receving compensation therefor, subject to the requirements of the Corporation Code. (Section 5, Article III)		
Non-Executive Directors			

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Yes. Any amendments to the by-laws which provides the directors' compensation require the approval /ratification of the stockholders.

Remuneration Scheme	Date of Stockholders' Approval
Not Applicable	Not Applicable

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year[9]:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	N/A	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	PhP 380,000.00		
(d) Bonuses	PhP 1,561,296.00		
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Transportation	PhP 2,051,782		
Total	PhP 3,993,078		

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
(1) Advances	N/A	N/A	N/A

[9] The data provided covers compensation for Directors and Officers based on the Annual Report for Fiscal Year 2016-2017.

(2) Credit granted	N/A	N/A	N/A
(3) Pension Plan / Contributions	N/A	N/A	N/A
(4) Pension Plans, Obligations incurred	N/A	N/A	N/A
(5) Life Insurance Premium	N/A	N/A	N/A
(6) Hospitalization Plan	N/A	N/A	N/A
(7) Car Plan	N/A	N/A	N/A
(8) Others (Specify)	N/A	N/A	N/A
Total	N/A	N/A	N/A

(4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
Not Applicable	Not Applicable	Not Applicable

(5) Remuneration of Management

Identify the five (5) members of management who are <u>not</u> at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Wellerita D. Aguas	PhP 15,935,820[10]
Marcelo P. Karaan II	
All other officers and directors as a group	

[10] The data provided covers compensation for Directors and Officers based on the Annual Report for Fiscal Year 2016-2017.

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2	1		The by-laws of a corporation may create an executive committee, composed of not less than three members of the board, to be appointed by the board. Said committee may act, by majority vote of all its members, on such specific matters within the competence of the board, as may be delegated to it in the by-laws or on a majority vote of the board, except with respect to: (1) approval of any action for which shareholders' approval is also required; (2) the filing of vacancies in the board; (3) the amendment or repeal of by-laws or the adoption of new by-laws; (4) the amendment or repeal of any resolution of the board which by its express terms is not so amendable or repealable; and (5) a distribution of cash dividends to the shareholders.(Section 36, Corporation Code of the Philippines, as amended)			
Audit		2	1	Manual on Corporate Governance and Audit Committee Charter	Section 3 of the Company's Manual on Corporate Governance provides the functions, key responsibilities and power of Audit Committee.		

3.1. Audit Committee

The Board shall establish an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

3.1.1. Composition

The Audit Committee shall be composed of at least three (3) appropriately qualified non-executive directors. The Chairman of the Audit Committee must be an independent director and shall not be the chairman of the Board of Directors or any board committees. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

3.1.2. Duties and Responsibilities

The Audit Committee shall be primarily responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. The Audit Committee shall ensure that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. It has the following duties and responsibilities, among others:

3.1.2.1. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;

3.1.2.2. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;

3.1.2.3. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee shall also approves the terms and conditions for outsourcing internal audit services;

3.1.2.4. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit Committee;

3.1.2.5. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;

3.1.2.6. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

3.1.2.7. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence . The non-audit work, if allowed, shall be disclosed in the Company's Annual Report and Annual Corporate Governance Report;

3.1.2.8. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Areas where a significant amount of judgment has been exercised
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements

3.1.2.9. Reviews the disposition of the recommendations in the External Auditor's management letter;

3.1.2.10. Performs oversight functions over the Company's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

3.1.2.11. Coordinates, monitors and facilitates compliance with laws, rules and regulations;

3.1.2.12. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders;

3.1.2.13. Performs the functions of Board Risk Oversight Committee and/or Related Party Transactions Committee;

3.1.2.14. Meets with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit; and

3.1.2.15. Such other duties and responsibilities assigned to the committee by the Board.

Corporate Governance	1		2	Manual on Corporate Governance and Corporate Governance Committee	Section 3 of the Company's Manual on Corporate Governance provides the functions, key responsibilities and power of Audit Committee.

				Charter	

3.2. Corporate Governance Committee

The Board shall establish a Corporate Governance Committee that shall assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It shall be composed of at least three members, all of whom shall be independent directors, including the Chairman.

3.2.1. Composition

The Corporate Governance Committee shall be composed of at least three (3) appropriately qualified directors, majority of whom shall be independent directors, including the Chairman.

3.2.2. Duties and Responsibilities

The Corporate Governance Committee shall be responsible in ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others:

3.2.2.1. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;

3.2.2.2. Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

3.2.2.3. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

3.2.2.4. Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;

3.2.2.5. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

3.2.2.6. Proposes and plans relevant trainings for the members of the Board;

3.2.2.7. Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and

3.2.2.8. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates.

2) Committee Members

(a) Executive Committee

Office	**Name**	**Date of Appointment**	**No. of Meetings Held**	**No. of Meetings Attended**	**%**	**Length of Service in the Committee**
Chairman	Martin P. Lorenzo	Jan. 31, 2017				2 years
Member (ED)	Fernando C. Cojuangco	Jan. 31, 2017				2 years

Member (NED)	Fernan Victor P. Lukban	Jan. 31, 2017				2 years

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Benjamin I. Espiritu	Jan. 31, 2017	1	1	100%	2 years
Member (NED)	Vigor D. Mendoza	Jan. 31, 2017	1	1	100%	0 years
Member (NED)	Fernan Victor P. Lukban	Jan. 31, 2017	1	1	100%	2 years

Disclose the profile or qualifications of the Audit Committee members.

Benjamin I. Espiritu Ph. D, age 65, Filipino, is an Independent Director of the Company. He is a practicing Certified Public Accountant, President & CEO of Change Management International, Inc. and Chairman of Banco de Mindoro, Inc. He was Dean of Far Eastern University Makati, and Chair of the Accounting, Finance, Business and Governance Department of the De La Salle University Graduate School of Business. He served as Governor of the Province of Oriental, Mindoro. He earned his Ph.D., Major in Public Administration from the University of Santo Tomas, Master in National Security Administration from the National Defense College of the Philippines, Master of Business Administration and Bachelor of Science in Commerce, Major in Accounting degrees from De La Salle University.

Vigor D. Mendoza II, age 57, Filipino, a Director of the Company. He is a lawyer by profession and is a principal partner in MALCOLM Law Offices heading the Practice in Public Utility and Property and Energy Law. He is likewise a Director of CAT Resource & Asset Holdings Inc. Mr. Mendoza was a former Commissioner of the Land Transportation Franchising & Regulatory Board under the Department of Transportation and Communication. He was a former Congressman representing the 1-Utak Party List under the 4th Congress of the Republic of the Philippines. He graduated with a degree of Bachelor of Arts in Economics from the Ateneo de Manila University in 1983. He obtained his Bachelor of Laws degree from the Ateneo de Manila University in 1988.

Fernan Victor P. Lukban, age 56, Filipino, is a Director of the Company. He is one of the top Strategy and Family Business consultants in the Philippines. He is a founding fellow at the Institute of Corporate Directors in Manila and is also an International Fellow of the Australian Institute of Company Directors. He holds undergraduate degrees in Engineering from De La Salle University and graduate degrees in Industrial Economics from the Center for Research & Communication, now University of Asia & the Pacific, Manila. He also has a Master's degree in Business Administration from IESE, Barcelona, Spain.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee's responsibility relative to the external auditor is described in the Company's Manual on Corporate Governance, the pertinent provision of which reads:

"3.1. Audit Committee

The Board shall establish an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

3.1.2. Duties and Responsibilities

The Audit Committee shall be primarily responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. The Audit Committee shall ensure that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. It has the following duties and responsibilities, among others:

xxx

3.1.2.6. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

3.1.2.7. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence . The non-audit work, if allowed, shall be disclosed in the Company's Annual Report and Annual Corporate Governance Report;

3.1.2.8. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Areas where a significant amount of judgment has been exercised
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements

3.1.2.9. Reviews the disposition of the recommendations in the External Auditor's management letter;

3.1.2.10. Performs oversight functions over the Company's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

3.1.2.11. Coordinates, monitors and facilitates compliance with laws, rules and regulations;

3.1.2.12. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders;

9. Strengthening the External Auditor's Independence and Improving Audit Quality

The Company shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

9.1. The Audit Committee shall have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor shall be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change shall be disclosed to the regulators and the public through the company website and required disclosures.

9.2. The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter shall also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis."

(c) Corporate Governance Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Renato B. Padilla	January 31, 2017				0 year
Member (NED)	Fernan Victor P. Lukban	January 31, 2017				0 year
Member (ID)	Benjamin I. Espiritu	January 31, 2017				0 year

(d) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	Not Applicable	Not Applicable
Audit	Not Applicable	Not Applicable
Nomination	In accordance with SEC Memorandum Circular No. 19, Series of 2016, the Corporate Governance Committee has been created to undertake the functions of the Nomination and Remuneration CommitteeS	
Remuneration		
Others (specify)	Not Applicable	Not Applicable

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive		
Audit	Reviewed the Company's unaudited interim quarterly and audited annual financial statements and discussed said financial statements with Management and the Company's External Auditor, SGV & Co., before submission to the Board; Reviewed and discussed the overall scope of the engagement of the External Auditor, SGV & Co.	Compliance with accounting standards; compliance with tax, legal and regulatory requirements; going concern assumptions

Corporate Governance	Reviewed and recommended the Manual on Corporate Governance Code prepared in accordance with SEC MC. No. 19, Series of 2016.	Compliance with the corporate governanace laws, rules and best practices.
	Reviewed and approved the compensation and remuneration of the executive directors and officers	Compensation and remuneration of the executive directors officers are adequate and equitable.

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive		
Audit	To continue performing its oversight functions pursuant to the Company's Manual on Corporate Governance, more particularly the review of the Company's unaudited interim quarterly and audited annual financial statements, and to monitor the Company's compliance with tax, legal and regulatory requirements.	• Any change/s in accounting policies and practices • Major judgmental areas • Significant adjustments resulting from the audit • Going concern assumptions • Compliance with accounting standards • Compliance with tax, legal and regulatory requirements.
Corporate Governance	To review and evaluate the compliance with the prevailing laws, rules and practices in corporate governance. To review the remuneration of executive directors more particularly the CEO and the COO	To ensure that persons nominated for the position of Board of Director and those appointed requiring approval of the Board of Directors possess all the qualifications and non of the qualifications, in accordance with the Company's Manual on Corporate Governance and By-laws To ensure that the faithful compliance of the Company, directors, officers, and stakeholders of the corporate governance principles. To ensure that the remuneration/compensation of the CEO and the COO is competitive and equitable

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

It is the belief of CAT that risks are inherent in its business, but if properly managed can lead to opportunity and profitability. Thus, it is the policy of CAT to ensure that all risks are identified and measured, and that the appropriate control measures are put in place.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The directors regularly review the effectiveness of the risk management system and have found the same to be adequate.

(c) Period covered by the review;

End of fiscal year 2017.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The risk management system is reviewed at least once a year. However, should an extraordinary event or new developments not previously contemplated occur, then a review of the system, actual risks and measures, is undertaken.

The primary criteria for assessing the effectiveness of the system are: its ability to prevent the risk from occurring, mitigate the effects of the risks should they happen, and the ability of the Company to effectively respond to the situation.

(e) Where no review was conducted during the year, an explanation why not. Not Applicable

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Insufficient supply of sugar cane	It is the policy of CAT to ensure adequate supply of sugar cane and improve sugar cane farm yield	To maximize the capacity utilization of the sugar mill
Typhoons, strong winds and other like events that cause damage to crops, and equipment and properties of the Company	It is the policy of CAT to reduce, minimize and if possible prevent damage to equipment and properties of the Company from typhoons, strong winds and like events	To minimize, if not prevent damage to crops, and equipment and properties of the Company
Entry of cheap sugar and sugar by-products	It is the policy of CAT to remain competitive in a globally competitive economic environment	To produce quality sugar and sugar by-products at a competitive price

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Not applicable	Not applicable	Not applicable

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders

CRAHI is the owner of 71.4% of the Company's shares. Manual on Corporate Governance however, protects the rights of the minority shareholders.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process	Risk Management and Control (Structures, Procedures, Actions Taken)
Insufficient supply of sugar cane	Monitoring undertaken by the Field Services Department to determine areas planted with sugar cane and the estimated yield thereof	Sugar cane farming intensification and expansion programs
Typhoons, strong winds and other like events that cause damage to crops, and equipment and properties of the Company	Mancom headed by the COO regularly monitors weather forecasts and other events that may affect CAT operations; close coordination with PAG ASA and AGROMET	Weather monitoring, disaster prevention and preparedness measures; devotion to First Friday Mass; and insurance coverage
Entry of cheap sugar and sugar by-products	Monitoring and assessment by Mancom and Marketing Department; close coordination with SRA and PSMA	Cost control to bring down cost of production without sacrificing quality

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Not Applicable	Not Applicable	Not Applicable

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee		The Audit Committee shall oversee the Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation, including regular receipt from the Management of information on risk exposures and risk management activities

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

The Company's Manual on Corporate Governance provides:

"III. INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK

12. Strengthening the Internal Control System and Enterprise Risk Management Framework

The company shall have a strong and effective internal control system and enterprise risk management framework to ensure the integrity, transparency and proper governance in the conduct of its affairs."

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The directors have reviewed the effectiveness of the internal control system and found the same to be adequate and effective.

(c) Period covered by the review;

End of fiscal year 2017.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

Once a year, and if the need arises.

(e) Where no review was conducted during the year, an explanation why not. Not Applicable.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor /Auditing Firm	Reporting process
Maintain an effective system of internal control that will ensure the protection of the assets of the Company	12.2. The Company shall have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations. The internal audit activity may be a fully resourced activity housed within the organization or may be outsourced to qualified independent third party service providers. The following are the functions of the internal audit, among	In-house	Leogaldo Mendoza	12.3.5. Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and

	others: 12.2.1. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management; 12.2.2. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment; 12.2.3. Performs consulting and advisory services related to governance and control as appropriate for the organization; 12.2.4. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization; 12.2.5. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company; 12.2.6. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned; 12.2.7. Evaluates specific operations at the request of the Board or Management, as appropriate; and 12.2.8. Monitors and evaluates governance processes. 12.3. The Board may appoint a qualified Chief Audit Executive (CAE) subject to the company's size, risk profile and complexity of operations. . The CAE shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel shall be assigned the responsibility for managing the fully outsourced internal audit activity. The			

	following are the responsibilities of the CAE, among others: 12.3.1. Periodically reviews the internal audit charter and presents it to senior management and the Board Audit Committee for approval; 12.3.2. Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals; 12.3.3. Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval; 12.3.4. Spearheads the performance of the internal audit activity to ensure it adds value to the organization; 12.3.5. Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and			

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes. It is provided under Section 3.1.2.3 of the Company's Manual on Corporate Governance that part of the duties and responsibilities of the Audit Committee is to "3.1.2.3. Oversee[s] the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee shall also approves the terms and conditions for outsourcing internal audit services;

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Internal Auditor reports to the Audit Committee directly. Yes, the Internal Auditor has direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	**Reason**
Allan Liwanag	Resigned as Internal Auditor due to personal reasons.

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	On track

Issues[11]	No significant issues
Findings[12]	No significant findings
Examination Trends	No significant findings and issues

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1) Preparation of an audit plan inclusive of a timeline and milestones;
2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Risk Management Policy	Implemented
Internal Audit and Control	Implemented
Budget Policies	Implemented

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies

[11]"Issues" are compliance matters that arise from adopting different interpretations.
[12]"Findings" are those with concrete basis under the company's policies and rules.

The external auditor's engagement is limited to audit services and does not include non-audit services; the internal auditor reports directly to the Audit Committee and it has complete access to all records, properties and personnel	The Company has not engaged the services of any financial analyst, but if it does then the financial analyst shall be required to execute a non-disclosure agreement or confidentiality agreement with a stipulation prohibiting said financial analyst from trading in the Company's shares	Investments banks if any will be required to execute a non-disclosure agreement or a confidentiality agreement with a stipulation that it shall not trade in the Company's shares	The Company has not engaged the services of any rating agencies, but in the event that it does, then the rating agency/ies will be required to execute a non-disclosure agreement or confidentiality agreement with a stipulation that it shall not trade in the Company's shares

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Company's Chairman of the Board & Chief Executive Officer, President & Chief Operating Officer, Chairman of the Audit Committee who is an Independent Director, Independent Director and Compliance Officer, to the best of their knowledge, will attest to the Company's full compliance with the Securities and Exchange Commission's Corporate Governance Rules as set out in the SEC Memorandum Circular No. 5, Series of 2009.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customer's Welfare	Corporate Values based on the Company's Code of Conduct and Employee's Manual "VI. We Care for our Customers. Customer Friendly - Genuine Concern, Fairness, Equity. We recognize the value of our customers as the foundation of our sustained existence. Aware of this, we will do our best to meet their requirements from the macro needs of quality, quantity, on time delivery and price up to the micro level of ensuring consistency in weight. We will therefore continuously exert efforts to have a complete understanding of their needs."	Training for Attitudes, Skills and Knowledge Enhancement Program
Supplier/contractor selection practice	CAT maintains a shortlist of suppliers who were selected based on standing accreditation process. The accreditation involves a three-tier review to ensure that track record, dependability, reliability, quality, financial security and absence of conflict of interest are considered.	
Environmentally friendly value-chain	Environmental Management System Policy based on the Company's Code of Conduct and Employee's Manual	Advance Training Course on Air Quality Management , Renewable Energy

	"Central Azucarera de Tarlac (CAT) an integrated sugar manufacturing plant producing raw and refined sugar, molasses, alcohol, carbon dioxide and yeast is committed to implement and continuously improve a consistent Environmental Management System (EMS) that shall help minimize the negative impacts of the above operations to land, air, and water; and to provide a clean, safe, and healthy environment for the reciprocal benefit of its employees, stakeholders, and the community where it operates. *Continuous Improvement to Sustain Development* • CAT shall develop, put in place, and continuously improve, effective controls and procedures to conserve energy, water, and raw materials. • CAT shall endeavor to re-use and recycle resources to reduce environmental impact to a minimum. *Prevention* • CAT shall seek to prevent pollution at its source, reduce solid/liquid waste generated at our facilities; establish and support pollution-prevention procedures/programs that shall prevent, if not minimize, adverse effects of activities and/or conditions to its employees and to the environment. • CAT shall reduce water consumption to prevent depletion of water sources by implementing and supporting set programs in water conservation. • CAT shall treat chemical wastes or spent chemicals before proper disposal. *Strict Compliance* • CAT shall commit to comply with all relevant/applicable national and local environmental laws and regulations and shall continuously manage, check, and improve ways and means of controlling air emissions, land, and water discharges to assure compliance. *Safety* • CAT shall encourage employees at all levels to actively participate and support all programs of continuous improvement of production; and of protection of human health, occupational safety, and protection of the environment that shall improve productivity and reduce incidence of work accidents. *Training and Open Communication* • CAT shall provide appropriate environmental training and awareness to encourage its employees to practice this awareness; and to actively promote a sense of responsibility among themselves and to other interested parties.	CAT practices waste segregation and re-use of its available scrap materials. Scrap materials are re-purposed and donated to the communities.
Community interaction	Corporate Values based on the Company's Code of Conduct and Employee's Manual "VII. We Build Communities Beyond CSR.	• Scholarship to dependents of CAT EMPLOYEES – On-going activity

	Our commitment to our community is not a responsibility, it is a passion we strongly believe. We create farming communities composed of people who know sugarcane farming and support the industry. Our strength is anchored on the sustainable development of the communities where we operate. As such, sugarcane farming provides food on their table, education for their children, shelter for their family, and other needs. We create value and make people want to be part of the community and make them part of something big of a bigger whole enjoying rapport among themselves."	• Medical and Dental Mission on June 30, 2017 at Brgy. Motrico, La Paz, Tarlac, • CAT's Outreach program for 2017 dubbed as "KabaliCAT sa Kinabukasan" was conducted last June 14, 2017 at Asturias Elementary School • CAT CSR continuously support livelihood projects of CAT Employee Dependents Producers' Cooperative . CAT is assisting the group in continuously exploring additional business ventures that would help the group in augmenting the income of their families • CAT CSR conducts regular "Kapihan sa Brgy" in order to involve the community in developing programs that will help them uplift the status of living in their community • CAT supported several community projects
Anti-corruption programs and procedures?	The Company does not tolerate corrupt practices and considers the following conduct, contrary to its policy and rules and regulations: (1) giving or accepting anything of value where the nature or value of the advantage is unreasonable or inappropriate to the occasion or the position and circumstances of the recipient (employee, supplier, contractor, customer, government agency); (2) giving or accepting anything of value with the intent or expectation of receiving or giving anything of value in return; (3) giving or accepting of value that may unduly influence the recipient's objectivity, judgment or discretion; (4) giving or accepting anything of value without proper documentation; and (5) violation of the Anti-Graft and Corrupt Practices Act.	
Safeguarding creditors' rights	The Company is committed to fulfill its financial obligations and pay/settle its loans to the full satisfaction of its creditors.	

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

   No.

3) Performance-enhancing mechanisms for employee participation.

   (a) What are the company's policy for its employees' safety, health, and welfare?

   From the Company's Employee's Manual:

   "*Central Azucarera de Tarlac (CAT)*, an integrated sugar manufacturing plant producing raw and refined sugar, molasses, alcohol, carbon dioxide and yeast is committed to manage and continuously improve its Safety Management System (SMS) that shall provide a safe and healthy workplace; prevent and/or minimize accidents, injuries, and occupational health hazards relevant to the activities, products, and services of the organization.

- The company shall also commit itself to comply with the current applicable Occupational Health and Safety (OHS) legislations; and with the other requirements to which it subscribes.
- This SMS Policy shall be documented, implemented, and maintained; communicated to all employees with the intent that they are made aware of their individual OHS obligations; and made available to the public and other interested parties.
- This SMS Policy shall be periodically reviewed to ensure that it remains relevant and appropriate to the organization.

(b) Show data relating to health, safety and welfare of its employees

Recordable Incident from January to June 2017:
Loss Days: 21 days
Severity Rate: 15.33
Frequency Rate: 2.28

(c) State the company's training and development programmes for its employees. Show the data.

The Company, which offers opportunities for the employees to achieve their full potential, believes in creating a learning community that is conducive to the growth and the development of the employees. Development is an on-going partnership between the company and its employees, with the latter having the responsibility to grow in knowledge, skills and values or attitudes in areas that match the needs of the company.

Objective
To provide the learning opportunities, resources, and support that would enable the employees to professionally and personally grow through appropriate training.

Implementation
The following guidelines shall apply on:

Target Areas:

1. Training focuses on developing the alignment of purpose and performance across the company targeting the following:

   - Individual employee;
   - Team; and
   - Total Organization

Training Requirements:

2. To develop and maintain a competitive workforce, formal classroom training or informal on the job training may be required for every employee, and providing for learning opportunities especially when he/she:

   - Joins the company;
   - Assumes new responsibilities or position;
   - Needs improvement in job performance; and
   - Needs to acquire changes in technology, services, practices, procedures, and governmental requirements.

Training Types**:**

3. Learning shall take place throughout the organization everytime for everyone; occurring in both formal and informal settings:

   a. Formal-training events – formal-training courses (both in-house and external), on-the-job training, study tour, temporary-work assignments.
   b. Informal-training events – projects and task force assignments, readings, fora, seminars, video and audio presentations

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Training Scope:

4. Learning needs vary; and thus, a different training experience is important focusing on the following various contents:

   a. Managerial/Supervisory – related to leadership and management roles and functions.
   b. Technical –

      i. Functional – related to job function.
      ii. Environmental, Health, and Safety – related to compliance with company policies, objectives, and procedures; and governmental laws.
      iii. Computer – related to software applications.

Responsibility:

5. The Organization Manpower and Resource Development Department (OMRDD) shall:

   a. Identify the training needs of the employees, including the general awareness for environmental aspects and impacts, and other specialized jobs.
   b. Prepare and submit to the Resident Manager for approval the training plan including budget, and other resources needed.
   c. Implement, conduct, or monitor the training, seminar, or workshop programs. Resource person/trainor must have the competency requirements based on education, training and/or experience as evidenced by his/her training certificates.

For the period of January 2017 to June 2017, employees of the Company underwent / attended the following training programs / seminars, to wit:

Seminar / Training	**Dates**
Advance Technology on Bioenergy and Environmental Management 2017	March 16, 2017 to March 17, 2017
Applied Technology on Energy Management and Utilization 2017	May 15, 2017 to May 19, 2017
Applied Technology on Sugar Processing 2017	April 17, 2017 to April 21, 2017
GMP Awareness Seminar	June 8, 2017
Jr. Supervisors Toolbox (Leadership Development Seminar)	June 13, 2017 to June 14, 2017
The Changing Face of Food Safety Management	June 21, 2017

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company has put in place a non-contributory retirement plan for the benefit of its employees.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The Company provides a work environment free from any form of discrimination, including verbal or physical harassment or intimidation from supervisors or co-employees.

The Anti-Sexual Harassment Policy of the Company is in place, and an Anti-Sexual Harassment Committee has been constituted to handle complaints related to sexual harassment. Each manager and supervisor has the responsibility to promote, create and maintain a workplace free from sexual harassment. This duty includes discussing this Policy with all supervised employees and assuring them that they will not have to endure insulting, degrading or exploitative sexual treatment or intimidating or harassing behavior.

It is against Company policy to harass or retaliate against an employee who reports a violation or suspected violation of the Company's Code of Conduct , Rules and Regulations and policies Employees are encouraged to report to the Human Resources Department for appropriate action, any suspected form of harassment or retaliatory behavior. All employees have a responsibility to promote safe work environment by co-operating in the investigation of the harassment or retaliatory behavior reported by an employee.

Moreover, the Company has initiated the establishment of the employment relations committee equally represented by the management and employees to address issues including any violation of policies on Ethics and Good Governance by conducting investigation and issuing recommendations thereon.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee	201,718,140	71.4%	CAT Resource Asset & Holdings, Inc.
Luisita Trust Fund (LTF)	46,359,920	16.41%	Luisita Trust Fund

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	N/A
Details of whistle-blowing policy	No[13]
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No[14]
Number of board of directors/commissioners meetings held during the year	No[15]
Attendance details of each director/commissioner in respect of meetings held	No[16]
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

The aggregate fees paid by the registrant to SGV & CO. for the last two (2) fiscal years are as follows:

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	1,220,000.00	Not Applicable

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

Registered mail, telephone, telefax, courier service, print media and PSE website

5) Date of release of audited financial report: October 13, 2017

6) Company Website

[13] Details provided in the ACGR, which is submitted together with the Annual Report
[14] Details provided in the ACGR, which is submitted together with the Annual Report
[15] Details provided in the ACGR, which is submitted together with the Annual Report
[16] Details provided in the ACGR, which is submitted together with the Annual Report

Does the company have a website disclosing up-to-date information about the following?

Business operations	**Yes**
Financial statements/reports (current and prior years)	**Yes**
Materials provided in briefings to analysts and media	**No**
Shareholding structure	**No**
Group corporate structure	**No**
Downloadable annual report	**Yes**
Notice of AGM and/or EGM	**Yes**
Company's constitution (company's by-laws, memorandum and articles of association)	**Yes**

Should any of the foregoing information be not disclosed, please indicate the reason thereto. Interested parties may request in writing any of the above information, addressed to the President or the Corporate Secretary.

7) Disclosure of RPT

The Company's transactions with related parties are disclosed under Note 27, of the Company's audited financial statements June 30, 2016 and 2015, among which are as follows:

		Year	Transactions	Outstanding Receivables (Payables)	Terms	Conditions
Shareholders						
Receivables	(a)	**2017** 2016	**₱–** ₱–	**₱75,458,098** ₱75,458,098	Net settlement; non-interest bearing; generally 30 days	Unsecured, no impairment
Payables	(b)	**2017** 2016	**(10,076,518)** –	**(13,025,174)** (2,949,085)	Net settlement; non-interest bearing; generally 30 days	Unsecured
CRAHI						
Receivables	(c)	**2017** 2016	**76,376,642** 63,381,998	**167,324,400** 90,945,758	Net settlement; non-interest bearing; generally 30 days	Unsecured, no impairment
Trust Fund						
Receivables	(d)	**2017** 2016	**26,458,568** 67,254	**272,725,079** 247,332,072	Net settlement; 10% interest per annum; generally 30 days	Unsecured, no impairment
Other Related Party						
Rentals	(e)	**2017** 2016	**3,021,017** 3,167,963	– –	Payable monthly in advance	Unsecured
Stockholders, Directors and Officers						
Receivables	(f)	**2017** 2016	**47,935,717** 39,967,513	**7,098,821** 10,839,363	Non-interest bearing; generally 30 days	Unsecured, with impairment

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

a. Pertains to the sale of land to North Star Estate Holdings, Inc. and for working capital advanced by the Group.

b. Pertains to payments made by shareholders on behalf of the Group.

c. Pertains to cash advances given to CRAHI for working capital requirements and for settlement of promissory note due to previous shareholders.

d. Pertains to cash advances given to LTF for the funding of the manpower reduction program. Interest income amounted to ₱26.2 million and nil as at June 30, 2017 and 2016, respectively.

e. Pertains to the lease agreement with First Lucky Property Corporation (FLPC) for the lease of its corporate office commencing from December 1, 2014 for a period of one year extendible at the option of the Lessee for an additional period of three (3) years subject to mutually acceptable rates, terms and conditions.

f. 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 on behalf of the Group.

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

The Audit Committee is granted the power to investigate any matter brought to its attention, including related party transactions, with full access to books and records.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	The quorum in the regular meetings shall be constituted by the attendance of shareholders holding or representing one-half plus one of the outstanding shares and a majority of such quorum shall decide any question that may come before the meeting, save and except in those several affirmative vote of a greater proportion. (Section 4, Article II of the Amended By-Laws)

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	From SEC Form 20-IS:
Description	All matters or actions to be taken up in the meeting will require the vote of the security holders. The voting procedure is as follows: The number of votes due a security holder will depend on the number of shares he/she owns. Per share of stock is equivalent to one vote. In all items for approval except election of Members of the Board, each share of stock entitles its registered owner to one (1) vote.

	In the election of directors, every stockholder is entitled to vote the number of shares standing in his name on the books of the registrant and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. The election is by viva voce or by ballots, if requested by the stockholders.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code

Stockholders' Rights under The Corporation Code	**Stockholders' Rights not in The Corporation Code**
The Company recognizes the rights of its stockholders, which is echoed in the Company's Manual on Corporate Governance, to wit: 13. Promoting Shareholder Rights The company shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights. 13.1. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. Shareholders' rights relate to the following, among others: 13.1.1. Pre-emptive rights; 13.1.2. Dividend policies; 13.1.3. Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting; 13.1.4. Right to nominate candidates to the Board of Directors; 13.1.5. Nomination process; and 13.1.6. Voting procedures that would govern the Annual and Special Shareholders' Meeting.	In addition to the rights of the stockholders provided for in the Corporation Code, the Company's Manual on Corporate Governance states: 13.2. The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting. 13.3. The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the company website within five business days from the end of the meeting.

Dividends

Declaration Date	Record Date	Payment Date
Not Applicable	Not Applicable	Not Applicable

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
Stockholders who are present during the Annual Stockholders Meeting are encouraged to ask questions or put forward their views on matters to be considered during the meeting, or any matter relevant to the purpose of the meeting	Stockholders may ask questions directly to the Chairman of the Meeting or any of the Directors present;

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
    a. Amendments to the company's constitution
    b. Authorization of additional shares
    c. Transfer of all or substantially all assets, which in effect results in the sale of the company

   In accordance with the Corporation Code, the shareholders are entitled to participate in the above corporate decisions and such items require at least 2/3 votes of the shareholders. Moreover, shareholders may exercise their appraisal rights under the manner provided in Section 82 of the Corporation Code in the following instances: (a) In case of any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; (c). In case of increase of Authorized Capital Stock of the corporation; and (d) In case of merger or consolidation."

3. Does the company observe a minimum of 21 business days for giving out of notices[17] to the AGM where items to be resolved by shareholders are taken up? Yes

    a. Date of sending out notices: January 10, 2017

    b. Date of the Annual/Special Stockholders' Meeting: January 31, 2017

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

   Annual Stockholders' Meeting held on January 31, 2017

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Annual Meeting of the Stockholders held on 26 January 2016	88.16%	0	0
Approval of the Annual Report of the Company containing the Audited Financial Statements for the Fiscal Years 2015-2016 and the report of the independent Public Accountants.	88.16%	0	0
Ratification and confirmation of all acts of the Board for since the last annual meeting held on 26 January 2016. These acts are	88.16%	0	0

[17] The stockholders were given Definitive Information Statement in accordance with Securities Regulation Code's Implementing Rules and Regulations, to wit:

> *SRC IRR. 20.11.13. Written notice, stating the date, time and place of the annual meeting shall be sent to all stockholders of record at least two (2) weeks prior to the schedule annual stockholders' meeting, unless a different period is required by the by-laws.* ***The distribution to stockholders of the information statement (SEC Form 20-IS) within the prescribed period under this Rule shall be sufficient compliance with the notice requirement.***
> *(emphasis provided)*

covered by Resolutions of the Board duly adopted in the normal course of trade or business involving, among other things, approval of projects/contracts, treasury matters including borrowings, opening of accounts and bank transactions; and appointment of signatories thereof.			

Election of the Members of the Board, including the independent directors, for the year 2017	MARTIN P. LORENZO	88.16%	0	0
	FERNANDO C. COJUANGCO	88.16%	0	0
	MARCO P. LORENZO	88.16%	0	0
	VIGOR D. MENDOZA II	88.16%	0	0
	FERNAN VICTOR P. LUKBAN	88.16%	0	0
	RENATO B. PADILLA	88.16%	0	0
	BENJAMIN I. ESPIRITU	88.16%	0	0
Appointment of SGV & Co. as External Auditors for the Year 2017		88.16%	0	0

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions.

Results of the Annual Stockholders' Meeting held on January 31, 2017 was immediately disclosed to the Philippine Stock Exchange and submitted to the Securities and Exchange Commission on February 1, 2016.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
Not Applicable	Not Applicable

(f) Stockholders' Attendances

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	MARTIN P. LORENZO FERNANDO C. COJUANGCO MARCO P. LORENZO	Jan. 31, 2017	By proxy and by show of hands			88.16%

	VIGOR D. MENDOZA II FERNAN VICTOR P. LUKBAN RENATO B. PADILLA BENJAMIN I. ESPIRITU					

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? No.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes. The number of votes due a security holder will depend on the number of shares he/she owns. Per share of stock is equivalent to one vote.

In all items for approval except election of Members of the Board, each share of stock entitles its registered owner to one (1) vote.

In the election of directors, every stockholder is entitled to vote the number of shares standing in his name on the books of the Company and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. The election is by viva voce or by ballots, if requested by the stockholders.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	Stockholders may vote at all meetings the number of shares registered in their respective names in the books of the Corporation, either in person or by proxy duly executed and which shall have been presented to the Secretary for registration and registered at least twenty-four hours (24) before the day set for the holding of the meeting. (Section 5, Article II of the Amended By-Laws)
Notary	Proxy need not be notarized, unless executed abroad, in which event it should be authenticated by the Philippine Embassy or the Consular Office where the proxy was executed.
Submission of Proxy	Stockholders may vote at all meetings the number of shares registered in their respective names in the books of the Corporation, either in person or by proxy duly executed and which shall have been presented to the Secretary for registration and registered at least twenty-four hours (24)

	before the day set for the holding of the meeting. (Section 5, Article II of the Amended By-Laws)
Several Proxies	1 proxy per stockholder; latest proxy is recognized
Validity of Proxy	Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at any one time. (Section 58 of the Corporation Code, as amended)
Proxies executed abroad	Must be authenticated by the Philippine Embassy or Consular Office where the proxy was executed
Invalidated Proxy	Invalidated proxy is set aside and vote is not counted
Validation of Proxy	Verification of the stockholders' signature appearing on the signature card and/or presentation of at least two government issued identification cards
Violation of Proxy	If invalid, then proxy is set aside and vote is not counted.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Service of the Definitive Information Statement or the SEC Form No. 20-IS serves as written notice in accordance with the SRC Rules. The Definitive Information Statement were sent to the stockholders at least fifteen (15) business days prior to the date of the Annual/Special Stockholders' Meeting.	By personal service or registered mail or courier service.

(i) Definitive Information Statements and Management Report

Annual Stockholders Meeting Held on January 31, 2017

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	400 Stockholders[18]
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	December 17, 2015
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	January 10, 2017

[18] Stockholders as of Record Date on 26 January 2017

State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	Yes

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes, if any dividend is to be declared
The amount payable for final dividends.	Yes, if any dividend is to be declared
Documents required for proxy vote.	No

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	**Implementation**

From the Company's Manual on Corporate Governance:

IV. CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS

13. Promoting Shareholder Rights

The company shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

13.1. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. Shareholders' rights relate to the following, among others:

13.1.1. Pre-emptive rights;
13.1.2. Dividend policies;
13.1.3. Right to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting;
13.1.4. Right to nominate candidates to the Board of Directors;
13.1.5. Nomination process; and
13.1.6. Voting procedures that would govern the Annual and Special Shareholders' Meeting.

13.2. The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.

13.3. The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the company

website within five business days from the end of the meeting. 13.4. The Board shall make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. 13.5. The Board shall establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting.

(b) Do minority stockholders have a right to nominate candidates for board of directors? Yes

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

   Major announcements, if any, will be reviewed by the Corporate Secretary and the Investor Relations Officer to be approved by the Chairman of the Board and CEO and the President and COO.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	Provide fair, accurate, and timely information.
(2) Principles	
(3) Modes of Communications	Telephone, Fax, Annual Reports, Quarterly Reports, Annual Stockholder's Meeting and Disclosures
(4) Investors Relations Officer	Cecile D. Macaalay

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

   Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price. Not Applicable.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
College Scholarship and 1 Year Vocational Course at the Tarlac Traning Center	Qualified dependents of CAT Employees
Continuing Medical and Dental Missions, Tree Planting, Blood Letting, and Other Outreach Programs	Residents of Tarlac City and surrounding communities of CAT at San Miguel, Tarlac City
Continuing credit program/facility extended to spouses and dependents of CAT employees	Dependents and spouses of CAT employees
Enterprise Development Programs which facilitates livelihood seminars	CAT Employee Dependents' Producers Cooperative (CAT EDPC) and communities located within the perimeter of CAT.

Community Services	Residents of surrounding communities of CAT
Environmental Protection Programs	Residents of surrounding communities of CAT

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	6. Assessing Board Performance The Board shall regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies. 6.1. The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment may be supported by an external facilitator. 6.2. The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system shall allow for a feedback mechanism from the shareholders.	Manual on Corporate Governance
Board Committees		
Individual Directors		
CEO/President		

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
The Board, officers and the management strives to prevent any breach or violation of the corporate governance manual.	Any violation or breach of the manual on corporate governance may be sanctioned with suspension, disqualification or removal from office.
Violations by officers of the applicable rule on corporate governance such as conflict of interest constitutes breach of trust and confidence.	Termination of employment due to loss of trust and confidence.
Violations of the Code of Code of Conduct and Company Policies and Rules and Regulations are laid out in the Code of Conduct and Policies concerned.	Ranging from suspension to termination of employment

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of ______________________ on________________, 20___.

SIGNATURES

MARTIN IGNACIO P. LORENZO
Chairman of the Board& Chief Executive Officer

FERNANDO IGNACIO C. COJUANGCO
President & Chief Operating Officer

RENATO B. PADILLA
Independent Director

BENJAMIN I. ESPIRITU
Independent Director

ADDISON B. CASTRO
Compliance Officer

SUBSCRIBED AND SWORN to before me this ________ day of OCT 20 2017 20__ , affiant(s) exhibiting to me their __________________, as follows:

Name	Government Issued ID	Expiration Date
Martin Ignacio P. Lorenzo	Phil. Passport No. EC6023262	01 December 2020
Fernando Ignacio C. Cojuangco	Phil. Passport No. P2304918A	14 March 2022
Renato B. Padilla		
Benjamin I. Espiritu	Phil. Passport No. EB9719149	01 December 2018
Addison B. Castro	Phil. Passport No. EC3630424	09 March 2020

NOTARY PUBLIC

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2018
IBP No. 656155-Lifetime Member
MCLE Compliance No. V-0006934
Appointment No. M-104-(2017-2018)
PTR No. 5909514 Jan. 3, 2017
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

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Page No. 02
Book No. I
Series of 2017

CENTRAL AZUCARERA DE TARLAC, INC.
LIST OF STOCKHOLDERS
AS OF JUNE 30, 2017
PAR VALUE: Php1.00 / share

Rank	Nationality	Name	No. of Shares	Percentage
1	Filipino	PCD NOMINEE CORPORATION (FILIPINO)	264,392,814	93.577537%
2	Others	PCD NOMINEE CORPORATION (FOREIGN)	5,289,641	1.872182%
3	Filipino	ROMULO, MARILES C.	441,240	0.156170%
4	Spanish	OLLER,MA. MERCE FORMENTI	430,880	0.152503%
5	Spanish	SANTIAGO,O' MARINA SOLDEVILLA	369,040	0.130616%
6	Spanish	SENCHERMES,JUAN GALOBART	326,160	0.115439%
7	Filipino	ALCANTARA,VALERIO	280,160	0.099158%
8	Spanish	DELA RIVA,CARMEN GALOBART	277,440	0.098195%
9	Spanish	IRAGORRI,EDUARDO GALLARZA	272,560	0.096468%
10	Filipino	MENDOZA,NESTOR C.	250,960	0.088823%
11	American	MORTON,CHARLES V.	243,440	0.086162%
12	Filipino	CHUA,WILLINGTON	233,100	0.082502%
13	Chinese	CHEE,LIM BENG	231,840	0.082056%
14	Filipino	RECTOR DEL SEMINARIO MAYOR DE SAN CARLOS	221,480	0.078389%
15	Filipino	DELGADO,NELLIE C.	219,040	0.077526%
16	American	FORD,THOMAS J.	210,320	0.074439%
17	Filipino	MARTIN,FRANCISCO LON	204,400	0.072344%
18	Spanish	GUTIERRES,TERESA MARTINEZ VDA DE	198,160	0.070136%
19	Spanish	HEIRS OF MA. VICTORIA MARFA SATRUSTEGUI	178,720	0.063255%
20	Spanish	SATRUSTEGUI,MA. ISABEL MARFA	178,720	0.063255%
21	Spanish	GUTIERREZ,JESUS MOLINA	163,000	0.057691%
22	Filipino	LOPA JR.,MANUEL	139,640	0.049423%
23	Spanish	CHURUCA,MA. CONCEPCION A.	130,000	0.046011%
24	Filipino	DONATO,BELARIO S.	128,200	0.045374%
25	Filipino	LIM, JENNY T.	127,560	0.045148%
26	Filipino	LIM, JOSEFINA T.	127,560	0.045148%
27	Filipino	SANTOS,LETICIA E.	127,560	0.045148%
28	Filipino	YU,DANIEL T.	127,560	0.045148%
29	Filipino	LOPA, ERNESTO A.	124,360	0.044015%
30	Chinese	PO,LIM CHU	121,560	0.043024%
31	Filipino	GUAN,TAN	115,880	0.041014%
32	American	SERT,JOSE LUIS	112,960	0.039980%
33	Filipino	SISON,LYDIA DE LEON	111,040	0.039301%
34	Filipino	PANLILIO,CARLOS D.	106,960	0.037857%
35	Chinese	LIM,GALNIESA KONG	100,440	0.035549%
36	Filipino	ARRIOLA,LUIS T.	96,600	0.034190%
37	Filipino	BANAS,ANGEL	96,600	0.034190%
38	Spanish	IGLESIAS,AURORA CARRANZA VDA DE	84,800	0.030014%
39	Chinese	WU,CHUI YIN	76,480	0.027069%
40	American	FONG,FRANCISCO WING SIEN	70,480	0.024945%
41	Filipino	CARLOS,JUAN J.	68,700	0.024315%
42	Filipino	CHUA,BENJAMIN	63,720	0.022553%
43	American	FORD,THOMAS J.(MRS.)	63,400	0.022439%
44	Filipino	RODRIGUEZ,JOAQUIN, &/OR SONJA RODRIGUEZ	62,880	0.022255%
45	Spanish	MOLLEDA,RITA DELA VARA	60,840	0.021533%
46	Filipino	LIMOANCO, EDWARD	60,320	0.021349%
47	Chinese	TAY,FELIX GONZALES WONG	59,840	0.021179%
48	Filipino	DIZON,NILDA S.	59,400	0.021024%
49	Spanish	MARIN,ENRIQUETA VALCARCEL	59,400	0.021024%
50	Spanish	MARIN,MA. DEL PILAR VALCARCEL	59,400	0.021024%
51	Spanish	MARIN,MONTSERRAT VALCARCEL	58,240	0.020613%
52	Filipino	MALCOLM LAW OFFICE	57,920	0.020500%
53	Filipino	ONG,CHAN BON	57,920	0.020500%
54	Chinese	YU,PILAR	57,280	0.020273%
55	Spanish	SANTOS,ANTONIO FERNANSEZ	55,800	0.019750%
56	Filipino	FERNANDEZ, JESUS PELLON	55,040	0.019481%
57	Filipino	CABRERA,RAFAEL V.	54,800	0.019396%
58	Spanish	ROBIOU,FRANCISCO DE URMENETA	54,360	0.019240%
59	Filipino	PANLILIO,PABLO D.	53,480	0.018928%
60	Filipino	PANLILIO,TERESITA D.	53,480	0.018928%
61	Filipino	FERNANDEZ,GODOFREDO C.	51,440	0.018206%
62	Spanish	CONGREGACION DE LA MISSION DE SAN VICENTE DE PAUL EN FILIPINAS	48,280	0.017088%

Rank	Nationality	Name	No. of Shares	Percentage
63	Filipino	DONGON,AMADO	48,280	0.017088%
64	Filipino	DURDULAW,ARTEMIO	48,280	0.017088%
65	Filipino	NIETO,JOSE MARIA,&/OR TERESA V. DE NIETO	48,280	0.017088%
66	Filipino	SHEN,MARGARET S.	48,280	0.017088%
67	Filipino	SY,CESAR	48,280	0.017088%
68	Chinese	TAN,PEARL CHIU	46,320	0.016394%
69	Filipino	REYES,NORMA L.,ITF NARCISO REYES III	44,070	0.015598%
70	Chinese	SEE,UY GO	43,440	0.015375%
71	Filipino	ESTATE OF EMILIANO J. VALDES	42,280	0.014964%
72	Spanish	GOMEZ,JESUS PINO	42,280	0.014964%
73	Filipino	GONZALES,FELIX GARCIA	42,280	0.014964%
74	Filipino	TRANS-PHILIPPINES INVESTMENT CORPORATION	39,920	0.014129%
75	Filipino	UNITED INSURRANCE CO., INC.	39,920	0.014129%
76	Filipino	SAGITRO INC.	39,400	0.013945%
77	Filipino	SINJIAN,MARIA ASUNCION	39,040	0.013818%
78	Filipino	FERNANDEZ,DIT	38,600	0.013662%
79	Chinese	HO,SUSANA Y.	38,600	0.013662%
80	Filipino	DE LEON,MANUEL	38,160	0.013506%
81	Filipino	ERANA,AMANDA L.	38,160	0.013506%
82	Spanish	VARELA,JUANA SAN JUAN	37,800	0.013379%
83	Filipino	KRAMER, FEDERICO JOSE	36,720	0.012996%
84	Filipino	KRAMER, VICTOR ANTONIO O.	36,720	0.012996%
85	Filipino	LORZA JR.,MIGUEL L.	36,720	0.012996%
86	Filipino	KRAMER JR.,ERNEST A.	36,680	0.012982%
87	Filipino	LORZA, MA. SOLEDAD K.	36,680	0.012982%
88	Spanish	CORREA,ANTONIO VEGLISON	36,280	0.012841%
89	Chinese	SY,LAURO C.	36,200	0.012812%
90	Filipino	RIVILLA,LUIS TIRSO	36,000	0.012742%
91	Filipino	CHAMPO,ROSALINA	34,760	0.012303%
92	Chinese	HING,CO PENG	34,740	0.012296%
93	Filipino	CAMARA, FELICIANA	34,240	0.012119%
94	Filipino	VARUA,FRANCISCO V.	33,000	0.011680%
95	Filipino	FAYLONA, MA. CHRISTINA F.	32,400	0.011467%
96	Filipino	REYES, NORMA L.,ITF NICANOR L. REYES	32,120	0.011368%
97	Filipino	AQUINO,REMEDIOS M.,ITF SERVILLANO M. AQUINO JR.	32,040	0.011340%
98	Filipino	MEDINA,CECILIA ENCARNACION NAKPIL	31,890	0.011287%
99	Filipino	NAKPIL JR.,JOSE MIGUEL A.	31,890	0.011287%
100	Filipino	NAKPIL,CARLOS ALBERTO A.	31,890	0.011287%
101	Filipino	CAMUS JR.,QUIRICO S.	31,520	0.011156%
102	Filipino	REYES,ANTONIO Z.	31,200	0.011043%
103	Filipino	CHAM,ALLEN	30,880	0.010929%
104	Filipino	SAY,BENILDA CHUA	30,880	0.010929%
105	Filipino	DIZON,VIRGINIA	30,160	0.010675%
106	Filipino	MENDOZA, ALBERTO G.	29,040	0.010278%
107	Filipino	MENDOZA,JOSEPHINE G.	29,040	0.010278%
108	Filipino	MENDOZA,MARIA CARINA G.	29,040	0.010278%
109	Filipino	MENDOZA,MARIA JOVITA G.	29,040	0.010278%
110	Filipino	MENDOZA,MARIA TERESITA G.	29,040	0.010278%
111	Filipino	MENDOZA,TEODORICA G.	29,040	0.010278%
112	Filipino	DY,ENGRACIA	28,960	0.010250%
113	Chinese	MING,CHAN LAI	28,960	0.010250%
114	Filipino	NOBLEZA,TERESITA MARTINEZ	28,960	0.010250%
115	Filipino	PO,PACITA	28,960	0.010250%
116	Filipino	LIM,FELIMON	27,160	0.009613%
117	Filipino	PANLILIO,LUIS D.	26,740	0.009464%
118	Filipino	REYES JR.,NARCISO	26,400	0.009344%
119	Filipino	GARCIA, MERCEDES A.	25,720	0.009103%
120	Spanish	DE LECEA,FRANCISCO JAVIER ROMERO	25,240	0.008933%
121	Spanish	DE LECEA,MA. DELA FUENCISIA ROMERO	25,240	0.008933%
122	Filipino	DELA CRUZ,EDITHA M.	25,240	0.008933%
123	Filipino	PANICUCCI,TRINIDAD DE LEON	24,430	0.008647%
124	Filipino	DE LEON,BENJAMIN L.	24,425	0.008645%
125	Filipino	DE LEON,BERNARDITA L.	24,425	0.008645%
126	Filipino	HEIRS OF JORGE JOSE DE LEON	24,425	0.008645%
127	Filipino	HEIRS OF JOSE NATIVIDED BARTOLOME DE LEON II	24,425	0.008645%
128	Filipino	HEIRS OF JUAN LEOPOLDO DE LEON	24,425	0.008645%
129	Filipino	HEIRS OF MA. LUISA DE LEON ESCALER	24,425	0.008645%

Rank	Nationality	Name	No. of Shares	Percentage
130	Filipino	HEIRS OF OSCAR TRINIDAD DE LEON	24,425	0.008645%
131	Filipino	HEIRS OF REGINA TERESA DE LEON JALANDONI	24,425	0.008645%
132	Filipino	SISON,LYDIA DE LEON	24,425	0.008645%
133	Filipino	ORTIGAS,REMEDIOS	24,280	0.008594%
134	Filipino	SY, LUZ T.	24,000	0.008494%
135	Filipino	CARLOS TORRES &/OR VICTOR S. BARRIOS	23,160	0.008197%
136	Chinese	HAW,MADING	23,160	0.008197%
137	Filipino	SHARON, GOLDA SANDS	23,160	0.008197%
138	Chinese	UAN,TAN	23,160	0.008197%
139	Filipino	YUPITUN,ANITA	23,160	0.008197%
140	Filipino	ORTIGAS, EDWINA LITTON VDA DE.	21,640	0.007659%
141	Filipino	LIMOANCO, GRACE	21,600	0.007645%
142	Spanish	CARRANZA,AURORA IGLESIAS	21,440	0.007588%
143	Filipino	IGLESIAS, JOSE LUIS	21,440	0.007588%
144	Filipino	IGLESIAS, JOSE MARIA	21,440	0.007588%
145	Filipino	AQUINO,RENE P.,OR MICAEL V. AQUINO OR MELANIE V. AQUINO	21,080	0.007461%
146	Filipino	PASCASIO,PAMELA A.,&/OR EDWIN FRANCIS PASCASIO &/OR MIRIAM A. PASCASIO	21,080	0.007461%
147	Filipino	AQUINO, DENNIS T., OR EVANGELINE G. AQUINO OR TERESA G. AQUINO	21,040	0.007447%
148	Filipino	MAXIMO,JOSEFINA VILLETA	20,360	0.007206%
149	Filipino	ABAD,BARBARA T.	20,240	0.007164%
150	Filipino	LIMOANCO, EDWIN	20,240	0.007164%
151	Filipino	ENRILE,REINALISSA B.	20,000	0.007079%
152	Filipino	REYES, NORMA L., ITF NORMAN L. REYES	19,780	0.007001%
153	Filipino	HEREDEROS DE MISS M.J. WARD	19,400	0.006866%
154	Filipino	ROBLES, REMEDIOS WARREN	19,400	0.006866%
155	Filipino	ANG,WILLY CHUA	19,240	0.006810%
156	Chinese	CHUA,NELLY PE	19,240	0.006810%
157	Filipino	HIONG,CO CHE	19,240	0.006810%
158	Filipino	TAN,ANITA	19,240	0.006810%
159	Chinese	TAN,ROMAN JACINTO	19,240	0.006810%
160	Filipino	MEDEL,VICTOR OTERO	18,400	0.006512%
161	Filipino	SALA,SALVADOR E.	18,320	0.006484%
162	Filipino	ONG,JUANITO	17,380	0.006151%
163	Filipino	CHUA,CHARLIE	17,320	0.006130%
164	Chinese	HU,TIU	17,320	0.006130%
165	Filipino	LAFUENTE,LEOPOLDO	16,960	0.006003%
166	Spanish	CORREA,AMALIA RIVERA	16,160	0.005720%
167	Filipino	HOY,TOMAS TSEN	16,160	0.005720%
168	Filipino	MARQUEZ,MARCIAL S.	16,160	0.005720%
169	Filipino	SY,LETICIA	15,360	0.005436%
170	Filipino	NGO,LILY	15,280	0.005408%
171	Spanish	BONA,DIONISIO LLANO	15,040	0.005323%
172	British	PRICE,PILAR	15,030	0.005320%
173	Filipino	CHUA,EDWARD	14,800	0.005238%
174	Filipino	CHIONG & COMPANY,INC.	14,440	0.005111%
175	Filipino	LO,FELISITA K.	14,440	0.005111%
176	Filipino	LEANA CONSOLIDATED CORPORATION	14,160	0.005012%
177	Filipino	REYES,NORMA L.,ITF NANETTE L. REYES	14,080	0.004983%
178	Filipino	LLANEZA,FRS AGNES	13,200	0.004672%
179	Filipino	GONZALES,ANTONIO A.	12,640	0.004474%
180	Filipino	GONZALES,VICENTE A.	12,640	0.004474%
181	Filipino	BARRANCO, MA. ANGELES G.	12,600	0.004460%
182	Filipino	LEDESMA,MAVIS DEL ROSARIO	12,120	0.004290%
183	Filipino	ROCHA PEREZ INC.	12,120	0.004290%
184	Filipino	CHOAN,TAN TIAN	11,520	0.004077%
185	Chinese	LIAN,YAP SIO	11,520	0.004077%
186	Filipino	LIM,JUDY	11,520	0.004077%
187	Chinese	PIN,KONG CHAI	11,520	0.004077%
188	Filipino	PO,JANE	11,520	0.004077%
189	Filipino	TAN,LUISA LAO	11,520	0.004077%
190	Filipino	TIN,JOHN LEE HONG	11,520	0.004077%
191	Chinese	TIU,SO TIAO BIN	11,520	0.004077%
192	Filipino	YU, ROSE MARIE	11,520	0.004077%
193	Filipino	M.J. SORIANO TRADING, INC.	11,000	0.003893%
194	Filipino	UY-TIOCO,CYNTHIA P.	10,880	0.003851%
195	Filipino	BERTRAND,ADELA MIRA	10,600	0.003752%

Rank	Nationality	Name	No. of Shares	Percentage
196	Filipino	BERTRAND,DOLORES MIRA	10,600	0.003752%
197	Filipino	BERTRAND,ENCARNACION MIRA	10,400	0.003681%
198	Filipino	BERTRAND,JOSE VICENTE MIRA	10,400	0.003681%
199	Filipino	ACADEMIA,CLODUALDO	10,000	0.003539%
200	Filipino	AGUILAR,ANTONIO	10,000	0.003539%
201	Filipino	ALVAREZ,RODERICK ALAIN	10,000	0.003539%
202	Filipino	ANTONIO,CORAZON	10,000	0.003539%
203	Filipino	ARANETA, NAPOLEON	10,000	0.003539%
204	Filipino	BANACIA,ROGINIA	10,000	0.003539%
205	Filipino	BARIT,RONALD	10,000	0.003539%
206	Filipino	BUAN,TITO	10,000	0.003539%
207	Filipino	CANDO,ELISEO	10,000	0.003539%
208	Filipino	CANTORIA,MA. LONIA	10,000	0.003539%
209	Filipino	COJUANGCO, ANA CRISTIN,ITF YSABEL CATARINA COJUANGCO SISON	10,000	0.003539%
210	Filipino	CONSUNJI,JOSE	10,000	0.003539%
211	Filipino	DAITE, BERNADITA	10,000	0.003539%
212	Filipino	DE ASIS,TERESITA	10,000	0.003539%
213	Filipino	DE LEON,ADELAIDA	10,000	0.003539%
214	Filipino	DELGADO,HERMENEGILDO A.	10,000	0.003539%
215	Filipino	FLORES,ANTONIO	10,000	0.003539%
216	Filipino	GUTIERREZ,LEONILA	10,000	0.003539%
217	Filipino	LAGDAMEO,SOL C.	10,000	0.003539%
218	Filipino	LAHOZ, MANUEL	10,000	0.003539%
219	Filipino	LOPEZ,ARCADIO M.	10,000	0.003539%
220	Filipino	MENDOZA,NEREO	10,000	0.003539%
221	Filipino	MENDOZA,NEREO CRUZ	10,000	0.003539%
222	Filipino	MORALES JR.,EMMANUEL	10,000	0.003539%
223	Filipino	MORALES, SERGIO	10,000	0.003539%
224	Filipino	MORALES,MARIO	10,000	0.003539%
225	Filipino	NAYRA, NOEL	10,000	0.003539%
226	Filipino	OSIAS, JOSEPH	10,000	0.003539%
227	Filipino	PLOFINO, MANUEL	10,000	0.003539%
228	Filipino	ROJO, MONA LIZA	10,000	0.003539%
229	Filipino	SANCHEZ JR.,SANTIAGO	10,000	0.003539%
230	Filipino	SANCHEZ,DANILO	10,000	0.003539%
231	Filipino	SANCHEZ,RIZALINA	10,000	0.003539%
232	Filipino	SANTOS, AUGUSTO BENEDICT S.	10,000	0.003539%
233	Filipino	SOTTO, ARCELINO	10,000	0.003539%
234	Filipino	UYENGCO JR.,FRANCISCO	10,000	0.003539%
235	Filipino	VILLANUEVA, JOSE	10,000	0.003539%
236	Filipino	VIRAY, TERESA	10,000	0.003539%
237	Filipino	ZIALCITA, MANUEL	10,000	0.003539%
238	Filipino	AGUAS,WELLERITA	9,980	0.003532%
239	Filipino	AMORANTO,ROMELITO A.	9,600	0.003398%
240	Filipino	ARCE, ENRIQUE A.	9,600	0.003398%
241	Chinese	CHAN,FRANCISCO BONZA	9,600	0.003398%
242	American	FOX E.L.	9,600	0.003398%
243	Filipino	GAERLAN, ELENA A.	9,600	0.003398%
244	Filipino	HIJOS DE F. ESCANO, INC.	9,600	0.003398%
245	Filipino	LIM,RAMON	9,600	0.003398%
246	Filipino	QUEROL,JESUS T.	9,600	0.003398%
247	Chinese	SIU,RUFINO ONG	9,600	0.003398%
248	Filipino	WEBER-HOELH,GEORG B., &/OR MARIA LUISA L. WEBER	9,600	0.003398%
249	Filipino	YU,ELIZABETH	9,600	0.003398%
250	Filipino	PRIETO,VALENTIN	9,360	0.003313%
251	Filipino	MANLO AGRICULTURAL DEVELOPMENT CORP.	9,330	0.003302%
252	Filipino	ABACUS SECURITIES CORP.	9,300	0.003292%
253	Spanish	VARELA,ANTONIO MOCOROA	9,240	0.003270%
254	Spanish	VARELA,RAIMUNDO MOCOROA	9,240	0.003270%
255	Filipino	SE,LAO ANG	9,080	0.003214%
256	Filipino	CENTRAL AZUCARERA DE TARLAC INC. FRACTIONAL SHARES	9,040	0.003200%
257	Filipino	ROASA,SAMUEL T.	8,880	0.003143%
258	Filipino	JIMENEZ,FEDERICO P.	8,760	0.003100%
259	Filipino	NGO,HERMINIA	8,690	0.003076%
260	Filipino	ABAD,JOSE LUIS	8,240	0.002916%
261	Filipino	BOYARSKI,LUISA C.	8,240	0.002916%
262	Filipino	COROMINAS,JOSEFINA	8,240	0.002916%

Rank	Nationality	Name	No. of Shares	Percentage
263	Filipino	GUERRERO,LEON MA.	8,240	0.002916%
264	Filipino	RICHARDS,RAMORA C.	8,240	0.002916%
265	Filipino	BDC # 132-317-78	8,040	0.002846%
266	Filipino	UBP TA # IJI-022-00	8,040	0.002846%
267	Filipino	BRAGANZA JR.,FERNANDO M.	8,000	0.002831%
268	Filipino	BRAGANZA,ANTONIO M.	8,000	0.002831%
269	Filipino	BRAGANZA,EMILIA M.	8,000	0.002831%
270	Filipino	BRAGANZA,RENATO M.	8,000	0.002831%
271	Filipino	SANTIAGO,PURITA B.	8,000	0.002831%
272	Filipino	DE JESUS,FELISA G.	7,640	0.002704%
273	Filipino	ONG,CONCHITA	7,240	0.002562%
274	Filipino	DONATO,MARIANO	7,160	0.002534%
275	Filipino	FORMOSO,ALVARA PAPA	7,160	0.002534%
276	Spanish	DE LECEA,MA. DEL CARMEN ROMERO	7,040	0.002492%
277	Filipino	ANSELMO TRINIDAD & CO., INC.	6,660	0.002357%
278	Filipino	NESPRAL,PAULITA HERNANDEZ	6,440	0.002279%
279	Filipino	TANSENGCO,GUILLERMO ONG	6,440	0.002279%
280	Filipino	TANSENGCO,RAFAEL ONG	6,440	0.002279%
281	Filipino	TANSENGCO,LOLITA ONG	6,430	0.002276%
282	Filipino	DALUSUNG,ANITA C.	6,400	0.002265%
283	Filipino	SY,LINO	6,320	0.002237%
284	Filipino	L. RECIO & CO.,INC.	6,240	0.002209%
285	Filipino	PRIETO,VICENTE	6,120	0.002166%
286	Spanish	E. SANTAMARIA & CO., INC.	6,000	0.002124%
287	Filipino	GURREA,CARLOS JOSE Y PALENZUELA	5,840	0.002067%
288	Filipino	GURREA,MA. ROBERTA Y PALENZUELA	5,840	0.002067%
289	Filipino	YUPITUN,DOMINGO	5,760	0.002039%
290	Filipino	YUPITUN,JOHN	5,760	0.002039%
291	Chinese	CHAN,RODOLFO	5,720	0.002025%
292	Chinese	CHUA,ARSENIO L.	5,720	0.002025%
293	Filipino	CUNAG,JOSE	5,720	0.002025%
294	Filipino	GARROVILLAS,ADRIANO B.	5,720	0.002025%
295	Filipino	GUEVARRA,ANTONIO	5,720	0.002025%
296	Chinese	WU,MARY CHUA	5,720	0.002025%
297	Filipino	JUMANGIT,ERLINDA	5,520	0.001954%
298	Filipino	TIONG SECURITIES, INC.	5,400	0.001911%
299	Filipino	BROOKS,CARMEN A.	4,800	0.001699%
300	Filipino	COLLADO,SERAFIN FERNANDEZ	4,800	0.001699%
301	Filipino	ELNAR,CARLOS	4,800	0.001699%
302	Filipino	MISSIONARY CATECHISTS OF ST. THERESE OF THE INFANT JESUS, INC.	4,800	0.001699%
303	Filipino	YAP,ROSALINE	4,600	0.001628%
304	Filipino	CO,WILLIAM	4,560	0.001614%
305	Filipino	MAIZTEGUI,RAMIRO	4,400	0.001557%
306	Filipino	PRIETO,AURELIO	4,400	0.001557%
307	Filipino	SINJIAN,ANSELMO A.,&/OR LETICIA V. SINJIAN	4,320	0.001529%
308	Filipino	J.J. ORTIGAS & CO., INC.	4,240	0.001501%
309	Filipino	YAP,DOROTHY	4,120	0.001458%
310	Filipino	PRIETO,JOSE	4,080	0.001444%
311	Filipino	CASTRO,ROBERTO C.	4,000	0.001416%
312	Filipino	GO,MARTINA L.	4,000	0.001416%
313	Filipino	SIASON,ISABELITA L.	4,000	0.001416%
314	Filipino	DE JESUS,ALEJANDRO	3,800	0.001345%
315	Filipino	GIOK,TAN KIM	3,800	0.001345%
316	Filipino	PACHECO,GENEROSA	3,800	0.001345%
317	Filipino	S.J. ROXAS & C OMPANY, INC.	3,770	0.001334%
318	American	BOUFFARD,ANTONIO CAMPOS	3,490	0.001235%
319	Filipino	ILETO,VIRGINIA M.	3,400	0.001203%
320	Filipino	ROBINOZ,BEATRIZ,&/OR EDWIN ROBINOZ	3,400	0.001203%
321	Filipino	CASTILLO,GORGONIA S.	3,360	0.001189%
322	Filipino	CUALOPING SECURITIES CORPORATION	3,320	0.001175%
323	Filipino	HERNANDEZ,JOSE	3,160	0.001118%
324	Filipino	HERNANDEZ,PACITA	3,160	0.001118%
325	Filipino	HERNANDEZ,PEDRO	3,160	0.001118%
326	Filipino	JALANDONI,REGINA DE LEON	3,030	0.001072%
327	Filipino	BRAGANZA,FERNANDO M.	2,960	0.001048%
328	Filipino	DE LEON, MAGDALENA, ITF GERMINA, VIVIAN, MILAGROS, SOCORRO, LOURDES, ANTONIO & CECILIA DE LEON	2,960	0.001048%

Rank	Nationality	Name	No. of Shares	Percentage
329	Filipino	PHILSEC INVESTMENT CORPORATION	2,960	0.001048%
330	Filipino	SYCIP,CARMEN	2,960	0.001048%
331	Filipino	CHUA,ERNEST	2,920	0.001033%
332	Filipino	SAN GABRIEL,JOSE R.	2,870	0.001016%
333	Filipino	BONA, JOSE LLANO	2,800	0.000991%
334	Filipino	DE LEON, JULIAN	2,800	0.000991%
335	Filipino	DE LEON, MARIA	2,800	0.000991%
336	Filipino	DE LEON, MARIO	2,800	0.000991%
337	Filipino	DE LEON,CLEMENTE	2,800	0.000991%
338	Filipino	NG,NACIO	2,640	0.000934%
339	Filipino	UY-TIOCO III,PEDRO	2,640	0.000934%
340	Filipino	UY-TIOCO,JOSEPHINE	2,640	0.000934%
341	Filipino	YAN IN TONG &/OR EDON YAP	2,640	0.000934%
342	Filipino	DINO,REV. FR. ISIDRO D.	2,520	0.000892%
343	Filipino	CREDIT MANILA INC.	2,440	0.000864%
344	Filipino	ANTONIO,ANGELES, & VICENTE GONZALES	2,360	0.000835%
345	Filipino	COROMINAS & COMPANY, INC.	2,360	0.000835%
346	Filipino	SIGUION,PAZ E.	2,360	0.000835%
347	Filipino	PICORNELL ORTIGAS & COMPANY	2,240	0.000793%
348	Filipino	SUSARA,CARMEN Z.	2,200	0.000779%
349	Filipino	PO,THOMAS	2,040	0.000722%
350	Filipino	BENJAMIN CO-CA & CO..INC	1,880	0.000665%
351	Filipino	DAMO,FACUNDO G.	1,880	0.000665%
352	Filipino	DAVID,JOSEFINA S.	1,880	0.000665%
353	Filipino	ELIGIR & YAPTINCHAY, INC.	1,880	0.000665%
354	Filipino	GUEVARRA,ESTELLA YAP	1,880	0.000665%
355	Filipino	PUNSALAN,CARLO A.	1,880	0.000665%
356	Spanish	ROBLES,RAFAEL CAMPOS	1,680	0.000595%
357	Chinese	TAN,DIANA	1,640	0.000580%
358	Filipino	ESCALER,JOSE O.	1,600	0.000566%
359	Filipino	ABAD,REMEDIOS	1,540	0.000545%
360	Filipino	VISTAN,GILBERTO L.	1,500	0.000531%
361	Filipino	VISTAN,VICENTE	1,500	0.000531%
362	Filipino	ANASTACIO,JOSEFA V.	1,480	0.000524%
363	Filipino	REYES,PRISCILA A.	1,480	0.000524%
364	Filipino	VASQUEZ,MACARIA	1,480	0.000524%
365	Filipino	ANSALDO,GODINEZ & CO., INC.	1,380	0.000488%
366	Filipino	GONZALES,MARIANO	1,360	0.000481%
367	Filipino	EDWINA, ANGELICA, MICHELLE LITTON ORTIGAS	1,320	0.000467%
368	Filipino	ORTIGAS, FRSCA RENEE LITTON	1,320	0.000467%
369	Filipino	SALES,GREGORIO R.	1,120	0.000396%
370	Filipino	VISTAN,ROSARIO ANNA L.	1,120	0.000396%
371	Filipino	SUY,TAN LEE	1,040	0.000368%
372	Filipino	ORTIGAS III,FRANCISCO	1,000	0.000354%
373	Filipino	SOLIVEN,STEPHEN GAPAS	1,000	0.000354%
374	Filipino	SANTOS JR.,REMIGIO C.	920	0.000326%
375	Filipino	SANTOS, GEORGIANA C.	920	0.000326%
376	Filipino	SANTOS, JOANNE C.	920	0.000326%
377	Filipino	SANTOS,ANNA VICTORIA C.	920	0.000326%
378	Filipino	TOMELDEN, ROMEO	820	0.000290%
379	Filipino	MONTECILLO,MANUEL G.	800	0.000283%
380	Filipino	VISTAN,ANITA L.	750	0.000265%
381	Filipino	ALAMPAY,CECILIA A.	640	0.000227%
382	Filipino	ALAMPAY,DELIA A.	640	0.000227%
383	Filipino	REYES,PERLITO C.	520	0.000184%
384	Filipino	EQUITABLE SECURITIES (PHIL.), INC.	500	0.000177%
385	Filipino	TOMELDEN, GENEVIEVE U.	410	0.000145%
386	Filipino	TOMELDEN, GERARD U.	410	0.000145%
387	Filipino	ANTONIA, GLORIA, RAFAEL, ANGELES AND LOURDES CAMPOS	240	0.000085%
388	Filipino	TUAZON ROXAS & TORRES, INC.	240	0.000085%
389	Filipino	FACTORAN JR.,FULGENCIO	200	0.000071%
390	Spanish	DE PARELLADA,ANGELES CAMPOS	160	0.000057%
391	Filipino	DE PRADERA,GLORIA CAMPOS	160	0.000057%
392	Spanish	GONZALES,FELIX	160	0.000057%
393	Spanish	PLANAS,LOURDES CAMPOS	160	0.000057%
394	Filipino	GUZMAN,MA. LUISA GARCIA	120	0.000042%
395	Filipino	HERRERA,JOSELITO CORPUS	100	0.000035%

Rank	Nationality	Name	No. of Shares	Percentage
396	Filipino	VALENCIA,JESUS SAN LUIS	100	0.000035%
397	Filipino	LIM,VIRGILIO	40	0.000014%
398	Filipino	OWEN NATHANIEL S. AU ITF: LI MARCUS AU	20	0.000007%
399	Filipino	ESPIRITU,BENJAMIN IGNACIO	10	0.000004%
400	Filipino	PADILLA,RENATO BRIONES	10	0.000004%
TOTAL ISSUED AND OUTSTANDING SHARES			**282,538,760**	**100.000000%**

CERTIFIED BY:
SECURITIES TRANSFER SERVICES, INC.

AARON JASON B. TIRONA
Head of Operations

COVER SHEET

727

CENTRAL AZUCARERA DE TARLAC

(Company's Full Name)

SAN MIGUEL TARLAC CITY

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

ADDISON B. CASTRO
Contact Person

892-0301 Fax No. 818-2220
Company Telephone Number

0 9	3 0	1 7 C	0 2 26
Month	*Day*	FORM TYPE	*Month* *Day*
Fiscal Year			Annual Meeting

Secondary License,If Applicable

Dept. Requiring this Doc.

Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

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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. **February 6, 2017**
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**
Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
Industry Classification Code

7. **San Miguel, Tarlac City**
Address of principal office

2300
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	**282,545,960**

11. Indicate the item numbers reported herein: ____________________

Results of the Organizational Board Meeting Held on 31 January 2017

In the recently concluded Org Board Meeting of Central Azucarera de Tarlac ("CAT"), the 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. MACAALAY	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, Corporate Governance Committee and Executive Committee:

AUDIT COMMITTEE

BENJAMIN I. ESPIRITU	Chairman
VIGOR D. MENDOZA II	Member
FERNAN VICTOR P. LUKBAN	Member

CORPORATE GOVERNANCE COMMITTEE

RENATO B. PADILLA	Chairman
FERNAN VICTOR P. LUKBAN	Member
BENJAMIN I. ESPIRITU	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 6th day of February 2017.

CENTRAL AZUCARERA DE TARLAC
Issuer

By:

ADDISON B. CASTRO
Assistant Corporate Secretary and Compliance Officer

COVER SHEET

7 2 7

CENTRAL AZUCARERA DE TARLAC

(Company's Full Name)

SAN MIGUEL TARLAC CITY

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

ADDISON B. CASTRO
Contact Person

892-0301 Fax No. 818-2220
Company Telephone Number

0 9 | 3 0
Month *Day*
Fiscal Year

1 7 C
FORM TYPE

0 2 26
Month *Day*
Annual Meeting

Secondary License,If Applicable

Dept. Requiring this Doc.

Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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. **February 6, 2017**
   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**
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code

7. **San Miguel, Tarlac City**
   Address of principal office

   2300
   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	**282,545,960**

11. Indicate the item numbers reported herein:

Results of the Annual Stockholders' Meeting Held on 31 January 2017

In the recently concluded Annual Stockholders' Meeting of Central Azucarera de Tarlac ("CAT"), stockholders representing 88.16% of CAT's outstanding capital stock as of 26 January 2017 (record date) approved / ratified the following reports / proposals / acts:

1. The Minutes of the Annual Meeting of Stockholders held on 26 January 2016;

2. The Audited Financial Statements for the Fiscal Year Ending June 30, 2016, contained in the Annual Report for the Fiscal Year 2015-2016;

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 Velayo & Company as external auditors of the Company for Fiscal Year 2015-2016.

5. Amendment to Article III, Section 5 of the Amended By-Laws, which now reads as follows

> "5. DIRECTOR'S COMPENSATION – The Board of Directors shall receive a fee of up to three percent (3%) of the net profits of the Corporation which shall be distributed proportionately among the directors; and each director shall receive a reasonable per diem in an amount to be determined by the Board of Directors for every board meeting actually attended. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor, **subject to the requirements of the Corporation Code.** (*As amended by the Board of Directors on 11 March 2014 and the Stockholders on 22 April 2014; further amended by the Board of Directors on 19 April 2016 and the Stockholders on 15 June 2016 and further amended by the Board Of Directors on November 16, 2016 and the Stockholders on 31 January 2017.*)"

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. BENJAMIN I. ESPIRITU -- Independent Director

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 6th day of February 2017.

CENTRAL AZUCARERA DE TARLAC
Issuer

By:

ADDISON B. CASTRO
Assistant Corporate Secretary and Compliance Officer

110212016001753

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
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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	110212016001753
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	October 21, 2016
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

727

CENTRAL AZUCARERA DE TARLAC

(Company's Full Name)

SAN MIGUEL TARLAC CITY

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

ADDISON B. CASTRO

Contact Person

892-0301 Fax No. 818-2220

Company Telephone Number

0 9 3 0
Month *Day*
Fiscal Year

17 C

FORM TYPE

0 2 26
Month *Day*
Annual Meeting

Secondary License,If Applicable

Dept. Requiring this Doc.

Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

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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. 21 October 2016
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **727**   3. BIR Tax Identification No. **000-229-931**

4. **CENTRAL AZUCARERA DE TARLAC**
   Exact name of issuer as specified in its charter

5. **Manila, Philippines**
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code:

7. **San Miguel, Tarlac City**   **2300**
   Address of principal office   Postal Code

8. (632) 8186270
   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	**28,254,596**

11. Indicate the item numbers reported herein:

Item 9. Other items

On 12 October 2016, the Securities and Exchange Commission (SEC) issued the *Certificate of Filing of Amended Articles of Incorporation* approving the amendments to the Articles of Incorporation of Central Azucarera de Tarlac, Inc., (the "Company") a copy of which was received today, 17 October 2016.

SEC approved the amendments to Article VI increasing the number of directors from eight (8) to nine (9) and Article VIII changing the par value from Ten Pesos (P10.00) to One Peso (P1.00) with an equivalent increase in the number of shares from Four Hundred Thousand (400,000) to Four Million (4,000,000) shares.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, this report is signed on behalf of the issuer by the undersigned hereunto duly authorized.

21 October 2016.

CENTRAL AZUCARERA DE TARLAC
Issuer

By:

ADDISON B. CASTRO
Assistant Corporate Secretary & Compliance Officer

110062016002061

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
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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	110062016002061
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	October 06, 2016
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

7 2 7

CENTRAL AZUCARERA DE TARLAC

(Company's Full Name)

SAN MIGUEL TARLAC CITY

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

ADDISON B. CASTRO

Contact Person

892-0301 Fax No. 818-2220

Company Telephone Number

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Month	*Day*

Fiscal Year

1 7 C

FORM TYPE

0 2	26
Month	*Day*

Annual Meeting

Secondary License,If Applicable

Dept. Requiring this Doc.

Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

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Document I.D.

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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. 06 October 2016
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **727**   3. BIR Tax Identification No. **000-229-931**

4. **CENTRAL AZUCARERA DE TARLAC**
   Exact name of issuer as specified in its charter

5. **Manila, Philippines**
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code:

7. **San Miguel, Tarlac City**   **2300**
   Address of principal office   Postal Code

8. (632) 8186270
   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	**28,254,596**

11. Indicate the item numbers reported herein:

Item 9. Other items

The Board of Directors of Central Azucarera de Tarlac ("CAT") during its regular meeting held on 06 October 2016, approved that the annual stockholders' meeting be held on the last Tuesday of January 2016 or on 31 January 2016 at 10:00 am at the Luisita Golf & Country Club, San Miguel, Tarlac City.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, this report is signed on behalf of the issuer by the undersigned hereunto duly authorized.

06 October 2016.

CENTRAL AZUCARERA DE TARLAC
Issuer

By:

ADDISON B. CASTRO
Assistant Corporate Secretary & Compliance Officer

108052016004879

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
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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	108052016004879
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	August 04, 2016
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

7 2 7

CENTRAL AZUCARERA DE TARLAC
INC

(Company's Full Name)

SAN MIGUEL TARLAC CITY

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

ADDISON B. CASTRO

Contact Person

892-0301 Fax No. 818-2220

Company Telephone Number

0 9 | 3 0
Month *Day*
Fiscal Year

1 7 C
FORM TYPE

0 2 26
Month *Day*
Annual Meeting

Secondary License,If Applicable

Dept. Requiring this Doc.

Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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. 4 August 2016
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **727**   3. BIR Tax Identification No. **000-229-931**

4. **CENTRAL AZUCARERA DE TARLAC, INC.**
   Exact name of issuer as specified in its charter

5. **Manila, Philippines**
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code:

7. **San Miguel, Tarlac City**
   Address of principal office
   2300
   Postal Code

8. (632) 8186270
   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	**28,254,596**

11. Indicate the item numbers reported herein:

Item 9. Other items

In a letter dated 5 July 2016 the Philippine Stock Exchange rendered its decision to impose penalties against the Central Azucarera de Tarlac for violating certain provisions in the PSE Disclosure Rules, the pertinent part of the decision states:

V. Exchange's Resolution

xxx

3. *The Exchange imposes on the Company the monetary penalty, in the aggregate amount of Two Hundred Fifty Thousand Pesos (Php 250,000.00), for the folloing violations:*

	Violation	*Penalty*
a.	*Change in the shareholding of Ms. Macaalay on January 29, 2015*	*Php 50,000.00*
b.	*Transaction of Ms. Aguas on November 20, 2015, which was executed within the black-out period*	*50,000.00*
c.	*Delayed disclosures and/or submission of the following in connection with the 2016 ASM:*	
	i. Board Approval of the 2016 ASM	*50,000.00*
	ii. Failure to disclose the details of the 2016 ASM within the prescribed ten (10) day period	*50,000.00*
	iii. 2016 DIS submission	*50,000.00*
	Total	*Php 250,000.00*

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, this report is signed on behalf of the issuer by the undersigned hereunto duly authorized.

4 August 2016.

CENTRAL AZUCARERA DE TARLAC
Issuer

By:

ADDISON B. CASTRO
Assistant Corporate Secretary & Compliance Officer

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, 2016	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at, June 30, 2017
Advances to officers and employees - cash advance for business expenses	11,020,750.00	108,691,323.93	(112,023,689)				7,688,385.00
	11,020,750.00	108,691,323.93	(112,023,688.93)	-	-	-	7,688,385.00

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

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

Name of Issuing entity and description of Investment	Beginning Balance		Additions		Ending Balance	
	Number of shares or principal amount of bonds and notes	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
Proprietary shares						
Luisita Golf and Country Club, Inc.	556	100,080,000	0		556	166,800,000
Alabang Golf & Country Club	1	3,200,000	0		1	5,000,000
Investment in shares of stock		-				
Philippine Long Distance Corporation	3426	624,900	0		3426	527,748
CAT Realty Corporation	35000	147,000	0		35000	147,000
Economic Development Foundation, In	1	15,000			1	15,000
		104,066,900	-	-		172,489,748

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.		167,544,842
Luisita Trust Fund		272,725,079
Luisita Golf & Country Club, Inc.		13,006,959
TOTAL	-	528,734,978

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		14,420,921	2,028,086,673
Total		**14,420,921**	**2,028,086,673**

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

Schedule G. Indebtedness to Related Parties

Name of related party	Balance at beginning of period	Balance at end of period
First Lucky Holdings Corporation	2,949,085	13,025,174
Total	**2,949,085**	**13,025,174**

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		

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

Schedule I. Capital Stock (1)

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common Shares	40,000,000	28,253,876		102,876,250	Martin Ignacio P. Lorenzo	
				98,841,890	Fernando C. Cojuangco	
TOTAL	40,000,000	28,253,876		201,718,140		

CENTRAL AZUCARERA DE TARLAC

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, thereunto duly authorized, in the City of Makati on OCT 12 2017 2017:

By:

MARTIN IGNACIO P. LORENZO
Chairman of the Board and CEO

FERNANDO IGNACIO C. COJUANGCO
President and COO

JANETTE L. PENA
Secretary

WELLERITA D. AGUAS
Vice President- Finance

LORA MAY M. CADA
Finance Manager

SUBSCRIBED AND SWORN to before me this day of OCT 12 2017 2017 affiant (s) exhibiting to me their PASSPORT ID's as follows:

NAME	ID No	EXPIRING ON
Martin Ignacio P. Lorenzo	EC 6023262	Dec. 1, 2020
Fernando C. Cojuangco	EB 5820479	March 14, 2022
Janette L. Pena	EB 9544620	Nov. 5, 2018
Wellerita D. Aguas	EC 7357953	Apr. 9, 2021
Lora May M. Cada	EB 8265870	May 30, 2018

Doc. No. 493
Page No. 100
Book No. I
Series of 2017

JEROME T. AZARCON
NOTARY PUBLIC ROLL NO. 66144
MAKATI CITY, PHILIPPINES

JEROME T. AZARCON
NOTARY PUBLIC
Appointment No. M-247 / Until Dec. 31, 2018
4th Floor Jose Cojuangco & Sons Bldg.,
119 Dela Rosa corner Palanca Sts., Legaspi Vill. Makati
PTR No. 5919494/ 01.11.2017/Makati City
IBP No. 1060383/ 01.09.2017/Makati
Roll No. 66144