COVER SHEET

PW000727

CENTRAL AZUCARERA DE TARLAC

(Company's Full Name)

FIRST LUCKY PLACE
2259 PASONG TAMO EXTENSION
MAKATI CITY

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

ADDISON B. CASTRO
Contact Person

892-0301 Fax No. 818-2220
Company Telephone Number

Month Day
Fiscal Year

20IS
FORM TYPE

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

CENTRAL AZUCARERA DE TARLAC

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO ALL SHAREHOLDERS:

Notice is hereby given that the Annual Meeting of the Stockholders of **CENTRAL AZUCARERA DE TARLAC, INC.**, will be held on Thursday, 26 February 2015, at_8:30 a.m. at the Alto Pavilion, San Miguel, Tarlac City. The Agenda for the meeting is as follows:

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Reading and Approval of the Minutes of the Annual Meeting of Stockholders held on April 22, 2014.
5. Approval of the Annual Report and the Audited Financial Statement for fiscal year ending June 30, 2014
6. Ratification and Confirmation of All Acts and Proceedings of the Board of Directors and Officers Since the last Annual Meeting of the Stockholders
7. Election of Directors
8. Appointment of External Auditor
9. Such Other Matters as may Properly Come Before the Meeting, and
10. Adjournment

For purposes of said meeting, the Stock and Transfer Books of the corporation shall be closed from February 21, 2015 to February25, 2015. Accordingly, only stockholders of record as of February 21, 2015 shall be entitled to vote at said annual meeting.

First Lucky Place, 2259 Pasong Tamo Extenison, Makati City

21 January 2015.

ADDISON B. CASTRO
Assistant Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

SECURITIES AND EXCHANGE COMMISSION
JAN 2 1 2015
MARKET REGULATION DEPT
TIME 4:70

1. Check the appropriate box
   [X]PreliminaryInformation Statement
   [ ] Definitive Information Statement

2. **CENTRAL AZUCARERA DE TARLAC, INC.**
   Name of Registrant as specified in its charter :

3. **Manila, Philippines**
   Province, country, or other jurisdiction of incorporation or organization

4. SEC Identification Number : **727**

5. BIR Tax Identification Code : **000229931**

6. **San Miguel, Tarlac City** **2301**
   Address of principal office Postal Code

7. Registrant's telephone number, including Area Code: **(632) 818.62.70**

8 **February26, 2015 at 8:30 a.m. at the Alto Pavilion, San Miguel, Tarlac City**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to Security Holders : **On or before February 4, 2015**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (Information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Shares	**28,254,596**

11. Are any or all of registrant's securities listed on a Stock Exchange?

    Yes [X] **No** [ ]

12. If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    Philippine Stock Exchange **Common**

CENTRAL AZUCARERA DE TARLAC, INC.
Information Statement

A. GENERAL INFORMATION

Date, Time And Place Of Annual Meeting Of Security Holders

Date:	February 26, 2015
Time:	8:30 A.M.
Place:	Alto Pavilion, San Miguel, Tarlac City
Mailing address of the Company:	San Miguel, Tarlac City
Approximate date on which the Information Statement is first to be sent or given to security holder:	On or before February 4, 2014

Statement that Proxies are not Solicited

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED TO SEND US A PROXY.

Dissenters' Right of Appraisal

A stockholder has the right to dissent and demand payment of the fair value of his shares in case of any amendment of the Articles of Incorporation which 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 terms of corporate existence or in case of sale, lease, exchange, transfer, mortgage, or other disposition of all or substantially all of the corporate property and assets or and in case of merger or consolidation. The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action by making a written demand on the corporation within 30 days after the date on which the vote was taken for payment of the fair market value of his shares.

There are no matters to be acted upon in the annual stockholders' meeting that may give rise to the above-mentioned dissenter's right of appraisal under the Corporation Code.

Interest Of Certain Persons In Or Opposition To Matters To Be Acted Upon

(a) No directors or officers, or nominees/candidates for director, or any oftheir associates have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the annual stockholders' meeting other than election to office.

(b) The Company has not received any information from any director who intends to oppose any matter or action to be taken in the annual stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

(a) Number Of Shares Outstanding And The Number Of Votes To Which Each Class Is Entitled.There are 28,254,596 outstanding shares of registrant entitled to be voted at the annual stockholders' meeting. 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.

(b) Record Date. Only stockholders of record as of February 21, 2015are entitled to vote during the Annual Meeting.[1]

(c) Voting Procedures of Directors. 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.

(d) Security Ownership Of Certain Record and Beneficial Owners.As of31 December 2014, the Company knows of no one who beneficially owns common stocks in excess of 5% except as set forth in the table below:

Title of Class	Name of Beneficial Owner and Address	Relationship with Issuer / Record Owner	Citizenship	No. of Shares Held	Percentage Held
Common	CAT RESOURCE ASSET & HOLDINGS, INC.,First Lucky Place, 2259 Pasong Tamo Extension, Makati City	PCD Participant and Beneficial Owner	Filipino	20,654,594	73.10%
Common	LUISITA TRUST FUND c/o CAT, First Lucky Place, 2259 Pasong Tamo Extension, Makati City	Stockholder	Filipino	4,734,492	16.75%

(e) Security Ownership of Management.The shareholdings of theincumbent directors and officers as of 31 December2014 are set forth below:

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[1] The register of shares of the Corporation and its transfer books shall be closed during the five (5) days next preceding the General Meetings upon which the election of the Directors is held and during the five days preceding the date upon which dividends are declared payable and during such time as the Board of Directors may determine (Section 2, Article I, Amended By-Laws).

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percentage (%)
Common	MARTIN IGNACIO P. LORENZO[2]	10,533,823	Indirect	Filipino	37.28
		20	Indirect	Filipino	0.00
Common	FERNANDO C. COJUANGCO[3]	10,120,731	Indirect	Filipino	35.82
		20	Indirect	Filipino	0.00
Common	MARCO P. LORENZO[4]	20	Indirect	Filipino	0.00
Common	VIGOR D. MENDOZA II[5]	20	Indirect	Filipino	0.00
Common	FERNAN VICTOR P. LUKBAN[6]	20	Indirect	Filipino	0.00
Common	RENATO B. PADILLA[7]	1	Direct	Filipino	0.00
Common	BENJAMIN I. ESPIRITU[8]	1	Direct	Filipino	0.00
Common	CECILE D. MACAALAY[9]	0		Filipino	0.00
Common	WELLERITA D. AGUAS[10]	998	Direct	Filipino	0.00
Common	JANETTE L. PEÑA[11]	0	-	Filipino	0.00
Common	ADDISON B. CASTRO[12]	0	-	Filipino	0.00

The aggregate ownership of all directors and officers is 20,656,794shares or 73.10% of the total shares outstanding.

(f)Voting Trust Holders of 5% or More. The Company is not aware of any voting trust agreement with any stockholderowning more than 5% of the securities.

(g) Changes in Control.

On 26 July 2014, CAT Resource & Asset Holdings, Inc. ("CRAHI") agreed to purchase all of the rights, title and interests of the Cojuangco Family and corporations owned and controlled by the Cojuangco Family (collectively, the Private Shareholders) in Central Azucarera de Tarlac ('CAT') consisting of 19,772,510 common shares, representing 69.98% of CAT's issued and outstanding capital stock ("Private Sale Shares"), at the price of Php91.00 per share or a total consideration of Php1,799,298,410 ("Purchase Price).

The foregoing private transaction triggered a mandatory tender offer in accordance with Section 19 of the SRC and applicable rules and regulations, for the remaining 8,481,366 common shares representing 30.02% of the CAT's issued and outstanding common stock held by the Public ("Tender Offer Shares") at a price of Php91.00 per share (the "Tender Offer Price") and under the terms of the Tender Offer. Accordingly, CRAHI filed its Tender Offer Report

[2] Chairman of the Board & CEO
[3] President & COO
[4] Director
[5] Director
[6] Director
[7] Independent Director
[8] Independent Director
[9] Treasurer
[10] Vice-President for Finance
[11] Corporate Secretary
[12] Assistant Corporate Secretary

("SEC Form 19-1") on 18 August 2014, which was amended on August 29, 2014(1st Amendment), and further amended on 10 September 2014 (2nd Amendment).

Settlement date or payment to the public who have tendered their shares and the Private Shareholders occurred at the same time as the Closing Date on 15 October 2014, whereupon CRAHI paid the amount of Php121,216,004 for the Tendered Shares in accordance with the Terms of the Tender Offer and the purchase price Php1,799,298,410 to the Cojuangco Family (Private Shareholders) who sold, transferred and conveyed their respective CAT shares through the PSE.Immediately after the Settlement Date, the directors nominated by the Cojuangco Family (Private Shareholders) resigned and the persons nominated by CRAHI were appointed to the board of CAT, after which the newly organized board appointed new officers.

CAT Resource & Asset Holdings, Inc. ("CRAHI") is a corporation organized and existing under the laws of the Philippines with principal office and mailing address at 3/F First Lucky Place, 2259 Pasong Tamo Extension, Makati City. It is a joint venture vehicle established between First Lucky Holdings Corporation (51%) and North Star Estate Holdings, Inc. (49%) registered with the Securities and Exchange Commission on July 23, 2014 with an authorized capital stock of Eighty Million (P80,000,000.00) divided into Eighty Million (80,000,000) shares with a par value of One Peso (P1.00). First Lucky Holdings Corp. is substantially owned and controlled by Martin P. Lorenzo, whereas North Star Estate Holdings, Inc. is substantially owned and controlled by Fernando C. Cojuangco.

Directors and Executive Officers

As of 15 October 2014, the directors and executive officers of the Company and the number of years they have served as such are as follows:

Name	Position	Term / Period Served
MARTIN IGNACIO P. LORENZO	Chairman of the Board & CEO	October 15, 2014 up to present
FERNANDO C. COJUANGCO	President & COO	January 31, 2012 up to present
MARCO P. LORENZO	Director	October 15, 2014 up to present
VIGOR D. MENDOZA II	Director	October 15, 2014 up to present
FERNAN VICTOR P. LUKBAN	Director	October 15, 2014 up to present
RENATO B. PADILLA	Independent Director	October 2010 up to present
BENJAMIN I. ESPIRITU	Independent Director	October 29, 2013 up to present
CECILE D. MACAALAY	Treasurer	October 15, 2014 up to present
WELLERITA D. AGUAS	VP for Finance	October 15, 2014 up to present
JANETTE L. PEÑA	Corporate Secretary	October 15, 2014 up to present
ADDISON B. CASTRO	Asst. Corp. Secretary	October 15, 2014 up to present

All incumbent directors, namely: Messrs. Martin Ignacio P. Lorenzo, Fernando C. Cojuangco, Marco P. Lorenzo, Vigor D. Mendoza II, Fernan Victor P. Lukban, Renato B. Padilla and Benjamin I. Espiritu have been nominated for election to the Board of Directors in the forthcoming annual stockholders' meeting.

The Company has complied with SRC Rule 38 (Requirements on Nomination and Election of Independent Directors), the Revised Rules on Corporate Governance and the Manual of Corporate Governance in determining the qualifications of each nominee for election as directors/independent directors.

A summary of the qualifications of the incumbent directors who were nominated for election in the forthcoming annual stockholders' meeting, and the incumbent officers of the Company is set forth below:

MARTIN IGNACIO P. LORENZO, age 49, Filipino, is currently the Chairman & President of Macondray Philippines Co., Inc. and its affiliates andthe Chairman and CEO of CAT Resource & Asset Holdings, Inc. He is also the Chairman and President of Cocosorbetero Holdings Incorporated, First Lucky Holdings Corporation, First Lucky Property Corporation, St. Tropez Holdings Corporation, Marlor Investments Corporation, Blue Mountains Corporation, Hospitality School Management Group, Inc. (HSMGI). He is a Director in Familia Lorenzo Foundation, Incorporated. 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 in 1990.

FERNANDO C. COJUANGCO, age 51, Filipino, a lawyer by profession, is currently the President and COO of CAT Resource & Asset Holdings, Inc. He is also the Chairman and President of Liberty Insurance Corporation. 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 53, Filipino, is currently a consultant of the Del Monte Philippines. 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's Degree in Agricultural Science and Management from the University of California in 1985.

VIGOR D. MENDOZA II, age 51, Filipino, a lawyer by profession, is currently a Partner in MALCOM Law Offices. He is also a Director of CAT Resource & Asset Holdings, Inc. He graduated with a degree of Bachelor of Arts in Economic 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 53, Filipino. 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 in Business Administration from IESE, Barcelona, Spain.

RENATO B. PADILLA,age 65, Filipino, a lawyer by profession, 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 60, Filipino, 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 46, Filipino, is a practicing Certified Public Accountant. She is currently theChief Finance Officer of First Lucky Holdings Corporation and the Director of its subsidiaries. She is also the Treasurer of CAT Resource & Asset Holdings, Inc. She is also serving as the Director of Sanctuary Holdings Corporation, First Lucky Property Corporation, and Blue Mountains Corporation. She obtained her Bachelor of Science Degree in Business Administration and Accountancy at University of the Philippines in 1990.

WELLERITA D. AGUAS, age 68, Filipino was appointed as Vice-President for Finance of the Company in October 15, 2014. She is a BSBA graduate of the University of the East.

JANETTE L. PEÑA, age 55, Filipino, is the current Corporate Secretary of the CAT Resource & Asset Holdings Inc. and First Lucky Holdings Corp. Atty 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. Atty 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 51, Filipino, is a practicing lawyer and a 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.

Family Relationships.

Mr. Martin P. Lorenzo and Mr. Marco P. Lorenzo are bothers.

Significant Personnel

Each and every employee of the Company is considered to have significant role in the Company's mission and vision.

Involvement in Certain Legal Proceedings

None of the directors and officers were 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.As of the years ended June 30, 2014 and June 30, 2013, the Company is not involved in any litigation it considers material.

Certain Relationships and Related Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated wit 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.

In the normal course of its business, the Company had transactions with related parties. Please see Note 18 (Related Party Transactions) pages 39 to 41 of the Notes to Financial Statements as of June 30, 2014 and 2013.

The significant transactions with related parties included (a) the management agreement with Jose Cojuangco & Sons, Inc. (JCSI) wherein the Company pays management fees monthly to JCSI as the managing entity of the Company; and (b) the lease agreement with JC Enterprises, Inc. (JCE) for the lease of the Company's corporate office at the Jose Cojuangco & Sons Building in Makati City, which was renewable annually at the option of the Company under terms and conditions mutually acceptable to both parties. The lease was renewed for a period of one year on January 1, 2014.

The management agreement with JCSI was terminated on October 15, 2014, while the lease agreement with JCE was terminated onNovember 15, 2014. Currently, the corporate office of the Company is located at the First Lucky Place in Makati City under a lease contract with First Lucky Property Corporation, an affiliate of Mr. Martin P. Lorenzo.

Resignation of Director

No director has resigned or declined to stand for re-election because of disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Compensation of Directors and Executive Officers

Summary Compensation Table

FISCAL YEAR 2013-2014

NAME & POSITION	Salary	Bonus	Transportation	Per Diem	5% Bonus for FY 2011 & 2012	Total
Pedro Cojuangco, Chairman of the Board & President)						
Josephine Reyes, Vice President Treasurer & Director)						
Jose Cojuangco Jr.,V. President/ Director)						
Ernesto Teopaco, V. President/ Director)	8,095,449	2,023,862	6,882,432	260,000	-	17,261,753
Emmanuel Cochico, Asst. Vice President & Asst. Treasurer)						
Wellerita Aguas, Asst. Vice President)						
All Officers & Directors as a Group)	8,095,449	2,023,862	6,882,432	260,000	-	17,261,753

FISCAL YEAR 2012-2013

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

Wellerita Aguas, Asst. Vice President }						
All Officers & Directors as a Group }	4,403,944	1,201,099	1,124,310	260,000	-	6,989,354

Other than per diem every meeting, transportation allowance and a fee equivalent to five per cent (5%) of the net profit, there are no standard arrangement or other arrangements pursuant to which the directors are compensated. Neither are there special employment contracts between the Company and the named executive officers nor outstanding warrants or options held by the directors and officers.

Independent Public Accountant

a) For the last 3 fiscal years, the accounting firm of Sycip Gorres Velayo & Co. (SGV) has been the independent public accountant of the Company. There has been no disagreements with SGV on any matter relating to accounting principles or practice, financial statement disclosureor auditing scope or procedure. The same accounting firm is being recommended for re-appointment as the external auditor of the Company.

b) Pursuant to SEC memorandum Circular No. 8, Series of 2003, said firm assigns different Engagement Partners to the Company. Mr. Jose Pepito Zabat III has been the engagement or signing partner since 2013.

c) Representatives of SGV are expected to be present during the annual stockholders' meeting. They will have the opportunity to make a statement if they so desire and are expected to be able to respond to appropriate questions, from stockholders.

d) The summary of fees paid by the Company to SGV & Co. for the last two (2) fiscal years are as follows:

	2014	2013
Audit and Related fees	889,385.00	1,099,291.67
Other Assurance and Related Services	0	0
Input Tax	106,726.20	131,915.00

Compensation Plans

No stock options, warrants or rights plan or any other type of compensation plan pursuant to which cash or non-cash compensation may be paid or distributed will be considered or acted upon in the annual meeting.

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, which was last amended on 08 July 2014, in accordance with SEC Memorandum Circular No. 9, Series of 2014. The Company also complied with the appropriate self-rating assessment and performance evaluation system to determine and measure compliance with its Manual on Corporate GovernanceNone 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 current members of the board and key officers of the Company have all attended and completed the Corporate Governance Seminar conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc. on March 4, 2014, September 29, 2014 and December 15, 2014.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Financial and Other Information

The Company's auditedfinancial statements and other financial information as of June 30, 2014 are attached as *Annex "A"*, which are hereby incorporated by reference. The Management's Discussion and Analysis or Plan of Operation contained in the Company's Annual Report (SEC Form 17-A) which are hereby incorporated by reference is attached as *Annex "B"*.The Company's 2014 Annual Report will be distributed to stockholders of record during the annual meeting.

Market Information

CAT shares are listed and traded in The Philippine Stock Exchange, Inc. The high and low share price for each quarterly period during the past two (2) fiscal years are as follows:

Fiscal Year 2012-2013	High	Low
July to September 2012	Php17.50	Php12.88
October to December 2012	Php15.10	Php12.88
January to March 2013	Php16.80	Php12.00
April to June 2013	Php14.50	Php12.52

Fiscal Year 2013-2014	**High**	**Low**
July to September 2013	0.00	0.00
October to December 2013	0.00	0.00
January to March 2014	Php39.55	Php15.00
April to June 2014	Php85.00	Php29.00

The closing price of CAT shares as of the last trading date on December 29, 2014 was Php89.20.

D. OTHER MATTERS

Action with Respect to Reports to be Submitted for Approval

The Company will submit to the stockholders for approval the following:

(a) Minutes of the Annual Meeting of the Stockholders held on April 22, 2014covering the following: (i) Annual Report for the FY 2012-2013 containing the Audited Financial Statements for the fiscal year ended June 30, 2013; (ii) Ratification and confirmation of all acts and proceedings of the Board of Directors and Officers since the last annual meeting of the stockholders, which include among others the treasury matters including borrowings and bank transactions and appointment of officers and signatories; (iii) Election of the Members of the Board of Directors, including Independent Directors, for 2014; and (iv) Appointment of SGV as External Auditors

(b) The 2014Annual Report of the Company containing the Audited Financial Statements for the Fiscal Year 2013-2014 and the report of the Independent Public Accountants.

(c) Re-appointment of SGV as External Auditor.

Voting Procedure

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.

Undertaking

The Company through it's Assistant Corporate Secretary, Addison B. Castro, with office address at 3/F First Lucky Place, 2259 Pasong Tamo Extension, Makati City undertakes to provide without charge upon written request of a security holder or his representative a copy of the Annual Reportaccomplished in SEC Form 17-A. At the discretion of management a charge, may be made for exhibits provided such charge is limited to reasonable expenses incurred by the Company in furnishing such exhibit.

SIGNATURE

After a reasonable inquiry and to the best of my knowledge and belief. I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on this 21stday of January2015.

CENTRAL AZUCARERA DE TARLAC

By:

ADDISON B. CASTRO
Assistant Corporate Secretary
and Compliance Officer

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

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

A. Products and By-Products

Raw and Refined Sugar

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

The mill's raw sugar sales and the refinery's tolling fees represents about 58% and 24% respectively, of the Company's total operating revenue for the last three years. The raw and refined sugar produced is generally sold to industrial users thru traders. The company normally operates for about 5 to 6 months while the refinery, about 8 to 9 months.

Alcohol

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

In addition to alcohol sales, tolling fees are also earned from various distillers whose molasses are processed by the distillery. In the last three years, the distillery's contribution to the Company's operating revenues was about 15%. The distillery normally operates for about 4 to 5 months of the year in tandem with the refinery operations.

Carbon Dioxide

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

B. Industrial Profile

After three (3) consecutive years of production surplus estimated at 1.633 million metric tons (MMT), 6.077 MMT and 9.742 MMT from Crop Year 2010-11 to 2012-13 respectively, the world sugar industry is once again facing a projected surplus of 3.991 MMT in 2013-14. As such world market values remained under bearish pressure for most part of the season. In general, the market sentiment went on a roller-coaster ride. Only recently, on May 14, 2014, the spot market for raw sugar rose to a high of more than 18.00 cents per pound only to fall to a little over 16.00 cents per pound on August 19, the lowest daily quotation in six months. As of this writing raw sugar is trading at around 13.50 cents per pound in the world market, the lowest level since June 2010. The uptick in price on May 2014 was due to concerns about the effect of long dry spell in Brazil as well as weaker monsoon rains in India. Subsequently the market gains were toned down as domestic prices in China continue to lose ground resulting to a potentially lower sugar imports. Likewise, the early beet tests in Europe indicate a better than expected yield further putting pressure to the world values.

World sugar production for Crop Year 2013-14 is put at 182.737 million metric tons (MMT), representing a slight drop of 0.77% from the previous year's total output of 184.152 MMT. The decrement in production is attributed to the fall in India's output and Brazil production as well as considerable decreases in the European Union and Mexico. On the other hand, world consumption of the sweetener is expected to expand by 3.35% to 178.746 MMT, slightly higher than the 10-year average growth rate of 2.34%. World stocks are projected to expand by 2.95% from 75.775 MMT to 78.009 MMT or 43.64% of annual global consumption.

World Sugar Balance (mln tons, raw value)				
	2013-14	2012-13	Change	%
Production	182.737	184.152	-1.415	-0.77%
Consumption	178.746	172.944	5.802	3.35%
Surplus/Deficit	3.991	11.208		
Import Demand	57.651	56.431	1.22	2.16%
Export Availability	58.071	58.396	-0.325	-0.56%
End Stocks	78.009	75.775	2.234	2.95%
Stock/Consumption				
Ration, in %	43.64%	43.81%		

Source: ISO (May/August 2014)

Production-wise, the country's total raw sugar output followed the global trend as it contracted, albeit at a slightly lower rate of 0.13% or 3,308 metric tons to a total of 2.462 MMT. The nation's sugar output was extracted from a total of 24,866,200 tons of cane at a rate of 1.98 50-kilogram bags per ton cane. This year's yield per ton is comparable when ranged against the previous year's extraction rate.

From among the country's major sugar producing areas only Negros posted a growth rate in production at 6.05%, or from 1,437,262.17 to this season's total 1,524,222 metric tons. Eastern Visayas posted the highest drop in productivity at 21.57% or by 15,385 metric tons to a final figure of 55,934 metric tons. The drop in output is attributed to the large scale devastation brought about "Typhoon

Yolanda" in the area on November 2013. The combined raw sugar output of the various mill districts in Luzon contracted by an average of 12.94%, from an aggregate of 314,719 metric tons to 273,997 metric tons. Mills in Mindanao posted lower output by about 6.66% from 498,466 metric tons to 465,251 metric tons. And finally, Panay submitted an output totaling 142,404 metric tons, lower by 0.66% or 945 tons from last season.

Central Azucarera de Tarlac hauled a total of 720,247 tons of cane representing 80.06% of the total available sugarcane for milling in Central Luzon. This year's share is a huge leap from last year's 69.59% share of CAT owing to the non-operation of Basecom in San Fernando, Pampanga. However when ranged against preceding year's tonnage, this represents a drop of 6.43% equivalent to 49,482 tons. The drop in tonnage was further exacerbated by the decline in the recovery rate as it dipped from 1.88 to 1.74 50-kilogram bags per ton cane. The combined effect of the lower tonnage and recovery rate conspired to pull down our raw sugar production as it contracted by 13.28% or 192,142 50 kilogram bags to a total of 1,255,195 50-kilogram bags.

This year's refining operation resulted in the production of 1,079,544 50-kilogram bags of refined sugar. The lower available raw sugar for melting pulled down the refined sugar output by 14.70% or 186,085 50-kilogram bags. The effect of the raw sugar withdrawals by our traders who availed of the conversion of "D" or world market sugar to "F" or fermentable sugar should likewise be taken into account.

The increased available supply of molasses for tolling extended our distilling run to a total of 151 elapsed days, about 80 days longer than the previous. This enabled the Distillery to process 3,831,391 gallons of molasses, higher by 81.96% or 1,725,793 gallons from the previous distilling season. The increased molasses propped up the production of alcohol by 83.86% or 2,993,700 liters to an aggregate of 6,563,700 liters. Recovery per gallon of molasses distilled was at a slightly higher 1.71 vs. 1.70 liters. Carbon Dioxide likewise expanded with the longer distilling operations. From the previous 1,737 tons, this year's Carbon Dioxide output was posted at 2,567 tons or an increment of 47.78%.

The total gross revenues for Crop Year 2013-14 was posted at a lower P988,683,632, down 2.12% from P1,010,047,537 of the preceding season. Improvements in terms of higher revenues from sugar sales, tolling income from the distilling operations and sales of carbon dioxide proved insufficient to mitigate the effect of the drop in revenues from the refinery's tolling income and lower alcohol sales.

Raw sugar sales registered a marginal growth rate of 0.40% or P2.23 M to a total of P562.75 M despite lower sales volume. A higher composite price of P1,422.96 as against P1,241.00 per 50-kilogram bag proved sufficient enough to mitigate the lower sales volume. On the other hand, the drop in the refined sugar output pulled down the total revenues from tolling. A 14.70% drop in the refinery's productivity resulted to an equivalent reduction in tolling income as it contracted from P279.779 M to P239.399 M.

Sharing the same fate as that of the refinery operation, alcohol sales slumped on lower sales volume. The drop in sales value was posted despite the higher average selling price of alcohol. Sales volume was posted at 3,504,198 liters, down 14.32% from the previous 4,089,837 liters. The rate of decline in volume proved too much to overcome despite the 7.56% increment in the average selling, from P34.64 to P37.26 per liter. In the end, sales value dropped 7.84% or P11.106 M to the current P130.560 M. Conversely, the increased volume of outside molasses brought in for distilling boosted tolling income by the Distillery. Outside molasses brought in by our clients for distilling approximately doubled from last year's 4,000 tons to the current 8,000 tons. As a result, the total revenues generated from the distilling of outside molasses grew by 158.18% or P17.224 M to a total of P28.113 M. The tolling fee remained unchanged at P12.00 per liter. And finally, a higher sales volume and average selling price boosted the gross revenue from the sale of Carbon Dioxide. Sales volume posted a growth rate of 46.64%

or 738,009 kilograms to a total of 2,320,413 kilograms. And with a higher average selling price of P12.01 as against P10.87 per kilo, its gross sales revenue grew 62.02% or P10,664,893 to P27,859,669.

Central Azucarera de Tarlac's after-tax net income for the season was posted at P121.246 M, lower by 11.20% from the previous 136.538 M mainly on account of higher interest payments and increased tax payments. As a result, the earnings per share for the year dipped by the same rate from P4.83 to P4.29 per share.

C. Competition

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

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

D. Transactions With and/or Dependence on Related Parties

The Company's transactions with related parties are disclosed in page 39, Note 18 of the Company's audited financial statements. In addition, the Company's operations are not dependent on its related parties. The Company provides working capital support to its related parties.

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

	FY 2013-2014	FY 2012-2013	FY 2011-2012
Research & Development	P 859,195	P 1,049,021	P 2,137,449
Revenues	988,683,632	1,010,047,537	967,477,336
Percentage	.09%	.10%	.22%

F. Government Regulations

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

G. Cost and effects of compliance with environmental laws

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

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

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

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

	FY 2013-2014	FY 2012-2013	FY 2011-2012
Riley dust collector	P284,218	P124,592	P143,760
Bigelow dust collector	125,651	119,005	112,640
Wastewater treatment	3,567,641	5,683,343	2,833,669
EMS	162,282	37,713	68,995

H. Employees

Exec./Mgrl./Supv.		Rank/File		Retainer/ Consultant	
Perm.	Prob.	Perm.	Prob.		Total
156	2	585	10	25	778

The number of employees of the Company as of June 30, 2014 is enumerated above. The Company doesn't see any requirement for additional employees within 12 months.

I. Major Risk in the Business of CAT

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

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

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

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

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

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

Item 2. Properties

The Company owned a real estate property consisting of a 440.8861 hectares located inside the Luisita Agro-Industrial, Complex in San Miguel,Tarlac City. The property in its entirely is located approximately 3.5 kms west from Luisita Interchange of the SCTEX, or 4.5 kms. East from Macarthur Highway/Luisita Business Park; and about 10.0 kms southeast from the downtown of Tarlac City. It is partly traversed east to west by an access road of the Subic/Clark/Tarlac Expressway (SCTEX) to Macarthur Highway. Passing through SCTEX and North Luzon Expressway (NLEX), the site is less than two (2) hours bus ride from Manila.

LAND:

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

CENTRAL AZUCARERA DE TARLAC (CAT)

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

FACTORY PLANTS/BUILDINGS USED IN BUSINESS OPERATIONS

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

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

Alcohol and Ancilliary Products. The Distillery presently has four sets of distilling columns with a combined output of 65,000 liters total alcohol with a grade of 189.0 proof. By products from the Distillery are recovered at the CO_2, and yeast plants.

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

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

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

Item 3. Legal Proceedings

None.

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

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

A. Dividends

2013 - 2014 - No dividends declared
2012 - 2013 - No dividends declared
2011 - 2012 - No dividends declared
2010 - 2011 - No dividends declared
2009 - 2010 - No dividends declared

B. Stock Price

There was no active stock trading on the Company's Common Stock in the Philippine Stock Exchange until the Securities and Exchange Commission 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 said securities. The book value of the Company's Common Stock is P10 per share.

Item 6. Description of Registrant's Securities

As of June 30, 2014, the Company's Authorized Capital Stock is Php 400,000,000 divided into 40,000,000 Common Shares with a par value of Php 10.00 per share. As of the same date, 28,253,878 shares are outstanding and are held by 634 stockholders. The Company's does not actually trade stocks despite being listed. Top 20 Stockholders as of June 30, 2014 include the following:

	NAME OF STOCKHOLDER	POSITION	CITIZENSHIP	AMOUNT SUBSCRIBED (Php)	No. of Shares Held	% TO TOTAL OUTSTANDING
1	Jose Cojuangco & Sons, Inc		Filipino	78,558,280	7,855,828	28%
2	Luisita Trust Fund		Filipino	47,344,920	4,734,492	17%
3	PCD Nominee Corporation		Filipino	18,894,720	1,889,472	7%
4	Tarlac Distillery Corporation		Filipino	15,863,820	1,586,382	6%
5	Luisita Marketing Corporation		Filipino	12,910,520	1,291,052	5%
6	Pedro Cojuangco		Filipino	4,086,900	408,690	1%
7	Enrique Robert C. Reyes		Filipino	3,756,000	375,600	1%
8	Marie Therese C. Reyes		Filipino	3,700,000	370,000	1%
9	Nicanor C. Reyes III		Filipino	3,683,600	368,360	1%
10	Joaquin Jose C. Reyes		Filipino	3,653,600	365,360	1%
11	Paz C. Teopaco		Filipino	3,231,360	323,136	1%
12	Rosario Cojuangco		Filipino	3,164,340	316,434	1%
13	Ernesto G. Teopaco	Vice President	Filipino	3,024,640	302,464	1%
14	Victoria Elisa Aquino		Filipino	2,986,160	298,616	1%
15	Ma. Elena Aquino-Cruz ITF Kristina Bernadette		Filipino	2,947,840	294,784	1%
16	Maria Elena Aquino-Cruz		Filipino	2,945,840	294,584	1%
17	Aurora Corazon Aquino-Abellada		Filipino	2,945,800	294,580	1%
18	Jose Cojuangco, Jr.	Chairman & Pres	Filipino	2,688,800	268,880	1%
19	Maria Carmela Teopaco		Filipino	2,206,440	220,644	1%
20	Maria Ernestina Teopaco		Filipino	2,196,440	219,644	1%

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

A. Plan of Operation

OUTLOOK FOR FY 2013-2014

After four consecutive years of statistical surplus estimated to be around 21.443 million metric tons from Crop Year 2010-11 to 2013-14, the world sugar economy is facing yet another surplus season in the upcoming 2014-15 season, albeit at a slightly lower volume of less than 2 million metric tons. World sugar production for Crop Year 2014-15 is projected at 183.752 million tons. This is possibly the second largest production figure in history. On the other hand, world consumption is projected to grow to 182.446 million tons which is well within the range of the annual consumption growth rate for the sweetener.

A significant amount of trade surplus, or the difference between the projected export availability as against the projected import demand, is expected at around 2.081 million tons this early. The rise in consumption is expected to be fueled by the projected expansion in demand from both India and China. Export availability is expected at around 58.686 million tons as against the 58.071 million tons estimated for the 2013-14 season. By contract, import demand is expected to contract for the second consecutive season at 56.605 million tons from the estimated 57.651 million tons of the previous year. Below is the first assessment from the International Sugar Organization (ISO) of the world sugar balance in 2014-15.

	World Sugar Balance (Million tons, raw value)			
			Change	
	2014/15	2013/14	in mln t	in percent
Production	183.752	182.737	1.015	0.56%
Consumption	182.446	178.746	3.700	2.07%
Surplus/Deficit	1.306	3.991		
Import Demand	56.605	57.651	-1.046	-1.81%
Export Availability	58.686	58.071	0.615	1.06%
End Stocks	77.234	78.009	-0.775	-0.99%
Stock/Consumption Ratio, in percent	42.33%	43.64%		

The International Sugar Organization believes that even with a smaller projected surplus of 1.306 million tons in 2014-15 than in the previous season's 3.991 million tons, the global fundamentals are unlikely to support a sustained rise in market values from the currently prevailing world market prices. In addition to this, any uptick in values brought about by lower than projected production for 2014-15 will be most probably on a short-term basis only given the huge amount of world inventory accumulated since the start of the production surplus phase in 2010-11.

In the domestic front, the Sugar Regulatory Administration (SRA) is projecting a total of 26.258 million tons of available cane for harvesting in the upcoming 2014-15 season. This estimate is 5.6% higher than the preceding year's actual cane tonnage of 24.886 million tons tons. On the other hand, the yield per ton cane (LKg/TC) is projected at a lower 1.96 50-kilogram bags against 1.98 50-kilogram bags per ton cane of the previous season. And finally, sugar yield per hectare is projected to expand from 116.31 50-kilogram bags to 121.90 50-kilogram bags per hectare. The nation's raw sugar production is estimated to expand by 4.53%, from 2.462 million tons to 2.573 million tons. The SRA is also projecting domestic demand for the sweetener to expand by about 2% to 2.25 million tons, meeting the estimated per capita consumption of 25 kilos for the 88 million Filipinos excluding some 12 million overseas Filipino workers.

With all of these figures in mind, the SRA issued Sugar Order No. 1 that allocates 90% of the country's raw sugar production as "B" for the domestic market. The said Order also allocates 5% of the nation's output as "A" or US market sugar to meet our regular Tariff-Rate Quota allocation of 136,000 metric tons. The remaining 5% is for the "D" or world market sugar.

For the upcoming Crop Year 2014-15, the Central Azucarera de Tarlac is facing the challenge of milling more or less 700,000 tons of cane at the most efficient way. And in order to address this challenge, the mill undertook an extensive repairs and maintenance program geared towards improving operational efficiency. Aside from the P115 M earmarked for the regular off-season repairs, some P70 M more was set aside to fund major ticket capital expenses. Among the big ticket items funded out of this is the acquisition of one unit of a Mechanical Harvester from John Deere for more than P18 M. Field deployment of this machinery is expected not only to facilitate the harvesting of fresh canes but also generate a lower harvesting cost for our planters. This acquisition will also partially address the problem of lack of manual cane harvesters or "tabaseros". Some P20 M was allocated to the Boiler area to address specific operational concerns. The installation of a Wet Scrubber for the Riley Boiler ate up the lion's share of this budget of around P11 M. However, this will address our compliance the strict environmental and pollution standards of the Department of Environment and Natural Resources (DENR). The rest of the Boiler's budget went to the improvement/rehabilitation of the Bigelow Boiler and the various steam lines.

We are now faced with the challenges posed by the country's impending integration into the ASEAN Economic Community by January 1, 2015. Simply put, the local sugar industry will now have to compete with imported sugar as import tariff for the sweetener drops to a nominal 5%. Efficient and economical operations, both in the fields and in the mills, are now a must rather than an option.

Now, given the magnitude of this challenge, what are the opportunities available to us? An example in terms of improving efficiency in the field is that in terms of cane production per hectare the highest is that of Colombia at an average of 110 TC/Ha. On the other hand, the Philippines is among the lowest, averaging a mere 59 TC/Ha, thus clearly indicating that there is so much more room for improvements for the local cane planters.

Another opportunity is the fact that Asia is a fast growing market for sugar, primarily because of economic growth and the growing population of the middle class. As a whole, Asia is a deficit market which explains why sugar from Brazil arrives in China and Indonesia. The ASEAN itself, comprising 10 nations, is a surplus market having Thailand and the Philippines as the only exporters of the commodity. Most ASEAN import requirements are filled up by Thailand being a more reliable supplier than us. Should we decide to position ourselves as a major exporter among ASEAN members we have to improve our quality standards to consistently produce raw sugar with 98.5 polarization instead of the normal 97.5 polarization.

The above are just but a few of the several opportunities available for all the industry players. Diversification of operations via co-generation and ethanol production are options for the mills. The probable enactment of the pending Sugar Industry Development Act whose one of the primary aims is to generate funding to strengthen the competitiveness and to provide boost for the diversification efforts of the sugarcane industry could serve as a tool against the possible negative impacts brought about by the ASEAN integration in 2015. The recent opinion by the Department of Justice affirming jurisdiction of the SRA over imported sugar once they reach any of our local ports gives the local sugar industry some glimmer of hope with regard the unabated influx of cheap imported sugar. The DOJ opinion affirmed one of the major objectives in the creation of the SRA under Executive Order No. 18 dated issued by then President Corazon C. Aquino on May 18, 1986, that is, for the Administration to "establish and maintain a balanced relation between production and requirement of sugar and such marketing conditions as will ensure stabilized prices at a level reasonably profitable to producer and fair to consumers".

These challenges are no secret to the incoming set of new owners of Central Azucarera de Tarlac. While it may be a bit late to address most concerns to really influence the operational results of the upcoming 2014-15 season, the planning and strategizing for the subsequent milling seasons are currently in process. Plans are now being implemented to heighten our sugar farm yield intensification program, preparatory for the 2015-16 harvest. Feasibility studies as to the viable diversification options such as co-generation and ethanol production are being deeply studied and considered. Improvements and upgrades at the various operational areas of CAT will soon be undertaken. And most importantly, measures are being undertaken to fully optimize the efficient integrated operation of CAT.

B. Management Discussion and Analysis.

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

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

	As of June 30, 2014 of the Crop Year 13-14	As of June 30, 2013 of the Crop Year 12-13
EXPORT		
No. of bags Sold	7,881.72	45,235.82
Sales	6,514,956.38	35,093,046.01
Selling Price per Bag	P 826.59	P775.78
DOMESTIC		
No. of bags Sold	387,596.41	406,432.54
Sales	556,235,424.36	525,425,112.73
Selling Price per Bag	P 1,435.09	P1,292.77
COMPOSITE PRICE		
No. of bags Sold	395,478.13	451,668.36
Sales	562,750,380.74	560,518,158.74
Selling Price per Bag	P 1,422.96	P1,240.99

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

	June 30, 2014 of the Crop Year 13-14	June 30, 2013 of the Crop Year 12-13
Hacienda Luisita Area	120,150.28	164,217.46
District of Tarlac	382,501.36	414,221.17
Pampanga Area	141,005.83	101,389.01
Paniqui, Tarlac Area	76,589.10	89,901.59
Total Tonnage of Milled Sugar Cane	720,246.57	769,729.23

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

	As of June 30, 2014 of the Crop Year 13-14	As of June 30, 2013 of the Crop Year 12-13
Cane Sugar Produced (in Piculs)	992,249.17	1,144,140.40
Divided by: Total Tonnage of Milled Sugar Cane	720,246.57	769,729.23
PSTC	1.378	1.486

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

	As of June 30, 2014 of the Crop Year 13-14	As of June 30, 2013 of the Crop Year 12-13
Total Tonnage of Milled Sugar Cane	720,246	769,729
Divided by: Actual Milling Hours	2,511	2,736
Tons Cane Per Hour	287	281

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

(Amount in Thousand Pesos)	As of 30-Jun-14	As of 30-Jun-13
Quick Asset	314,808	466,031
Divided by: Current Liabilities	650,744	843,496
Quick Ratio	.48	.55

2. Financial Review

Raw Sugar

In Central Luzon, the available canes for milling contracted for the second year in a row. This season the total tonnage dropped by 18.66% or 206,442 tons, from 1,106,117 tons to only around 899,675. As has been in the past, Central Azucarera de Tarlac milled the lion's share of the available sugarcanes in Central Luzon, accounting for 80.06% or 720,247 tons. Sweet Crystal in Porac, Pampanga hauled the rest as Basecom failed to avail of the opportunities offered by the recently concluded milling season by not operating. Below is the breakdown of the cane haulage of the three mill districts in Central Luzon

CANE TONNAGE IN CENTRAL LUZON CY 2013-14 & CY 2012-13						
	TONS CANE MILLED				PERCENT SHARE IN TOTAL	
MILLS	2013-14	2012-13	Variance	Percent	2013-14	2012-13
Basecom	-	101,335	(101,335)	-100.00%	0.00%	9.16%
Sweet Crystal	179,428	235,053	(55,625)	-23.66%	19.94%	21.25%
Tarlac	720,247	769,729	(49,482)	-6.43%	80.06%	69.59%
	899,675	1,106,117	-206,442	-18.66%	100.00%	100.00%

Central Azucarera de Tarlac's milling operations for Crop Year 2013-14 lasted for 137 days, a mere 2 days shorter than last year owing to the slightly lower available sugarcanes for grinding. The total canes milled reached 720,247 tons, 6.43% or 49,482 tons lower than the previous 769,729 tons. Operational difficulties pulled down the continuity level of operations from 82% to 77% this season. However, canes were crushed at a higher rate of 6,883 tons from 6,733 tons per grinding day. Mill downtime totaled 768.04 hours, 184.44 hours more than last year's total. Accumulated lost time due to insufficient cane supply is 334.22 hours, 278.71 hours more than the preceding year. On the other hand insufficient supply of deep well water caused 4.97 hours of milling stoppage. Contributing to the higher mill downtime are the power interruptions from the Power House (from 4.15 hours last year to 6.92 hours this year) and Instrumentation Maintenance (from last year's 0.45 hour to this year's 1.70 hours).

CAT's total raw sugar output was registered at 1,255,195 50-kilogram bags, down 13.28% or 192,142 50-kilograms bags from last year. The lower canes hauled and the dip in the recovery rate from 1.8803 to 1.7427 50-kilogram bags per ton cane milled are the two major contributory factors for the lower raw sugar output. As a result, the mill's share contracted by 12.88% or 58,271 50-kilogram bags, from 452,358 to 394,087 50-kilogram bags. The drop in the recovery rate per ton cane is due the lower quality of canes milled.

Total raw sugar produced also declined when compared as against last year as a result of the perennial problem of high incidence of burnt canes thus the lower overall recovery (LKG/TC). The high percentage of burnt canes of 76.65% vs. 66.83% that prevailed for most of the year significantly contributed to an inferior quality of sugarcane. This year's sucrose content of cane and first expressed juice purity averaged 11.25% and 81.66% respectively, compared to the previous year's respective averages of 11.96% and 83.57%.

The comparative profile of burnt canes milled in Crop Years 2013-14 and 2012-13 is shown below.

Month	CY 2013-14	CY 2012-13
November	36.57%	27.27%
December	67.88%	59.47%
January	84.39%	74.64%
February	89.69%	83.29%
March	91.74%	85.69%
	76.65%	66.83%

Despite the drop in the total canes hauled, the production of molasses grew 0.65% or 39,198 gallons to 6,081,818 gallons propped up by the drop in the raw sugar recovery rate. Molasses was extracted at the rate of 8.44 gallons per ton cane, higher by 7.56% from the previous 7.85 gallons per ton cane. Consequently, the molasses mill's share grew 1.06% or 20,019 gallons to an aggregate of 1,909,353 gallons.

Refinery Operations

Refinery operations for CY 2013-2014 started at 7:30 p.m. on November 23, 2013, and terminated at 7:00 p.m. on April 30, 2014 when liquidation of stock was finished. The refining season lasted a total of 154.94 elapsed days, some 55 days shorter than last year. However, refined sugar was produced at a higher rate of 6,968 50-kilogram bags per elapsed days as compared to last year's rate of only 6,023 50-kilogram bags. The continuity level of refinery operations was also posted at a higher 93% vs. 89% of the previous year.

Raw sugar melted reached 1,154,261 50-kilograms bags, lower by 227,257 50-kilogram bags or 16.45% when compared against the preceding year. The drop in the available raw sugar for refining is attributed to the lower output at the Mill and the physical withdrawal of raw sugar by Green Future Innovations, Inc., an ethanol alcohol producer in Isabela, who availed of the provision of Sugar Order No. 5 dated November 24, 2008. Under the said Order, the Sugar Regulatory Administration (SRA) allows the conversion of "D" or world market sugar to be converted into "F" or fermentable sugar for use in the production of ethanol. For this year, some 42,539.86 50-kilogram bags of raw sugar were withdrawn as "F" or fermentable sugar.

Alcohol & Ancillary Products

Distillery operation for FY 2013-2014 started with fermentation at 8:30 a.m. on November 18, 2013. A three (3)-column operating set-up was adopted during the year utilizing Columns No. 3, No. 6, and No. 7. Operation ended at 1:50 p.m. on April 22, 2014. The liquid carbon dioxide plant commenced at 5:15 p.m. on November 22, 2013, and terminated operations at 6:00 a.m. on April 21, 2014. The yeast plant started operating at 8:30 a.m. December 11, 2013, and concluded operations for the fiscal year at 11:00 p.m. on April 30, 2014.

Alcohol production posted an increase of 83.86% from 3,570,000 liters to the current 6,563,700 liters. The growth in output was brought about by the higher volume of available molasses for distilling which rose by 81.96%, from 2,105,598 gallons to 3,831,391 gallons. Sizeable portion of the molasses distilled or some 1.440 M gallons (8,000 tons) came from outside molasses for tolling. This figure represents twice the amount of outside molasses distilled the preceding distilling season of about 4,000 tons or 720,000 gallons. Alcohol recovery was at a slightly higher 1.71 vs. 1.70 liters per gallon of molasses distilled.

The increase in alcohol production resulted to the expansion in the output of Carbon Dioxide albeit at a lower rate. The total Carbon Dioxide output grew by 47.78% or 830 tons, from 1,737 to 2,567 tons.

SGV
Building a better working world

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ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Central Azucarera de Tarlac, which comprise the balance sheets as at June 30, 2014 and 2013, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended June 30, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Azucarera de Tarlac as at June 30, 2014 and 2013, and its financial performance and its cash flows for each of the three years in the period ended June 30, 2014, in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

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

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

Jose Pepito E. Zabat III
Partner
CPA Certificate No. 85501
SEC Accreditation No. 0328-AR-2 (Group A),
March 1, 2012, valid until March 1, 2015
Tax Identification No. 102-100-830
BIR Accreditation No. 08-001998-60-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225235, January 2, 2014, Makati City

September 16, 2014

CENTRAL AZUCARERA DE TARLAC

Securities and Exchange Commission
SEC Building, EDSA Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **CENTRAL AZUCARERA DE TARLAC** is responsible for the preparation and fair presentation of the financial statements for the year ended **June 30, 2014**, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

JOSE COJUANGCO JR.
Chairman of the Board/President

FERNANDO C. COJUANGCO
Chief Operating Officer

WELLERITA D. AGUAS
Vice President-Finance

OCT 13 2014

SUBSCRIBED AND SWORN to before me this day of _________ **2014**, affiant exhibiting to me their Social Security System IDs' as follows:

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

ATTY. GERVACIO B. ORTIZ JR.
NOTARY Public City of Makati
Until December 31, 2014
IBP No. 656155-Lifetime Member
MCLE Compliance No. III-0014282
Appointment No. M-199-(2013-2014)
PTR No. 4225505 Jan. 2, 2014/Makati
Makati City Roll No. 40091
101 Urban Ave., Brgy. Pio del Pilar,
Makati City

Doc. No. 46
Page No. 11
Book No. XLIV
Series of 2014

CENTRAL AZUCARERA DE TARLAC
BALANCE SHEETS

	June 30, 2014	June 30, 2013 (As restated, Note 3)	July 1, 2012 (As restated, Note 3)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 6, 23 and 24)	**₱145,717,989**	₱81,403,123	₱57,846,764
Receivables (Notes 7, 18, 23 and 24)	**169,089,889**	384,627,613	1,409,122,614
Inventories (Note 8)	**129,732,878**	110,770,904	155,475,397
Other current assets (Note 9)	**16,812,856**	53,794,275	40,949,831
Total Current Assets	**461,353,612**	630,595,915	1,663,394,606
Noncurrent Assets			
Available-for-sale financial assets (Notes 10, 18, 23 and 24)	**86,536,687**	86,373,439	85,943,399
Property, plant and equipment:			
Land - at revalued amount (Notes 11 and 23)	**1,976,000,000**	1,757,000,000	1,757,000,000
Property and equipment - at cost (Note 11)	**315,857,084**	306,636,873	333,221,376
Retirement asset (Note 17)	**189,809,829**	–	–
Other noncurrent assets	**8,954,953**	8,912,825	8,855,063
Total Noncurrent Assets	**2,577,158,553**	2,158,923,137	2,185,019,838
	₱3,038,512,165	₱2,789,519,052	₱3,848,414,444
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables (Notes 12, 18, 23 and 24)	**₱321,367,669**	₱579,496,333	₱1,821,316,281
Current portion of notes payable (Notes 13, 18, 23 and 24)	**327,676,811**	264,000,000	164,666,667
Income tax payable	**1,699,473**	–	–
Total Current Liabilities	**650,743,953**	843,496,333	1,985,982,948
Noncurrent Liabilities			
Notes payable - net of current portion (Notes 13, 18, 23 and 24)	**88,666,667**	135,833,334	152,666,667
Retirement liability (Note 17)	–	93,879,500	50,649,282
Deferred tax liability - net (Note 19)	**619,201,445**	464,639,273	476,217,664
Other noncurrent liabilities (Notes 12, 23 and 24)	**35,368,649**	69,503,107	102,438,839
Total Noncurrent Liabilities	**743,236,761**	763,855,214	781,972,452
Equity			
Capital stock - ₱10 par value (Note 21):			
Authorized - 40,000,000 shares			
Issued - 28,254,596 shares	**282,545,960**	282,545,960	282,545,960
Deficit	**(191,904,343)**	(313,150,860)	(449,688,952)
Revaluation increment (Note 11)	**1,365,157,402**	1,211,857,402	1,211,857,402
Remeasurement gains (losses) on defined benefit liability (Note 17)	**128,780,515**	(58,873,666)	(23,613,995)
Unrealized cumulative gain on available-for-sale financial assets (Note 10)	**59,959,117**	59,795,869	59,365,829
	1,644,538,651	1,182,174,705	1,080,466,244
Less cost of 720 shares of stock in treasury (Note 21)	**(7,200)**	(7,200)	(7,200)
Total Equity	**1,644,531,451**	1,182,167,505	1,080,459,044
	₱3,038,512,165	₱2,789,519,052	₱3,848,414,444

See accompanying Notes to Financial Statements.

CENTRAL AZUCARERA DE TARLAC
STATEMENTS OF INCOME

	Years Ended June 30		
	2014	2013 (As restated, Note 3)	2012 (As restated, Note 3)
REVENUES			
Sale of sugar and by-products (Note 20)	**₱721,170,547**	₱719,379,346	₱741,062,795
Tolling fees (Note 20)	**267,513,085**	290,668,191	226,414,541
	988,683,632	1,010,047,537	967,477,336
COST OF GOODS SOLD AND SERVICES			
Costs of goods sold (Note 14)	**511,808,351**	554,553,036	590,926,945
Costs of tolling services (Note 15)	**121,670,759**	127,066,220	138,946,571
	633,479,110	681,619,256	729,873,516
GROSS INCOME	**355,204,522**	328,428,281	237,603,820
Operating expenses (Note 16)	**(157,100,285)**	(157,646,238)	(139,062,644)
Penalties and interest expense (Notes 12, 13, 18 and 20)	**(48,598,105)**	(39,272,047)	(279,249,057)
Interest income (Notes 6, 7 and 18)	**2,891,132**	2,900,951	7,143,973
Other income - net	**15,113,798**	13,625,859	2,691,079
INCOME (LOSS) BEFORE INCOME TAX	**167,511,062**	148,036,806	(170,872,829)
PROVISION FOR INCOME TAX (Note 19)			
Current	**37,825,593**	7,965,818	4,851,401
Deferred	**8,438,952**	3,532,896	2,306,824
	46,264,545	11,498,714	7,158,225
NET INCOME (LOSS)	**₱121,246,517**	₱136,538,092	(₱178,031,054)
Basic/diluted earnings (loss) per share (Note 21)	**₱4.29**	₱4.83	(₱6.30)

See accompanying Notes to Financial Statements.

CENTRAL AZUCARERA DE TARLAC
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended June 30		
	2014	2013 (As restated, Note 3)	2012 (As restated, Note 3)
NET INCOME (LOSS)	**₱121,246,517**	₱136,538,092	(₱178,031,054)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified to profit or loss:			
Unrealized gain on available-for-sale financial assets (Note 10)	**163,248**	430,040	89,886
Items that will not be reclassified to profit or loss:			
Remeasurement gains (losses) on defined benefit liability (Note 17)	**268,077,401**	(50,370,958)	(33,734,279)
Revaluation increment in land (Note 11)	**219,000,000**	–	392,000,000
Income tax effect (Note 19)	**(146,123,220)**	15,111,287	(107,479,716)
	340,954,181	(35,259,671)	250,786,005
OTHER COMPREHENSIVE INCOME (LOSS)	**341,117,429**	(34,829,631)	250,875,891
TOTAL COMPREHENSIVE INCOME	**₱462,363,946**	₱101,708,461	₱72,844,837

See accompanying Notes to Financial Statements.

CENTRAL AZUCARERA DE TARLAC

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED JUNE 30, 2014, 2013 AND 2012

	Capital Stock (Note 21)	Deficit	Revaluation Increment (Note 11)	Remeasurement Gains (Losses) on Defined Benefit Liability (Note 17)	Unrealized Cumulative Gain on Available-for-Sale Financial Assets (Note 10)	Treasury Stock (Note 21)	Total Equity
At June 30, 2013, as previously reported	**₱282,545,960**	**(₱367,787,403)**	**₱1,211,857,402**	**₱–**	**₱59,795,869**	**(₱7,200)**	**₱1,186,404,628**
Change in accounting policy (Note 3)	–	**54,636,543**	–	**(58,873,666)**	–	–	**(4,237,123)**
At June 30, 2013, as restated	**282,545,960**	**(313,150,860)**	**1,211,857,402**	**(58,873,666)**	**59,795,869**	**(7,200)**	**1,182,167,505**
Total comprehensive income for the year	–	**121,246,517**	**153,300,000**	**187,654,181**	**163,248**	–	**462,363,946**
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**
At June 30, 2012, as previously reported	₱282,545,960	(₱506,284,394)	₱1,211,857,402	₱–	₱59,365,829	(₱7,200)	₱1,047,477,597
Change in accounting policy (Note 3)	–	56,595,442	–	(23,613,995)	–	–	32,981,447
At June 30, 2012, as restated	282,545,960	(449,688,952)	1,211,857,402	(23,613,995)	59,365,829	(7,200)	1,080,459,044
Total comprehensive income (loss) for the year	–	136,538,092	–	(35,259,671)	430,040	–	101,708,461
At June 30, 2013, as restated	₱282,545,960	(₱313,150,860)	₱1,211,857,402	(₱58,873,666)	₱59,795,869	(₱7,200)	₱1,182,167,505
At June 30, 2011, as previously reported	₱282,545,960	(₱330,775,111)	₱937,457,402	₱–	₱59,275,943	(₱7,200)	₱948,496,994
Change in accounting policy (Note 3)	–	59,117,213	–	–	–	–	59,117,213
At June 30, 2011, as restated	282,545,960	(271,657,898)	937,457,402	–	59,275,943	(7,200)	1,007,614,207
Total comprehensive income (loss) for the year	–	(178,031,054)	274,400,000	(23,613,995)	89,886	–	72,844,837
At June 30, 2012, as restated	₱282,545,960	(₱449,688,952)	₱1,211,857,402	(₱23,613,995)	₱59,365,829	(₱7,200)	₱1,080,459,044

See accompanying Notes to Financial Statements.

CENTRAL AZUCARERA DE TARLAC
STATEMENTS OF CASH FLOWS

	Years Ended June 30		
	2014	2013 (As restated, Note 3)	2012 (As restated, Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱167,511,062**	₱148,036,806	(₱170,872,829)
Adjustments for:			
Depreciation and amortization (Notes 14, 15 and 16)	**52,116,155**	56,766,595	66,246,062
Penalties and interest expense (Notes 12, 13, 18 and 20)	**48,598,105**	39,272,047	279,249,057
Interest income (Notes 6, 7 and 18)	**(2,891,132)**	(2,900,951)	(7,143,973)
Gain on reversal of liability (Note 20)	–	(65,942,455)	–
Provision for doubtful accounts (Note 7)	–	25,550	274,798
Movements in:			
Retirement liability	**(15,611,928)**	(7,140,740)	(13,958,370)
Provisions	–	–	(3,200,000)
Operating income before working capital changes	**249,722,262**	168,116,852	150,594,745
Decrease (increase) in:			
Receivables	**(33,736,374)**	(7,491,345)	67,719,401
Inventories	**(18,961,974)**	44,704,493	(6,911,183)
Other current assets	**36,981,419**	(12,844,444)	12,756,082
Increase (decrease) in:			
Trade and other payables	**(109,743,518)**	(18,010,711)	143,321,686
Net cash generated from operations	**124,261,815**	174,474,845	367,480,731
Income tax paid	**(36,126,120)**	(7,965,818)	(4,851,401)
Net cash provided by operating activities	**88,135,695**	166,509,027	362,629,330
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt from (payment to) related parties	**64,184,433**	(157,708,468)	(164,289,885)
Additions to property, plant and equipment (Note 11)	**(61,336,366)**	(30,182,092)	(166,657,266)
Application (receipt) of recoverable deposits	**(42,128)**	(57,762)	376,534
Interest received	**2,891,132**	2,612,295	6,855,317
Net cash provided by (used in) investing activities	**5,697,071**	(185,336,027)	(323,715,300)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of notes payable	**727,010,144**	338,000,000	115,000,000
Payments of:			
Notes payable	**(710,500,000)**	(255,500,000)	(111,666,666)
Interest (Notes 12, 13 and 18)	**(46,028,044)**	(40,116,641)	(82,555,775)
Net cash provided by (used in) financing activities	**(29,517,900)**	42,383,359	(79,222,441)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**64,314,866**	23,556,359	(40,308,411)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**81,403,123**	57,846,764	98,155,175
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱145,717,989**	₱81,403,123	₱57,846,764

See accompanying Notes to Financial Statements.

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

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

The Company's shares of stock are publicly listed and traded in the Philippine Stock Exchange (PSE) since April 12, 1977. There was no active trading on the Company's outstanding shares in the PSE until the SEC issued an order on January 29, 2014 lifting the order of suspension made in 2010 in relation to the registration of and permit to sell the said securities.

Status of Operations
The labor dispute, which forced the Company to stop milling operations from November 2004 to December 2005, brought considerable hardship both to the operational and financial conditions of the Company. The Company was not able to recover its fixed costs, representing mainly salaries and wages, depreciation and amortization, repairs and maintenance, powerhouse and service department costs, because of the resultant low volume of sales. Moreover, the Company was not able to meet its maturing bank obligations and at that time, the situation placed the Company in a negative working capital, deficit and tight liquidity position.

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

- Sourcing of outside planters to increase its revenue from sales of sugars and tolling services;
- Upgrading and purchasing of milling equipment; and
- Continuous settlement of its remaining matured loan and related unpaid interest with local banks in 2014 (see Note 13).

For the past two years, the Company continues to post positive operating income and operating cash flows. This allowed the Company to meet its maturing obligations and suppliers' credit on time. In addition and as discussed below, new owners group has bought into the Company.

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 Company for the acquisition of 19,772,510 outstanding common shares at ₱91.00 per share. The 19,772,510 common shares represent approximately 69.77% of the total issued and outstanding shares of the Company as of July 26, 2014.

On August 20, 2014, CRAHI made a tender offer to the minority shareholders of 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 will expire on September 19, 2014.

As part of the agreement, CRAHI will settle the outstanding obligation of Jose Cojuangco and Sons, Inc. (JCSI) to customers amounting to ₱993.0 million as of September 30, 2014. As such, the Company's financial guarantee is expected to be extinguished as of that date.

<u>Authorization for the Issuance of the Financial Statements</u>
The accompanying financial statements were authorized for issuance by the Board of Directors (BOD) on September 16, 2014.

2. Basis of Preparation and Statement of Compliance

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

The financial statements provide comparative information in respect of the previous period. In addition, the Company presents an additional balance sheet at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement or a reclassification of items in the financial statements. An additional balance sheet as at July 1, 2012 is presented in these financial statements due to the retrospective application of the revised Philippine Accounting Standards (PAS) 19, Employee Benefits.

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

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following new, amended and improvements to PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRC) which the Company has adopted during the year:

- PAS 27, *Separate Financial Statements* (As revised in 2011)
- PAS 28, *Investments in Associates and Joint Ventures* (As revised in 2011)
- PFRS 1, *First-time Adoption of PFRS - Government Loans* (Amendments)
- PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments)
- PFRS 10, *Consolidated Financial Statements*
- PFRS 11, *Joint Arrangements*
- PFRS 12, *Disclosure of Interests in Other Entities*
- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*

- Annual Improvements to PFRSs (2009-2011 cycle)
  - PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*
  - PAS 1, *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information*
  - PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment*
  - PAS 32, *Financial Instruments: Presentation - Tax Effects of Distributions to Holders of Equity Instruments*
  - PAS 34, *Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities*

The adaptation of these new, amended and improvements to the standards did not have an impact on the financial statements of the Company except for the following:

- PAS 1 (Amendments), *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (OCI)*
  The amendments to PAS 1 introduced grouping of items presented in OCI. Items that will be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be reclassified. The amendments affect presentation only and have no impact on the Company's financial position or performance.

- PAS 19, *Employee Benefits* (Revised)
  The Revised PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income (OCI) and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

  Prior to adoption of the Revised PAS 19, the Company recognized actuarial gains and losses as income or expense when the net cumulative unrecognized gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognized unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the Revised PAS 19, the Company changed its accounting policy to recognize all actuarial gains and losses in OCI and all past service costs in profit or loss in the period they occur.

  The Revised PAS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

  The Revised PAS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. In addition, the Revised PAS 19 modifies the timing of recognition for termination benefits. The modification requires the termination benefits to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.

  Changes to definition of short-term employee benefits and timing of recognition for termination benefits did not have any impact to the Company's financial position and financial performance.

The changes in accounting policies have been applied retrospectively. The effects of the adoption of the Revised PAS 19 on the financial statements are as follows:

Balance Sheets

Increase (decrease) in:	**June 30, 2014**	June 30, 2013	July 1, 2012
Retirement liability	**(₱261,704,040)**	₱6,053,032	(₱47,116,353)
Deferred tax asset	**(26,347,940)**	(1,815,909)	(14,134,906)
Deferred tax liability	**56,942,949**	–	–
Other comprehensive loss	**(128,780,515)**	58,873,666	23,613,995
Deficit	**(54,412,311)**	(54,636,543)	(56,595,442)

Statements of Income

Increase (decrease) in:	**June 30, 2014**	June 30, 2013	July 1, 2012
Costs of goods sold	**₱221,997**	₱1,943,377	₱2,488,954
Costs of tolling services	**39,176**	369,341	473,230
Operating expenses	**59,158**	485,709	640,346
Benefit from income tax	**(96,099)**	(839,528)	(1,080,759)
Net loss	**(224,232)**	(1,958,899)	(2,521,771)

Statements of Comprehensive Income

Increase (decrease) in:	**June 30, 2014**	June 30, 2013	July 1, 2012
Other comprehensive income	**₱268,077,401**	₱–	₱–
Other comprehensive loss	**–**	50,370,958	33,734,279
Income tax effect	**(80,423,220)**	(15,111,287)	(10,120,284)

The adoption of Revised PAS 19 did not have a significant impact on the statements of cash flows.

As permitted by the standard, sensitivity disclosures for the retirement liability for comparative year ended June 30, 2013 have not been provided.

- PFRS 13, *Fair Value Measurement*
  PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price. The Company applied the new standard prospectively.

  As a result of the guidance in PFRS 13, the Company re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. The Company has assessed that the application of PFRS 13 has no material impact on its fair value measurements. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 23.

Future Changes in Accounting Policies

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

- Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)
  These provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at FVPL. These amendments are effective for annual periods beginning on or after January 1, 2014. It is not expected that this amendment would be relevant to the Company since it does not meet the definition of an investment entity.

- PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions* (Amendments)
  The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The Company does not expect the adoption of these amendments to have significant impact in its financial statements.

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (Amendments)
  The amendments clarify the meaning of "currently has a legally enforceable right to offset" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The amendments affect presentation only and have no impact on the Company's financial position or performance.

- PAS 36, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 39, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not expect that these amendments will be relevant as it did not engage in hedge transactions in the current year and in the past, and does not expect to do so in the future.

- PFRS 9, *Financial Instruments*
  PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relates to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at FVPL. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at FVPL. For liabilities designated as at FVPL using the FVO, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO.

  On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  The Company has made an evaluation of the impact of the adoption of this standard and decided not to early adopt PFRS 9 for its 2014 reporting ahead of its effectivity date on January 1, 2018 and therefore the financial statements as of June 30, 2014 and 2013 do not reflect the impact of the said standard. Based on this evaluation, loans and receivables and other financial liabilities, both carried at amortized cost, and available for sale investments, both carried at fair value, will not be significantly affected. Upon adoption, these financial instruments shall continue to be carried at amortized cost and fair value, thus, has no impact to the Company's financial position and performance.

  PFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company will not adopt the standard before the mandatory effective date.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 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 PFRS. This is not relevant to the Company.

  PFRS 14 is effective for annual periods beginning on or after January 1, 2016. The Company will not adopt the standard before the mandatory effective date.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Company.

- Philippine Interpretation IFRIC 21, *Levies*
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Company does not expect that IFRIC 21 will have material financial impact in future financial statements.

<u>Annual Improvements to PFRSs (2010-2012 cycle)</u>
The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *Share-based Payment – Definition of Vesting Condition*
  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Company as it has no share-based payment.

- PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
  The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as an equity in accordance with PAS 32. Contingent consideration that is not classified as an equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Company shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. This improvement has no impact on the Company's financial position or performance as it has no operating segments.

- PFRS 13, *Fair Value Measurement – Short-term Receivables and Payables*
  The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The Company does not expect this amendment to have a significant impact on the financial statements.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
  The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.

  b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

  The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Company's financial position or performance since the land, although being carried at revalued amount, is not subject to depreciation.

- PAS 24, *Related Party Disclosures – Key Management Personnel*
  The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 38, *Intangible Assets - Revaluation Method – Proportionate Restatement of Accumulated Amortization*
  The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.

  b. The accumulated amortization is eliminated against the gross carrying amount of the asset.
  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Company's financial position or performance since it has no intangible assets.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of PFRS – Meaning of 'Effective PFRSs'*
  The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first consolidated PFRS financial statements. This amendment is not applicable to the Company as it is not a first-time adopter of PFRS.

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The Company shall consider this improvement for future joint arrangements.

- PFRS 13, *Fair Value Measurement – Portfolio Exception*
  The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Company's financial position or performance.

- PAS 40, *Investment Property*
  The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Company's financial position or performance.

4. Summary of Significant Accounting and Financial Reporting Policies

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

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

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

Fair Value Measurement

The Company measures financial instruments such as AFS financial assets and nonfinancial assets such as land carried at revalued amount, at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 23.

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 Company.

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

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

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

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

For the purpose of fair value disclosures, the Company 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, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

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

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

The Company's financial assets include loans and receivables and AFS financial assets. The Company has no financial assets classified at FVPL, HTM investments and derivatives designated as hedging instruments in an effective hedge as at June 30, 2014 and 2013.

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

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

This category includes cash and cash equivalents (excluding cash on hand), receivables and recoverable deposits recorded under "Other noncurrent assets".

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

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

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

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

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

- the rights to receive cash flows from the asset have expired; or

- the Company has transferred its rights to receive cash flows from the asset 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 Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

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

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

Assets Carried at Amortized Cost. If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original 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 statement of income.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are no longer included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of income. Interest income continues to be accrued on the reduced carrying amount based on the original EIR of the asset. Loans 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 Company. 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 statement of income under "Other income" account.

AFS Financial Assets. The Company 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 statement of income, is transferred from equity to the statement of income. Reversals in respect of equity instruments classified as AFS are not recognized in statement of income.

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

Financial Liabilities

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

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

The Company's financial liabilities consist of other financial liabilities. As at June 30, 2014 and 2013, the Company has no financial liabilities classified as financial liabilities at FVPL and derivatives designated as hedging instruments in an effective hedge.

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

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

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

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Offsetting of Financial Instruments

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

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.

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

Property, Plant and Equipment
Property, plant and equipment, except 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 regularly every two (2) years 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 balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of income, in which case, the increase is recognized in the statement of other comprehensive income. A revaluation decrease is recognized in the statement of other comprehensive income, except to the extent that it reverses an existing revaluation surplus on the same asset.

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

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

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

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

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

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

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

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

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

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

Impairment of Nonfinancial Assets

The Company assesses at each balance sheet date whether there is an indication that property, plant and equipment and other noncurrent assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. The asset's 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 statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. 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 statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Customers' Advances

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

Provisions

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

Equity

Capital Stock

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

Deficit

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

Revaluation Increment

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

Treasury Shares

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

Revenue

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

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

Sale of Raw Sugar. Sale of raw sugar is recognized upon endorsement and transfer of quedans and/or issuance of a raw sugar release order in the name of the customer which represents ownership title over the raw 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 statement of income under "Sale of sugar and by products" line item, except for sale of yeasts which is reported net of related direct costs under "Other income."

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

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

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

<u>Operating Expenses</u>
These are expenses that are related to cost of administering and selling functions of the Company. These expenses are recognized in the Company's books when incurred.

<u>Income Taxes</u>

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

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

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

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

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

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

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

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

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

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

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

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

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of VAT included.

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

Operating Leases

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

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

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;

(b) a renewal option is exercised or extension is granted, unless that term of the renewal or extension was initially included in the lease term;

(c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or

(d) there is a substantial change to the asset.

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

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

Retirement Cost

The Company has a funded, noncontributory defined benefit retirement plan, covering substantially all of its permanent employees. 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 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 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 other comprehensive income (OCI) in the period in which they arise. Remeasurements are not reclassified to the statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. 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 Company'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.

Termination Benefits
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and an expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the benefit and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefit are measured in accordance with the nature of the employee benefit, as either post-employment benefit, short-term employee benefit, or other long-term employee benefit. Benefits falling due more than twelve months from the reporting date are discounted to their present values.

Employee Leave Entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled more than twelve months after the end of the annual reporting period are discounted to its present value.

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

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

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

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

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

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

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

5. Summary of Significant Accounting Judgments, Estimates and Assumptions

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

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

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

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

Legal Contingencies. The Company'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 Company has substantial legal and factual bases for its position and are of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the Company's financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings. 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 financial statements.

Estimates and Assumptions

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

Allowance for Doubtful Accounts. Allowance for doubtful accounts is calculated through the specific identification method. Through this method, the Company evaluates the information available that certain 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 Company made different assumptions or utilized different estimates.

Provisions for doubtful accounts recognized in 2014, 2013 and 2012 amounted to nil, ₱25,550 and ₱0.3 million, respectively (see Note 16). The carrying amounts of receivables as at June 30, 2014 and 2013 amounted to ₱169.1 million and ₱384.6 million, respectively (see Note 7).

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

No provision for inventory obsolescence was recognized in 2014, 2013 and 2012. The carrying amounts of inventories as at June 30, 2014 and 2013 amounted to ₱129.7 million and ₱110.8 million, respectively (see Note 8).

Impairment of AFS Financial Assets. The Company treats AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its costs or other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Company 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 Company evaluates other factors including normal volatility in share prices for quoted securities and the future cash flows and discounted factors for unquoted securities.

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

No provision for impairment of AFS financial assets was recognized in 2014, 2013 and 2012. The carrying amounts of AFS financial assets as at June 30, 2014 and 2013 amounted to ₱86.5 million and ₱86.4 million, respectively (see Note 10).

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

The significant methods and assumptions used by the appraiser in estimating fair values of investment properties are discussed in Note 11. The fair values of land as at June 30, 2014 and 2013 amounted to ₱1,976.0 million and ₱1,757.0 million, respectively (see Note 11).

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

There were no changes in the estimated useful lives of property, plant and equipment in 2014 and 2013. The carrying values of property, plant and equipment carried at cost as at June 30, 2014 and 2013 amounted to ₱315.9 million and ₱306.6 million, respectively (see Note 11).

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

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

There were no provision for impairment losses recognized in 2014, 2013 and 2012. The fair values of land as at June 30, 2014 and 2013 amounted to ₱1,976.0 million and ₱1,757.0 million, respectively. The carrying amounts of property, plant and equipment carried at cost as at June 30, 2014 and 2013 amounted to ₱315.9 million and ₱306.6 million, respectively (see Note 11). The carrying amounts of other noncurrent assets as at June 30, 2014 and 2013 amounted to ₱9.0 million and ₱8.9 million, respectively.

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

The Company's deferred income tax assets arising from temporary differences as at June 30, 2014 and 2013 amounted to ₱22.8 million and ₱54.7 million, respectively. Unrecognized deferred taxes arising from temporary differences amounted to nil and ₱11.7 million as at June 30, 2014 and 2013, respectively (see Note 19).

Retirement Liability. 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 Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligation. The assumptions used are disclosed in Note 17.

Retirement expense recognized in 2014, 2013 and 2012 amounted to ₱11.7 million, ₱8.9 million and ₱7.3 million, respectively. The carrying amounts of the Company's retirement asset (liability) as at June 30, 2014 and 2013 amounted to ₱189.8 million and (₱93.9) million, respectively (see Note 17).

6. Cash and Cash Equivalents

This account consists of:

	2014	2013
Cash on hand	**₱77,000**	₱77,000
Cash in banks	**133,543,876**	81,326,123
Cash equivalents	**12,097,113**	–
	₱145,717,989	₱81,403,123

Cash in banks earn interest at the respective bank deposit rates. The effective annual interest rates on cash equivalents, which have an average maturity of 30 days, is 2% in 2014.

Interest income earned from cash in banks and cash equivalents amounted to ₱0.3 million in 2014, ₱0.6 million in 2013 and ₱0.9 million in 2012.

7. Receivables

This account consists of:

	2014	2013
Trade - net of allowance for doubtful accounts:		
Non-affiliates	**₱59,854,796**	₱40,510,708
Affiliates (see Note 18)	**2,923,104**	145,870
	62,777,900	40,656,578
Nontrade:		
Due from related parties (see Note 18)	**62,929,344**	312,203,442
Planters' receivables	**24,238,161**	16,734,641
Advances to directors, officers and employees (see Note 18)	**10,289,519**	9,639,652
Others	**14,011,688**	11,075,841
	111,468,712	349,653,576
Less allowance for doubtful accounts - nontrade	**5,156,723**	5,682,541
	106,311,989	343,971,035
	₱169,089,889	₱384,627,613

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

Planters' receivables are subject to interest at 18% per annum. Interest income earned from planters' receivables amounted to ₱2.4 million in 2014, ₱1.7 million in 2013 and ₱5.3 million in 2012.

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

Others consist of receivables with various insignificant amounts.

Movements in the allowance for doubtful accounts as at June 30, 2014 and 2013 are summarized below:

	2014		
	Trade	**Nontrade**	**Total**
Balance at beginning of year	**₱27,973,155**	**₱5,682,541**	**₱33,655,696**
Reversals/write off during the year	**(25,308,131)**	**(525,818)**	**(25,833,949)**
Balance at end of year	**₱2,665,024**	**₱5,156,723**	**₱7,821,747**

	2013		
	Trade	Nontrade	Total
Balance at beginning of year	₱28,000,108	₱13,682,541	₱41,682,649
Provision during the year (see Note 16)	25,550	–	25,550
Reversals/write off during the year	(52,503)	(8,000,000)	(8,052,503)
Balance at end of year	₱27,973,155	₱5,682,541	₱33,655,696

8. Inventories

This account consists of:

	2014	2013
At cost:		
Alcohol	**₱68,204,547**	₱48,072,976
Molasses	**82,597**	–
At NRV:		
Spare parts and supplies	**61,445,734**	62,697,928
	₱129,732,878	₱110,770,904

The cost of spare parts and supplies amounted to ₱68.6 million and ₱69.9 million as at June 30, 2014 and 2013, respectively. Allowance for inventory obsolescence amounted to ₱7.2 million as at June 30, 2014 and 2013. No provision for inventory obsolescence was recognized in 2014, 2013 and 2012.

The Company's production of raw sugar with market value of ₱167.0 million for the year ended June 30, 2013 was used as collateral for the Company's loans (see Note 13). In 2014, the related loans have been settled.

9. Other Current Assets

This account includes:

	2014	2013
Advances to suppliers	**₱11,827,056**	₱25,095,702
Prepaid tax	**2,597,725**	2,385,369
Prepaid insurance	**2,129,757**	2,022,226
CWT	–	22,159,679
Others	**258,318**	2,131,299
	₱16,812,856	₱53,794,275

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

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

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

Others include individual insignificant amounts.

10. AFS Financial Assets

The details of AFS financial assets are as follows:

	2014	2013
Proprietary shares (see Note 18)	**₱85,550,000**	₱85,400,000
Investment in shares of stock:		
Listed	**824,687**	811,439
Unlisted (see Note 18)	**162,000**	162,000
	₱86,536,687	₱86,373,439

The movements in this account are as follows:

	2014	2013
At beginning of year	**₱86,373,439**	₱85,943,399
Change in fair value of AFS investments	**163,248**	430,040
At end of year	**₱86,536,687**	₱86,373,439

The fair value of the listed shares of stocks is determined with reference to published price quotations in an active market. Common stock not listed in the stock exchange have no other reliable sources of their fair market values, therefore, they are stated at cost. Management intends to dispose the AFS financial assets, both listed and unlisted and proprietary shares, when the need arises. The Company's proprietary shares of stock with carrying value of ₱8.1 million as at June 30, 2013 are used as collateral for the Company's loans (see Note 13). In 2014, the related loans have been settled.

There were no sale or purchase transactions on the Company's AFS financial assets in 2014 and 2013.

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

	2014	2013	2012
At beginning of year	**₱59,795,869**	₱59,365,829	₱59,275,943
Unrealized gain on AFS financial assets during the year	**163,248**	430,040	89,886
At end of year	**₱59,959,117**	₱59,795,869	₱59,365,829

11. Property, Plant and Equipment

Movements in this account are summarized below:

At Cost

	June 30, 2013	Additions	Disposals/ Write-offs/ Reclassifications	**June 30, 2014**
Cost:				
Machinery and equipment	₱1,385,345,435	₱–	₱41,829,963	**₱1,427,175,398**
Buildings and improvements	86,824,477	–	3,628,141	**90,452,618**
Furniture, fixtures and equipment	69,830,365	2,564,947	546,788	**72,942,100**
Land improvements	42,026,215	–	5,456,676	**47,482,891**
Transportation equipment	26,602,839	21,161	–	**26,624,000**
Communication and utility systems	16,906,942	43,571	–	**16,950,513**
Roads and bridges	12,350,552	–	–	**12,350,552**
Agricultural machinery and equipment	384,709	2,300,000	–	**2,684,709**
	1,640,271,534	4,929,679	51,461,568	**1,696,662,781**
Less accumulated depreciation and amortization:				
Machinery and equipment	1,116,481,770	45,174,454	–	**1,161,656,224**
Buildings and improvements	69,246,434	2,242,715	–	**71,489,149**
Furniture, fixtures and equipment	61,699,084	3,205,635	–	**64,904,719**
Land improvements	38,593,111	64,063	–	**38,657,174**
Transportation equipment	24,334,453	725,089	–	**25,059,542**
Communication and utility systems	15,664,290	140,227	–	**15,804,517**
Roads and bridges	12,006,440	296,794	–	**12,303,234**
Agricultural machinery and equipment	383,579	267,178	–	**650,757**
	1,338,409,161	52,116,155	–	**1,390,525,316**
Construction in-progress	4,774,500	56,406,687	(51,461,568)	**9,719,619**
	₱306,636,873			**₱315,857,084**

	June 30, 2012	Additions	Disposals/ Write-offs/ Reclassifications	June 30, 2013
Cost:				
Machinery and equipment	₱1,357,411,496	₱1,304,590	₱26,629,349	₱1,385,345,435
Buildings and improvements	84,870,311	–	1,954,166	86,824,477
Furniture, fixtures and equipment	67,280,451	2,549,914	–	69,830,365
Land improvements	42,026,215	–	–	42,026,215
Transportation equipment	26,277,710	325,129	–	26,602,839
Communication and utility systems	16,645,960	260,982	–	16,906,942
Roads and bridges	12,350,552	–	–	12,350,552
Agricultural machinery and equipment	384,709	–	–	384,709
	1,607,247,404	4,440,615	28,583,515	1,640,271,534
Less accumulated depreciation and amortization:				
Machinery and equipment	1,067,715,080	48,766,690	–	1,116,481,770
Buildings and improvements	66,557,354	2,689,080	–	69,246,434
Furniture, fixtures and equipment	58,206,486	3,492,598	–	61,699,084
Land improvements	38,400,554	192,557	–	38,593,111
Transportation equipment	23,142,019	1,192,434	–	24,334,453
Communication and utility systems	15,534,384	129,906	–	15,664,290
Roads and bridges	11,703,110	303,330	–	12,006,440
Agricultural machinery and equipment	383,579	–	–	383,579
	1,281,642,566	56,766,595	–	1,338,409,161
Construction in-progress	7,616,538	25,741,477	(28,583,515)	4,774,500
	₱333,221,376			₱306,636,873

Fully depreciated property and equipment that are still used in operations as at June 30, 2014 and 2013 amounted to ₱1,125.8 million and ₱1,088.0 million, respectively.

Land at Revalued Amount

The fair value of land as at June 30, 2014 and 2013 amounted to ₱1,976.0 million and ₱1,757.0 million, respectively. The fair value, categorized as Level 3, is based on valuations determined by an independent appraiser, accredited by the SEC, as of June 30, 2014. The valuation models used by the appraiser are in accordance with that recommended by the International Valuation Standards Council. The current use of the land is its highest and best use.

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

As at June 30, 2014 and 2013, the carrying value of land under cost model aggregated ₱25.7 million.

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

	2014	2013	2012
At beginning of year	**₱1,211,857,402**	₱1,211,857,402	₱937,457,402
Revaluation increment during the year	**153,300,000**	–	274,400,000
At end of year	**₱1,365,157,402**	₱1,211,857,402	₱1,211,857,402

Deferred tax liability on revaluation increment as of June 30, 2014 and 2013 amounted to ₱585.1 million and ₱519.4 million, respectively (see Note 19).

Real properties with aggregate carrying value of ₱1,976.0 million and ₱1,757.0 million as at June 30, 2014 and 2013, respectively, are used as collateral to secure the Company's notes payable (see Note 13).

12. Trade and Other Payables

This account consists of:

	2014	2013
Trade payables	**₱189,736,797**	₱220,036,634
Accruals:		
Freight and transportation	**32,576,373**	34,025,705
Spare parts, supplies and inventory cost	**24,210,558**	25,987,935
Management fees and bonus (see Note 18)	**11,224,302**	10,107,516
Repairs and maintenance	**12,148,226**	7,648,226
Interest and penalties	**8,212,469**	5,642,408
Salaries, wages and other benefits	**7,553,060**	6,178,298

(Forward)

	2014	2013
Professional fees	**₱5,920,000**	₱–
Taxes	**2,075,106**	4,940,049
Others	**18,607,484**	19,853,547
Advances from stockholders (see Note 18)	**17,683,888**	16,060,040
Customers' advances	**3,586,464**	54,042,117
Liens payable	**499,468**	1,083,172
Due to related parties (see Note 18)	–	185,089,665
Payable to traders	–	26,159,474
Other payables	**22,702,123**	32,144,654
	356,736,318	648,999,440
Less noncurrent portion	**35,368,649**	69,503,107
	₱321,367,669	₱579,496,333

Trade payables are noninterest-bearing and generally settled or have a 30-day term.

Noncurrent portion of trade payables pertain to restructured payables to utility providers. These payables bear interest at an annual rate of 7.2%. Outstanding balance as of June 30, 2014 and 2013 amounted to ₱35.4 million and ₱69.5 million, respectively. Interest expense amounted to ₱6.5 million, ₱9.7 million and nil in 2014, 2013 and 2012, respectively.

Scheduled maturities of the restructured payables are as follows:

Fiscal year	Amount
2015	₱34,134,458
2016	35,368,649
	₱69,503,107

Accruals are settled throughout the financial year.

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

Liens payable consists of fixed fees due to various sugar planters' associations and government agencies.

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

Payable to traders are payable in cash or in kind at the option of the traders. This payable arises from the guaranteed recovery of tolling services to traders. In 2014, the outstanding payable has been settled.

Other payables consist of various insignificant amounts. Interest expense on other payables amounted to ₱1.6 million in 2014, ₱1.5 million in 2013 and ₱1.3 million in 2012 (see Note 18).

13. Notes Payable

This account consists of:

	2014	2013
Local banks	**₱349,843,478**	₱331,500,000
Related parties (see Note 18)	**15,000,000**	15,000,000
Others	**51,500,000**	53,333,334
	416,343,478	399,833,334
Less current portion	**327,676,811**	264,000,000
	₱88,666,667	₱135,833,334

Notes payable to local banks

In 2014 and 2013, the Company availed short-term loans with market interest rates ranging from 7.0% to 9.0% from local banks with an aggregate amount of ₱674.0 million and ₱228.0 million, respectively, for working capital requirements. Loan repayments made in 2014 and 2013 amounted to ₱594.5 million and ₱131.0 million, respectively. Outstanding balance of short-term loans from local bank as of June 30, 2014 and 2013 amounted to ₱249.0 million and ₱169.5 million, respectively. Interest expense on these short-term loans amounted to ₱22.2 million in 2014, ₱16.3 million in 2013 and ₱5.3 million in 2012.

Part of the short-term loans availed in 2014 include a one-year credit facility amounting to ₱60.0 million with market interest ranging from 7.2% to 8.2%. As of June 30, 2014, ₱5.5 million of the credit facility can still be availed by the Company. The credit facility will expire on May 22, 2015. The said loans are secured by a first mortgage on the real properties of Tarlac Development Corporation (TDC), a related party. TDC also acts as a surety to the said loans to the extent of ₱50.0 million.

In 2013, the Company availed a long-term loan from a local bank amounting to ₱60.0 million with interest rate of 5.0%, subject to quarterly repricing, for capital expenditures. The principal is to be paid in 30 equal monthly installments every January to June beginning 2013. Outstanding balance on this loan as of June 30, 2014 and 2013 amounted to ₱36.0 million and ₱48.0 million, respectively. Loan repayments made in 2014 and 2013 amounted to ₱12.0 million. Interest expense amounted to ₱2.4 million in 2014 and ₱1.2 million in 2013.

The Company also has a long-term loan from a local bank obtained in 2011 amounting to ₱65.0 million with interest rate of 7.5% for capital expenditures. The principal is to be paid monthly every January to June beginning 2014 until 2016. Loan repayments made in 2014 amounted to ₱15.2 million. Outstanding balance on this loan as at June 30, 2014 and 2013 amounted to ₱49.8 million and ₱65.0 million, respectively. Interest expense amounted to ₱4.6 million in 2014 and ₱4.9 million in 2013 and 2012.

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

- Obligation amounting to ₱45.0 million, with market interest rate of 9%, matured in May 2010. This was converted to term loans payable until January 2016. Loan repayments made in 2014 and 2013 amounted to ₱10.0 million. As of June 30, 2014 and 2013, the outstanding balance of this loan amounted to ₱15.0 million and ₱25.0 million, respectively. Interest expense amounted to ₱1.5 million in 2014, ₱2.2 million in 2013, ₱3.6 million in 2012; and

- Obligation amounting to ₱80.0 million was converted to term loans payable with floating interest rate set by the bank. In 2014, the Company has fully settled the outstanding obligation amounting to ₱24.0 million as of June 30, 2013. This is covered by deeds of assignments on a portion of the proceeds of the Company's share in sugar production and certificates of proprietary shares of stock with market value aggregating ₱175.1 million as at June 30, 2013 (see Notes 8 and 10). Interest expense amounted to ₱0.6 million in 2014, ₱2.8 million in 2013 and ₱4.0 million in 2012.

- Notes payable and related unpaid interest aggregating ₱166.5 million were converted to term loans payable and with floating annual interest rates ranging from 8.5% to 12.5%. Outstanding balance of the loan amounting to ₱28.5 million was settled in 2013. Interest expense amounted to ₱1.4 million in 2013 and ₱5.6 million in 2012.

All outstanding notes payable are secured by mortgage participation certificates under a Mortgage Trust Indenture under the custody of a local bank trustee. This indenture covers real properties with carrying value of ₱1,976.0 million as at June 30, 2014 (see Note 11).

Notes payable to related parties
Notes payable to related parties amounting to ₱15.0 million as at June 30, 2014 and 2013 are exempt commercial papers registered with the SEC with fixed interest rate ranging from 8% to 10% in 2014 and 2013. These notes are generally for a period of 180 to 360 days (see Note 18). Interest expense amounted to ₱2.1 million in 2014, ₱1.8 million in 2013 and ₱1.2 million in 2012.

Other notes payable
Others consist of unsecured loans obtained from third parties.

In July 2013, the Company obtained a short-term loan amounting to ₱33.0 million from Philippine Sugar Corporation (Philsucor) with fixed annual interest rate of 8.0% payable semi-annually for one year. Outstanding balance as at June 30, 2014 amounted to ₱16.5 million. Interest expense amounted to ₱2.0 million in 2014.

In October 2012, the Company obtained a long-term loan amounting to ₱50.0 million from Philsucor with fixed annual interest rate of 9.0% payable semi-annually for five years. The loan will mature in October 2017. The Company has made repayments during the year amounting to ₱10.0 million. Outstanding balance as at June 30, 2014 and 2013 amounted to ₱35.0 million and ₱45.0 million, respectively. Interest expense amounted to ₱4.5 million in 2014 and ₱3.1 million in 2013.

In February 2011, the Company obtained a long-term loan amounting to ₱50.0 million from Philsucor with fixed annual interest rate of 10.0% payable semi-annually. The outstanding balance as of June 30, 2013 amounting to ₱8.3 million was settled in 2014. Interest expense amounted to ₱0.6 million in 2014, ₱2.4 million in 2013 and ₱4.0 million in 2012.

Others include a loan amounting to ₱30.0 million from A. D. Gothong Manufacturing Corporation with interest compounded at 12% per annum in 2013. In 2013, repayment amounting to ₱30.0 million was made to settle the said loan. Interest expense amounted to ₱1.7 million in 2013 and ₱3.6 million in 2012.

Scheduled maturities of notes payable are as follows:

Fiscal year	Amount
2015	₱327,676,811
2016	61,666,667
2017	22,000,000
2018	5,000,000
	₱416,343,478

The Company's capital management policies ensure that the Company 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.

14. Costs of Goods Sold

This account consists of:

	2014	2013 (As restated, Note 3)	2012 (As restated, Note 3)
Salaries, wages, bonuses and other benefits	**₱168,517,459**	₱167,591,505	₱170,520,646
Repairs and maintenance	**151,657,686**	155,783,712	117,999,420
Freight and transportation	**53,999,690**	66,661,263	74,056,053
Depreciation and amortization	**46,293,357**	51,626,220	61,909,896
Security and outside services	**25,259,454**	19,970,185	20,213,403
Change in inventory costs, spare parts, and supplies	**15,972,756**	47,803,929	90,300,074
Retirement (see Note 17)	**8,132,676**	6,156,539	5,038,914
Power and steam	**6,078,431**	7,239,628	18,858,450
Taxes and licenses	**5,023,180**	4,797,884	1,631,042
Insurance	**4,371,505**	3,750,007	4,303,835
Others	**26,502,157**	23,172,164	26,095,212
	₱511,808,351	₱554,553,036	₱590,926,945

15. Costs of Tolling Services

This account consists of:

	2014	2013 (As restated, Note 3)	2012 (As restated, Note 3)
Power and steam	**₱42,712,176**	₱52,031,773	₱61,009,665
Repairs and maintenance	**32,140,821**	27,975,264	25,405,429
Salaries, wages, bonuses and other benefits	**26,654,814**	27,133,583	27,831,496

(Forward)

	2014	2013 (As restated, Note 3)	2012 (As restated, Note 3)
Spare parts and supplies	**₱6,443,978**	₱7,049,481	₱13,659,894
Freight and transportation	**5,373,606**	4,957,982	3,796,329
Depreciation and amortization	**2,877,610**	2,942,131	2,376,949
Taxes and licenses	**1,589,232**	1,804,600	2,245,311
Retirement (see Note 17)	**1,435,178**	1,169,981	958,029
Insurance	**1,227,607**	758,890	1,356,168
Others	**1,215,737**	1,242,535	307,301
	₱121,670,759	₱127,066,220	₱138,946,571

16. Operating Expenses

This account consists of:

	2014	2013 (As restated, Note 3)	2012 (As restated, Note 3)
Salaries, wages and other benefits	**₱41,588,274**	₱38,146,057	₱45,622,144
Transportation and travel	**25,699,391**	19,573,273	20,900,069
Management fees and bonuses (see Note 18)	**18,454,002**	17,150,716	11,696,479
Professional fees	**17,877,843**	9,887,389	10,175,418
Security and janitorial services	**14,424,770**	12,934,257	13,297,662
Rentals (see Note 18)	**8,485,798**	6,641,899	4,806,600
Repairs and maintenance	**8,475,530**	2,515,896	3,018,126
Entertainment, amusement and recreation	**4,979,147**	8,391,829	7,235,355
Light and water	**3,244,321**	3,217,713	2,765,821
Taxes and licenses	**3,152,797**	13,774,974	4,542,513
Depreciation and amortization	**2,945,188**	2,198,244	1,959,217
Retirement (see Note 17)	**2,167,188**	1,538,607	1,296,387
Postage, telephone and telegram	**1,380,608**	1,334,132	1,457,286
Dues and advertisements	**687,635**	440,102	313,253
Bank charges	**303,067**	348,521	2,242,139
Provision for doubtful accounts	**–**	25,550	274,798
Others	**3,234,726**	19,527,079	7,459,377
	₱157,100,285	₱157,646,238	₱139,062,644

17. **Retirement Asset (Liability)**

The Company maintains a tax-qualified, funded, noncontributory defined benefit retirement plan covering substantially all of its permanent employees. The benefits are based on years of service and compensation during the latest year of employment. The latest retirement valuation was made as at June 30, 2014.

The fund is administered by Luisita Trust Fund (LTF), a related party, under the supervision of LTF's Board of Trustees (see Note 18). 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.

Net Retirement Expense

	2014	2013	2012
Current service cost	**₱7,404,794**	₱6,251,300	₱4,845,100
Interest cost	**7,313,682**	7,793,100	8,630,500
Interest income	**(2,983,434)**	(5,179,273)	(6,182,270)
	₱11,735,042	₱8,865,127	₱7,293,330

Retirement Asset (Liability)

	2014	2013
Present value of defined benefit obligations	**₱150,317,181**	₱158,456,000
Fair value of plan assets	**348,586,637**	64,576,500
Effect of asset ceiling	**(8,459,627)**	–
Net retirement asset (liability)	**₱189,809,829**	(₱93,879,500)

Changes in the Present Value of Defined Benefit Obligation

	2014	2013
Balance at beginning of year	**₱158,456,000**	₱137,114,600
Current service cost	**7,404,794**	6,251,300
Interest cost	**7,313,682**	7,793,100
Benefits paid	**(18,164,264)**	(14,026,058)
Actuarial loss:		
Experience adjustments	**659,606**	278,458
Changes in demographic assumptions	**–**	671,300
Changes in financial assumptions	**(5,352,637)**	20,373,300
Pension benefit obligation at end of year	**₱150,317,181**	₱158,456,000

Changes in the Fair Value of Plan Assets

	2014	2013
Beginning balances	₱64,576,500	₱86,465,318
Interest income included in interest cost	2,983,434	5,179,273
Actual return excluding amount included in interest cost	271,843,997	(29,047,900)
Contributions	27,346,970	16,005,867
Benefits paid	(18,164,264)	(14,026,058)
Fair value of plan assets at end of year	₱348,586,637	₱64,576,500

Remeasurement Effects to be Recognized in OCI

	2014	2013	2012
Actuarial gain (loss)	₱4,693,031	(₱21,323,058)	(₱37,210,014)
Return on assets excluding amount included in net interest cost	271,843,997	(29,047,900)	3,475,735
Effect of asset ceiling	(8,459,627)	–	–
Amount to be recognized in OCI	₱268,077,401	(₱50,370,958)	(₱33,734,279)

Changes in Net Amount Recognized in OCI

	2014	2013
Net amount recognized in OCI, beginning	(₱58,873,666)	(₱23,613,995)
Amount recognized during the period	187,654,181	(35,259,671)
Net amount recognized in OCI, ending	₱128,780,515	(₱58,873,666)

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

	2014	2013
Cash in banks and cash equivalents	₱4,445,826	₱8,172,645
Investments in shares of stocks	344,140,811	56,403,855
	₱348,586,637	₱64,576,500

The effect of the asset ceiling is as follows:

	2014	2013
(1) Net assets	₱198,269,456	₱–
(2) Present value of available refund	189,809,829	–
(3) Asset limit to be recognized in the financial position [lower of (1) and (2)]	189,809,829	–
Unrecognized asset due to asset limit	₱8,459,627	₱–

Cash equivalents are short-term deposits made for varying periods up to three months and are not subject to significant credit risk and changes in value. Investments in shares of stocks consist of the Company's shares which are traded in the PSE. The Company's shares of stock were listed in the PSE on April 12, 1977. There was no active trading on the Company's outstanding shares in the PSE until the SEC issued an order on January 29, 2014 lifting the order of suspension made in 2010 in relation to the registration of and permit to sell the said securities. These investments are revalued at based on quoted prices at closing dates. As of June 30, 2014 and 2013, the quoted prices of the Company's shares were ₱78.0 per share and ₱12.5 per share, respectively.

The principal actuarial assumptions used are as follows:

	2014	2013	2012
Future salary increase rate	**3.00%**	3.00%	3.00%
Discount rate	**4.96%**	4.62%	5.99%
Turnover rate	**A scale of 1% at age 20 decreasing to 0% at age 49**	A scale of 1% at age 20 decreasing to 0% at age 49	A scale of 1% at age 20 decreasing to 0% at age 49
Average working lives (in years)	**18**	18	17

Mortality rate is based on the 1994 Group Annuity Mortality Table for both 2014 and 2013.

The discount rate used is a single weighted average rate based on bootstrapped Philippine Dealing System Treasury Reference Rates (PDST-R2) at various tenors as of June 30, 2014. Rates for intermediate durations were interpolated. The rates were then weighted by the expected benefit payments at those durations to arrive at the single weighted average discount rate.

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

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

Significant Assumptions	Defined Benefit Obligation
Discount rate	
Increase of 1%	(₱14,076,406)
Decrease of 1%	16,390,589
Future salary increase rate	
Increase of 1%	15,883,592
Decrease of 1%	(13,900,328)

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

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

The average duration of the defined benefit obligation as of June 30, 2014 and 2013 is 20 years.

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

	Expected Benefit Payments		
Plan Year	Normal Retirement	Other than Normal Retirement	Total
Less than 1 year	₱1,471,493	₱2,139,968	₱3,611,461
More than 1 year to 5 years	40,648,442	15,110,071	55,758,513
More than 5 years to 10 years	71,752,422	17,867,370	89,619,792
More than 10 years to 15 years	88,609,462	17,141,892	105,751,354
More than 15 years to 20 years	74,580,768	12,580,008	87,160,776
More than 20 years	208,514,596	38,487,305	247,001,901

18. 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 Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Terms and Conditions of Transaction with Related Parties

Outstanding balances of transactions with related parties at year-end are unsecured and settlements are made through offsetting. As at June 30, 2014 and 2013, the Company has allowance for doubtful accounts relating to amounts covered by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with Related Parties

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

Significant transactions with related parties are summarized below:

	Year	Amount/ Volume	Outstanding Balance	Terms	Conditions
Related parties under common control					
Management fees	**2014**	**₱7,229,700**	**₱–**	Payable	–
	2013	7,043,200	–	monthly	–
	2012	7,015,200	–	in advance	–
Management bonuses	**2014**	**11,224,302**	**11,224,302**	–	–
	2013	10,107,516	10,107,516	–	–
	2012	4,681,279	–	–	–
Rentals	**2014**	**8,485,798**	–	Operating lease,	–
	2013	6,641,899	–	payable monthly	–
	2012	4,806,600	–	in advance	–
Interest income	**2014**	**179,342**	–	Net settlement,	–
	2013	582,713	–	with interest at	–
	2012	984,462	–	9%	–

(Forward)

	Year	Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivables	**2014**	**₱84,966,472**	**₱62,929,344**	Net settlement;	Unsecured,
	2013	215,312,226	310,205,963	no interest	no impairment
Receivables	**2014**	**3,386,671**	–	Net settlement;	Unsecured,
	2013	3,189,632	1,997,479	with 9% interest	no impairment
Trade receivables					
Central Luzon Cane Growers, Inc.	**2014**	**2,046,964**	**2,923,104**	Net settlement; with interest	Unsecured, no impairment
(CLCGI)	2013	80,910,715	145,870		
Luisita Marketing	**2014**	**17,300**	–	Net settlement;	Unsecured; with
Corporation (LMC)	2013	25,550	25,039,763	no interest	full impairment
Interest expense	2013	4,277	–		–
	2012	1,774,947	–		–
Payables	**2014**	**302,664,387**	–	Net settlement; no	
	2013	1,454,514,748	185,089,665	interest	Unsecured
Interest expense on notes	**2014**	**2,096,987**	–	–	–
payable	2013	1,822,500	–	–	–
	2012	1,218,611	–	–	–
Notes payable	**2014**	**20,000,000**	**15,000,000**	10% interest;	
	2013	5,000,000	15,000,000	renewable	Unsecured
Contribution to plan	**2014**	**27,346,970**	–	–	–
assets	2013	16,005,867	–	–	–
Investment in AFS	**2014**	–	**83,547,000**	No maturity	Unsecured
	2013	–	83,547,000		
Stockholders, Directors and Officers					
Interest expense/	2014	**1,627,899**	**17,683,888**		
Payables	2013	1,478,415	16,060,040	Compounding	
	2012	1,342,319	–	interest at 10%	Unsecured
Receivables	**2014**	**6,211,175**	**10,289,519**	Non-interest	Unsecured, with
	2013	25,922,492	9,639,652	bearing	impairment

There have been no guarantee provided or received for any related party receivable or payable, except for, Jose Cojuangco and Sons, Inc.'s (JCSI) outstanding obligation to a customer amounting to ₱1,063.7 million and ₱1,201.0 million as at June 30, 2014 and 2013, respectively (see Notes 20 and 25).

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

a. Pursuant to a management agreement with JCSI, the Company pays management fees monthly for which JCSI acts as the managing entity of the Company. In addition, JCSI is also entitled to management bonuses based on the performance of the Company.

b. The Company entered into a lease agreement with J.C. Enterprises, Inc. (JCE) for the lease of its corporate office. The lease agreement is renewable annually at the option of the Company under terms and conditions mutually acceptable to both parties (see Note 20). The lease was renewed for a period of one year on January 1, 2014.

c. Receivables from related parties represent cash advances made by the Company to related parties for working capital requirements of the latter. In 2014, the Company entered into a Deed of Assignment with TDC, Luisita Golf and Country Club, Inc. (LGCCI), Luisita Realty Corporation (LRC) and Centenary Holdings, Inc. to settle the Company's outstanding obligations to JCSI, Tarlac Distillery Corp. (TADISCO), CAT Realty Corporation (CRC) and Hacienda Luisita, Inc. (HLI) with aggregate amount of ₱226.3 million. The deed of assignment was approved by the Company's Board of Directors on June 10, 2014.

d. Receivables from related party include due from LRC, which bears interest at 9% and computed based on the monthly principal amount less the interest income that forms part of the principal amount for the years ended June 30, 2014, 2013 and 2012.

e. Payables to related parties include due to CLCGI, which represents interest-bearing advances from sugar operation for hauling, cutting and harvesting activities of the Company's planters ensuring continuous supply of sugar canes to the Company. In 2013, the Company paid the debt of CLCGI amounting to ₱30.0 million. Interest expense on these advances ranges from 9% to 11% of monthly balance of sugar operations payable to CLCGI.

f. Due to related parties mainly represent payment of expenses of the Company made by the related parties.

g. The Company assigned to JCSI its trading agreement with a customer, as amended, for the delivery of standard grade refined sugar and rectified fine alcohol with an aggregate amount of ₱1,349.0 million as at June 30, 2012. This amount includes accumulated related interest and penalties for non-delivery amounting to ₱1,000.4 million. On December 21, 2012, the Company and JCSI entered into a settlement agreement with its customer (see Note 20).

h. The Company had a marketing agreement with LMC for the selling and distribution of sugar and by-products of the Company in the prior years.

i. As at June 30, 2014 and 2013, the Company has notes payable to related parties with fixed interest rate of 10% in 2014 and 2013. These notes are generally for a period of 180 to 360 days (see Note 13).

j. LTF is an asset management company which manages the defined benefit retirement plans of the Company and its affiliate. The Company and LTF share certain key management personnel who exercise control over their financial and operating activities. On an annual basis, the Company transfers funds to LTF in the form of contributions to the defined benefit retirement plan.

k. The Company has investments in the stockholdings of CRC and LGCCI as at June 30, 2014 and 2013 (see Note 10).

l. Certain properties of the Company's related parties are held as collateral to the Company's loans.

m. As at June 30, 2014 and 2013, the Company has an outstanding payable to a shareholder, with interest at 10% per annum to be paid annually.

n. Receivables from directors and employees represent loans and cash advances made by the Company for business expenses that are anticipated to be incurred by the employee, director, or officer in behalf of the Company.

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

Compensation of Key Management Personnel

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

	2014	2013	2012
Short-term employee benefits	**₱10,119,311**	₱13,978,710	₱14,342,145
Post-employment benefits	**7,142,442**	6,342,051	1,878,094
	₱17,261,753	₱20,320,761	₱16,220,239

19. Income Taxes

The provision for current income tax represents RCIT in 2014, and MCIT in 2013 and 2012.

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

	2014	2013
Deferred tax assets:		
Unamortized portion of past service costs	**₱18,303,276**	₱14,308,465
Allowance for doubtful accounts	**2,346,524**	10,096,708
Allowance for inventory obsolescence	**2,159,162**	2,159,162
Retirement liability	**–**	28,163,850
	22,808,962	54,728,185
Deferred tax liabilities:		
Revaluation increment	**585,067,458**	519,367,458
Retirement asset	**56,942,949**	–
	642,010,407	519,367,458
Net deferred tax liabilities	**(₱619,201,445)**	(₱464,639,273)

Excess MCIT over RCIT amounting to ₱11.7 million, which were carried forward from taxable years ending June 30, 2013 and 2012, were applied against the tax due for the current year ending June 30, 2014. No related deferred tax assets were recognized in 2013 and 2012 since management assessed that the Company will not be able to generate enough profit to recover MCIT before its expiration. The table below details the carry forward benefit of MCIT:

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

Also, in 2013, the Company applied its carried forward NOLCO amounting to ₱173.3 million which was incurred during taxable year ending June 30, 2012.

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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 statements of income is summarized as follows:

	2014	2013	2012
Income tax on income (loss) before tax	**₱50,253,318**	₱44,411,042	(₱51,261,849)
Income tax effects of:			
Nondeductible expenses	**7,786,192**	9,913,455	1,753,445
Interest income already subjected to final tax	**(94,148)**	(177,722)	(284,800)
Unallowable portion of interest expense	**39,126**	73,311	117,478
Dividend income	**(14,821)**	–	(630)
Effect of change in unrecognized deferred tax assets	**(11,705,122)**	(45,129,459)	56,834,581
Others	–	2,408,087	–
	₱46,264,545	₱11,498,714	₱7,158,225

20. **Agreements**

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

	2014	2013
Raw Sugar		
Planters	**269,822 Lkg**	179,578 Lkg
Traders	**16,754**	12,843
Refined sugar - traders	**119,621**	137,025

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

On February 15, 2006, the agreement was amended to include a provision on interest and penalty for non-delivery of the refined sugar and interest of 12.0% per annum. In 2013, the Company recognized gain on reversal of liability due to the duties in the market price of sugar amounting to ₱65.9 million. The Company recognized interest and penalties from non-delivery of refined sugar and rectified fine alcohol aggregating to ₱245.7 million in 2012.

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

Also on the same agreement, the customer confirmed that payment of the obligations shall be unconditionally assumed by JCSI. Notwithstanding the assumption of JCSI of the obligation, the Company acknowledged, declared and confirmed that it shall, as long as any amount comprising the obligation remains outstanding, continue to act as a guarantor of obligation amounting to ₱1,063.7 million and ₱1,201.0 million as at June 30, 2014 and 2013, respectively.

The revised obligation is secured by mortgages constituted over the real properties beneficially owned by the Company, TDC, JCSI, LRC, and certain individuals. The carrying values of the real properties of the Company covered in the mortgage amounted to ₱1,976.0 million and ₱1,757.0 million as at June 30, 2014 and 2013 (see Note 11).

Lease Agreement
The Company has a lease agreement with JCE, and was renewed during the year effective January 1, 2014. Rent expense charged to operations amounted to ₱8.5 million in 2014, ₱6.6 million in 2013 and ₱4.8 million in 2012.

The future annual minimum lease payment for one year is ₱4.2 million.

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

21. **Equity**

Capital Stock
The authorized capital stock of the Company is 40.0 million shares as at June 30, 2014 and 2013, with par value of ₱10.0 per share. The Company's shares of stock were listed in the PSE on April 12, 1977. There was no active trading on the Company's outstanding shares in the PSE until the SEC issued an order on January 29, 2014 lifting the order of suspension made in 2010 in relation to the registration of and permit to sell the said securities.

The total number of shareholders is 638 as at June 30, 2014 and 2013.

Basic/diluted Earnings Per Share

The Company's basic/diluted earnings per share for the years ended June 30, 2014, 2013 and 2012 are computed as follows:

	2014	2013 (As restated, Note 3)	2012 (As restated, Note 3)
Net income (loss) (a)	**₱121,246,517**	₱136,538,092	(₱178,031,054)
Weighted average number of shares (b):			
Issued shares	**28,254,596**	28,254,596	28,254,596
Less treasury shares	**720**	720	720
	28,253,876	28,253,876	28,253,876
Basic/diluted earnings (loss) per share (a/b)	**₱4.29**	₱4.83	(₱6.30)

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

22. Notes to Statements of Cash Flows

In 2014, the Company settled its due from and due to related party balances amounting to ₱226.3 million as approved by the Company's Board of Directors on June 30, 2014 (see Note 18).

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

Noncash operating activities includes assignment of receivables to a related party amounting to ₱1,076.0 million in 2012 (see Note 18).

23. Fair Value Measurement and Financial Instruments

The following table provides the fair value measurement hierarchy of the Company's assets that are carried at fair value as of June 30, 2014:

	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				
Property, plant and equipment				
Land	₱–	₱–	₱1,976,000,000	₱1,976,000,000
AFS financial assets - quoted	2,974,688	–	–	2,974,688
	₱2,974,688	₱–	₱1,976,000,000	₱1,978,974,688

The following are the relevant information and assumptions used in determining the fair value of land as of June 30, 2014:

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

The table below summarizes the forgoing 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
Weighted average value per sq. m.	₱300 to ₱2,253	The higher the value, the higher the fair value
Conditions on sale of comparable properties	20%	The more onerous the conditions in contract of sale of comparable properties, the higher the fair value
Physical Adjustments	53%	The superiority of the quality of the Company's land, the higher the fair value

Fair value of all other assets and liabilities approximates their carrying values as of June 30, 2014 and are disclosed in their respective notes. Below are the descriptions of the Company's financial instruments that are carried in the financial statements as at June 30, 2014 and 2013.

Cash and Cash Equivalents, Receivables and Trade and Other Payables
Due to the short-term nature of these financial instruments, their fair values approximate the carrying amounts as of balance sheet date.

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

Notes Payable
The carrying value of notes payable with variable interest rates approximates their fair value because of semi-annual or quarterly resetting of interest rate based on market conditions. The fair values of notes payable with fixed interest rates based on Level 1 are determined using the discounted cash flow method. Discount rates used range from 5% to 10.5% as at June 30, 2014 and 2013. Because the nominal rates are almost similar to the discount rates used, the carrying values of fixed-rate notes payable approximate their fair values.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There have been no assets and liabilities transferred between Level 1, Level 2 and Level 3 during the period.

24. Financial Risk Management Objectives and Policies

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

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

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

The table below summarizes the maturity profile of the Company's financial liabilities as of June 30, 2014 and 2013 based on undiscounted payments:

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

**Excluding statutory liabilities*

	2013			
	Within 30 Days	Within 1 Year	Above 1 Year	Total
Notes payable including interest	₱1,984,654	₱267,657,754	₱135,833,334	₱405,475,742
Financial guarantee (see Note 20)	–	165,949,986	1,161,649,902	1,327,599,888
Trade including interest	130,508,220	39,181,014	63,694,266	233,383,500
Due to related parties	–	185,089,665	–	185,089,665
Advances from stockholders	–	16,060,040	–	16,060,040
Accruals*	109,443,635	–	–	109,443,635
Others	32,144,654	–	–	32,144,654
	₱274,081,163	₱673,938,459	₱1,361,177,502	₱2,309,197,124

**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:

	2014		
	Within 30 Days	Within 1 Year	Total
Cash and cash equivalents*	₱145,640,989	₱–	₱145,640,989
Receivables:			
Trade	–	62,777,900	62,777,900
Planters' receivables	–	24,238,161	24,238,161
Due from related parties	–	62,929,344	62,929,344
Advances to directors, officers and employees	–	10,289,519	10,289,519
Others	–	14,011,688	14,011,688
AFS financial assets:			
Proprietary	85,550,000	–	85,550,000
Listed	824,687	–	824,687
Unlisted	162,000	–	162,000
	₱232,177,676	₱174,246,612	₱406,424,288

Excluding cash on hand

	2013		
	Within 30 Days	Within 1 Year	Total
Cash and cash equivalents*	₱81,326,123	₱–	₱81,326,123
Receivables:			
Trade	–	40,656,578	40,656,578
Planters' receivables	–	16,734,641	16,734,641
Due from related parties	–	312,203,442	312,203,442
Advances to directors, officers and employees	–	9,639,652	9,639,652
Others	–	11,075,841	11,075,841
AFS financial assets:			
Proprietary	85,400,000	–	85,400,000
Listed	811,439	–	811,439
Unlisted	162,000	–	162,000
	₱167,699,562	₱390,310,154	₱558,009,716

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 Company imposes cash basis approach in its sales transaction to lower exposure to credit risk.

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

	2014	2013
Cash and cash equivalents*	₱145,640,989	₱81,326,123
Receivables:		
Trade	62,777,900	40,656,578
Planters' receivables	24,238,161	16,734,641

(Forward)

	2014	2013
Due from related parties	₱62,929,344	₱312,203,442
Advances to directors, officers and employees	10,289,519	9,639,652
Others	14,011,688	11,075,841
AFS Financial Assets:		
Proprietary	85,550,000	85,400,000
Listed	824,687	811,439
Unlisted	162,000	162,000
Total credit risk exposure	₱406,424,288	₱558,009,716

**Excluding cash on hand*

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

As at June 30, 2014 and 2013, the analysis of receivables is as follows:

	2014					
		Neither	Past Due but not Impaired			
	Total	Past Due nor Impaired	30 Days	90 Days	More than 150 Days	Impaired
Trade	₱65,442,924	₱62,777,900	₱–	₱–	₱–	₱2,665,024
Planters' receivables	24,238,161	–	24,238,161	–	–	–
Due from related parties	62,929,344	–	–	–	62,929,344	–
Advances to directors, officers and employees	10,289,519	–	5,132,796	–	–	5,156,723
Others	14,011,688	14,011,688	–	–	–	–
	₱176,911,636	₱76,789,588	₱29,370,957	₱–	₱62,929,344	₱7,821,747

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

As at June 30, 2014 and 2013, the credit analyses of the Company's financial assets are as follows:

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

**Excluding cash on hand*

	2013		
	Grade		
	High	Standard	Total
Loans and receivables:			
Cash and cash equivalents*	₱81,326,123	₱–	₱81,326,123
Trade receivables	40,656,578	–	40,656,578
Others	11,075,841	–	11,075,841
AFS financial assets:			
Proprietary	85,400,000	–	85,400,000
Listed	811,439	–	811,439
Unlisted	–	162,000	162,000
	₱219,269,981	₱162,000	₱219,431,981

**Excluding cash on hand*

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

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

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

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

The Company's financial instruments that are exposed to cash flow interest rate risk pertain mainly to its notes payable to local banks amounting to ₱349.8 million and ₱331.5 million in 2014 and 2013, respectively, which are subject to floating interest rate (see Note 13).

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

	Effect on Income Before Income Tax	
Increase/Decrease in Interest Rate	**2014**	2013
+1%	**(₱4,060,000)**	(₱3,315,000)
-1%	**4,060,000**	3,315,000

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

Capital Management
The Company's primary objective is to ensure that it maintains a strong credit rating and healthy capital ratios to sustain its business and maximize shareholder value. The Company manages its capital structure based on its business requirements and the economic environment. The Company monitors capital using a gearing ratio, which is total debt divided by total debt and equity. Total

debt includes notes payable and trade and other payables. Equity includes capital stock, deficit, revaluation increment and unrealized cumulative gain on AFS financial assets and treasury stock.

	2014	2013 (As Restated, Note 3)
Notes payable	**₱416,343,478**	₱399,833,334
Trade and other payables	**356,736,318**	648,999,440
Total debt (a)	**773,079,796**	1,048,832,774
Equity	**1,644,531,451**	1,182,167,505
Total debt and equity (b)	**₱2,417,611,247**	₱2,231,000,279
Gearing ratio (a/b)	**0.32**	0.47

25. Events After Reporting Period

On July 26, 2014, as part of the memorandum of agreement between CRAHI and the Cojuangco family, CRAHI will purchase all the outstanding common share of LRC at an agreed upon value. As part of CRAHI's plan, LRC will become a wholly owned subsidiary of the Company however, there is no formal plan in place to reflect such purchase as of September 16, 2014. LRC's primary purpose is to develop, lease and sell real properties.

As of September 16, 2014, the initial accounting of the purchase transaction is incomplete as the determination of consideration to be given and received, recognized amounts of identifiable assets acquired and liabilities assumed are not made final until the closing date.

As part of the agreement, CRAHI will settle the outstanding obligation of JCSI to customers amounting to ₱993.0 million as of September 30, 2014. As such, the Company's financial guarantee is expected to be extinguished as of that date.

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

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

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

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

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

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

	Net Sales/Receipts	Output VAT
Taxable sales:		
Sale of goods	₱930,157,734	₱111,618,928
Leasing income	93,511	11,221
Others	3,059,289	367,115
	933,310,534	111,997,264
Exempt Sales	37,558,166	–
	₱970,868,700	₱111,997,264

In 2014, the Company has exempt sales of services amounting to ₱37.6 million for services of milling sugar cane into raw sugar.

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

b. Details of the input VAT for 2014 are as follows:

Current year's domestic purchases/payments for:	
Goods for resale/manufacture or further processing	₱31,072,623
Importation	2,126,754
Presumptive	19,844,811
Goods other than for resale or manufacture	9,728,317
Services included under cost of goods sold	1,842,567
	64,615,072
Claims for tax credit/refund and other adjustments	467,343
	₱64,147,729

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

Total landed cost of imports	₱4,302,192
Customs duties	204,963
Others	240,801
Insurance	41,175
	₱4,789,131

Taxes and Licenses

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

Details consist of the following:

Included under Cost of Goods Sold and Tolling Services:	
Real estate taxes	₱4,335,253
License and permits fees	2,213,509
Others	63,650
	6,612,412
Included under Operating Expenses:	
Documentary stamp taxes	2,182,556
License and permits fees	622,830
Real estate taxes	307,241
Others	40,170
	3,152,797
	₱9,765,209

Withholding Taxes

Details of withholding taxes for the year are as follows:

Withholding taxes on compensation	₱14,426,315
Expanded withholding taxes	11,656,760
	₱26,083,075

As at June 30, 2014, the Company is neither a party to any litigation in courts nor under preliminary investigation of regulatory bodies.