PW0000727

S.E.C Registration Number

CENTRAL AZUCARERA DE TARLAC
AND SUBSIDIARY

(Company's Full Name)

SAN MIGUEL, TARLAC CITY

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

Cecile D. Macaalay
Contact Person

(632) 818-6270
Company Telephone Number

06 **30**
Month Day
Fiscal Year

SEC 17-A Annual Report
for the period ended June 30, 2019

01 **any**
Month Year
Annual Meeting

Secondary License Type, If Applicable

CFD
Dept. Requiring this Doc

Amended Articles Number/Section

Total Amount of Borrowings

392
Total No. of Stockholders

Domestic | Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended **June 30, 2019**

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

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

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

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

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

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

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

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

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

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

Yes [**X**] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
PHILIPPINE STOCK EXCHANGE **COMMON**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [**X**] No [ ]

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

Yes [ ] No [**X**]

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

Not applicable

CENTRAL AZUCARERA DE TARLAC, INC.

TABLE OF CONTENTS
SEC FORM 17-A

PART I - BUSINESS AND GENERAL INFORMATION

A. Description of Business

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

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

<u>Products and By-Products</u>

Raw and Refined Sugar

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

The mill's sugar sales and the refinery's tolling fees represent approximately 35% and 20%, respectively, of the Company's total revenues. The raw and refined sugars produced are sold to industrial users through traders. The Company operates within 4 to 5 months while the refinery operates between 5 to 6 months within the crop year.

Alcohol

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

Carbon Dioxide

The slops emanating from the distillery are captured by the carbon dioxide plant to produce liquid carbon dioxide. The plant has a capacity of 30,000 kilos per day and operates for 4 to 5 months of the year. Carbon Dioxide sales account for 1-3% of the Company's total revenues in the last three years and are sold to industrial users.

Industrial Services

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

Industrial Profile

The latest revision of the world sugar balance for the 2018-19 season (October/September) points to a global surplus estimated at 1.83 MMT (million metric tons), raw value. This is 7.24 MMT or 80% lower than the surplus posted in 2017-18 equivalent to 9.07 MMT and also the second consecutive season of excess production over consumption. The world sugar production for 2018-2019 is estimated at 178.74 MMT, lower by 2% or 4.49 MMT from 2017-2018's 183.23 MMT. While the projected output from Brazil is expected to be lower, this was compensated by the higher production in both Thailand and India that proved material in their contributions to the world surplus. On the other hand, the global consumption of sugar is placed at 176.91 MMT. This is higher by 2.75 MMT or 2% compared to the previous season but is generally in line with the 10-year average global sugar consumption growth pattern of 1.4% - 1.6% annually. Note that sizeable surplus stocks are still overhanging in the world market, as it grew even further by almost 2% from 93.15 MMT to 94.89 MMT. The stock consumption ratio is now estimated at a higher 54% from the previous 53%. Hereunder are the latest world sugar balance figures:

	World Sugar Balance (Million Metric Tons, Raw Value)			
	2018-19	2017-18	Change	
			in MMT	in Percent
Production	178.75	183.24	(4.49)	-2%
Consumption	176.91	174.17	2.75	2%
Surplus/(Deficit)	1.83	9.07	(7.24)	-80%
Import Demand	57.58	58.92	(1.34)	-2%
Export Availability	58.22	59.88	(1.66)	-3%
End Stocks	94.98	93.15	1.83	2%
Stock/Consumption Ratio, in percent	**54%**	**53%**		

Due to the lack of market fundamentals in the course of the season, market values moved in a very limited range of between 12 – 15 cents per pound. Any hope of recovery in values was dampened by the large stocks accumulated since the 2017-2018 season.

CANE TONNAGE - PHILIPPINES - CY 2018-19 & CY 2017-18						
M I L L S	**TONS CANE MILLED**				**% SHARE IN TOTAL**	
	2018-19	**2017-18**	**GROWTH**	**%**	**2018-19**	**2017-18**
LUZON						
Cagayan	110,851	180,405	(69,554)	-38.55%	0.51%	0.76%
Bicol	107,002	153,910	(46,908)	-30.48%	0.49%	0.65%
Batangas	1,158,148	1,620,372	(462,224)	-28.53%	5.32%	6.79%
Pampanga	112,083	138,481	(26,398)	-19.06%	0.51%	0.58%
Tarlac	452,550	649,578	(197,028)	-30.33%	2.08%	2.72%
VISAYAS						
Panay	1,555,520	1,774,990	(219,470)	-12.36%	7.14%	7.44%
Eastern Visayas	516,537	608,571	(92,034)	-15.12%	2.37%	2.55%
Negros	13,762,877	14,790,550	(1,027,673)	-6.95%	63.16%	61.99%
MINDANAO	4,013,281	3,944,067	69,214	1.75%	18.42%	16.53%
Total	**21,788,849**	**23,860,924**	**-2,072,075**	**-8.68%**	**100.00%**	**100.00%**

The local sugar industry started the year hoping to produce an estimated 2.23 MT of sugar for the season, barely enough to sustain both our domestic requirement and the US quota commitment. Given the perceived tightness of supply despite the recent importation of 200,000 tons of imported sugar under Sugar Order No. 10 s. 2017-18, the prices of the domestic sweetener rose to as high as ₱55 per kilo raw or ₱1,980 per L-Kg raw wholesale. In the case of refined sugar, the retail price went as high as ₱64 per kilo or ₱2,550 per L-Kg wholesale. Expectedly, these high prices resulted in a higher inflation rate which compelled the government to issue Administrative Order No. 13 s. 2018 mandating the adoption of measures to streamline administrative procedures to allow the importation of agricultural products that will address the shortfall in supply and ensure stable prices of agricultural products in the domestic market. In short, the Sugar Regulatory Administration (SRA) released Sugar Order No. 2 dated October 1, 2018 authorizing the importation of sugar to arrest the spiraling prices and inflation rate. Sugar Order No. 2 s. 2018-19 resulted in the release of close to 290,000 metric tons of imported sugar to the domestic market and the eventual softening of the local prices to around ₱2,000 per L-Kg for refined sugar.

As the season progress, industry leaders and the SRA realized that due to the generally unfavorable weather conditions throughout the country the targeted 2.22 million tons of raw sugar may not be attained. The unfavorable weather condition was further exacerbated by the reported drop of some 8,000 hectares in the total area planted to cane mainly due to the conversion of sugar plantations to other crops. True enough, actual total raw production for the year reached a much lower 2.074 million tons, lower by 151,000 tons or 7% than what was originally expected. On the other hand, the total canes milled for the season was posted at 21.79 million tons cane. This is lower by 9% or 2.07 million tons cane when compared against the previous year's 23.86 million tons cane. Recovery was however at a higher 1.90 vs. 1.75 L-Kg per ton cane milled.

Among all the major sugar-producing regions in the country, only the mills in Mindanao posted higher cane tonnage for the season at 4.01 million tons cane, up by 2% from the previous 3.94 million tons cane. The mills in Luzon, hardest hit by the generally unfavorable weather all throughout the season, posted the highest drop in the total canes milled with the combined tonnage dropping a huge 29% or 802,112 tons cane, to a total of 1,940,634 tons. The two mills in Eastern Visayas posted a combined tonnage of 516,537 tons, lower by 15% or 92,034 tons. Canes hauled in Panay for the year totaled 1,555,520 tons, lower by 12% or 219,470 tons when ranged against the previous season. The decline in tonnage lowest in Negros where canes milled dropped by 7%, from a total of 14,790,550 tons to a lower 13,762,877 tons. And as previously mentioned, the higher recovery failed to offset the effect of the drop in tonnage as raw sugar output dropped 0.5% year on year, from 41,672,820 L-Kg bags to 41,482,820 L-Kg bags.

Competition

The Company is one of the almost thirty sugar mills currently operating in the country and is one of the few with integrated operations, from sugar milling, refinery and alcohol distillery under one contiguous facility. Located in Central Luzon, CAT caters to the milling requirement of the sugar cane planters of Tarlac and nearby province of Pampanga.

The total available canes in Central Luzon dropped by 28% or 223,246 tons, from 788,059 tons to 564,633 tons. Of the total this year, CAT milled 80% or 452,550, while the remaining 112,083 tons were processed by a neighboring mill which is Sweet Crystal. The combined average recovery was posted at 1.68 L-Kg bags raw per ton cane milled, higher by 7% from last year's 1.57 L-Kg bags raw per ton cane milled.

CANE TONNAGE - CENTRAL LUZON - CY 2019 & CY 2018						
MILLS	TONS CANE MILLED				% SHARE IN TOTAL	
	2018-19	2017-18	GROWTH	%	2018-19	2017-18
Sweet Crystal	112,083	138,481	-26,398	-19%	20%	18%
Tarlac	452,550	649,578	-197,028	-30%	80%	82%
Total	**564,633**	**788,059**	**-223,426**	**-28%**	**100%**	**100%**

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

Transactions With and/or Dependence on Related Parties

The Company's transactions with related parties are disclosed in Note 26 (pages 45-47) of the Company's audited financial statements. In addition, the Company's operations are not dependent on its related parties. The Company provides working capital support to its related parties.

Research and Development Spend

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

Government Regulations

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

Cost and effects of compliance with environmental laws

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

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

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Employee

As of June 30, 2019, following is the employee details:

	Exec./Mgrl./Supv.		Rank/File		Retainer/	Total
	Perm.	Prob.	Perm.	Prob.	Consultant	
CAT- TARLAC	95		202		11	308
CAT- MAKATI	9		3		6	18
LLC	4		4			8
TOTAL	**108**	**0**	**209**	**0**	**17**	**334**

Major Risk in the Business of CAT

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

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

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

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

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

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

B. Properties

The Company owns real estate property consisting of 336.6 hectares located within the Luisita Agro-Industrial Complex in San Miguel, Tarlac City. The property in its entirety is located approximately 3.5 kms west from Luisita Interchange of the SCTEX, or 4.5 kms. East from McArthur Highway/Luisita Business Park; and about 10.0 kms Southeast from the downtown of Tarlac City.

Areas of Reference on its Existing Use	Area in SQM	Percent
Industrial		
Factory Area	593,495	18%
Administrative area	264,535	8%
Not used in business and operation	486,003	14%
Held for sale and development (thru LLC)	2,021,906	60%
Total	**3,365,939**	**100%**

Factory Plants/Buildings Used In Business Operations

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

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

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

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

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

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

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

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

C. Legal Proceedings

The Company is currently not under any legal proceedings.

D. Submission of Matters to a Vote of Security Holders

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

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PART II – SECURITIES OF THE REGISTRANT

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

Market Information

Central Azucarera de Tarlac is a Company whose common shares are listed in the Philippine Stock Exchange since April 1977. The following tables list the Company's Stock Price for the 3-year period from FY 2017-2019 and its last trading date.

Market Information				
Year	Quarter	Period	High	Low
2019-2020	1Q	July - September	19.74	14.72
2018 - 2019	1Q	July - September	26.00	17.20
	2Q	October - December	19.70	14.30
	3Q	January - March	18.80	14.60
	4Q	April - June	18.70	14.50
2017 - 2018	1Q	July - September	29.70	14.00
	2Q	October - December	23.00	17.08
	3Q	January - March	51.20	18.40
	4Q	April - June	37.80	21.30
2016 - 2017	1Q	July - September	22.00	17.00
	2Q	October - December	37.50	15.80
	3Q	January - March	21.00	14.22
	4Q	April - June	15.14	14.06

Market Information (Last Trading Date)	
Date	October 10, 2019
Open	18.00
High	18.56
Low	18.00
Close	18.54
Volume	10,600

PART II – SECURITIES OF THE REGISTRANT

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Holders of Security

The following table enumerates the top 20 shareholders of the Company as of June 30, 2019.

	Name of Stockholder	Citizenship	Amount Subscribed (Php)	No. of Shares Held	% Total Outstanding
1	PCD NOMINEE CORPORATION (FILIPINO)	Filipino	260,460,604	260,460,604	91.19%
2	PCD NOMINEE CORPORATION (FOREIGN)	Others	9,129,701	9,129,701	3.34%
3	ROMULO, MARILES C.	Filipino	441,240	441,240	0.16%
4	OLLER, MA. MERCE FORMENTI	Spanish	430,880	430,880	0.15%
5	SANTIAGO, O' MARINA SOLDEVILLA	Spanish	369,040	369,040	0.13%
6	SENCHERMES, JUAN GALOBART	Spanish	326,160	326,160	0.12%
7	ALCANTARA, VALERIO	Filipino	280,160	280,160	0.10%
8	DELA RIVA, CARMEN GALOBART	Spanish	277,440	277,440	0.10%
9	IRAGORRI, EDUARDO GALLARZA	Spanish	272,560	272,560	0.10%
10	MENDOZA, NESTOR C.	Filipino	250,960	250,960	0.09%
11	MORTON, CHARLES V.	American	243,440	243,440	0.09%
12	CHUA, WILLINGTON	Filipino	233,100	233,100	0.08%
13	CHEE, LIM BENG	Chinese	231,840	231,840	0.08%
14	RECTOR DEL SEMINARIO MAYOR DE SAN CARLOS	Filipino	221,480	221,480	0.08%
15	DELGADO, NELLIE C.	Filipino	219,040	219,040	0.08%
16	FORD, THOMAS J.	American	210,320	210,320	0.07%
17	MARTIN, FRANCISCO LON	Filipino	204,400	204,400	0.07%
18	GUTIERRES, TERESA MARTINEZ VDA DE	Spanish	198,160	198,160	0.07%
19	HEIRS OF MA. VICTORIA MARFA SATRUSTEGUI	Spanish	178,720	178,720	0.06%
20	SATRUSTEGUI, MA. ISABEL MARFA	Spanish	178,720	178,720	0.06%
TOTAL			**274,357,965**	**274,357,965**	**96.225%**

The following table lists the security ownership of certain record and beneficial owners the Company owning more than 5% of its Common Shares as of June 30, 2019.

Title of Class	Name	Number of Shares Held	Name of Beneficial Ownership	Citizenship	%
Common Shares	PCD Nominee Corporation*	269,590,305	PCD Nominee Corporation	Filipino	95.42
**Beneficial ownership through PCD Nominee Corporation*					
Common Shares	CAT Resource & Asset Holdings Inc.	201,718,140	Martin P. Lorenzo 102,876,250 shares	Filipino	71.40
			Fernando C. Cojuangco 98,841,890 shares	Filipino	
	Luisita Trust Fund	46,359,920	Luisita Trust Fund	Filipino	16.41

The following table identifies the shareholdings of Directors and Officers of the Company as of June 30, 2019.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	%
Common	Martin Ignacio P. Lorenzo	102,876,250	Indirect	Filipino	36%
		200	Indirect	Filipino	0%
Common	Fernando C. Cojuangco	98,841,890	Indirect	Filipino	35%
		200	Indirect	Filipino	0%
Common	Marco P. Lorenzo	200	Indirect	Filipino	0%
Common	Vigor D. Mendoza II	200	Indirect	Filipino	0%
Common	Fernan Victor P. Lukban	200	Indirect	Filipino	0%
Common	Renato B. Padilla	10	Direct	Filipino	0%
Common	Benjamin I. Espiritu	10	Direct	Filipino	0%
Common	Cecile D. Macaalay	5,000	Indirect	Filipino	0%
Common	Wellerita D. Aguas	9,980	Direct	Filipino	0%
		10,000	Indirect	Filipino	0%
Common	Janette L. Peña	0	-	Filipino	0%
Common	Addison B. Castro	0	-	Filipino	0%
Total		**201,744,140**			**71%**

Dividends

2018 – 2019 - No dividends declared
2017 – 2018 - ₱ 0.18 per share – June 28, 2018
2016 – 2017 - No dividends declared
2015 – 2016 - No dividends declared
2014 – 2015 - No dividends declared

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

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

B. Description of Registrant's Securities

As of June 30, 2019, the Company's Authorized Capital Stock remains at ₱400,000,000 divided into 400,000,000 Common Shares with a par value of ₱1.00 per share. As of the same date, 282,538,760 shares are outstanding and are held by 392 stockholders.

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

PART III - FINANCIAL INFORMATION

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

Executive Summary

Central Azucarera de Tarlac continues to post EBITDA of over half a billion at ₱568.5M in the FY2019. The Company battled the sugar industry-wide challenge during the year having endured the adverse effect of the lack of rain that significantly affected the plantation yield. Sugar production was low and was experienced across by all industry players.

To soften the impact of the expected unfavorable dip in the sugar yields, CAT capitalized on its capacity to augment its alcohol production countering the decrease in sugar and tolling revenues. As a result, the revenues of ₱1.2B decreased marginally by 5% from ₱1.3B in FY 2018.

However, due to the low productivity affecting efficiency, Cost of Goods had increased by 11% attributable to the 28% decrease in yield sugar production in Central Luzon. Meanwhile, there was an uptick in the operating expenses by 3% from 10% to 13%, the biggest component which were the incurrence of additional taxes and increased labor costs.

Nonetheless, CAT reported a ₱338.1 million Net Income for the FY 2018-2019, despite a heapful of challenges. But more importantly, the Company is focused on maintaining its stronghold as sugar price volatility continues and the threat of sugar importation remains imminent.

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The following table is the Consolidated Statement of Income of the Company and its subsidiary, Luisita Land Corporation ("LLC"), for the fiscal years ending June 30, 2019, 2018 & 2017.

(In Million Pesos except for Volume, Price & EPS)	FY 2019		FY 2018		FY 2017	
	452,550	TC	649,578	TC	617,142	TC
	AMT	%	AMT	%	AMT	%
VOLUME AND PRICE MATRIX	**Vol**	**P**	**Vol**	**P**	**Vol**	**P**
Raw Sugar Equivalent	281,895	1,559	492,038	1,412	462,703	1,389
Tolling of Refined Sugar	1,020,686	244	975,346	244	1,058,358	244
Alcohol	9,175,895	48	5,786,490	48	5,790,738	52
Carbon Dioxide	739,180	6	1,689,550	9	2,909,160	10
REVENUE	**1,240.38**	**100%**	**1,308.75**	**100%**	**1,304.80**	**100%**
Sugar	439.37	35%	694.88	53%	642.49	49%
Tolling of Refined Sugar	249.13	20%	238.06	18%	258.32	20%
Alcohol	443.16	36%	278.74	21%	301.99	23%
Molasses	60.08	24%	38.12	16%	34.60	13%
Carbon Dioxide	4.44	0%	15.22	1%	28.16	2%
Industrial services	44.20	4%	42.72	3%	39.23	0%
Real estate sale	.00	0%	1.01	0%	.00	0%
COST OF GOODS SOLD AND SERVICES	**920.31**	**74%**	**830.25**	**63%**	**816.65**	**63%**
Costs of goods sold	790.84	64%	711.78	54%	692.27	53%
Costs of tolling services	108.84	9%	96.95	7%	102.44	8%
Cost of industrial services	20.63	2%	21.52	2%	21.95	0%
Cost of real estate	.00	0%	.00	0%	.00	0%
GROSS PROFIT	**320.07**	**26%**	**478.50**	**37%**	**488.14**	**37%**
OPERATING EXPENSES	**155.34**	13%	**129.85**	10%	**158.92**	12%
OPERATING PROFIT BEFORE INTEREST AND TAXES	**164.73**	**13%**	**348.65**	**27%**	**329.22**	**25%**
Interest expense and bank charges	**(59.45)**	-5%	**(120.12)**	-9%	**(138.09)**	-11%
Interest income	**29.81**	2%	**29.72**	2%	**27.08**	2%
Gain on fair value change of investment property	**213.70**	49%	**33.03**	5%	**129.00**	20%
Gain on factoring of receivables	**.00**	0%	**36.72**	3%	**.00**	0%
Gain on sale of investment property	**.00**	0%	**515.43**	74%	**.00**	0%
Loss on goodwill impairment	**.00**	0%	**(199.73)**	-84%	**.00**	0%
Foreign exchange gain or loss	**.62**	0%	**.00**	0%	**.00**	0%
Others - net	**55.14**	4%	**26.79**	2%	**34.78**	3%
INCOME BEFORE TAX	**404.54**	**33%**	**670.49**	**51%**	**382.00**	**29%**
PROVISION FOR INCOME TAX	**66.49**	**5%**	**86.88**	**7%**	**94.90**	**7%**
NET INCOME	**338.05**	**27%**	**583.61**	**45%**	**287.09**	**22%**
EBITDA	**568.49**	**46%**	**879.71**	**67%**	**591.83**	**45%**
EPS	**₱1.20**		**₱2.07**		**₱1.02**	

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Plan of Operation

Outlook for FY 2019-2020

After two years of production surplus, early estimates by analysts of the world sugar economy such as the Australian-based Green Pool, F.O. Licht and even the International Sugar Organization (ISO) indicate a probable global production deficit of the sweetener. Initial forecasts vary in the estimated deficit from a low of 3.6 million tons to a high of 4.5 million tons, raw value. Experts believe that unfavorable weather in several major sugar-producing countries such as Australia, China, India, Vietnam, and Thailand would contribute significantly to the projected shortfall in production. In Brazil, a lower cane crush and yield could pull down production. This is further worsened by the low sugar mix of 65:35, meaning 65% of the sugar production is being used or diverted in the production of ethanol alcohol. India is beset not only by unfavorable weather but also by the declining area devoted to sugarcane farming. Based on the latest survey, the country's total area planted to cane is about 4.9 million hectares, down by 0.6 million hectares or roughly 10% from the previous 5.5 million hectares in the 2018-2019 season. In the state of Maharashtra alone, India's second-largest sugar-producing state, the total acreage is expected to go down by as much as 29% or about 331,000 hectares. Australia, on the other hand, is affected by too much rain in the North and too little in the South territories. Analysts caution that while a production deficit could somehow provide bullish sentiment in the market, one should not discount the fact that prices would remain under pressure for the 2019-2020 season due to the sizeable supply overhang from the previous season which is currently placed at a total of 94.9 million tons or 54% of the total annual global consumption.

The Sugar Regulatory Administration (SRA) estimates the country's sugar production to reach 2.1 million tons, raw value, in the 2019-2020 milling season. Similar to last year and despite opposing opinions from various sectors to allocate 100% of domestic output for local consumption, the SRA opted to allocate 5% of the total output to the US quota market. This will translate to around 104,800 tons to be shipped to the US for our annual quota commitment.

Sugar Classes	Production MMT	% Allocation
"A" or U.S. Market Sugar	0.105	5%
"B" or Domestic Sugar Market	2.001	95%
"D" or World Sugar Market	-	0%
	2.096	**100%**

SRA's production estimate is about 1% higher than last year's 2.07 million tons of raw sugar production although the weather remains the main driving factor for the realization of the production estimate. Very early though in the season, the SRA has to address the perceived tightness in the supply of refined sugar in the market, particularly the need for whites by the industrial users. As such, the SRA issued Sugar Order No. 5 in August 2019 authorizing the importation of a total of 250,000 metric tons or 5.0 million 50-kilogram bags of refined sugar to address the domestic requirements and to prevent the escalation of market prices to unreasonable levels. Notable, however, is the set arrival date of said imports. Complete shipments of the entire volume should arrive in the country on or before October 31, 2019, which is the onset of the country's 2019-2020 milling operations. Given the volume of imports and the number of mills and refineries operating at this time of the year, the domestic values and even the demand for locally produced refined sugar will be drastically affected, at least in the near-term. One could only wish that the authorized volume could have been lower, sufficient enough to meet the immediate demand so as not to put too much downward pressure on the domestic values.

Another imminent threat is the recent proposal by the government's economic managers liberalizes the importation of sugar to lower the price of the commodity in the local market. Our economic managers are arguing the domestic prices for sugar is much higher than the prevailing world market prices, thus, their proposal. They, however, are failing to look into the fact that domestic prices of all local producing countries are indeed higher than the world market, the latter merely being a "dump market". In short, the failure to consider this is tantamount to giving up food security in exchange for a near-term enjoyment of lower prices. What has happened and is happening to the local rice industry is a lesson enough for us to learn.

Given the foregoing, bearish sentiments will probably prevail this coming milling season. Early indications point to a lower price composite than last year. As in the previous years, improved efficiency in all aspects of operations could make or break the chances of overcoming the challenges ahead. Also, opportunities, if any, must be taken advantage of.

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Management Discussion and Analysis

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

Revenue	FY 2019	FY 2018	FY 2017
Revenue (in millions)	1,240.38	1,308.75	1,304.80
% Growth	-5.2%	0.3%	7.5%

EBITDA	FY 2019	FY 2018	FY 2017
EBITDA (in millions)	568.5	879.7	591.8
% Growth	-35%	49%	33%
EBITDA Margin	46%	67%	45%

Net Income	FY 2019	FY 2018	FY 2017
Net income (in millions)	338.05	583.61	287.09
% Growth	-42%	103%	63%
Net Income Margin	27%	45%	22%

Earnings per share	FY 2019	FY 2018	FY 2017
Earnings per share	1.20	2.07	1.02

Milling Recovery	FY 2019	FY 2018	FY 2017
Milling recovery (Lkg/TC)	1.720	1.602	1.848

FY 2019 Review of Operations

Revenues

REVENUES In Million Pesos	2019	2018	2017	Growth %	
				2019 vs 2018	2018 vs 2017
Sugar	439.4	694.9	642.5	-37%	8%
Tolling of Refined Sugar	249.1	238.1	258.3	5%	-8%
Molasses	60.1	38.1	34.6	0%	0%
Alcohol	443.2	278.7	302.0	59%	-8%
Carbon Dioxide	4.4	15.2	28.2	-71%	-46%
Industrial services	44.2	42.7	39.2	3%	0%
Real estate sale	.0	1.0	.0	0%	0%
TOTAL	**1,240.4**	**1,308.8**	**1,304.8**	**-5%**	**0%**

For the Fiscal Year 2018-2019, the gross revenues from the sale of products and services amounted to ₱1,240.4M, lower by ₱68.4M compared with last year's ₱1,308.8M. Significant drop in tonnage is experienced this year, causing the total raw sugar production for the season to drop by 25% or 262,309 50-kilogram bags to a total of 778,562 50-kilogram bags. The increase of 7% in recovery however, from 1.602 to 1.720 50-kilogram bags per ton cane milled failed to negate the effect of a lower tonnage. The higher recovery rate is attributed to the better quality of canes milled and the improvements in the various aspects of operations. Consequently, mill's share reached 243,966 50-kilogram bags, lower by 25% from the previous 325,910 50-kilogram bags of raw sugar.

- Sugar sales declined by ₱255.5M or 37% due to the drop in tonnage despite the increase in the composite price of about P147.00 per bag.
- Tolling of refined sugar improved by ₱11.0M or 5%, as a result of refining 18,000 tons or 360,000 L-Kg bags of imported raw sugar.
- Alcohol sales grew by ₱164.5M or 59% driven by the combination of increased volume from current year's production and inventory carry-over from last year.
- Carbon dioxide volume and selling price dropped by 56% and 33%, respectively resulted to the decline in carbon dioxide revenues by ₱10.8M or 71%.
- Sustained volume growth in the water sales resulted to the Subsidiary's revenue growth by ₱1.5M or 3%.

Cost of Goods Sold

Cost of goods sold went up by ₱79.0M or 11% this year from ₱711.8M to ₱790.8M. The following table summarizes the breakdown of cost of goods sold:

COST OF GOODS SOLD *In Million Pesos*	**2019**	**2018**	**2017**	**Growth %**	
				2019 vs 2018	**2018 vs 2017**
Salaries, wages bonuses and other benefits	75.2	68.5	61.1	10%	12%
Repairs & Maintenance	78.5	89.3	67.8	-12%	32%
Inventory cost,spare parts and supplies	414.8	327.6	355.7	27%	-8%
Depreciation and amortization	113.9	99.7	87.3	14%	14%
Freight and transportation	34.5	39.0	40.3	-12%	-3%
Security and outside services	40.3	41.7	41.2	-3%	1%
Power and steam	5.6	15.7	6.2	-64%	155%
Insurance	7.4	4.5	8.5	64%	-47%
Taxes and licenses	3.6	3.4	2.3	6%	46%
Others	17.0	22.4	21.9	-24%	2%
TOTAL	**790.8**	**711.8**	**692.3**	**11%**	**3%**

- Salaries and wages grew by ₱6.7M or 10% as a result of the appointment of key positions and continuous regularization of manpower structure.
- Capital expenditure intensification which provides long term benefits caused the repairs and maintenance to decrease by ₱10.8M or 12%.
- The increase of ₱87.2M or 27% in inventory cost, spare parts and supplies are caused by cane purchase as a strategy for continuous and efficient operation.
- Depreciation and amortization increased by ₱14.2M or 14% as a result of continuous focus on spending in strategic capital expenditures.
- Power and steam decreased by P10.1M or 64% due to shorter milling operation.
- Widened insurance coverage instigated the increase in insurance cost by P2.9M or 64%.

Cost of Tolling Services

Cost of tolling moderately decreased by ₱11.8M or 12% this year from ₱97.0M to ₱108.8M. The table summarizes the breakdown of cost of tolling:

COST OF TOLLING SERVICES *In Million Pesos*	**2019**	**2018**	**2017**	**Growth %**	
				2019 vs 2018	**2018 vs 2017**
Salaries, wages bonuses and other benefits	11.1	10.4	10.9	7%	-4%
Repairs & Maintenance	12.9	9.6	22.0	35%	-57%
Spare parts and supplies	11.6	10.7	4.3	9%	147%
Depreciation and amortization	9.4	10.1	5.6	-7%	80%
Freight and transportation	7.3	5.0	4.7	45%	8%
Security and outside services	3.9	5.2	5.2	-24%	0%
Power and steam	48.3	41.5	44.7	16%	-7%
Insurance	.8	.6	1.4	24%	-56%
Taxes and licenses	2.4	2.5	1.8	-3%	38%
Others	1.0	1.2	1.7	-16%	-28%
TOTAL	**108.8**	**97.0**	**102.4**	**12%**	**-5%**

- Repairs and maintenance rose by ₱3.3M or 35% as a result of improvements in the refinery equipment in anticipation of the intensified production.
- Freight and transportation increased to ₱2.3M or 45% due to handling and movements of refined sugar inventory.
- Security and outside services decreased to ₱1.3M or 24% as a result of reduction in the manpower and security requirements allocated to the refinery operations.
- Power and steam increased to ₱6.8M or 16% due to the extended operating refinery days.

Cost of Industrial Services

Cost of industrial services slightly declined by ₱0.9M or 4% from last year's ₱21.5M to ₱20.6M. The table below summarizes the breakdown of operating expenses.

COST OF INDUSTRIAL SERVICES *In Million Pesos*	**2019**	**2018**	**2017**	**Growth %**	
				2019 vs 2018	**2018 vs 2017**
Salaries, wages bonuses and other benefits	.3	.3	.5	6%	-45%
Repairs & Maintenance	1.3	2.2	2.8	-40%	-22%
Spare parts and supplies	1.2	1.4	1.0	-18%	37%
Depreciation and amortization	2.0	2.0	2.0	-3%	0%
Security and outside services	3.8	3.6	3.5	6%	4%
Retirement	1.0	.1	.0	0%	0%
Power and steam	5.7	5.7	4.6	1%	22%
Termination Expense			2.3	0%	0%
Taxes and licenses	.3	.4	.3	-10%	44%
Others	5.0	5.8	4.9	-13%	19%
TOTAL	**20.6**	**21.5**	**21.9**	**-4%**	**-2%**

- Repairs and maintenance declined by ₱0.6M or 22% due to the lesser occurrence of water pump rehabilitation.
- ₱0.4M or 37% rise in spare parts and supplies is brought about by the increase in consumables in the water processing.

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Operating Expenses

Operating expenses grew by ₱25.5M or 20% from last year's ₱129.8M to ₱155.3M. The table below summarizes the breakdown of operating expenses:

OPERATING EXPENSES *In Million Pesos*	2019	2018	2017	Growth %	
				2019 vs 2018	2018 vs 2017
Salaries, wages bonuses and other benefits	41.7	38.1	32.1	10%	19%
Repairs & Maintenance	6.0	6.2	9.6	-2%	-36%
Management fees and bonuses	.2	.2	.4	-9%	-36%
Taxes and licenses	28.5	15.2	23.1	87%	-34%
Depreciation and amortization	9.0	6.9	3.8	30%	80%
Transportation and travel	10.1	9.1	8.6	11%	5%
Security and outside services	7.9	8.1	11.2	-2%	-28%
Rentals	3.6	2.9	3.0	23%	-4%
Light and water	1.2	.8	.6	50%	26%
Entertainment, amusement and recreation	11.1	1.9	1.8	469%	7%
Professional fees	28.9	30.0	27.9	-3%	7%
Dues and advertisements	2.6	2.6	2.9	1%	-10%
Postage, telephone and telegram	.4	.5	.6	-9%	-24%
Termination Expense			1.2	0%	0%
Bank Charges	.1	.9	1.0	-93%	-12%
Provision for doubtful accounts	.0	1.2	.4	-100%	200%
Provision for losses	.0	.6	.1	-100%	603%
Service Cost	.4	.0	.0	0%	0%
Others	3.7	4.6	30.4	-20%	-85%
TOTAL	**155.3**	**129.8**	**158.9**	**20%**	**-18%**

- Taxes and licenses grew by ₱13.2M or 87% due to tax settlements of the Subsidiary.
- Depreciation and amortization increased to P9.0M from P6.9M due to capitalizable repair spending accumulated in the previous years.
- Office rental in the head office caused this account to increase by P0.7M or 23%.
- Light and water consumption of the various office locations increased to 1.2M from P0.8M.

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Balance Sheet Accounts

The table below presents the Balance Sheet Statements of the Company as of fiscal years dated June 30, 2019, 2018 and 2017.

(In Million Pesos)	FY 2019		FY 2018		FY 2017		GROWTH	
	AMT	%	AMT	%	AMT	%	AMT	%
ASSETS								
Current Assets								
Cash and cash equivalents	213.61	4%	355.18	6%	238.19	4%	-141.57	-40%
Receivables	1,063.23	18%	921.30	16%	762.82	13%	141.93	15%
Inventories	153.10	3%	235.73	4%	393.12	7%	-82.64	-35%
Real estate held for sale and development	988.49	17%	988.40	17%	988.40	17%	.10	0%
Other current assets	159.02	3%	219.62	4%	152.79	3%	-60.60	-28%
	2,577.45	**44%**	**2,720.23**	**47%**	**2,535.33**	**43%**	**-142.78**	**-5%**
Non-current Assets								
AFS financial assets	118.74	2%	173.95	3%	172.49	3%	-55.20	-32%
Property, plant and equipment								
Land- at revalued amount	996.79	17%	810.55	14%	874.00	15%	186.24	23%
Property and equipment- at cost	560.59	10%	565.63	10%	503.42	8%	-5.04	-1%
Investment property	437.26	8%	223.56	4%	1,486.40	25%	213.70	96%
Retirement asset	377.95	6%	709.45	12%	339.40	6%	-331.50	-47%
Goodwill	502.42	9%	502.42	9%	702.15	12%	.00	0%
Other non-current assets	255.64	4%	227.89	4%	198.79	3%	27.75	12%
Total Non Current Assets	**3,249.41**	**56%**	**3,213.46**	**55%**	**4,276.65**	**72%**	**35.95**	**1%**
TOTAL ASSETS	**5,826.86**	**100%**	**5,933.69**	**102%**	**6,811.97**	**115%**	**-106.83**	**-2%**
LIABILITIES AND EQUITY								
Current Liabilities								
Trade and other liabilities	282.60	5%	551.04	9%	486.79	8%	-268.44	-49%
Short-term notes payable	992.89	17%	945.38	16%	772.92	13%	47.51	5%
Current portion of notes payable	.00	0%	.00	0%	14.42	0%	.00	0%
Deposits	11.95	0%	9.20	0%	6.95	0%	2.74	30%
Income tax payable	15.67	0%	29.35	1%	.00	0%	-13.68	100%
Other current liabilities	11.69	0%	5.16	0%	.00	0%	6.53	100%
Total Current Liabilities	**1,314.80**	**23%**	**1,540.14**	**26%**	**1,281.08**	**22%**	**-225.34**	**-15%**
Non-current liabilites								
Notes payable- net of current portion	.00	0%	.00	0%	2,028.09	34%	.00	0%
Deferred tax liability	494.74	8%	539.96	9%	426.51	7%	-45.23	-8%
Other noncurrent liabilities	14.52	0%	13.28	0%	.03	0%	1.25	9%
Total Non Current Liabilities	**509.26**	**9%**	**553.24**	**9%**	**2,454.62**	**41%**	**-43.98**	**-8%**
Equity								
Capital stock	282.55	5%	282.55	5%	282.55	5%	.00	0%
Retained earnings (deficit)	2,532.12	43%	2,195.30	38%	480.93	8%	336.82	15%
Revaluation increment	889.43	15%	759.06	13%	1,946.79	33%	130.37	17%
Remeasurement gains on defined benefit liability	220.39	4%	478.16	8%	226.93	4%	-257.77	-54%
Unrealized cumulative gain on AFS financial assets	78.33	1%	125.25	2%	139.07	2%	-46.92	-37%
Less cost of 720 shares of stock in treasury	-.01	0%	-.01	0%	-.01	0%	.00	0%
Total Equity	**4,002.80**	**69%**	**3,840.31**	**66%**	**3,076.26**	**52%**	**162.49**	**4%**
TOTAL LIABILITIES AND EQUITY	**5,826.86**	**100%**	**5,933.69**	**102%**	**6,811.97**	**115%**	**-106.83**	**-2%**

Cash

The decrease in cash by ₱141.5M or 40% is due from net cash provided by operating activities of ₱181.7M, net cash used in investing activities by ₱271.4M and net cash used in financing activities by ₱51.8M.

Receivables

The increase in receivables by ₱141.9M or 15% from ₱921.3M to ₱1,063.2M is due to the advances made to affiliated companies.

Inventories

The decrease amounting to ₱82.6M or 35% of the reported ending inventory is due to the decrease in the alcohol inventory.

Other current assets

The decrease of ₱60.6M or 28% in other current assets is due to realized advances made to suppliers for off-season maintenance requirements in the past period.

AFS financial assets

The decrease of ₱55.2M or 32% in available-for-sale assets is due to the drop in the fair valuation of proprietary golf shares owned by the Company.

Property, Plant and Equipment and Investment Property

The Company reported a net growth of ₱181.2M or 22% in PPE and ₱213.7M or 96% in Investment Property due to the increase in fair valuation of the Company's land.

Retirement asset

Significant change in the fair value of the financial assets held by the Company's Retirement Fund caused the retirement asset to drop by ₱331.5M or 47%.

Other non-current assets

Other non-current assets increased by ₱27.7M or 12% from ₱227.9M to ₱255.6M due to advances for land maintenance, which includes land preparation, cultivation and planting in conjunction with the Company's massive long term plan to increase the tons cane.

Trade and other liabilities and Deposits

The Company settled considerable trade and other liabilities for the fiscal year, causing this account to decrease by ₱268.4M or 49% from ₱551.0M to ₱282.6M.

Income tax payable

Taxable income decreased in the current year, thus causing the tax payable to decrease by 100% or ₱13.7M, from ₱29.3M to ₱15.7M.

Other current liabilities

Other current liabilities increased from ₱5.2M to ₱11.7M or ₱6.5M mainly because of the Company's availment of vehicle loan and other mortgages.

Total Stockholders' Equity

The net increase in Stockholders' Equity of ₱162.5 or 4% is brought about by the reported consolidated net income of ₱336.8M, movements in the revaluation increment of ₱130.4M, remeasurements gains on defined benefit liability of ₱257.8M and unrealized cumulative loss on AFS of ₱46.9M.

FY 2018 Review of Operations

Revenues

For the Fiscal Year 2017-2018, the gross revenues from the sale of products and services amounted to ₱1,308.8M, slightly higher by ₱4.0M compared with last year's ₱1,304.8M. While sugar production declined due to lower recovery, the volume of tons cane milled increased by 32,436 TC or 5%. The downtrend in the sugar recovery is attributed to the inferior quality of canes harvested brought by unfavorable weather conditions and operational challenges during the season. Meanwhile, prices of alcohol and carbon dioxide both weakened while composite sugar price enjoyed preferential rate posting a 2% increase.

- Sugar sales improved by ₱52.4M or 8% due to a combination of volume and composite price increases.
- Tolling of refined sugar decreased by ₱20.3M or 8% due to lower available raw sugar for refining.
- Lower average selling price of alcohol mainly contributed the reduction of alcohol revenues by ₱23.2M or 8%.
- Carbon dioxide volume and selling price dropped by 42% and 7%, respectively resulted to the decline in carbon dioxide revenues by ₱12.9M or 46%
- Continued volume increases in the water sales resulted to the Subsidiary's revenue growth by ₱3.5M or 9%.

Cost of Goods Sold

Cost of goods sold slightly went up by ₱19.5M or 3% this year from ₱692.3M to ₱711.8M.

- Further appointment of key positions to oversee Company initiatives and continuous regularization of manpower structure caused the salaries and wages to increase by ₱7.4M or 12%.
- Repairs and maintenance grew by ₱21.5M or 32% as the Company remains to intensify capital expenditures that will provide long term benefits.
- Depreciation and amortization increased by ₱12.4M or 14% as a result of continuous focus on spending in strategic capital expenditures
- Power and steam grew by ₱9.6M or 155% due to higher electricity consumption.
- Non-recurring insurance costs were incurred last year, thus decreasing this year's total by ₱4.0M or 46%

Cost of Tolling Services

Cost of tolling moderately decreased by ₱5.5M or 5% this year from ₱102.4M to ₱97.0M.

- Repairs and maintenance declined by ₱12.4M or 57% as a result of the Company's shift in allocation of capital spending to raw sugar production.

- Spare parts and supplies expanded to ₱6.4M or 147% due to the increase of raw materials used in refining.
- Depreciation grew by ₱4.5M or 80% as a result of last year's increased investment in capital expenditures which provide long term benefits.

Cost of Industrial Services

Cost of industrial services slightly declined by ₱0.4M or 2% from last year's ₱21.9M to ₱21.5M.

- Repairs and maintenance declined by ₱0.6M or 22% due to the lesser occurrence of water pump rehabilitation.
- ₱0.4M or 37% rise in spare parts and supplies is brought about by the increase in consumables in the water processing.
- Power and steam grew by ₱1.0M or 22% due to higher electricity consumed by the Subsidiary's water generation services, installation of street lights and security postings.

Operating Expenses

Operating expenses diminished by ₱29.1M or 18% from last year's ₱158.9M to ₱129.8M.

- Salaries and wages increased by ₱6.0M or 19% as a result of continuous regularization of manpower structure of the outside-plant offices.
- One-time office repairs and renovation were concluded last year, thereby decreasing this year's repairs by ₱3.4M or 36%.
- Depreciation and amortization jumped by ₱3.1M or 80% due to amplified spending in various outside-plant offices.
- Last year's taxes and licenses include one-time transactions, thus decreasing this year's by y ₱7.9M or 34%.
- Security and outside services dropped by ₱3.1M or 28% due to the rationalization of security requirements in the Company's facilities.

Balance Sheet Accounts

Cash

The increase in cash by ₱117.0M or 49% is due from net cash provided by operating activities of ₱634.4M, net cash used in investing activities by ₱383.7M and net cash used in financing activities by ₱133.8M.

Receivables

The increase in receivables by ₱158.5M or 21% from ₱762.8M to ₱921.3M is due to the advances made to affiliated companies.

Inventories

The decrease amounting to ₱157.4M or 40% of the reported ending inventory is due to the decrease in the raw sugar inventory.

Other current assets

The increase of ₱66.8M or 44% in other current assets is due to widened advances to suppliers for off-season maintenance requirements.

Property, Plant and Equipment

The Company reported a net growth of ₱62.2M or 12% due to the increase in capital expenditures in line with the Company's expansion projects.

Investment Property

The Company sold parcels of land resulting to the reduction of investment property as of the reporting date by ₱1,262.8M or 85%, which contributed to P552.1M gain.

Retirement asset

The fair value of plan assets managed by the Parent Company's Retirement Fund grew by ₱370.1M or 109%, causing the retirement asset to increase from ₱154.1M to ₱706.5M.

Other non-current assets

Other non-current assets increased by ₱29.1M or 15% from ₱198.8M to ₱227.9M due to advances for land maintenance, which includes land preparation, cultivation and planting in conjunction with the Company's massive long term plan to increase the tons cane.

Trade and other payable

Trade and other payables increased by ₱64.2M or 13% from ₱486.8M to ₱551.0M due to strategic cash management efforts.

Current portion of notes payable

Current portion of notes payable increased from ₱772.9M to ₱945.4M or ₱172.5M primarily due to availments of short-term loan from a reputable local bank.

Long term notes payable

Long term notes payable was fully settled during the reporting period from the proceeds of investment property sale.

Total Stockholders' Equity

The increase in Stockholders' Equity of ₱764.0M or 25% is brought about by the reported consolidated net income of ₱583.6M, movements in the revaluation increment, and remeasurements gains on defined benefit liability of ₱251.2M and unrealized cumulative loss on AFS of ₱13.8M .

FY 2017 Review of Operations

Revenues

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

- Raw sugar production rose by 24% despite the drop in raw sugar composite price this year contributed to ₱70.1M or 12% increase in raw sugar revenues.
- Higher volume of raw sugar available for refining triggered the increase in tolling revenues by 13% or ₱34.3M.
- Strategic sale of excess molasses added to the coffers by ₱34.6M.
- While average selling price of alcohol increased by 7%, volume sold dipped by 19% resulting to a drop in sales of ₱44.2M or 13%.
- 22% decline in carbon dioxide selling price resulted to the decrease in revenues by ₱8.1M.
- Increased water sales volume and price of the Company's subsidiary resulted to an increase of ₱5.9M or 18%.

Cost of Goods Sold

Cost of goods sold increased by ₱62.2M or 10% this year from ₱630.0M to ₱692.3M.

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

- Despite increase in production, power and steam decreased by ₱6.5M or 16% due to efficient milling operations.
- Widened insurance coverage instigated the increase in insurance cost by ₱4.0M or 97%.

Cost of Tolling Services

Overall, the cost of tolling services remained at ₱102M level despite the increase in production of refined sugar.

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

Cost of Industrial Services

Cost of industrial services increased by ₱3.9M or 21% this year from ₱18.1M to ₱21.9M.

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

Operating Expenses

Operating expenses increased by ₱48.8M or 44% this year from ₱110.1M to ₱158.9M.

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

- Supplementary memberships and advertisements to sugar industry organizations and events brought the increase of ₱1.9M or 177% in dues and advertisements.

Balance Sheet Accounts

Cash

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

Receivables

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

Inventories

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

AFS financial assets

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

Other current assets

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

Property, Plant and Equipment

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

Retirement asset

The drop in the retirement asset by ₱369.4M or 52% is caused by the decline in the fair value shares of stocks as part of the plan assets managed by the Parent Company's Retirement Fund.

Trade and other liabilities

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

Current portion of notes payable

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

Long term notes payable

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

Total Stockholders' Equity

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

LIQUIDITY & SOLVENCY RATIO

Current Ratio

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

Asset to Equity Ratio

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

Debt to Equity Ratio

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

Debt Service Coverage Ratio

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

LIQUIDITY & SOLVENCY RATIO	FY 2019	FY 2018
Current ratio	1.96	1.77
Asset-to-equity ratio	1.46	1.55
Debt-to-equity ratio	0.33	0.40
Debt Service Coverage Ratio	0.54	0.83

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

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

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

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

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

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

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

Changes in and Disagreements with Accountants On Accounting and Financial Disclosures

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

The consolidated fees, net of VAT billed for the last two fiscal years by the Company's external auditor for the Company's annual financial statements audit were ₱1,200,000 for FYs 2019 and 2018.

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

PART IV - MANAGEMENT AND CERTAIN SECURITY HOLDERS

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

Directors, Independent Directors and Executive Officers

The following are the Directors, Independent Directors and Corporate Officers of the registrant. The Directors were elected during the Annual Meeting of Stockholders held on January 29, 2019 to hold office for one (1) year and until their successors are elected and qualified.

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

Martin Ignacio P. Lorenzo, age 54, Filipino, is currently the Chairman & Chief Executive Officer of CAT. Concurrently, he is also the Chairman and Chief Operating Officer of CAT Resource & Asset Holdings Inc. He holds the same position in the investment holding company of CAT, First Lucky Holdings Corporation, and its subsidiaries, namely, Restaurants Concepts Group, Inc., Amang Rodriguez Holdings, Inc. Cocosorbetero Holdings, Inc., Hospitality School Management Group, Inc. Mr. Lorenzo is likewise the Chairman and Chief Executive Officer of Marlor Investments Corporation and holds the same position in its subsidiaries: Blue Mountains Corporation and LAC-DC. He is also the Chairman and President of First Lucky Property Corporation. He currently holds position in other investment companies, namely, St. Tropez Holdings Corporation and Sierra Madre Capital. He is a Director in Familia Lorenzo Foundation, Incorporated. Mr. Lorenzo has over 20 years of extensive experience in investments and operations in various industries including agriculture, manufacturing and food retail. He obtained his BS Management Engineering degree at Ateneo de Manila University in 1986. He obtained his Masters in Business Administration in Wharton Graduate School, University of Pennsylvania, in 1990.

Fernando C. Cojuangco, age 57, Filipino, is currently the President and Chief Operating Officer of the Company. He holds the same position in CAT Resource & Asset Holdings Inc. and is also the Chairman and President of Liberty Insurance Corporation. He is the Chairman & Chief Operating Officer of North Star Estate Holdings. A lawyer by profession, he is a principal partner in MALCOLM Law Offices. Mr. Cojuangco has extensive experience in agriculture, real estate and insurance industries. He is a holder of a Bachelor of Arts degree in Economics from the University of California and Member of the Omicron Delta Epsilon Honors Society. He obtained his Bachelor of Laws degree with honors from the Ateneo de Manila University.

Marco P. Lorenzo, age 58, Filipino, is currently Director and Consultant of the Company handling the Cane Supply Operations. He is also currently engaged by Del Monte Philippines as consultant for Plantation Operations. He was the Managing Director of the Wallco Pastoral NT in Australia. He also served as the Senior Vice President for Operations of the Del Monte Philippines for nine years. He held the position of Senior Group Manager of Lapanday Agricultural Development Corporation for seven years. He graduated from Ateneo de Manila University in 1982 with a Bachelor of Arts degree in Interdisciplinary Studies. He obtained his Bachelor Degree in Agricultural Science and Management from the University of California in 1985.

Vigor D. Mendoza II, age 59, Filipino, a Director of the Company. He is a lawyer by profession and is a principal partner in MALCOLM Law Offices heading the Practice in Public Utility and Property and Energy Law. He is likewise a Director of CAT Resource & Asset Holdings Inc. Mr. Mendoza was a former Commissioner of the Land Transportation Franchising & Regulatory Board under the Department of Transportation and Communication. He was a former Congressman representing the 1-Utak Party List under the 4th Congress of the Republic of the Philippines. He graduated with a degree of Bachelor of Arts in Economics from the Ateneo de Manila University in 1983. He obtained his Bachelor of Laws degree from the Ateneo de Manila University in 1988.

Fernan Victor P. Lukban, age 58, Filipino, is a Director of the Company. He is one of the top Strategy and Family Business consultants in the Philippines. He is a founding fellow at the Institute of Corporate Directors in Manila and is also an International Fellow of the Australian Institute of Company Directors. He holds undergraduate degrees in Engineering from De La Salle University and graduate degrees in Industrial Economics from the Center for Research & Communication, now University of Asia & the Pacific, Manila. He also has a Master's degree in Business Administration from IESE, Barcelona, Spain.

Renato B. Padilla, age 73, Filipino, is an Independent Director of the Company. He is a lawyer by profession and is currently the General Manager of the Philippine International Convention Center (PICC) in Manila. He was formerly an Undersecretary of the Department of Agrarian Reform from 1989-1995.

Benjamin I. Espiritu Ph. D, age 67, Filipino, is an Independent Director of the Company. He is a practicing Certified Public Accountant, President & CEO of Change

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

Cecile D. Macaalay, age 51, Filipino, is the Treasurer of the Company. She is a practicing Certified Public Accountant. She is currently the Chief Finance Officer of First Lucky Holdings Corporation and the Director of its subsidiaries such as RestaurantConcepts Group, Inc., LAC -DC and Cocosorbetero Holdings, Inc. She is also the Treasurer of CAT Resource & Asset Holdings, Inc. and Assistant Treasurer of Amang Rodriguez Holdings, Inc. She is also serving as the Director of First Lucky Property Corporation and its numerous subsidiaries. She obtained her Bachelor of Science Degree in Business Administration and Accountancy at University of the Philippines in 1990.

Wellerita D. Aguas, age 74, Filipino, is the Vice President for Finance of the Company since October 15, 2014. She held finance positions in the various companies under Jose Cojuangco and Sons, Inc. She is a BSBA graduate of the University of the East.

Janette L. Peña, age 60, Filipino, is the current Corporate Secretary the Company. She is also the Corporate Secretary of CAT Resource & Asset Holdings Inc. and First Lucky Holdings Corp. Ms. Peña is an Independent Director of The Manufacturer's Life Insurance Co. (Phils), Inc. Manulife Financial Plans, Inc., Manulife Chinabank Life Assurance Corporation, China Oceans Philippines, Inc., and Corporate Secretary for Macondray Philippines Co., Inc., other subsidiaries, among others. Ms. Peña graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics (Cum laude). She received her Bachelor of Laws from the University of the Philippines College of Law (Cum laude) and ranked first in the 1985 Philippine Bar Exams. She completed her Master of Laws in Harvard Law School.

Addison B. Castro, age 56, Filipino, is the Assistant Corporate Secretary of the Company. Atty. Castro is a practicing lawyer and a Principal Partner of Gatchalian Castro & Mawis Law Offices. He is a professor of the Lyceum of the Philippines University, College of Law since 2008. He graduated with a degree of Bachelor of Science in Applied Economics at the De La Salle University in 1983. He obtained his Bachelor of Laws degree from the Ateneo de Manila University in 1988.

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Family Relationships

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

Identification of Significant Personnel

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

Involvement in Certain Legal Proceedings

None of the directors and officers was involved during the past five years in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceeding or being subject to a pending criminal proceeding, or being subject to any order, judgment or decree of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; nor being found in a civil action to have violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated. As of the years ended June 30, 2019 and June 30, 2018, the Company is not involved in any litigation it considers material.

B. Executive Compensation

The following table summarizes the compensation of key management personnel of the Company for the fiscal years June 30, 2019, 2018 and 2017.

FY 2018-2019						
Name	**Position**	**Salary & Professional fees**	**Bonus**	**Transportation**	**Per Diem**	**Total**
July 1, 2018 - June 30, 2019						
Martin Ignacio P. Lorenzo	Chairman of the Board & CEO	₱17,871,550	₱4,797,467	₱2,629,828	₱220,500	₱25,519,345
Fernando Ignacio C. Cojuangco	President & COO					
Marco P Lorenzo	Director					
Marcelo P. Karaan II	VP for Human Resources					
All Other Officers & Directors as a group						
TOTAL		**₱17,871,550**	**₱4,797,467**	**₱2,629,828**	**₱220,500**	**₱25,519,345**

FY 2017-2018						
Name	**Position**	**Salary & Professional fees**	**Bonus**	**Transportation**	**Per Diem**	**Total**
July 1, 2017 - June 30, 2018						
Martin Ignacio P. Lorenzo	Chairman of the Board & CEO	₱16,318,185	₱3,962,425	₱2,261,675	₱198,500	₱22,740,784
Fernando Ignacio C. Cojuangco	President & COO					
Marco P Lorenzo	Director					
Wellerita D. Aguas	VP for Finance					
Marcelo P. Karaan II	VP for Human Resources					
All Other Officers & Directors as a group						
TOTAL		**₱16,318,185**	**₱3,962,425**	**₱2,261,675**	**₱198,500**	**₱22,740,784**

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

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

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

Security Ownership of Certain Record and Beneficial Owners

The following table identifies the security ownership of certain record and beneficial owners the Company owning more than 5% of its Common Shares as of June 30, 2019.

Title of Class	Name	Number of Shares Held	Name of Beneficial Ownership	Citizenship	%
Common Shares	PCD Nominee Corporation*	264,392,814	PCD Nominee Corporation	Filipino	93.58
**Beneficial ownership through PCD Nominee Corporation*					
Common Shares	CAT Resource & Asset Holdings Inc.	201,718,140	Martin P. Lorenzo 102,876,250 shares	Filipino	71.40
			Fernando C. Cojuangco 98,841,890 shares	Filipino	
	Luisita Trust Fund	46,359,920	Luisita Trust Fund	Filipino	16.41

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Security Ownership of Management

The following table identifies the security ownership of Management as of June 30, 2019.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	%
Common	Martin Ignacio P. Lorenzo	102,876,250	Indirect	Filipino	36%
		200	Indirect	Filipino	0%
Common	Fernando C. Cojuangco	98,841,890	Indirect	Filipino	35%
		200	Indirect	Filipino	0%
Common	Marco P. Lorenzo	200	Indirect	Filipino	0%
Common	Vigor D. Mendoza II	200	Indirect	Filipino	0%
Common	Fernan Victor P. Lukban	200	Indirect	Filipino	0%
Common	Cecile D. Macaalay	5,000	Direct	Filipino	0%
Common	Wellerita D. Aguas	9,980	Direct	Filipino	0%
		10,000	Indirect	Filipino	0%
Total		**201,744,120**			**71%**

PART V - CORPORATE GOVERNANCE

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

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

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

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

The Company's Annual Corporate Governance Report is filed separately.

Central Azucarera de Tarlac

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on ______________ 2019:

By:

MARTIN P. LORENZO
Chairman of the Board and CEO

FERNANDO C. COJUANGCO
President and COO

JANETTE L. PENA
Secretary

CECILE D. MACAALAY
Chief Finance Officer

LORA MAY M. CADA
Finance Manager

SUBSCRIBED AND SWORN to before me this day of OCT 10 2019 2019 affiant (s) exhibiting to me their PASSPORT ID's as follows:

NAME	ID No	EXPIRING ON
Martin Ignacio P. Lorenzo	EC6023262	Dec. 1, 2020
Fernando C. Cojuangco	P2304918A	Mar. 14, 2022
Janette L. Pena	P5811162A	Jan. 28, 2028
Cecile D. Macaalay	P5371888A	Dec. 17, 2022
Lora May M. Cada	P7254581A	May 21, 2028

Doc. No. 311
Page No. 62
Book No. I
Series of 2019

KARA MAE AURORA R. CHUA
Notary Public for Makati City
Appointment No. M-238
4th Floor Jose Cojuangco & Sons Bldg.,
119 Dela Rosa corner Palanca Sts.,
Legaspi Village, Makati City
PTR No. 7333964/01.04.19/Makati City
IBP Lifetime No. 014843/05.17 16/Ilocos Norte
Roll No. 65559

KARA MAE AURORA R. CHUA
NOTARY PUBLIC
ROLL NO. 65559
MAKATI CITY, PHILIPPINES

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

PW00000727

COMPANY NAME

CENTRAL AZUCARERA DE TARLAC, INC AND SUBSIDIARY

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

SAN MIGUEL, TARLAC CITY

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
392	01/29	06/30

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Cecile D. Macaalay	cdmacaalay@icloud.com	818-6270	N/A

CONTACT PERSON's ADDRESS

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

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

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

Central Azucarera de Tarlac, Inc. and Subsidiary *(Formerly Central Azucarera de Tarlac and Subsidiary)*

Consolidated Financial Statements
June 30, 2019 and 2018

and

Independent Auditor's Report

Central Azucarera de Tarlac

BUREAU OF INTERNAL REVENUE
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EXCISE LT REGULATORY DIVISION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of **Central Azucarera de Tarlac, Inc. and Subsidiary** (the Group) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended June 30, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, 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.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co the independent auditors appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

MARTIN P. LORENZO	**FERNANDO C. COJUANGCO**	**CECILE D. MACAALAY**
Chairman and CEO	President and COO	Chief Finance Officer

SUBSCRIBED AND SWORN to before me this day of OCT 10 2019 2018 affiant(s) exhibiting to me their PASSPORT ID's as follows:

NAME	ID No	EXPIRING ON
Martin Ignacio P. Lorenzo	EC6023262	Dec. 1, 2020
Fernando C. Cojuangco	P2304918A	Mar. 14, 2022
Cecile D. Macaalay	P5371888A	Dec. 17, 2022

Doc. No. 300
Page No. 61
Book No. 1
Series of 2019

KARA MAE AURORA R. CHUA
NOTARY PUBLIC
ROLL NO. 65559
MAKATI CITY, PHILIPPINES

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Notary Public for Makati City
Appointment No. M-238
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PTR No. 7333964/01.04.19/Makati City
IBP Lifetime No. 014843/05.17 16/Ilocos Norte
Roll No. 65559

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

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

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

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The Board of Directors and Stockholders
Central Azucarera de Tarlac, Inc. and Subsidiary
(Formerly Central Azucarera de Tarlac and Subsidiary)
San Miguel, Tarlac City

Opinion

We have audited the consolidated financial statements of Central Azucarera de Tarlac, Inc. and its subsidiary (formerly Central Azucarera de Tarlac and its subsidiary; the Group), which comprise the consolidated balance sheets as at June 30, 2019 and 2018, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended June 30, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated balance sheets of the Group as at June 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended June 30, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Valuation of Land

The Group carries land in its consolidated balance sheet as property, plant and equipment and investment property using the revaluation and fair value model, respectively. Land represents 24.61% of the total consolidated assets of the Group as at June 30, 2019. The determination of the revalued amount and fair value of these parcels of land involves significant management judgments and estimations. The valuation also requires the assistance of external appraiser whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors. Thus, we considered the valuation of land as a key audit matter.

The disclosures relating to land are included in Note 15 of the consolidated financial statements.

Audit Response
We evaluated the competence and objectivity of the external appraiser by considering their qualifications, experience and reporting responsibilities. We involved our internal specialist in the review of the methodology and assumptions used in the valuation of land. We assessed the methodology adopted by referencing common valuation models and reviewed the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price.

Impairment Testing of Goodwill

Under Philippine Financial Reporting Standards, the Group is required to annually test the amount of goodwill for impairment. As at June 30, 2019, the Group's goodwill attributable to its investment in Luisita Land Corporation amounted to ₱502.4 million, which is net of the impairment loss of ₱199.7 million. These amounts are considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions, specifically revenue growth rate and discount rate.

The Group's disclosures about goodwill are included in Note 12 to the consolidated financial statements.

Audit Response
We involved our internal specialist in evaluating the methodologies and the assumptions used in determining the recoverable amount. These assumptions include revenue growth rate and discount rate. We compared the key assumptions used, such as revenue growth rate against the historical performance of Luisita Land Corporation and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended June 30, 2019, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended June 30, 2019 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore
Partner
CPA Certificate No. 90349
SEC Accreditation No. 0662-AR-3 (Group A),
March 2, 2017, valid until March 1, 2020
Tax Identification No. 164-533-282
BIR Accreditation No. 08-001998-71-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 7332597, January 3, 2019, Makati City

October 8, 2019

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CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
(Formerly Central Azucarera de Tarlac and Subsidiary)
CONSOLIDATED BALANCE SHEETS

	June 30	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱213,611,501**	₱355,179,298
Receivables (Note 8)	**1,063,228,223**	921,300,983
Inventories (Note 9)	**153,097,457**	235,732,973
Real estate held for sale and development (Note 10)	**988,494,374**	988,398,335
Other current assets (Note 11)	**159,021,830**	219,617,383
Total Current Assets	**2,577,453,385**	2,720,228,972
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Note 13)	**118,744,572**	–
Available for sale (AFS) financial asset (Note 13)	**–**	173,949,540
Property, plant and equipment:		
Land - at revalued amount (Note 15)	**996,790,400**	810,550,400
Property, plant and equipment - at cost (Note 14)	**560,593,511**	565,633,013
Investment property (Note 15)	**437,264,080**	223,561,380
Retirement asset - net (Note 25)	**377,954,879**	709,453,071
Goodwill - net (Note 12)	**502,418,570**	502,418,570
Other noncurrent assets (Note 16)	**255,643,590**	227,894,976
Total Noncurrent Assets	**3,249,409,602**	3,213,460,950
TOTAL ASSETS	**₱5,826,862,987**	₱5,933,689,922
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 17)	**₱282,596,627**	₱551,040,675
Short-term notes payable (Note 18)	**992,890,816**	945,380,104
Income tax payable	**15,674,340**	29,353,478
Deposits	**11,949,589**	9,204,881
Other current liabilities	**11,691,250**	5,164,797
Total Current Liabilities	**1,314,802,622**	1,540,143,935
Noncurrent Liabilities		
Deferred income tax liabilities - net (Note 27)	**494,735,564**	539,962,721
Other noncurrent liabilities	**14,523,388**	13,275,495
Total Noncurrent Liabilities	**509,258,952**	553,238,216
Total Liabilities	**1,824,061,574**	2,093,382,151
Equity		
Capital stock (Note 29)	**282,545,960**	282,545,960
Retained earnings (Note 29)	**2,532,115,038**	2,195,297,394
Revaluation increment (Note 15)	**889,431,214**	759,063,214
Remeasurement gains on retirement asset (Note 25)	**220,388,201**	478,155,235
Unrealize cumulative gains (Note 13):		
Financial assets at FVOCI	**78,328,200**	–
Available for sale (AFS) financial asset	**–**	125,253,168
	4,002,808,613	3,840,314,971
Cost of 7,200 shares of stock held in treasury (Note 29)	**(7,200)**	(7,200)
Total Equity	**4,002,801,413**	3,840,307,771
TOTAL LIABILITIES AND EQUITY	**₱5,826,862,987**	₱5,933,689,922

See accompanying Notes to Consolidated Financial Statements.

CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY

(Formerly Central Azucarera de Tarlac and Subsidiary)

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended June 30		
	2019	2018	2017
REVENUES			
Sale of sugar and by-products	**₱943,873,439**	₱1,026,965,440	₱1,007,242,395
Tolling fees	**252,305,009**	238,062,452	258,324,021
Industrial services	**44,204,438**	42,715,201	39,229,718
Real estate sale	**–**	1,009,250	–
	1,240,382,886	1,308,752,343	1,304,796,134
COST OF GOODS SOLD AND SERVICES			
Cost of goods sold (Note 19)	**790,840,297**	711,784,361	692,271,038
Cost of tolling services (Note 20)	**108,839,455**	96,951,084	102,437,775
Cost of industrial services (Note 21)	**20,631,436**	21,518,324	21,946,099
Cost of real estate sale	**–**	1	–
	920,311,188	830,253,770	816,654,912
GROSS INCOME	**320,071,698**	478,498,573	488,141,222
OPERATING EXPENSES (Note 22)	**(155,341,884)**	(129,847,438)	(158,921,963)
OTHER INCOME (EXPENSE)			
Gains on fair value change of investment property (Note 15)	**213,702,700**	33,029,220	129,000,000
Interest income (Notes 7, 8 and 26)	**29,808,168**	29,720,850	27,084,864
Interest expense (Note 18)	**(59,454,953)**	(120,123,188)	(138,087,288)
Other income - net (Note 24)	**55,755,595**	379,220,397	34,780,115
INCOME BEFORE INCOME TAX	**404,541,324**	670,498,414	381,996,950
PROVISION FOR INCOME TAX (Note 27)			
Current	**48,364,408**	77,517,016	89,362,933
Deferred	**18,125,002**	9,359,385	5,541,803
	66,489,410	86,876,401	94,904,736
NET INCOME	**₱338,051,914**	₱583,622,013	₱287,092,214
Basic/diluted earnings per share (Note 29)	**₱1.20**	₱2.07	₱1.02

See accompanying Notes to Consolidated Financial Statements.

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CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
(Formerly Central Azucarera de Tarlac and Subsidiary)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended June 30		
	2019	2018	2017
NET INCOME	**₱338,051,914**	₱583,622,013	₱287,092,214
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified to profit or loss - net income tax effect:			
Unrealized gain (loss) on AFS financial asset (Note 13)	**–**	(13,816,725)	61,580,563
Items that will not be reclassified to profit or loss - net of income tax effect:			
Remeasurement gain (losses) on retirement asset (Note 25)	**(257,767,034)**	251,225,769	(264,053,350)
Unrealized loss on financial assets at FVOCI (Note 13)	**(46,924,968)**	–	–
Revaluation increase (decrease) on land (Note 15)	**130,368,000**	(6,130,070)	110,180,000
	(174,324,002)	245,095,699	(153,873,350)
OTHER COMPREHENSIVE INCOME (LOSS)	**(174,324,002)**	231,278,974	(92,292,787)
TOTAL COMPREHENSIVE INCOME	**₱163,727,912**	₱814,900,987	₱194,799,427

See accompanying Notes to Consolidated Financial Statements.

CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
(Formerly Central Azucarera de Tarlac and Subsidiary)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED JUNE 30, 2019

	Capital Stock (Note 29)	Retained Earnings (Note 29)			Revaluation Increase (Decrease) (Note 15)	Remeasurement Gains (Losses) on Retirement Asset (Note 25)	Unrealized Cumulative Gains (Note 13)		Cost of Treasury Stock (Note 29)	Total Equity
		Unappropriated	Appropriated	Total			Financial Assets at FVOCI	AFS Financial Assets		
Balances at June 30, 2016	₱282,545,960	₱193,840,135	₱–	₱193,840,135	₱1,836,613,293	₱490,982,816	₱–	₱77,489,330	(₱7,200)	₱2,881,464,334
Total comprehensive income (loss)	–	287,092,214	–	287,092,214	110,180,000	(264,053,350)	–	61,580,563	–	194,799,427
Appropriation	–	(200,000,000)	200,000,000	–	–	–	–	–	–	–
Balances at June 30, 2017	282,545,960	280,932,349	200,000,000	480,932,349	1,946,793,293	226,929,466	–	139,069,893	(7,200)	3,076,263,761
Total comprehensive income (loss)	–	583,622,013	–	583,622,013	(6,130,070)	251,225,769	–	(13,816,725)	–	814,900,987
Sale of land at revalued amount (Note 15)	–	1,181,600,009	–	1,181,600,009	(1,181,600,009)	–	–	–	–	–
Dividend declaration (Note 29)	–	(50,856,977)	–	(50,856,977)	–	–	–	–	–	(50,856,977)
Appropriation (Note 29)	–	(2,300,000,000)	2,300,000,000	–	–	–	–	–	–	–
Reversal of appropriation (Note 29)	–	200,000,000	(200,000,000)	–	–	–	–	–	–	–
Balances at June 30, 2018	282,545,960	(104,702,606)	2,300,000,000	2,195,297,394	759,063,214	478,155,235	–	125,253,168	(7,200)	3,840,307,771
Effect of adopting PFRS 9 (Note 3)	–	(1,234,270)	–	(1,234,270)	–	–	125,253,168	(125,253,168)	–	(1,234,270)
Reversal of appropriation (Note 29)	–	2,300,000,000	(2,300,000,000)	–	–	–	–	–	–	–
Appropriation (Note 29)	–	(2,350,000,000)	2,350,000,000	–	–	–	–	–	–	–
Total comprehensive income (loss)	–	338,051,914	–	338,051,914	130,368,000	(257,767,034)	(46,924,968)	–	–	163,727,912
Balances at June 30, 2019	₱282,545,960	₱182,115,038	₱2,350,000,000	₱2,532,115,038	₱889,431,214	₱220,388,201	₱78,328,200	₱–	(₱7,200)	₱4,002,801,413

See accompanying Notes to Consolidated Financial Statements.

CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
(Formerly Central Azucarera de Tarlac and Subsidiary)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended June 30		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱404,541,324**	₱670,498,414	₱381,996,950
Adjustments for:			
Depreciation and amortization (Notes 14 and 23)	**134,306,447**	118,817,488	98,826,102
Interest expense (Note 18)	**59,454,953**	120,123,188	138,087,288
Gains on fair value change of investment property (Note 15)	**(213,702,700)**	(33,029,220)	(129,000,000)
Net retirement income (Note 25)	**(36,739,383)**	(11,190,093)	(10,818,686)
Interest income (Notes 7, 8 and 26)	**(29,808,168)**	(29,720,850)	(27,084,864)
Gain on reversal of provision for doubtful accounts (Note 8)	**(1,844,245)**	–	–
Unrealized foreign exchange gain	**(615,442)**	–	–
Loss on impairment of goodwill (Note 12)	**–**	199,727,679	–
Loss on early retirement of long-term notes payable (Note 18)	**–**	10,515,236	–
Provision for doubtful accounts (Note 8)	**–**	1,206,817	401,755
Provision for inventory losses (Note 9)	**–**	615,078	87,447
Gain on sale of investment property (Note 15)	**–**	(515,432,932)	–
Gain on factoring of receivable (Note 15)	**–**	(36,716,288)	–
Gain on disposal of property, plant and equipment	**–**	(8,571)	(23,601)
Operating income before working capital changes	**315,592,786**	495,405,946	452,472,391
Decrease (increase) in:			
Receivables	**3,744,908**	80,318,427	(628,500)
Inventories	**82,635,516**	156,773,688	(238,454,050)
Real estate held for sale and development	**(96,039)**	–	(435,821)
Other current assets	**42,488,994**	(93,603,503)	(46,912,750)
Increase (decrease) in:			
Trade and other payables	**(222,011,371)**	18,948,727	63,735,153
Deposits	**2,744,708**	2,253,174	355,495
Net cash generated from operations	**225,099,502**	660,096,459	230,131,918
Income tax paid	**(44,015,988)**	(25,801,850)	(87,416,031)
Net cash provided by operating activities	**181,083,514**	634,294,609	142,715,887
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**377,949**	969,456	608,970
Net changes in accounts with related parties (Note 26)	**(144,170,041)**	(211,218,675)	(66,579,435)
Additions to property, plant and equipment (Note 14)	**(129,278,381)**	(195,152,227)	(173,134,942)
Decrease (increase) in other noncurrent assets	**1,641,240**	(15,012,799)	213,290
Net proceeds from sale of investment property	**–**	36,716,288	–
Net cash flows used in investing activities	**(271,429,233)**	(383,697,957)	(238,892,117)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net availment of short-term notes payable (Note 18)	**47,510,712**	171,666,667	470,000,000
Payments of:			
Interest (Note 18)	**(54,220,896)**	(114,252,942)	(132,146,556)
Dividends (Note 29)	**(49,815,765)**	–	–
Notes payable(Note 18)	**–**	(2,058,000,000)	(97,431,128)
Increase in other noncurrent liabilities	**4,688,429**	17,011,402	–
Net proceeds from factoring of receivables (Note 15)	**–**	1,849,814,272	–
Net cash flows from (used in) financing activities	**(51,837,520)**	(133,760,601)	240,422,316
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(142,183,239)**	116,984,441	144,246,086
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**615,442**	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**355,179,298**	238,194,857	93,948,771
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱213,611,501**	₱355,179,298	₱238,194,857

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information and Authorization for the Issuance of the Consolidated Financial Statements

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

As at June 30, 2019, the Parent Company is 71.40% owned by CAT Resource & Asset Holdings, Inc. (CRAHI). The ultimate parent is First Lucky Holdings Corporation.

On December 13, 2017, the Board of Directors (BOD) approved to amend its articles of incorporation by changing its corporate name from Central Azucarera de Tarlac to Central Azucarera de Tarlac, Inc.

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

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

Authorization for the Issuance of the Consolidated Financial Statements
The consolidated financial statements as at and for each of the three years in the period ended June 30, 2019 were authorized for issue in accordance with a resolution by the Board of Directors (BOD) on October 8, 2019.

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

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

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

Statement of Compliance
The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) which include the availment of the deferral granted by the Philippine SEC under Memorandum Circular No. 2019 as discussed in Note 3.

Basis of Consolidation
The consolidated financial statements include the financial results of the Parent Company and its subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

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

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

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

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new, amended and improvements to PFRSs, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) which are effective for annual periods beginning July 1, 2018.

Adoption of PFRS 9, *Financial Instruments*
The adoption of PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group applied the modified retrospective approach in adopting this standard with July 1, 2018 as the initial date of application and resulted to the following:

Classification and Measurement of Financial Instruments
The Group revisited all of its financial instruments and applied the requirements of PFRS 9.

- *Classification of financial instruments*
  The Group's financial assets composed of "Cash and cash equivalents" and "Receivables" continue to be classified and measured at amortized costs on the basis that these financial assets are expected to be held to collect contractual cash flows upon maturity at an amount equivalent to principal and interest only.

  The Group's investment in shares of stock amounting to ₱173.9 million classified as available-for-sale (AFS) financial assets as at June 30, 2018 are reclassified irrevocably as an equity instrument designated at FVOCI beginning July 1, 2018. All fair value changes, net of tax, amounting to ₱125.3 million presented as "Unrealized cumulative gains on AFS financial assets" as at June 30, 2018 are now recognized as "Unrealized cumulative gains on financial assets at FVOCI" beginning July 1, 2018.

  The Group's financial liabilities comprising of "Trade and other payables", "Short-term notes payable" and Mortgage payable under "Other current and noncurrent liabilities" continue to be classified and measured at amortized costs.

- *Impairment of financial asset*
  The adoption of PFRS 9 resulted to a fundamental change in the way the Group computes for impairment losses from "incurred loss" to "expected credit loss (ECL)" approach. The ECL approach incorporates forward-looking rates in the evaluation. This resulted to the following adjustments in the consolidated balance sheet:

	As at July 1, 2018
Increase (decrease) in:	
Receivables	(₱1,707,153)
Deferred income tax liabilities - net	(472,886)
Retained earnings	(1,234,270)

PFRS 15, *Revenue from Contracts with Customers*
PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRS. Entities can choose to apply the standard using either a full retrospective approach, with some limited relief provided, or a modified retrospective approach.

With the effectivity of PFRS 15 on July 1, 2018, as approved by Financial Reporting Standards Council (FRSC), the Philippine Interpretations Committee (PIC) issued Q&A 2019-3, *Revenue Recognition Guidance for Sugar Millers*, to assist companies operating in the sugar industry in the adoption of PFRS 15. PIC Q&A 2019-3 states that a miller should recognize revenue arising from its sugar milling operation under either output sharing agreement or cane purchase agreement, and that providing free storage constitutes a separate performance obligation in the case of an output sharing agreement.

In response to concerns raised by the sugar industry on the implementation and adoption of PIC Q&A 2019-3, the Philippine SEC issued Memorandum Circular No. 06 on April 4, 2019, allowing the deferral of the the application of the provisions of the above-mentioned PIC Q&A 2019-3 for a period of one (1) year.

Effective July 1, 2019, the Philippine sugar millers will adopt PIC Q&A 2019-3 and any subsequent amendments thereto retrospectively or as the Philippine SEC will later prescribe.

The Group availed of the deferral of adoption of the above specific provisions. Had these provisions been adopted and had the output sharing agreement deemed more appropriate, it would have increased revenue from milling and cost of tolling services.

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

These amendments did not have any impact on the consolidated financial statements as the Group does not have any share-based payment transaction.

Amendments to PFRS 4, *Insurance Contracts - Applying PFRS 9, Financial Instruments, with PFRS 4*
The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after July 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

The amendments are not applicable to the Group since the Group does not have any activities related to insurance contracts.

Amendments to PAS 28, *Investments in Associates and Joint Ventures, Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at FVPL. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. Retrospective application is required.

These amendments did not have any impact on the consolidated financial statements since none of the entities within the Group is a venture capital organization or an investment entity.

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

The Group's current practice is in line with the clarifications issued. Accordingly, it did not have any effect on the consolidated financial statements.

Philippine Interpretation from IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. Retrospective application of this interpretation is not required.

The amendments did not have any impact on the consolidated financial instruments as the Group does not have any foreign currency transaction involving advance consideration.

New Accounting Standards, Interpretation and Amendments to Existing Standards Effective Subsequent to June 30, 2019

Standards and interpretation issued but not yet effective up to the date of issuance of the consolidated financial statements are listed below. The Group intends to adopt these standards and interpretation when they become effective. The Group is currently assessing the potential impact of adopting these new standard and interpretation on July 1, 2019.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

  A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes,* and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

Listed below are those new standards, amendments and improvements to existing standards that the Group is considering not to have any impact:

Effective beginning July 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- *Annual Improvements to PFRSs 2015-2017 Cycle*
  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*
  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

Effective beginning July 1,2020

- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

Effective beginning July 1,2021

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial* Statements, and PAS 28, *Sale or Contribution of Assets between and Investor and its Associate or Joint Venture*

4. Summary of Significant Accounting and Financial Reporting Policies

Business Combinations and Goodwill

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

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

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

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

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

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

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated balance sheet based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement
The Group measures financial instruments such as financial assets at FVOCI (AFS financial assets in prior period) and nonfinancial assets such as land carried at revalued amount and investment property, at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 31. Fair values are determined based on an annual evaluation performed by an accredited external appraiser applying a valuation model approved by the International Valuation Standards Committee.

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

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

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

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

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

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

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

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

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

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

The Group measures fair value on its land, recognized as property, plant and equipment and investment property and financial assets at FVOCI (AFS financial assets in prior period).

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

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 Instruments (Policies under PFRS 9 and PAS 39)
A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets
Initial Recognition and Measurement under PFRS 9
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent Measurement under PFRS 9
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Upon adoption of PFRS 9 as at July 1, 2018, the Group's financial assets are categorized as financial assets at amortized cost (debt instrument) which mainly includes the Group's "Cash and cash equivalents" and "Receivables", and financial assets at FVOCI comprising of equity instruments.

Financial Assets at Amortized Cost
The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statement of income when the asset is derecognized, modified or impaired.

Financial Assets Designated at FVOCI
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated statement of income. Dividends are recognized in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated as financial assets at FVOCI are not subject to impairment assessment. The Group elected to classify irrevocably its equity investments recognized under “Financial assets at FVOCI” under this category.

Policy Prior to Adoption of PFRS 9 in Accordance with PAS 39
The Group categorizes its financial assets as loans and receivables and AFS financial assets as at June 30, 2018.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading or designated as either AFS financial assets or financial assets at FVTPL. This accounting policy relates to the Group’s “Cash and cash equivalents” and “Receivables”.

These are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, loans and receivables are measured at amortized cost using the EIR method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR.

AFS Financial Assets
AFS financial assets are those non-derivative financial assets which are designated as such or do not qualify to be classified as financial assets at FVPL, Held-to-maturity investments, or loans and receivables. AFS financial assets are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. These include equity instruments investments.

After initial recognition, AFS financial assets are measured at fair value with gains or losses being recognized as a separate component in the equity section of the consolidated balance sheet until the equity investment is derecognized or until the equity investment is determined to be impaired at which time the cumulative gains or losses previously reported in equity is included in the consolidated statement of income.

Interest earned on holding AFS financial assets is included under "Interest income" account in the consolidated statement of income using the EIR method. Dividends earned on holding AFS financial assets are recognized in the consolidated statement of income when the right to the payment has been established.

Impairment of Financial Assets
Policy in Accordance with PFRS 9
The Group applied the ECL model on the impairment of the following debt instruments financial assets not measured at FVTPL:

- those that are measured at amortized cost and FVOCI;
- loan commitments; and
- financial guarantee contracts.

ECL calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the balance sheet date about past events, current conditions and forecast of future economic conditions.

Amount of ECL to be recognized is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The following stages are applicable to those financial assets being assessed for ECL depending on its credit quality:

Stage 1: 12-month
For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL
For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Credit-impaired
Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted EIR to the amortized cost of the financial asset.

Determining the Stage for Impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as credit quality deteriorates. If, in a subsequent period, credit quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL. For trade receivables, the Group applied a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group performs an assessment whether its financial asset is in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Policy Prior to Adoption of PFRS 9 in Accordance with PAS 39
Loans and Receivables
The Group assesses at each reporting date whether there is an objective evidence that a financial or group of financial assets is impaired. Objective evidences of impairment may include indications that the debtor 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. If there is objective evidence that an impairment loss on financial 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 discounted at the asset's original EIR.

AFS Financial Assets
The Group assesses at each reporting date whether there is objective evidence that the AFS financial assets are impaired. If there is objective evidence that an impairment loss 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 discounted at the current market rate of return for a similar financial asset.

Derecognition (in Accordance with PFRS 9 and PAS 39)
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated balance sheet) when:
- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Financial Liabilities

Initial Recognition and Measurement under PFRS 9

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities are categorized as financial liabilities at amortized cost which comprise of "Trade and other payables", "Short-term notes payable" and Mortgage payable under "Other current and noncurrent liabilities".

After initial recognition, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

Policy Prior to Adoption of PFRS 9 in Accordance with PAS 39

The Group categorizes its financial liabilities comprising of "Trade and other payables", "Short-term notes payable" and Mortgage payable under "Other current and noncurrent liabilities" as other financial liabilities.

Other financial liabilities pertain to those issued financial liabilities or their components where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares, which are not designated as financial liabilities at FVTPL.

Derecognition (in Accordance with PFRS 9 and PAS 39)

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of Financial Instruments (in Accordance with PFRS 9 and PAS 39)

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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

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

Advances to Supplier
Advances to suppliers represent advance payment on goods or services to be purchased in connection with the Group's operations. These are recognized as an asset or charged against profit or loss upon actual receipt of goods or services, which is normally within twelve months or within the operating cycle.

These are presented as part of “Other current assets” in the consolidated balance sheets.

Advances for Land Maintenance
Advances for land maintenance pertains to costs advanced for future land preparation, planting and harvesting.

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

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

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

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

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

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

Category	Number of years
Machinery and equipment	2-25 years
Agricultural machinery and equipment	5-12 years
Buildings and improvements	2-25 years
Transportation equipment	2-5 years
Land improvements	5-15 years
Furniture, fixtures and equipment	2-10 years
Communication and utility systems	2-5 years
Roads and bridges	10 years

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

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

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

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

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

Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gain or loss arising from changes in the fair values of investment properties is included in the consolidated statement of income in the period in which they arise, including the corresponding tax effect, if any.

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

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

Impairment of Nonfinancial Assets

Property, Plant and Equipment and Advances

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

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

Goodwill

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

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

Customers' Advances

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

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

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

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

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

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

Revenue Recognition (PFRS 15)
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

Revenue Recognition (PAS 18)
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Sales are measured at the fair value of the consideration received, net of discounts and returns. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements.

The following specific recognition criteria are also being considered under PAS 18 and PFRS 15:

Sale of Sugar (PAS 18 and PFRS 15)
Sale of sugar is recognized upon endorsement and transfer of quedans and/or issuance of a sugar release order in the name of the customer which represents ownership title over the sugar.

Sale of By-Products (PAS 18 and PFRS 15)
Sale of by-products, which includes molasses, alcohol, carbon dioxide and yeasts, is recognized upon shipment or delivery and acceptance by the customers.

Tolling Fee (PAS 18 and PFRS 15)
Revenue is recognized when services have been rendered.

Industrial Services (PAS 18 and PFRS 15)
Revenue from industrial services, which include water and wastewater treatment services and locator fees are recognized as the services are rendered.

Sale of Real Estate (PAS 18 and PFRS 15)
Revenue from sale of real estate is accounted for using the full accrual method. The Group assesses whether it is probable that the economic benefits will flow to the Group when the contract price is collectible. Collectability of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuing investments that motivate the buyer to honor its obligation. Collectability is also assessed by considering factors such as collections and credit standing of the buyer.

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

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

Nonrefundable payments by customers are recognized as other income.

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

Other Income (PAS 18 and PFRS 15)
This includes revenue recognized when earned from sources other than the normal business operations of the Group.

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

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

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

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

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

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

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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

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

The determination of whether an arrangement contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies
(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) a renewal option is exercised or extension is granted, unless that term of the renewal or extension was initially included in the lease term;
(c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) there is a substantial change to the asset.

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

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

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

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

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

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

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

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

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

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

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

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
(b) with operating results regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and
(c) for which discrete financial information is available.

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

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

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

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

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

5. Summary of Significant Accounting Judgments, Estimates and Assumptions

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

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

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

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

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

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

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

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

Allowance for Doubtful Accounts
Impairment of Financial Assets at Amortized Cost based on PFRS 9
Starting July 1, 2018, the Group uses ECL in calculating its impairment. In the case of certain trade receivables, a provision matrix is established.

The calculation is initially based on the Group's historical observed default rates. The Group will calibrate the calculation to adjust historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast economic conditions may also not be representative of customer's actual default in the future.

- *Stage 3 - Credit Impaired Financial Assets*
  The Group determines impairment for each significant financial asset on an individual basis. Among the items that the Group considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the financial assets. Financial assets included in the specific assessment are the accounts that have been endorsed to the legal department and non-moving financial assets.

- *Inputs, Assumptions and Estimation Techniques in ECL Calculation*
  ECL calculation is performed for those financial assets that are not credit impaired. The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. A significant increase is assessed to have occurred if there are significant payment delays, declining operating performance of the borrower, among others. ECLs are the discounted product of the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD).

The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the financial assets. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by counterparty or by customer segments.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different counterparties or customers. These LGD's are influenced by collection strategies including contracted debt sales and price.

The assumptions underlying the ECL calculation such as how the maturity profile of the PDs change are monitored and reviewed quarterly.

Provision Matrix for Trade Receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the industrial segment, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Incorporation of Forward-looking Information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The macro-economic variables include the following key indicators for the Philippines: unemployment rates, inflation rates, gross domestic product growth and net personal income growth.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

The adoption of PFRS 9 in the calculation of credit loss resulted to an additional impairment of ₱1.7 million as of July 1, 2018 (see Note 3).

No provision for credit loss was recognized in 2019. As at June 30, 2019, the allowance for credit loss on receivables amounted to ₱9.0 million. The carrying amounts of receivables as at June 30, 2019 amounted to ₱1.1 billion (see Note 8).

Impairment of Loans and Receivables in Accordance with PAS 39
Allowance for doubtful accounts is determined through specific identification. 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.

Provision for doubtful accounts amounting to ₱1.2 million and ₱0.4 million was recognized in 2018 and 2017, respectively. The allowance for impairment losses on receivables amounted to ₱9.2 million as at June 30, 2018. The carrying amounts of receivables as at June 30, 2018 amounted to ₱921.3 million (see Note 8).

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

Provision for inventory obsolescence amounted to nil, ₱0.6 million and ₱0.1 million in 2019, 2018 and 2017, respectively. No reversal of inventory obsolescence was made in 2019, 2018 and 2017. The carrying amounts of inventories as at June 30, 2019 and 2018 amounted to ₱153.1 million and ₱235.7 million, respectively (see Note 9).

Impairment of AFS Financial Assets (Prior to adoption of PFRS 9)
The Group treats AFS as impaired when there has been a significant or prolonged decline in the fair value below its costs or other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Group generally treats a decline of 20% or more of the original cost of investments as "significant", and a period greater than six months as "prolonged". In addition, the Group evaluates other factors including normal volatility in share prices for quoted securities and the future cash flows and discounted factors for unquoted securities.

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

No provision for impairment of AFS financial assets was recognized in 2018 and 2017. The carrying amounts of AFS financial assets as at June 30, 2018 amounted to ₱173.9 million (see Note 13).

NRV of Real Estate held for Sale and Development
The Group provides allowance for decline in value of real estate inventories whenever NRV of inventories becomes lower than cost due to damage, physical deterioration, change in price levels or

other causes. Estimates of NRV are based on the most realizable evidence available at the time the estimates are made, of the amount the inventories are expected to realize.

There was no allowance for decline in real estate inventory value in 2019 and 2018. The carrying amounts of real estate inventories as at June 30, 2019 and 2018 amounted to ₱988.5 million and ₱988.4 million, respectively (see Note 10).

Revalued Amount of Land under Property, Plant and Equipment and Fair Value of Investment Property

The Group has property, plant and equipment and investment property carried at revalued amount and fair value, respectively. These consist of land which is being valued by reference to market using comparable prices adjusted for specific market factors such as location and condition of the property. The Group engaged an external appraiser to determine revalued amount and fair value as at June 30, 2019 and 2018.

The significant methods and assumptions used by the appraiser in estimating fair values of land are discussed in Note 15. The revalued amount of land under property, plant and equipment as at June 30, 2019 and 2018 amounted to ₱996.8 million and ₱810.6 million, respectively (see Note 15). The fair value of land under investment property amounted to ₱437.3 million and ₱223.6 million as at June 30, 2019 and 2018, respectively (see Note 15).

Estimated Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the property, plant and equipment are expected to be available for use. The estimated useful lives of the property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property, plant and equipment. In addition, the estimation of the useful lives of property, plant and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affect ted 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 2019, 2018 and 2017. The carrying values of property, plant and equipment carried at cost as at June 30, 2019 and 2018 amounted to ₱560.6 million and ₱565.6 million, respectively (see Note 14).

Impairment of Nonfinancial Asset

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

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

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

There were no provisions for impairment losses recognized in 2019, 2018 and 2017. The fair values of land under property plant and equipment as at June 30, 2019 and 2018 amounted to ₱996.8 million and ₱810.6 million, respectively (see Note 15). The carrying amounts of property, plant and equipment carried at cost as at June 30, 2019 and 2018 amounted to ₱560.5 million and ₱565.6 million, respectively (see Note 14). The carrying amounts of advances as at June 30, 2019 and 2018 amounted to ₱347.5 million and ₱380.6 million, respectively (see Notes 11 and 16).

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

The carrying amount of goodwill as of June 30, 2019 and 2018 amounted to ₱502.4 million. Goodwill impairment recognized in 2018 amounted to ₱199.7 million. No impairment was recognized in 2019 and 2017 (see Note 12).

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

The Group's deferred income tax assets arising from temporary differences as at June 30, 2019 and 2018 amounted to ₱8.4 million and ₱14.9 million, respectively (see Note 27). Unrecognized deferred income tax assets arising from temporary differences, NOLCO and MCIT are disclosed in Note 27.

Retirement Asset
The determination of the obligation and cost for retirement is dependent on the selection of certain assumptions determined by management and used by actuaries in calculating such amounts. These include discount rate, turnover rate, mortality rate, salary increase rate and future retirement benefits increase. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligation. The assumptions used are disclosed in Note 25.

Retirement income recognized in 2019, 2018 and 2017 amounted to ₱36.7 million, ₱11.2 million and ₱10.8 million, respectively (see Note 25). The carrying amounts of the Group's net retirement asset as at June 30, 2019 and 2018 amounted to ₱378.0 million and ₱709.4 million respectively (see Note 25).

6. Segment Information

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

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

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

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

2019

	Sugar and by-products	**Industrial Services**	**Eliminations**	**Total**
Revenues	**₱1,196,178,448**	**₱44,204,438**	**₱–**	**₱1,240,382,886**
Cost of goods sold and services	**899,679,752**	**20,631,436**	**–**	**920,311,188**
Gross income	**296,498,696**	**23,573,002**	**–**	**320,071,698**
Gain on fair value change of investment pro perty	**213,702,700**	**–**	**–**	**213,702,700**
Interest income	**29,715,504**	**92,664**	**–**	**29,808,168**
Operating expenses	**(126,995,584)**	**(28,346,300)**	**–**	**(155,341,884)**
Interest expense	**(58,721,285)**	**(733,668)**	**–**	**(59,454,953)**
Other income (expense) - net	**56,503,753**	**(748,158)**	**–**	**55,755,595**
Segment income before income tax	**₱410,703,784**	**(₱6,162,460)**	**₱–**	**₱404,541,324**
Segment assets	**₱6,025,912,587**	**₱818,770,427**	**(₱1,017,820,026)**	**₱5,826,862,987**
Segment liabilities	**₱1,709,965,255**	**₱1,685,048,084**	**(₱1,570,005,992)**	**₱1,824,061,574**

2018

	Sugar and by-products	Real Estate and Industrial Services	Eliminations	Total
Revenues	₱1,265,027,892	₱43,724,451	₱–	₱1,308,752,343
Cost of goods sold and services	808,735,445	21,518,325	–	830,253,770
Gross income	456,292,447	22,206,126	–	478,498,573
Gain on fair value change of investment property	33,029,220	–	–	33,029,220
Interest income	29,426,383	294,467	–	29,720,850
Operating expenses	(118,084,615)	(11,762,823)	–	(129,847,438)
Interest expense	(119,328,872)	(794,316)	–	(120,123,188)
Other income - net	(135,776,648)	514,997,045	–	379,220,397
Segment income before income tax	₱145,557,915	₱524,940,499	₱–	₱670,498,414
Segment assets	₱5,621,344,406	₱846,026,181	(₱535,387,818)	₱5,931,982,769
Segment liabilities	₱1,977,848,409	₱1,705,526,096	(₱1,589,992,354)	₱2,093,382,151

2017

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

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

7. Cash and Cash Equivalents

	2019	2018
Cash on hand and in banks	**₱213,611,501**	₱355,034,451
Short-term investments	**–**	144,847
	₱213,611,501	₱355,179,298

Cash in banks earn interest at the respective bank deposit rates. Interest rates range from 1.50% to 2.38% per annum.

Interest income earned from cash in banks amounted to ₱0.3 million, ₱1.0 million and ₱0.6 million in 2019, 2018 and 2017, respectively.

8. Receivables

	2019	2018
Trade	**₱88,302,470**	₱70,907,561
Nontrade:		
Due from related parties (see Note 26)	**908,657,197**	763,126,424
Notes receivable	**18,905,120**	–
Planter’s receivable	**5,835,767**	6,615,154
Advances to:		
Tarlac Development Corporation (TDC)	**24,951,281**	30,436,879
Luisita Golf and Country Club, Inc. (LGCCI)	**3,634,014**	22,700,993

(Forward)

	2019	2018
CAT Realty Corporation	**₱–**	₱15,422,542
Jose Cojuanco and Sons, Inc.	**–**	14,600,758
Others	**21,972,084**	6,657,474
	1,072,257,933	930,467,785
Less allowance for credit losses	**9,029,710**	9,166,802
	₱1,063,228,223	₱921,300,983

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

Notes receivable pertains to the loan agreement entered into in 2019 that are subject to 6.5% interest per annum. Noncurrent portion is presented under "Other noncurrent asset" account. Interest income earned amounted to ₱0.1 million in 2019.

Certain receivables from related parties are subject to interest at 4% to 10% per annum in 2019, 2018 and 2017 (see Note 26). Interest income earned from receivables amounted to ₱29.4 million, ₱28.7 million and ₱26.2 million in 2019, 2018 and 2017, respectively.

Advances to TDC and LGCCI pertain to advances made by the Group to its previous affiliates which are unsecured, non-interest bearing and is due upon demand.

Movements in the allowance for credit losses are summarized below:

2019

	Trade	**Nontrade**	**Total**
Balances at beginning of year	**₱2,927,537**	**₱6,239,265**	**₱9,166,802**
Effect of adopting PFRS 9 (see Note 3)	**205,972**	**1,501,181**	**1,707,153**
Reversal	**(80,770)**	**(1,763,475)**	**(1,844,245)**
Balances at end of year	**₱3,052,739**	**₱5,976,971**	**₱9,029,710**

2018

	Trade	Nontrade	Total
Balances at beginning of year	₱3,977,254	₱5,126,522	₱9,103,776
Provisions (see Note 22)	94,074	1,112,743	1,206,817
Recovery	7,366	–	7,366
Write-off	(1,151,157)	–	(1,151,157)
Balances at end of year	₱2,927,537	₱6,239,265	₱9,166,802

9. **Inventories**

	2019	2018
At cost:		
Alcohol	**₱65,533,904**	₱170,306,022
Raw sugar	**29,451,700**	6,573
Molasses	**68,487**	27,705,375
At NRV:		
Spare parts and supplies	**58,043,366**	37,715,003
	₱153,097,457	₱235,732,973

The following table is a rollforward analysis of the inventory write-down recognized on spare parts and supplies to arrive at NRV:

	2019	2018
Balances at beginning of year	**₱5,472,931**	₱4,857,853
Provision for inventory write-down (see Note 22)	**–**	615,078
Write-off	**(470,231)**	–
Balances at end of year	**₱5,002,700**	₱5,472,931

10. Real Estate Held for Sale and Development

	2019	2018
Land held for development	**₱981,516,357**	₱981,516,357
Land available for sale	**6,978,017**	6,881,978
Balances at end of year	**₱988,494,374**	₱988,398,335

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

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

11. Other Current Assets

	2019	2018
Advances to suppliers - net of allowance of ₱6.4 million in 2018	**₱135,538,291**	₱190,769,913
Prepaid tax	**20,595,022**	21,902,939
Prepaid insurance	**2,250,451**	4,443,742
Others	**638,066**	2,500,789
	₱159,021,830	₱219,617,383

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

12. Goodwill

The Group performed its impairment review of goodwill as at June 30, 2019 and 2018. Based on the impairment review as at June 30, 2019, the recoverable amount exceeded the carrying value of the CGU, including goodwill, thus, no impairment loss was recognized. In 2018, the carrying value of the CGU, including goodwill, exceeded the recoverable amount by ₱199.7 million. This was recognized as an impairment loss for the year ended June 30, 2018.

CGU pertains to the Parent Company's investment in LLC. Recoverable amount pertains to the CGU's value in use. Value in use was derived using cash flow projections based on financial budgets approved by senior management covering a five-year period and the expected realization of LLC's real estate inventory. Cash flow beyond the five-year period are extrapolated using a 3.50% growth rate. Discount rate applied to the cash flow projections in determining value in use is 10.76% and 11.85% in 2019 and 2018, respectively.

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

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

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

c) Selling price of LLC's real estate inventory - The estimated selling price is based on current market price (see Note 30) as adjusted to consider future development in the vicinity which will result to increased value of existing land once the sale is consummated.

Sensitivity to Changes in Assumptions

Before any impairment on goodwill is recognized, discount rate and selling price will need to be higher by more than 3.34% or lower by 11.22%, respectively. No reasonably possible change in the growth rate would cause the carrying amount of the CGU to exceed its recoverable amount.

13. **Financial assets at FVOCI**

This account in 2019 consists of:

Proprietary shares	₱118,200,000
Investment in shares of stock:	
Listed	382,572
Unlisted	162,000
	₱118,744,572

AFS financial assets in 2018 consists of:

Proprietary shares	₱173,400,000
Investment in shares of stock:	
Listed	387,540
Unlisted	162,000
	₱173,949,540

The movements in financial assets at FVOCI in 2019 are as follows:

Effect of adopting PFRS 9 (see Note 3)	₱173,949,540
Change in the fair value of financial assets at FVOCI	(55,204,968)
	₱118,744,572

The movements in AFS financial assets are as follows:

	2019	2018
Balances at the beginning of year	**₱173,949,540**	₱172,489,748
Change in the fair value of AFS financial assets	–	1,459,792
Effect of adopting PFRS 9 (see Note 3)	**(173,949,540)**	–
Balances at end of year	**₱–**	₱173,949,540

The fair value of the listed shares of stock and proprietary shares are determined with reference to published price quotations in an active market. Management intends to dispose the financial assets at FVOCI, both listed and unlisted and proprietary shares, when the need arises.
Movements in the unrealized gains on financial assets at FVOCI, net of tax, included in other comprehensive income are as follows:

Balances at beginning of year	₱125,253,168
Unrealized losses on financial assets at FVOCI	(46,924,968)
Balances at end of year	₱78,328,200

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

	2019	2018
Balances at beginning of year	**₱125,253,168**	₱139,069,893
Unrealized losses on AFS financial assets*	–	(13,816,725)
Effect of adopting PFRS 9	**(125,253,168)**	–
Balances at end of year	**₱–**	₱125,253,168

**Includes the effect of change in tax rate*

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

2019

	Machinery and equipment	Agricultural machinery and equipment	Buildings and improvements	Transportation equipment	Land improvements	Furniture, fixtures and equipment	Communication and utility systems	Roads and bridges	Construction in progress	Total
Cost:										
Balances at beginning of year	**₱1,625,270,489**	**₱119,749,847**	**₱153,437,566**	**₱53,560,268**	**₱45,990,885**	**₱87,608,971**	**₱8,259,400**	**₱12,350,552**	**₱19,343,298**	**₱2,125,571,276**
Additions	**22,975,939**	**28,923,111**	**2,582,509**	**1,836,127**	**625,000**	**2,506,408**	**295,245**	**–**	**69,534,043**	**129,278,382**
Disposals	**(2,306,050)**	**–**	**–**	**–**	**–**	**(42,019)**	**(7,000)**	**–**	**–**	**(2,355,069)**
Reclassifications	**76,496,488**	**11,770,533**	**1,871,225**	**(7,221,514)**	**14,396,905**	**(38,948,648)**	**(30,191)**	**–**	**(58,334,798)**	**–**
Balances at end of year	**1,722,436,866**	**160,443,491**	**157,891,300**	**48,174,881**	**61,012,790**	**51,124,712**	**8,517,454**	**12,350,552**	**30,542,543**	**2,252,494,589**
Accumulated depreciation and amortization:										
Balances at beginning of year	**1,298,929,825**	**28,153,389**	**117,384,010**	**13,867,260**	**43,680,762**	**38,088,301**	**7,484,180**	**12,350,536**	**–**	**1,559,938,263**
Depreciation and amortization (see Notes 19, 20, 21 and 22)	**94,644,845**	**16,163,328**	**9,521,096**	**7,973,715**	**1,584,687**	**4,077,407**	**341,369**	**–**	**–**	**134,306,447**
Disposals	**(2,298,892)**	**–**	**–**	**–**	**–**	**(42,017)**	**(2,723)**	**–**	**–**	**(2,343,632)**
Reclassifications	**15,277,559**	**5,967,234**	**(18,229,274)**	**(1,516,417)**	**(1,978,599)**	**479,314**	**183**	**–**	**–**	**–**
Balances at end of year	**1,406,553,337**	**50,283,951**	**108,675,832**	**20,324,558**	**43,286,850**	**42,603,005**	**7,823,009**	**12,350,536**	**–**	**1,691,901,078**
Net book values	**₱315,883,529**	**₱110,159,540**	**₱49,215,468**	**₱27,850,323**	**₱17,725,940**	**₱8,521,707**	**₱694,445**	**₱16**	**₱30,542,543**	**₱560,593,511**

2018

	Machinery and equipment	Agricultural machinery and equipment	Buildings and improvements	Transportation equipment	Land improvements	Furniture, fixtures and equipment	Communication and utility systems	Roads and bridges	Construction in progress	Total
Cost:										
Balances at beginning of year	₱1,519,736,314	₱87,081,162	₱142,394,187	₱26,424,258	₱45,809,097	₱84,356,220	₱7,973,878	₱12,350,552	₱21,354,534	₱1,947,480,202
Additions	32,083,420	48,228,827	5,539,950	24,984,224	5,002	4,150,538	289,093	–	79,871,173	195,152,227
Disposals	73,450,755	(15,560,142)	5,503,429	2,151,786	176,786	(897,787)	(3,571)	–	(81,882,409)	(17,061,153)
Reclassifications										
Balances at end of year	1,625,270,489	119,749,847	153,437,566	53,560,268	45,990,885	87,608,971	8,259,400	12,350,552	19,343,298	2,125,571,276
Accumulated depreciation and amortization:										
Balances at beginning of year	1,214,620,404	15,859,394	109,088,596	8,105,215	42,381,911	34,481,648	7,176,777	12,350,536	–	1,444,064,481
Depreciation and amortization (see Notes 19, 20, 21 and 22)	85,045,506	13,988,414	8,295,414	5,762,045	1,298,851	4,116,642	310,616	–	–	118,817,488
Disposals										
Reclassifications	(736,085)	(1,694,419)	–	–	–	(509,989)	(3,213)	–	–	(2,943,706)
Balances at end of year	1,298,929,825	28,153,389	117,384,010	13,867,260	43,680,762	38,088,301	7,484,180	12,350,536	–	1,559,938,263
Net book values	₱326,340,664	₱91,596,458	₱36,053,556	₱39,693,008	₱2,310,123	₱49,520,670	₱775,220	₱16	₱19,343,298	₱565,633,013

15. **Land**

Land recognized under property, plant and equipment is carried at revalued amount of ₱996.8 million and ₱810.6 million as at June 30, 2019 and 2018, respectively.

The fair value, categorized as Level 3 in the fair value hierarchy, is based on valuations determined by an independent appraiser, accredited by the Philippine SEC, as at June 30, 2019 and 2018. The valuation models used by the appraiser are in accordance with that recommended by the International Valuation Standards Council and is based on the land's highest and best use..

The fair value of the land is determined using the market data (direct sales comparison) approach. Under this approach, a property's fair value is estimated based on comparable properties sold in the market against the subjected property. The weight given to each comparable property is dependent on the availability of recent confirmed sales of properties considered comparable to the property being appraised. These sold properties are compared to the property being appraised based major categories of comparison. Adjustments are made to account for identified differences against the comparables, resulting in adjusted sales values for each of the comparable.

Property and Equipment

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

	2019	2018
Balances at beginning of year	**₱810,550,400**	₱874,000,000
Revaluation increase (decrease)	**186,240,000**	(24,936,100)
Reclassification to investment property	–	(38,513,500)
Balances at end of year	**₱996,790,400**	₱810,550,400

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

	2019	2018
Balances at beginning of year	**₱759,063,214**	₱1,946,793,293
Revaluation increase (decrease)	**130,368,000**	(17,455,270)
Reclassification to investment property	–	11,325,200
Sale of investment property	–	(1,181,600,009)
Balances at end of year	**₱889,431,214**	₱759,063,214
Attributable to:		
Property, plant and equipment	**₱692,097,577**	₱561,729,577
Property, plant and equipment reclassified to investment property	**197,333,637**	197,333,637
	₱889,431,214	₱759,063,214

The value of land recognized under property, plant and equipment if carried at cost as at June 30, 2019 and 2018 is ₱8.1 million.

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

	2019	2018
Balances at beginning of year	**₱223,561,380**	₱1,486,400,000
Changes in fair value	**213,702,700**	33,029,220
Reclassification from property, plant and equipment	–	38,513,500
Sale of investment property	–	(1,334,381,340)
	₱437,264,080	₱223,561,380

The value of land recognized under investment properties if carried at cost as at June 30, 2019 and 2018 is ₱239.9 million.

Sale of investment property made on an installment basis over a period of six years pertains to the sale of land in April 2018 which resulted to the recognition of gain amounting to ₱515.4 million, net of tax of ₱174.0 million, for the year ended June 30, 2018.

Also on the same date, the Group entered into a deed of assignment effectively transferring all the risk and reward of collection of the installment receivable, on a non-recourse basis, for a consideration resulting to the recognition of gain amounting to ₱36.7 million for the year ended June 30, 2018.

16. **Other Noncurrent Assets**

	2019	2018
Advances for land maintenance	**₱211,935,412**	₱189,821,625
Recoverable deposits	**7,282,144**	9,140,572
Others	**36,426,034**	28,932,779
	₱255,643,590	₱227,894,976

17. **Trade and Other Payables**

	2019	2018
Trade payables	**₱181,862,444**	₱207,575,544
Accruals:		
Spare parts, supplies and inventory cost	**22,635,057**	43,259,533
Taxes	**13,566,557**	1,152,112
Salaries, wages and other benefits	**10,172,186**	8,965,012
Professional fees	**5,676,320**	38,628,295
Interest and penalties	**2,907,106**	23,717,641
Freight and transportation	**228,472**	47,810,771
Repairs and maintenance	–	26,507,743
Others	**2,716,465**	27,572,035
Advances from related parties (see Note 26)	**14,385,907**	13,025,174

(Forward)

	2019	2018
Estimated liability for cash surrender value	**₱2,527,345**	₱2,873,647
Dividends payable (see Note 29)	**1,041,212**	50,856,977
Customers' advances	**618,028**	965,822
Other payables	**24,259,528**	58,130,369
	₱282,596,627	₱551,040,675

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

Other payables include advances from J.C. Enterprises, Inc. which pertain to cash received for working capital requirements. These advances are non-interest bearing.

18. Notes Payable

Short-term Bank Notes

	2019	2018
Working capital facilities	**₱975,000,000**	₱925,000,000
Promissory notes	**17,890,816**	20,380,104
	₱992,890,816	₱945,380,104

Working Capital Facilities Agreement (WCFA)
The Group has an existing WCFA with BDO. Under the WCFA, the Group can avail short-term loan totaling up to ₱975.0 million at 6.50% interest rate per annum in 2019 and ₱925.0 million at 4.25% interest rate per annum in 2018.

Promissory Notes
The promissory notes are for a period of one year or shorter with an interest rate of 6.50% per annum and to be repriced every 30 to 180 days as agreed by the parties.

Total interest expense incurred for all short-term notes amounted to ₱59.5 million, ₱34.9 million and ₱27.1 million in 2019, 2018 and 2017, respectively.

Long Term Loan
On October 15, 2014, the Group obtained a long-term interest-bearing loan from a local bank amounting to ₱2.1 billion using portion of the Group's land as collateral. Net proceeds from the loan amounted to ₱2.1 billion and transaction costs incurred amounted to ₱32.0 million which will be amortized throughout the term of the loan using the effective interest rate method. The principal of the loan will be repaid in five equal annual installments amounting to ₱21.0 million starting July 15, 2015 until July 15, 2019 and the remaining balance to be paid on October 14, 2019. The loan is equally divided into two series amounting to ₱1,050.0 million each for the purposes of interest computation. Series A incurs an interest of 5.25% per annum or PDST-R1 on the interest selling date plus a spread of 137 basis points, whichever is higher. Series B incurs an interest of 4.0% per annum of the prevailing BSP Overnight Repurchase Rate on the interest selling date plus a spread of 25 basis points, whichever is higher. As at June 30, 2018 and 2017, the interest expense related to this loan amounted to ₱83.8 million and ₱110.9 million, respectively, including amortization of the transaction cost amounting to ₱5.0 million and ₱6.3 million, respectively.

On April 4, 2018, the Group pre-terminated the loan from BDO Unibank for a total consideration of ₱2.4 billion which resulted to the recognition of loss on early retirement amounting to ₱10.5 million (see Note 24).

19. Cost of Goods Sold

	2019	2018	2017
Inventory costs, spare parts, and supplies	**₱414,844,214**	₱327,632,895	₱355,713,420
Depreciation and amortization (see Notes 14 and 23)	**113,874,007**	99,711,895	87,313,991
Repairs and maintenance	**78,500,483**	89,311,786	67,774,823
Salaries, wages, bonuses and other benefits (see Note 23)	**75,249,363**	68,547,332	61,122,358
Security and outside services	**40,348,305**	41,666,043	41,246,349
Freight and transportation	**34,463,695**	38,973,698	40,251,405
Insurance	**7,358,058**	4,490,699	8,462,544
Power and steam	**5,629,359**	15,733,877	6,162,231
Taxes and licenses	**3,557,462**	3,364,382	2,304,577
Others	**17,015,351**	22,351,754	21,919,340
	₱790,840,297	₱711,784,361	₱692,271,038

20. Cost of Tolling Services

	2019	2018	2017
Power and steam	**₱48,295,574**	₱41,512,856	₱44,742,226
Repairs and maintenance	**12,887,742**	9,561,976	22,000,353
Spare parts and supplies	**11,641,167**	10,728,705	4,348,109
Salaries, wages, bonuses and other benefits (see Note 23)	**11,129,136**	10,444,768	10,881,452
Depreciation and amortization (see Notes 14)	**9,428,035**	10,138,182	5,633,995
Freight and transportation	**7,280,880**	5,020,539	4,654,472
Security and outside services	**3,939,278**	5,198,242	5,225,761
Taxes and licenses	**2,420,275**	2,482,514	1,797,511
Insurance	**781,247**	627,619	1,428,683
Others	**1,036,121**	1,235,683	1,725,213
	₱108,839,455	₱96,951,084	₱102,437,775

21. Cost of Industrial Services

	2019	2018	2017
Power and steam	**₱5,721,423**	₱5,660,670	₱4,649,350
Security and outside services	**3,832,463**	3,527,209	3,491,970
Depreciation and amortization (see Notes 14 and 23)	**1,983,254**	2,038,303	2,028,528
Repairs and maintenance	**1,299,788**	2,167,450	2,767,596
Materials	**1,172,400**	1,430,651	1,042,599
Taxes and licenses	**333,046**	368,681	256,032
Salaries, wages, bonuses and other benefits (see Note 23)	**300,761**	283,967	513,224
Termination expense	**956,744**	–	2,318,397
Others	**5,031,557**	6,041,393	4,878,403
	₱20,631,436	₱21,518,324	₱21,946,099

22. **Operating Expenses**

	2019	2018	2017
Salaries, wages, bonuses and other benefits (see Note 23)	**₱41,719,454**	₱38,083,006	₱32,116,844
Professional fees	**28,938,963**	29,988,087	27,943,614
Taxes and licenses	**28,452,033**	15,231,954	23,097,393
Entertainment, amusement and recreation	**11,074,525**	1,944,894	1,825,283
Freight and transportation	**10,075,856**	9,100,037	8,637,985
Depreciation and amortization (see Note 4)	**9,021,151**	6,929,108	3,849,588
Security and other outside services	**8,237,694**	8,066,232	11,155,669
Repairs and maintenance	**6,017,013**	6,152,910	9,578,837
Rentals	**3,559,374**	3,306,501	3,021,017
Dues and advertisements	**2,618,459**	2,603,946	2,896,027
Light and water	**1,192,011**	793,072	626,940
Postage, telephone and telegram	**417,310**	458,390	601,762
Management fees and bonuses	**220,500**	243,000	380,000
Bank charges	**61,226**	899,944	1,018,233
Provision for credit loss (see Note 8)	–	1,206,817	401,755
Inventory write-down (see Note 9)	–	615,078	87,447
Termination expense	–	–	1,238,552
Others	**3,736,315**	4,224,462	30,445,017
	₱155,341,884	₱129,847,438	₱158,921,963

23. **Nature of Expense**

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

	2019	2018	2017
Cost of goods sold (see Note 19)	**₱113,874,007**	₱99,711,895	₱87,313,991
Cost of tolling services (see Note 20)	**9,428,035**	10,138,182	5,633,995
Cost of industrial services (see Note 21)	**1,983,254**	2,038,303	2,028,528
Operating expenses (see Note 22)	**9,021,151**	6,929,108	3,849,588
	₱134,306,447	₱118,817,488	₱98,826,102

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

	2019	2018	2017
Cost of goods sold (see Note 19)			
Salaries, wages, bonuses and other benefits	**₱75,249,363**	₱68,547,332	₱61,122,358
Cost of tolling services (see Note 20)			
Salaries, wages, bonuses and other benefits	**11,129,136**	10,444,768	10,881,452
Cost of industrial services (see Note 21)			
Salaries, wages, bonuses and other benefits	**300,761**	283,967	513,224
Operating expenses (see Note 22)			
Salaries, wages, bonuses and other benefits	**41,719,454**	38,083,006	32,116,844
Other income - net (see Note 24)			
Net retirement income	**(36,739,383)**	(11,190,093)	(10,818,686)
	₱91,659,331	₱106,168,980	₱93,815,192

24. **Other Income** - net

	2019	2018	2017
Retirement income (see Notes 23 and 25)	**₱36,739,383**	₱11,190,093	₱10,818,686
Insurance fee	**7,344,405**	10,854,789	9,984,590
Storage fee	**4,870,589**	6,470,750	7,125,730
Sale of scraps	**3,263,454**	6,677,339	5,912,289
Gain on sale of investment property (see Note 15)	–	515,432,932	
Gain on factoring of receivable (see Note 15)	–	36,716,288	
Loss on impairment of goodwill (see Note 12)	–	(199,727,679)	
Loss on early retirement of long-term notes payable (see Note 18)	–	(10,515,236)	
Others	**3,537,764**	2,121,121	938,820
	₱55,755,595	₱379,220,397	₱34,780,115

25. **Retirement Cost**

Parent Company

The Parent Company maintains a tax-qualified, funded, noncontributory defined benefit retirement plan covering substantially all of its permanent employees. The benefits are based on years of service and compensation during the latest year of employment. The latest retirement valuation was made as at June 30, 2019.

The fund is administered by Luisita Trust Fund (LTF) under the supervision of LTF's Board of Trustees. The Board of Trustees defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes into account the plans' objectives, benefit obligations and risk capacity. The defined benefit retirement plan meets the minimum retirement benefit specified under Republic Act (RA) No. 7641, Retirement Pay Law.

2019

	Net Benefit Cost in Profit and Loss				Remeasurements in Other Comprehensive Income					
	Balance at Beginning of the Year	Current Service Cost	Net Interest	Subtotal	Return on Plan Assets	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in experience adjustments	Subtotal	Balance at End of the Year
Fair value of Plan Assets	**₱740,969,508**	**₱–**	**₱44,268,568**	**₱44,268,568**	**(₱359,194,983)**	**₱–**	**₱–**	**₱–**	**(₱359,194,983)**	**₱426,043,093**
Present value of Defined Benefit Obligation	**(31,516,437)**	**(5,098,167)**	**(2,431,018)**	**(7,529,185)**	**–**	**–**	**(10,053,148)**	**1,010,556**	**(9,042,592)**	**(48,088,214)**
Net Defined Benefit Asset	**₱709,453,071**	**(₱5,098,167)**	**₱41,837,550**	**₱36,739,383**	**(₱359,194,983)**	**₱–**	**(₱10,053,148)**	**₱1,010,556**	**(₱368,237,575)**	**₱377,954,879**

2018

	Net Benefit Cost in Profit and Loss				Remeasurements in Other Comprehensive Income					
	Balance at Beginning of the Year	Current Service Cost	Net Interest	Subtotal	Return on Plan Assets	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in experience adjustments	Subtotal	Balance at End of the Year
Fair value of Plan Assets	₱373,568,851	₱–	₱19,154,907	₱19,154,907	₱348,245,750	₱–	₱–	₱–	₱348,245,750	₱740,969,508
Present value of Defined Benefit Obligation	(34,166,454)	(6,221,250)	(1,743,564)	(7,964,814)	–	7,718,406	2,896,425	–	10,614,831	(31,516,437)
Net Defined Benefit Asset	₱339,402,397	(₱6,221,250)	₱17,411,343	₱11,190,093	₱348,245,750	₱7,718,406	₱2,896,425	₱–	₱358,860,581	₱709,453,071

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

	2019	2018
Assets:		
Cash in banks and cash equivalents	**₱1,807,582**	₱19,226,655
Investments in shares of stock	**778,846,656**	1,052,370,185
	780,654,238	1,071,596,840
Liabilities:		
Payable to CATI	**329,589,328**	298,712,561
Payable to FLHC	**1,450,428**	1,450,428
Accounts payable to various retirees	**23,571,389**	30,464,343
	354,611,145	330,627,332
Net	**₱426,043,093**	₱740,969,508

Cash equivalents are short-term deposits made for varying periods up to three months and are not subject to significant credit risk and changes in value. Investments in shares of stock consist mainly of the Parent Company's shares which are traded in the PSE with LTF owning 16.41% or 46,359,920 common shares.

The principal actuarial assumptions used are as follows:

	2019	2018
Future salary increase rate	**6.00%**	6.00%
Discount rate	**5.12%**	7.49%
Turnover rate	**A scale of 4% at age 18 decreasing to 0% at age 60**	A scale of 4% at age 18 decreasing to 0% at age 60
Average working lives (in years)	**18**	18

Mortality rate is based on the 2017 Philippine Intercompany Mortality table.

The discount rate used is a single weighted average rate based on bootstrapped Philippine Dealing System Treasury Reference Rates at various tenors. Rates for intermediate durations were interpolated. The rates were then weighted by the expected benefit payments at those durations to arrive at the single weighted average discount rate.

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

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

	2019	2018
Discount rate		
Increase of 1%	**(₱43,152,405)**	(₱28,926,252)
Decrease of 1%	**53,994,026**	34,472,901
Future salary increase rate		
Increase of 1%	**54,144,888**	34,730,436
Decrease of 1%	**(42,931,797)**	(28,662,241)

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

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

The average duration of the defined benefit obligation as at June 30, 2019 and 2018 is 25 years.

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

2019

	Expected Benefit Payments		
Plan Year	**Normal Retirement**	**Other than Normal Retirement**	**Total**
Less than 1 year	**₱–**	**₱896,424**	**₱896,424**
More than 1 year to 5 years	**2,343,318**	**5,004,229**	**7,347,547**
More than 5 years to 10 years	**52,152,653**	**7,868,241**	**60,020,894**
More than 10 years to 15 years	**31,721,494**	**10,012,873**	**41,734,367**
More than 15 years to 20 years	**33,909,821**	**11,880,837**	**45,790,658**
More than 20 years	**289,969,031**	**46,109,413**	**336,078,444**

2018

	Expected Benefit Payments		
Plan Year	Normal Retirement	Other than Normal Retirement	Total
Less than 1 year	₱–	₱663,440	₱663,440
More than 1 year to 5 years	4,071,909	3,755,305	7,827,214
More than 5 years to 10 years	46,812,351	6,141,561	52,953,912
More than 10 years to 15 years	30,307,106	3,602,561	33,909,667
More than 15 years to 20 years	34,861,496	4,390,558	39,252,054
More than 20 years	186,113,086	14,890,135	201,003,221

26. Related Party Transactions

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

Transactions with Related Parties

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

		Year	Transactions	Outstanding Receivables (Payables)	Terms	Conditions
Shareholders						
Receivables	(a)	**2019**	**₱–**	**₱28,477,912**	To be settled in cash;	Unsecured;
		2018	₱–	₱75,458,098	non-interest bearing;	no impairment
					due and demandable	
Payables	(b)	**2019**	**4,919,436**	**(8,105,738)**	To be settled in cash;	Unsecured
		2018	–	(13,025,174)	non-interest bearing;	
					due and demandable	
CRAHI						
Receivables	(c)	**2019**	**105,590,856**	**359,019,492**	To be settled in cash;	Unsecured;
		2018	80,987,790	250,816,052	4% interest per annum;	no impairment
					due and demandable	
Interest income		**2019**	**2,612,584**	–		
		2018	2,503,862	–		
Trust Fund						
Receivables	(d)	**2019**	**4,111,757**	**329,589,328**	To be settled in cash;	Unsecured;
		2018	–	298,712,561	10% interest per annum;	no impairment
					due and demandable	
Interest income		**2019**	**26,765,010**	–		
		2018	25,987,482	–		
Common Control						
Green Future	(e)	**2019**	**–**	**(4,168,169)**	To be settled in cash;	Unsecured
Innovations, Inc.		2018	76,924,173	76,924,173	non-interest bearing;	
(GFII)					due within one year	
Tarlac Distillery	(f)	**2019**	**49,144,661**	**92,459,994**	To be settled in cash;	Unsecured;
Corporation		2018	43,315,333	43,315,333	non-interest bearing;	no impairment
(TADISCO)					due and demandable	
First Green Renewable	(e)	**2019**	**64,184,576**	**65,184,576**	To be settled in cash;	Unsecured;
Holdings, Inc.		2018	–	–	non-interest bearing;	no impairment
(FGRHI)					due and demandable	
Buena Vista	(f)	**2019**	**12,311,285**	**12,311,285**	To be settled in cash;	Unsecured;
Corporate Asset		2018	–	–	non-interest bearing;	no impairment
(BVCAHI)					due and demandable	
First Lucky Agro-	(g)	**2019**	**(2,112,000)**	**(2,112,000)**	To be settled in cash;	Unsecured
Industrial Corporation		2018	–	–	non-interest bearing;	
(FLAIC)					due and demandable	
Directors, Officers and Employees						
Receivables	(h)	**2019**	**3,714,403**	**21,614,610**	To be settled in cash;	Unsecured;
		2018	10,211,822	17,900,207	non-interest bearing;	no impairment
					due and demandable	
Total due from related party		**2019**		**₱908,657,197**		
(see Note 8)		2018		₱763,126,424		
Total advances from related party		**2019**		**(₱14,385,907)**		
(see Note 17)		2018		(₱13,025,174)		

Significant transactions with related parties included in the consolidated financial statements are as follows:

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

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

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

d. Pertains to cash advances given to LTF for the funding of the manpower reduction program in 2015.

e. Pertains to the receivable from GFII that was assigned to FGHRI in 2019.

f. Pertains to cash advances given to TADISCO and BVCAHI to fund their capital expenditures and working capital requirements.

g. Pertains to purchases of agricultural products from FLAIC.

h. These receivables represent loans and cash advances made by the Group for business expenses that are anticipated to be incurred by the employees, directors, or officers on behalf of the Group.

Compensation of Key Management Personnel
Short-term employee benefits of key management personnel amounted to ₱25.2 million, ₱22.7 million and ₱20.0 million for the years ended June 30, 2019, 2018 and 2017 respectively.

27. **Income Taxes**

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

	2019	2018
Recognized in profit or loss		
Deferred income tax assets		
Unamortized portion of past service costs	**₱5,098,874**	₱7,739,754
Allowance for credit losses	**1,842,424**	1,917,824
Allowance for inventory obsolescence	**1,500,810**	1,641,879
Provision for losses	–	1,915,427
Accruals	–	1,672,892
	8,442,108	14,887,776
Deferred income tax liabilities		
Retirement benefit	**(16,925,407)**	(5,903,592)
Unrealized foreign exchange gain	**(184,633)**	–
	(8,667,932)	8,984,184

(Forward)

	2019	2018
Deferred income tax liabilities recognized in other comprehensive income		
Retirement benefit	**₱96,461,057**	₱206,932,330
Unrealized cumulative gain on financial assets at FVOCI	**13,807,301**	–
Unrealized cumulative gains on AFS financial assets	–	22,087,301
	110,268,358	229,019,631
Deferred income tax liabilities recognized directly in equity		
Revaluation increment on PPE	**296,613,247**	240,741,247
Fair value adjustment on real estate held for sale and development	**79,186,027**	79,186,027
	375,799,274	319,927,274
Net deferred income tax liabilities	**₱494,735,564**	₱539,962,721

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

	2019	2018	2017
Income tax at 30% on income before income tax	**₱121,362,397**	₱201,149,524	₱114,599,085
Income tax effects of:			
Nondeductible expenses	**7,887,035**	63,934,281	463,513
Gain on fair value change of investment property	**(64,110,810)**	(9,908,766)	(38,700,000)
Changes in unrecognized deferred income tax assets	**(2,143,500)**	(2,437,384)	18,693,056
Interest income already subjected to final tax	**(94,031)**	(216,488)	(150,918)
Gain on sale of investment property	–	(154,629,880)	–
Gain on factoring of receivable	–	(11,014,886)	–
Others	**3,588,319**	–	–
	₱66,489,410	₱86,876,401	₱94,904,736

The Group has the following, unused NOLCO and MCIT for which deferred income tax assets have not been recognized.

	2019	2018
NOLCO	**₱61,435,673**	₱106,204,972
Allowance for credit losses	**2,888,296**	2,774,054
MCIT	**1,293,675**	1,139,620
Retirement benefits	**81,593**	46,785
Others	**7,170,929**	7,517,231

The following table summarizes the movements in unused NOLCO and MCIT:

NOLCO

Period of Recognition	Availment Period	Amount	Applied	Expired	Balance
2016	2017–2019	₱44,769,299	₱9,095,829	₱35,673,469	₱–
2017	2018–2020	61,435,673	–	–	61,435,673
		₱106,204,972	₱9,095,829	₱35,673,469	₱61,435,673

MCIT

Period of Recognition	Availment Period	Amount	Applied	Expired	Balance
2016	2017–2019	₱329,631	₱–	₱329,631	₱–
2017	2018–2020	356,388	–	–	356,388
2018	2019–2021	453,601	–	–	453,601
2019	2020–2022	483,686	–	–	483,686
		₱1,623,306	₱–	₱329,631	₱1,293,675

28. Agreements

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

	2019	2018
Refined sugar - traders	**174,668 Lkg**	277,646 Lkg

Lease Agreement
In previous years, the Group transferred its main office and entered into an operating lease agreement with First Lucky Place Corporation, commencing on December 1, 2014 ("initial Lease Term"), extendible at the option of the Lessee for an additional period of three years ("extended Lease Term") subject to mutually acceptable rates, terms, and conditions. The Group paid advance rental and security deposit amounting to ₱0.9 million and ₱0.8 million, respectively. Rental expense recognized in the consolidated statements of income amounted to ₱3.6 million, ₱3.3 million and ₱3.0 million in 2019, 2018 and 2017 respectively.

29. Equity

Capital Stock
The Parent Company's shares of stock were listed in the PSE on April 12, 1977. The authorized capital stock of the Parent Company at that time is 40,000,000 shares at ₱10 par value. In 2016, the Parent Company executed a 10 for 1 stock split decreasing the par value to ₱1 per share. As at June 30, 2019 and 2018, the authorized capital stock is 400,000,000 shares and the issued shares is 282,545,960 shares. There was no active trading on the Parent Company's outstanding shares in the PSE until the Philippine SEC issued an order on January 29, 2014 lifting the order of suspension made in 2010 in relation to the registration of and permit to sell the said securities.

The total number of shareholders is 392 and 394 as at June 30, 2019 and 2018, respectively.

Retained Earnings
As of June 30, the balance of retained earnings is as follows:

	2019	2018
Unappropriated	**₱182,115,038**	(₱104,702,606)
Appropriated	**2,350,000,000**	2,300,000,000
	₱2,532,115,038	₱2,195,297,394

On June 27, 2019, the BOD reversed previously appropriated retained earnings amounting to ₱2.30 billion. Also on the same date, the BOD approved the appropriation of its retained earnings amounting to ₱2.35 billion in anticipation of the following projects which are expected to happen within the next four to five years:

- ₱925.0 million for sugar business expansion which will cover the following:
  - intensified leasing of land for the purpose of increasing cane tonnage;
  - investment in logistics, such as additional trucks and trailers to improve delivery time;
  - upgrade of the refinery machineries and more robust yearly repairs; and
  - research and development costs to identify potential areas for improvement to increase cane tonnage to one million.

- ₱525.0 million for rum production which will cover the additional investment needed for bottling and mixing facilities to increase production capacity and costs for brand study.

- ₱900.0 million for ethanol production which will cover the construction of dehydrator equipment to bring alcohol proof grade from 94 to 99 in order to expand its existing ethanol business to petroleum companies in addition to its existing transactions with pharmaceutical companies.

No dividend declaration was made for the year ended June 30, 2019. On June 28, 2018, the BOD declared dividends amounting to ₱50.9 million at ₱0.18 per share out of the Group's retained earnings as at March 30, 2018.

Basic/Diluted Earnings Per Share
The basic/diluted earnings per share for the years ended June 30, 2019, 2018 and 2017 are computed as follows:

	2019	2018	2017
Net income (a)	**₱338,051,914**	₱583,622,013	₱287,092,214
Weighted average number of shares (b):			
Issued shares	**282,545,960**	282,545,960	282,545,960
Less treasury shares	**7,200**	7,200	7,200
	282,538,760	282,538,760	282,538,760
Basic/diluted earnings per share (a/b)	**₱1.20**	₱2.07	₱1.02

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

There are 7,200 shares that are in the treasury amounting to ₱7,200 as at June 30, 2019 and 2018.

30. Fair Value Measurement and Financial Instruments

The following table provides the fair value measurement hierarchy of the Group's assets that are carried at fair value:

2019

	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Land classified as property, plant and equipment	**₱–**	**₱–**	**₱996,790,400**	**₱996,790,400**
Investment property	**–**	**–**	**437,264,080**	**437,264,080**
Financial assets at FVOCI - quoted	**118,582,572**	**–**	**–**	**118,582,572**
	₱118,582,572	**₱–**	**₱1,434,054,480**	**₱1,552,637,052**

2018

	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Land classified as property, plant and equipment	₱–	₱–	₱810,550,400	₱810,550,400
Investment property	–	–	223,561,380	223,561,380
AFS financial assets	173,787,540	–	–	173,787,540
	₱173,787,540	₱–	₱1,034,111,780	₱1,207,899,320

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

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

- *Conditions on sale of comparable properties.* This pertains to the effect of restrictions or conditions that are present in contracts of sale relating to the comparable properties.

- *Physical adjustments.* These pertain to adjustments relating to the superiority or inferiority of the Group's land as regards to location, shape, topography, size, zoning, amenities, and easement for access and utility lines.

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

Unobservable Inputs	Amount or Percentage of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Sale/asking price per sq.m.	₱1,000 to ₱1,300	The higher the value, the higher the fair value
Conditions on sale of comparable properties	20.0%	The more onerous the conditions in contract of sale of comparable properties, the higher the fair value
Physical Adjustments	40.0%	The superiority of the quality of the Group's land, the higher the fair value

Fair value of all other assets and liabilities approximates their carrying values as at June 30, 2019 and are disclosed in their respective notes. Below are the descriptions of the Group's financial instruments that are carried in the consolidated financial statements as at June 30, 2019 and 2018.

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

Financial Assets at FVOCI (AFS financial assets in prior period)
The fair value of the listed shares of stock are determined in reference to quoted market bid prices at the close of business on the reporting date since these are mostly actively traded in organized financial market.

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

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

The Group's principal financial instruments include cash and cash equivalent, financial assets at FVOCI (AFS financial assets in prior period) and short-term notes payable. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as receivables and trade and other payables, which arise directly from its operations.

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

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

The table below summarizes the maturity profile of the Group's financial liabilities based on undiscounted payments:

2019

	Within 30 Days	Within 1 Year	Above 1 Year	Total
Notes payable	**₱–**	**₱993,624,484**	**₱–**	**993,624,484**
Trade payables	**784,779**	**181,077,665**	**–**	**181,862,444**
Due to a related party	**–**	**14,385,906**	**–**	**14,385,906**
Accruals*	**–**	**42,539,458**	**–**	**42,539,458**
Other payables	**–**	**23,846,723**	**–**	**23,846,723**
	₱784,779	**₱1,255,474,236**	**₱–**	**₱1,256,259,015**

2018

	Within 30 Days	Within 1 Year	Above 1 Year	Total
Notes payable	₱–	₱945,380,104	₱–	₱945,380,104
Trade payables	1,968,876	205,606,668	–	207,575,544
Due to a related party	–	13,025,174	–	13,025,174
Accruals*	–	216,461,030	–	216,461,030
Dividends payable	–	50,856,977	–	50,856,977
Other payables	–	58,130,369	–	58,130,369
	₱1,968,876	₱1,489,460,322	₱–	₱1,491,429,198

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

2019

	Within 30 Days	Within 1 Year	Above 1 Year	Total
Cash and cash equivalents	**₱213,611,501**	**₱–**	**₱–**	**₱213,611,501**
Receivables:	**–**	**–**	**–**	
Trade	**3,083,909**	**68,913,295**	**–**	**71,997,204**
Receivables from real estate contractors	**–**	**–**	**16,305,266**	**16,305,266**
Planters' receivable	**–**	**5,835,767**	**–**	**5,835,767**
Notes receivable from planters	**–**	**5,594,880**	**18,905,120**	**24,500,000**
Due from related parties	**304,695**	**908,352,502**	**–**	**908,657,197**
Advances	**–**	**28,585,295**	**–**	**28,585,295**
Others	**–**	**15,173,466**	**1,203,738**	**16,377,204**
Financial assets at FVOCI	**–**	**118,744,572**	**–**	**118,744,572**
	₱217,000,105	**₱1,151,199,777**	**₱36,414,124**	**₱1,404,614,006**

2018

	Within 30 Days	Within 1 Year	Above 1 Year	Total
Cash and cash equivalents	₱355,179,298	₱–	₱–	₱355,179,298
Receivables:				
Trade	3,025,521	51,154,001	–	54,179,522
Receivables from real estate contractors	–	–	16,728,039	16,728,039
Planters' receivable	–	6,615,154	–	6,615,154
Notes receivable from planters	–	–	–	–
Due from related parties	–	763,126,424	–	763,126,424
Advances	–	83,161,172	–	83,161,172
Others	–	6,657,474	–	6,657,474
AFS financial assets	–	173,949,540	–	173,949,540
	₱358,204,819	₱1,084,663,765	₱16,728,039	₱1,459,596,623

Credit Risk

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

With respect to credit risk arising from other financial assets of the Group, which comprise cash in banks and cash equivalents, receivables, and financial assets at FVOCI (AFS financial assets in prior period), 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:

	2019	2018
Cash and cash equivalents	**₱213,611,501**	₱355,179,298
Receivables	**1,072,257,933**	930,467,785
Financial assets at FVOCI (AFS financial assets in prior period)	**118,744,572**	173,949,540
Total credit risk exposure	**₱1,404,614,006**	₱1,459,596,623

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

The Groups cash and cash equivalents and investment in shares of stock are neither past due nor impaired. The analysis of the Group's receivable is as follows:

2019

		Neither	Past Due but not Impaired			
	Total	**Past Due nor Impaired**	**30 Days**	**90 Days**	**More than 150 Days**	**Impaired**
Trade	**₱71,997,204**	**₱71,755,104**	**₱–**	**₱–**	**₱–**	**₱242,100**
Receivables from real estate contractor	**16,305,266**	**–**	**–**	**–**	**13,416,970**	**2,888,296**
Planters' receivables	**5,835,767**	**–**	**331,498**		**–**	**5,504,269**
Due from related parties	**908,657,197**	**21,309,914**	**–**		**887,001,117**	**346,166**
Advances	**28,585,295**	**–**	**–**	**–**	**28,536,416**	**48,879**
Others	**40,877,204**	**40,877,204**	**–**	**–**	**–**	**–**
	₱1,072,257,933	**₱133,942,222**	**₱331,498**	**₱–**	**₱928,954,503**	**₱9,029,710**

2018

	Total	Neither Past Due nor Impaired	Past Due but not Impaired 30 Days	90 Days	More than 150 Days	Impaired
Trade	₱54,179,522	₱54,026,039	₱–	₱–	₱–	₱153,483
Receivables from real estate contractor	16,728,039	–	–	–	13,953,985	2,774,054
Planters' receivables	6,615,154	–	6,615,154	–	–	–
Due from related parties	763,126,424	183,840,331	16,135,814	–	563,150,279	–
Advances	83,161,172	5,505,274	5,505,274	–	65,911,359	6,239,265
Others	6,657,474	6,657,474	–	–	–	–
	₱930,467,785	₱250,029,118	₱28,256,242	₱–	₱643,015,623	₱9,166,802

Set out below is the information about the credit risk exposure on the Group's trade receivables using provision matrix as at June 30, 2019

	Days past due Current	30 Days	31-60 days	61-90 days	Unrecovered	Total
Expected credit loss rate	0.04%	0.51%	1.27%	5.29%	100%	
Estimated total gross carrying amount at default	₱86,333,385	₱1,811,276	₱–	₱–	₱157,809	₱88,302,470
Expected credit loss	35,859	9,191	–	–	157,809	202,859

The credit analyses of the Group's financial assets that are neither past due nor impaired are as follows:

2019

	Grade High	**Standard**	**Total**
Loans and receivables:			
Cash and cash equivalents	**₱213,611,501**	**₱–**	**₱213,611,501**
Trade receivables	**71,755,104**	**–**	**71,755,104**
Due from related parties	**21,309,914**	**–**	**21,309,914**
Others	**40,877,204**	**–**	**40,877,204**
Financial assets at FVOCI:			
Proprietary	**118,200,000**	**–**	**118,200,000**
Listed	**382,572**	**–**	**382,572**
Unlisted	**–**	**162,000**	**162,000**
	₱466,136,295	**₱162,000**	**₱466,298,295**

2018

	Grade High	Standard	Total
Loans and receivables:			
Cash and cash equivalents	₱355,179,298	₱–	₱355,179,298
Trade receivables	54,026,039	–	54,026,039
Due from related parties	183,840,331		183,840,331
Advances	5,505,274	–	5,505,274
Others	6,657,474	–	6,657,474
AFS financial assets:			
Proprietary	173,400,000	–	173,400,000
Listed	387,540	–	387,540
Unlisted	–	162,000	162,000
	₱778,995,956	₱162,000	₱779,157,956

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

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

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

Interest Rate Risk
Interest rate risk arises from the possibility that the changes in interest rates will affect the fair value of financial instruments. Interest on financial instruments is fixed until the maturity of the instrument. The Group's financial instruments with fixed interest rate exposes the Group to fair value interest rate risk. The changes in market interest rate will not have an impact on the Group's consolidated statements of income.

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

	2019	2018
Short-term notes payable	**₱992,890,816**	₱945,380,104
Trade and other payables	**282,596,627**	551,040,675
Income tax payable	**15,674,340**	29,353,478
Deposits	**11,949,589**	9,204,881
Other liabilities	**26,214,638**	18,440,292
Total debt (a)	**1,329,326,010**	1,553,419,430
Equity	**4,012,803,090**	3,840,307,770
Total debt and equity (b)	**₱5,342,129,100**	₱5,393,727,200

32. **Note to Consolidated Statements of Cash Flows**

Changes in liabilities arising from financing activities are as follows:

2019

	July 1, 2018	**Net cash flows**	**Interest expense**	**Others**	**June 30, 2019**
Current interest-bearing loans and borrowings	**₱945,380,104**	**₱47,510,712**	**₱–**	**₱–**	**₱992,890,816**
Interest on loans and borrowings	**9,634,557**	**(54,220,896)**	**56,244,252**	**(8,750,807)**	**2,907,106**
Other liabilities	**18,393,507**	**4,688,429**	**3,132,702**	**–**	**26,214,638**
Total liabilities from financing activities	**₱973,408,168**	**(₱2,021,755)**	**₱59,376,954**	**(₱8,750,807)**	**₱1,022,012,560**

<u>2018</u>

	July 1, 2017	Reclassifications	Net cash flows	Amortization and write off of deferred financing costs	Interest expense	June 30, 2018
Current interest-bearing loans and borrowings	₱787,340,043	(₱14,420,922)	₱171,666,667	₱–	₱794,316	₱945,380,104
Non-current interest-bearing loans and borrowings	2,028,086,673	14,420,922	(2,058,000,000)	15,492,405	–	–
Interest on loans and borrowings	5,940,732	–	(114,252,942)	–	117,946,767	9,634,557
Other liabilities	–	–	17,011,402	–	1,382,105	18,393,507
Total liabilities from financing activities	₱2,821,367,448	₱–	(₱1,983,574,873)	₱15,492,405	₱120,123,188	₱973,408,168

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October 4, 2018, valid until August 24, 2021
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November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

BUREAU OF INTERNAL REVENUE
RECEIVED
OCT 11 2019
EXCISE LT REGULATORY DIVISION

The Stockholders and the Board of Directors
Central Azucarera de Tarlac, Inc. and Subsidiary
(Formerly Central Azucarera de Tarlac and Subsidiary)
San Miguel, Tarlac City

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Central Azucarera de Tarlac, Inc. and Subsidiary (formerly Central Azucarera de Tarlac and Subsidiary) as at and for the years ended June 30, 2019 and 2018 and have issued our report thereon dated October 8, 2019. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore

Maria Veronica Andresa R. Pore
Partner
CPA Certificate No. 90349
SEC Accreditation No. 0662-AR-3 (Group A),
March 2, 2017, valid until March 1, 2020
Tax Identification No. 164-533-282
BIR Accreditation No. 08-001998-71-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 7332597, January 3, 2019, Makati City

October 8, 2019

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

SUPPLEMENTARY SCHEDULES

A Schedule of reconciliation of retained earnings available for dividend declaration as at June 30, 2019

B Tabular schedule of effective standards and interpretations under the PFRSs as at June 30, 2019

BUREAU OF INTERNAL REVENUE
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EXCISE LT REGULATORY DIVISION

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY
SCHEDULE A - RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS AT JUNE 30, 2019

Retained earnings as at July 1, 2018		(₱104,702,606)
Deferred income tax asset		(14,887,776)
Retained earnings as at July 1, 2018 *as adjusted to available for dividend declaration*		(119,590,382)
Add: Net income actually earned/realized during the period		
Net income during the year closed to retained earnings	338,051,914	
Less: Non-actual/unrealized income net of tax		
Equity in net earnings of associate/joint venture	–	
Unrealized foreign exchange gain - net (except those attributable to cash)	–	
Unrealized actuarial gain	–	
Fair value adjustment (mark-to-market gain)	–	
Fair value adjustment of investment property resulting to gain	213,702,700	
Adjustment due to deviation from PFRS - gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transaction accounted for under PFRS	–	
Subtotal	213,702,700	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS - loss	–	
Loss on fair value adjustment on investment property (after tax)	–	
Subtotal	–	
Net income actually earned during the period		124,349,214
Add (Less):		
Dividend declarations during the year	–	
Appropriation of retained earnings	(2,350,000,000)	
Reversal of appropriations	2,300,000,000	
Effect of prior period adjustments	–	
Treasury shares	(7,200)	
Subtotal		(50,007,200)
Retained earnings as at June 30, 2019 available for dividends		(₱45,248,368)

BUREAU OF INTERNAL REVENUE
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LARGE TAXPAYERS ... REGULATORY DIVISION

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY
SCHEDULE B – LIST OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS
AS AT JUNE 30, 2019

List of Philippine Financial Reporting Standards (PFRSs) and Philippine Interpretations Committee (PIC) Q&As effective as at June 30, 2019:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of June 30, 2019		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4, Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		

BUREAU OF INTERNAL REVENUE
OCT 11 2019

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of June 30, 2019		Adopted	Not Adopted	Not Applicable
PAS 12	Income Taxes	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 19	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
PAS 23	Borrowing Costs	✓		
PAS 24	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Separate Financial Statements	✓		
PAS 28	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
PAS 40	Investment Property	✓		
	Amendments to PAS 40, Transfers of Investment Property			✓
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC-1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC-2	Members' Shares in Co-operative Entities and Similar Instruments			✓
IFRIC-4	Determining whether an Arrangement contains a Lease			✓
IFRIC-5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC-6	Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of June 30, 2019		Adopted	Not Adopted	Not Applicable
IFRIC-7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC-10	Interim Financial Reporting and Impairment			✓
IFRIC-12	Service Concession Arrangements			✓
IFRIC-14	PAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
IFRIC-16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC-17	Distributions of Non-cash Assets to Owners			✓
IFRIC-19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC-20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC-21	Levies			✓
IFRIC-22	Foreign Currency Transactions and Advance Consideration			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance—No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases—Incentives			✓
SIC-25	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures	✓		
SIC-32	Intangible Assets—Web Site Costs			✓

Note: Standards and interpretations tagged as "Not Applicable" are those standards and interpretations which were adopted but the entity has no significant covered transaction as at and for the year ended June 30, 2019.

Stock Transfer Service Inc.
CENTRAL AZUCARERA DE TARLAC, INC
Stockholder MasterList
As of 06/30/2019

Count	Name	Holdings
1	ABACUS SECURITIES CORP.	9,300
2	BARBARA T. ABAD	20,240
3	JOSE LUIS ABAD	8,240
4	REMEDIOS ABAD	1,540
5	CLODUALDO ACADEMIA	10,000
6	WELLERITA AGUAS	9,980
7	ANTONIO AGUILAR	10,000
8	CECILIA A. ALAMPAY	640
9	DELIA A. ALAMPAY	640
10	VALERIO ALCANTARA	280,160
11	RODERICK ALAIN ALVAREZ	10,000
12	ROMELITO A. AMORANTO	9,600
13	JOSEFA V. ANASTACIO	1,480
14	WILLY CHUA ANG	19,240
15	ANSALDO, GODINEZ & CO., INC.	1,380
16	ANSELMO TRINIDAD & CO., INC.	6,660
17	ANTONIA, GLORIA, RAFAEL, ANGELES AND LOURDES CAMPOS	240
18	ANTONIO, ANGELES, & VICENTE GONZALES	2,360
19	CORAZON ANTONIO	10,000
20	AQUINO, DENNIS T., OR EVANGELINE G. AQUINO OR TERESA G. AQUINO	21,040
21	AQUINO, REMEDIOS M.,ITF SERVILLANO M. AQUINO JR.	32,040
22	AQUINO, RENE P. , OR MICAEL V. AQUINO OR MELANIE V. AQUINO	21,080
23	NAPOLEON ARANETA	10,000
24	ENRIQUE A. ARCE	9,600
25	LUIS T. ARRIOLA	96,600
26	ROGINIA BANACIA	10,000
27	ANGEL BANAS	96,600
28	RONALD BARIT	10,000
29	MA. ANGELES G. BARRANCO	12,600
30	BDC # 132-317-78	8,040
31	BENJAMIN CO-CA & CO., INC.	1,880
32	BERNADETTE DE LEON	1,000
33	ADELA MIRA BERTRAND	10,600
34	DOLORES MIRA BERTRAND	10,600
35	ENCARNACION MIRA BERTRAND	10,400
36	JOSE VICENTE MIRA BERTRAND	10,400
37	DIONISIO LLANO BONA	15,040
38	JOSE LLANO BONA	2,800
39	ANTONIO CAMPOS BOUFFARD	3,490
40	LUISA C. BOYARSKI	8,240
41	FERNANDO M. BRAGANZA JR.	8,000
42	ANTONIO M. BRAGANZA	8,000
43	EMILIA M. BRAGANZA	8,000
44	FERNANDO M. BRAGANZA	2,960
45	RENATO M. BRAGANZA	8,000
46	CARMEN A. BROOKS	4,800
47	RAFAEL V. CABRERA	54,800
48	FELICIANA CAMARA	34,240
49	QUIRICO S. CAMUS JR.	15,760
50	ELISEO CANDO	10,000
51	MA. LONIA CANTORIA	10,000

Stock Transfer Service Inc.
CENTRAL AZUCARERA DE TARLAC, INC
Stockholder MasterList
As of 06/30/2019

Count	Name	Holdings
52	CARLOS TORRES &/OR VICTOR S. BARRIOS	23,160
53	JUAN J. CARLOS	68,700
54	AURORA IGLESIAS CARRANZA	21,440
55	GORGONIA S. CASTILLO	3,360
56	ROBERTO C. CASTRO	4,000
57	CENTRAL AZUCARERA DE TARLAC INC. FRACTIONAL SHARES	9,040
58	ALLEN CHAM	30,880
59	ROSALINA CHAMPO	34,760
60	FRANCISCO BONZA CHAN	9,600
61	RODOLFO CHAN	5,720
62	LIM BENG CHEE	231,840
63	CHIONG & COMPANY, INC.	14,440
64	TAN TIAN CHOAN	11,520
65	ARSENIO L. CHUA	5,720
66	BENJAMIN CHUA	33,660
67	CHARLIE CHUA	17,320
68	EDWARD CHUA	14,800
69	ERNEST CHUA	2,920
70	NELLY PE CHUA	19,240
71	WILLINGTON CHUA	233,100
72	MA. CONCEPCION A. CHURUCA	130,000
73	WILLIAM CO	4,560
74	COJUANGCO, ANA CRISTIN,ITF YSABEL CATARINA COJUANGCO SISON	10,000
75	COLLADO, SERAFIN FERNANDEZ	4,800
76	CONGREGACION DE LA MISSION DE SAN VICENTE DE PAUL EN FILIPINAS	48,280
77	CONSUNJI, JOSE	10,000
78	COROMINAS & COMPANY, INC.	2,360
79	COROMINAS, JOSEFINA	8,240
80	CORREA, AMALIA RIVERA	16,160
81	CORREA, ANTONIO VEGLISON	36,280
82	CREDIT MANILA INC.	2,440
83	CUALOPING SECURITIES CORPORATION	3,320
84	CUNAG, JOSE	5,720
85	DAITE, BERNADITA	10,000
86	DALUSUNG, ANITA C.	6,400
87	DAMO, FACUNDO G.	1,880
88	DAVID, JOSEFINA S.	1,880
89	DE ASIS, TERESITA	10,000
90	DE JESUS, ALEJANDRO	3,800
91	DE JESUS, FELISA G.	7,640
92	DE LECEA, FRANCISCO JAVIER ROMERO	25,240
93	DE LECEA, MA. DEL CARMEN ROMERO	7,040
94	DE LECEA, MA. DELA FUENCISIA ROMERO	25,240
95	DE LEON, ADELAIDA	10,000
96	DE LEON, CLEMENTE	2,800
97	DE LEON, JULIAN	2,800
98	DE LEON, MAGDALENA, ITF GERMINA, VIVIAN, MILAGROS, SOCORRO, LOURDES, ANTONIO & CECILIA	2,960
99	DE LEON, MANUEL	38,160
100	DE LEON, MARIA	2,800
101	DE LEON, MARIO	2,800
102	DE PARELLADA, ANGELES CAMPOS	160

Stock Transfer Service Inc.
CENTRAL AZUCARERA DE TARLAC, INC
Stockholder MasterList
As of 06/30/2019

Count	Name	Holdings
103	DE PRADERA, GLORIA CAMPOS	160
104	DELA CRUZ, EDITHA M.	25,240
105	DELA RIVA, CARMEN GALOBART	277,440
106	DELGADO, HERMENEGILDO A.	10,000
107	DELGADO, NELLIE C.	219,040
108	DINO, REV. FR. ISIDRO D.	2,520
109	DIZON, NILDA S.	59,400
110	DIZON, VIRGINIA	30,160
111	DONATO, BELARIO S.	128,200
112	DONATO, MARIANO	7,160
113	DONGON, AMADO	48,280
114	DURDULAW, ARTEMIO	48,280
115	DY, ENGRACIA	28,960
116	E. SANTAMARIA & CO., INC.	6,000
117	EDWINA, ANGELICA, MICHELLE LITTON ORTIGAS	1,320
118	ELIGIR & YAPTINCHAY, INC.	1,880
119	ELNAR, CARLOS	4,800
120	ENRILE, REINALISSA B.	20,000
121	EQUITABLE SECURITIES (PHIL.), INC.	500
122	ERANA, AMANDA L.	38,160
123	ESCALER, JOSE O.	1,600
124	ESPIRITU, BENJAMIN IGNACIO	10
125	ESTATE OF EMILIANO J. VALDES	42,280
126	FACTORAN JR., FULGENCIO	200
127	FAYLONA, MA. CHRISTINA F.	32,400
128	FERNANDEZ, DIT	38,600
129	FERNANDEZ, GODOFREDO C.	51,440
130	FERNANDEZ, JESUS PELLON	55,040
131	FLORES, ANTONIO	10,000
132	FONG, FRANCISCO WING SIEN	70,480
133	FORD, THOMAS J.(MRS.)	63,400
134	FORD, THOMAS J.	210,320
135	FORMOSO, ALVARA PAPA	7,160
136	FOX E.L.	9,600
137	FRANCES AGNES LLANEZA	13,200
138	GAERLAN, ELENA A.	9,600
139	GARCIA, MERCEDES A.	25,720
140	GARROVILLAS, ADRIANO B.	5,720
141	GIOK, TAN KIM	3,800
142	GO, MARTINA L.	4,000
143	GOMEZ, JESUS PINO	42,280
144	GONZALES, ANTONIO A.	12,640
145	GONZALES, FELIX GARCIA	42,280
146	GONZALES, FELIX	160
147	GONZALES, MARIANO	1,360
148	GONZALES, VICENTE A.	12,640
149	GUAN, TAN	115,880
150	GUERRERO, LEON MA.	8,240
151	GUEVARRA, ANTONIO	5,720
152	GUEVARRA, ESTELLA YAP	1,880
153	GURREA, CARLOS JOSE Y PALENZUELA	5,840

Stock Transfer Service Inc.
CENTRAL AZUCARERA DE TARLAC, INC
Stockholder MasterList
As of 06/30/2019

Count	Name	Holdings
154	GURREA, MA. ROBERTA Y PALENZUELA	5,840
155	GUTIERRES, TERESA MARTINEZ VDA DE	198,160
156	GUTIERREZ, JESUS MOLINA	163,000
157	GUTIERREZ, LEONILA	10,000
158	GUZMAN, MA. LUISA GARCIA	120
159	HAW, MADING	23,160
160	HEIRS OF JORGE JOSE DE LEON	24,425
161	HEIRS OF JOSE NATIVIDED BARTOLOME DE LEON II	24,425
162	HEIRS OF JUAN LEOPOLDO DE LEON	24,425
163	HEIRS OF MA. LUISA DE LEON ESCALER	24,425
164	HEIRS OF MA. VICTORIA MARFA SATRUSTEGUI	178,720
165	HEIRS OF OSCAR TRINIDAD DE LEON	24,425
166	HEIRS OF REGINA TERESA DE LEON JALANDONI	24,425
167	HEREDEROS DE MISS M.J. WARD	19,400
168	HERNANDEZ, JOSE	3,160
169	HERNANDEZ, PACITA	3,160
170	HERNANDEZ, PEDRO	3,160
171	HERRERA, JOSELITO CORPUS	100
172	HIJOS DE F. ESCANO, INC.	9,600
173	HING, CO PENG	34,740
174	HIONG, CO CHE	19,240
175	HO, SUSANA Y.	38,600
176	HOY, TOMAS TSEN	16,160
177	HU, TIU	17,320
178	IGLESIAS, AURORA CARRANZA VDA DE	84,800
179	IGLESIAS, JOSE LUIS	21,440
180	IGLESIAS, JOSE MARIA	21,440
181	ILETO, VIRGINIA M.	3,400
182	IRAGORRI, EDUARDO GALLARZA	272,560
183	J.J. ORTIGAS & CO., INC.	4,240
184	JALANDONI, REGINA DE LEON	3,030
185	JIMENEZ, FEDERICO P.	8,760
186	JUMANGIT, ERLINDA	5,520
187	KRAMER JR.,ERNEST A.	36,680
188	KRAMER, FEDERICO JOSE	36,720
189	KRAMER, VICTOR ANTONIO O.	36,720
190	L. RECIO & CO., INC.	6,240
191	LAFUENTE, LEOPOLDO	16,960
192	LAGDAMEO, SOL C.	10,000
193	LAHOZ, MANUEL	10,000
194	LEANA CONSOLIDATED CORPORATION	14,160
195	LEDESMA, MAVIS DEL ROSARIO	12,120
196	LIAN, YAP SIO	11,520
197	LIM, FELIMON	27,160
198	LIM, GALNIESA KONG	100,440
199	LIM, JENNY T.	127,560
200	LIM, JOSEFINA T.	127,560
201	LIM, JUDY	11,520
202	LIM, RAMON	9,600
203	LIM, VIRGILIO	40
204	LIMOANCO, EDWARD	60,320

Stock Transfer Service Inc.
CENTRAL AZUCARERA DE TARLAC, INC
Stockholder MasterList
As of 06/30/2019

Count	Name	Holdings
205	LIMOANCO, EDWIN	20,240
206	LIMOANCO, GRACE	21,600
207	LO, FELISITA K.	14,440
208	LOPA JR., MANUEL	139,640
209	LOPA, ERNESTO A.	124,360
210	LOPEZ, ARCADIO M.	10,000
211	LORZA JR., MIGUEL L.	36,720
212	LORZA, MA. SOLEDAD K.	36,680
213	MAIZTEGUI, RAMIRO	4,400
214	MALCOLM LAW OFFICE	57,920
215	MANLO AGRICULTURAL DEVELOPMENT CORP.	9,330
216	MARIN, ENRIQUETA VALCARCEL	59,400
217	MARIN, MA. DEL PILAR VALCARCEL	59,400
218	MARIN, MONTSERRAT VALCARCEL	58,240
219	MARQUEZ, MARCIAL S.	16,160
220	MARTIN, FRANCISCO LON	204,400
221	MAXIMO, JOSEFINA VILLETA	20,360
222	MEDEL, VICTOR OTERO	18,400
223	MEDINA, CECILIA ENCARNACION NAKPIL	31,890
224	MENDOZA, ALBERTO G.	29,040
225	MENDOZA, JOSEPHINE G.	29,040
226	MENDOZA, MARIA CARINA G.	29,040
227	MENDOZA, MARIA JOVITA G.	29,040
228	MENDOZA, MARIA TERESITA G.	29,040
229	MENDOZA, NEREO CRUZ	10,000
230	MENDOZA, NEREO	10,000
231	MENDOZA, NESTOR C.	250,960
232	MENDOZA, TEODORICA G.	29,040
233	MISSIONARY CATECHISTS OF ST. THERESE OF THE INFANT JESUS, INC.	4,800
234	MOLLEDA, RITA DELA VARA	60,840
235	MONTECILLO, MANUEL G.	800
236	MORALES JR., EMMANUEL	10,000
237	MORALES, MARIO	10,000
238	MORALES, SERGIO	10,000
239	MORTON, CHARLES V.	243,440
240	NAKPIL JR., JOSE MIGUEL A.	31,890
241	NAKPIL, CARLOS ALBERTO A.	31,890
242	NAYRA, NOEL	10,000
243	NESPRAL, PAULITA HERNANDEZ	6,440
244	NG, NACIO	2,640
245	NGO, HERMINIA	8,690
246	NGO, LILY	15,280
247	NIETO, JOSE MARIA,&/OR TERESA V. DE NIETO	48,280
248	NOBLEZA, TERESITA MARTINEZ	28,960
249	OLLER, MA. MERCE FORMENTI	430,880
250	ONG, CHAN BON	57,920
251	ONG, CONCHITA	7,240
252	ORTIGAS III, FRANCISCO	1,000
253	ORTIGAS, EDWINA LITTON VDA DE.	21,640
254	ORTIGAS, FRSCA RENEE LITTON	1,320
255	ORTIGAS, REMEDIOS	24,280

Stock Transfer Service Inc.
CENTRAL AZUCARERA DE TARLAC, INC
Stockholder MasterList
As of 06/30/2019

Count	Name	Holdings
256	OSIAS, JOSEPH	10,000
257	OWEN NATHANIEL S. AU ITF: LI MARCUS AU	20
258	PACHECO, GENEROSA	3,800
259	PADILLA, RENATO BRIONES	10
260	PANICUCCI, TRINIDAD DE LEON	24,430
261	PANLILIO, CARLOS D.	106,960
262	PANLILIO, LUIS D.	26,740
263	PANLILIO, PABLO D.	53,480
264	PANLILIO, TERESITA D.	53,480
265	PASCASIO, PAMELA A., &/OR EDWIN FRANCIS PASCASIO &/OR MIRIAM A. PASCASIO	21,080
266	PCD NOMINEE CORPORATION (FILIPINO)	260,460,604
267	PCD NOMINEE CORPORATION (FOREIGN)	9,429,701
268	PHILSEC INVESTMENT CORPORATION	2,960
269	PICORNELL ORTIGAS & COMPANY	2,240
270	PIN, KONG CHAI	11,520
271	PLANAS, LOURDES CAMPOS	160
272	PLOFINO, MANUEL	10,000
273	PO, JANE	11,520
274	PO, LIM CHU	121,560
275	PO, THOMAS	2,040
276	PO,PACITA	28,960
277	PRICE, PILAR	15,030
278	PRIETO, AURELIO	4,400
279	PRIETO, JOSE	4,080
280	PRIETO, VALENTIN	9,360
281	PRIETO, VICENTE	6,120
282	PUNSALAN, CARLO A.	1,880
283	QUEROL, JESUS T.	9,600
284	RECTOR DEL SEMINARIO MAYOR DE SAN CARLOS	221,480
285	REYES JR., NARCISO	26,400
286	REYES, ANTONIO Z.	31,200
287	REYES, NORMA L., ITF NORMAN L. REYES	19,780
288	REYES, NORMA L.,ITF NANETTE L. REYES	14,080
289	REYES, NORMA L.,ITF NARCISO REYES III	44,070
290	REYES, NORMA L.,ITF NICANOR L. REYES	32,120
291	REYES, PERLITO C.	520
292	REYES, PRISCILA A.	1,480
293	RICHARDS, RAMORA C.	8,240
294	RIVILLA, LUIS TIRSO	36,000
295	ROASA, SAMUEL T.	8,880
296	ROBINOZ, BEATRIZ, &/OR EDWIN ROBINOZ	3,400
297	ROBIOU, FRANCISCO DE URMENETA	54,360
298	ROBLES, RAFAEL CAMPOS	1,680
299	ROBLES, REMEDIOS WARREN	19,400
300	ROCHA PEREZ INC.	12,120
301	RODRIGUEZ, JOAQUIN, &/OR SONJA RODRIGUEZ	62,880
302	ROJO, MONA LIZA	10,000
303	ROMULO, MARILES C.	441,240
304	S.J. ROXAS & C OMPANY, INC.	3,770
305	SALA, SALVADOR E.	18,320
306	SALES, GREGORIO R.	1,120

Stock Transfer Service Inc.
CENTRAL AZUCARERA DE TARLAC, INC
Stockholder MasterList
As of 06/30/2019

Count	Name	Holdings
307	SAN GABRIEL, JOSE R.	2,870
308	SANCHEZ JR., SANTIAGO	10,000
309	SANCHEZ, DANILO	10,000
310	SANCHEZ, RIZALINA	10,000
311	SANTIAGO, O' MARINA SOLDEVILLA	369,040
312	SANTIAGO, PURITA B.	8,000
313	SANTOS JR., REMIGIO C.	920
314	SANTOS, ANNA VICTORIA C.	920
315	SANTOS, ANTONIO FERNANDEZ	55,800
316	SANTOS, AUGUSTO BENEDICT S.	10,000
317	SANTOS, GEORGIANA C.	920
318	SANTOS, JOANNE C.	920
319	SANTOS, LETICIA E.	127,560
320	SATRUSTEGUI, MA. ISABEL MARFA	178,720
321	SAY, BENILDA CHUA	30,880
322	SE, LAO ANG	9,080
323	SEE, UY GO	43,440
324	SENCHERMES, JUAN GALOBART	326,160
325	SERT, JOSE LUIS	112,960
326	SHARON, GOLDA SANDS	23,160
327	SHEN, MARGARET S.	48,280
328	SIASON, ISABELITA L.	4,000
329	SIGUION, PAZ E.	2,360
330	SINJIAN, ANSELMO A. , &/OR LETICIA V. SINJIAN	4,320
331	SINJIAN,MARIA ASUNCION	39,040
332	SISON, LYDIA DE LEON	111,040
333	SISON, LYDIA DE LEON	24,425
334	SIU, RUFINO ONG	9,600
335	SOTTO, ARCELINO	10,000
336	SUSARA, CARMEN Z.	2,200
337	SUY, TAN LEE	1,040
338	SY, CESAR	48,280
339	SY, LAURO C.	36,200
340	SY, LETICIA	15,360
341	SY, LINO	6,320
342	SY, LUZ T.	24,000
343	SYCIP, CARMEN	2,960
344	TAN, ANITA	19,240
345	TAN, DIANA	1,640
346	TAN, LUISA LAO	11,520
347	TAN, PEARL CHIU	46,320
348	TAN, ROMAN JACINTO	19,240
349	TANSENGCO, LOLITA ONG	6,430
350	TANSENGCO, RAFAEL ONG	6,440
351	TAY, FELIX GONZALES WONG	59,840
352	TIN, JOHN LEE HONG	11,520
353	TIONG SECURITIES, INC.	5,400
354	TIU, SO TIAO BIN	11,520
355	TOMELDEN, GENEVIEVE U.	410
356	TOMELDEN, GERARD U.	410
357	TOMELDEN, ROMEO	820

Stock Transfer Service Inc.
CENTRAL AZUCARERA DE TARLAC, INC
Stockholder MasterList
As of 06/30/2019

Count	Name	Holdings
358	TRANS-PHILIPPINES INVESTMENT CORPORATION	39,920
359	TUAZON ROXAS & TORRES, INC.	240
360	UAN, TAN	23,160
361	UBP TA # IJI-022-00	8,040
362	UNITED INSURRANCE CO., INC.	39,920
363	UY-TIOCO III, PEDRO	2,640
364	UY-TIOCO, CYNTHIA P.	10,880
365	UY-TIOCO, JOSEPHINE	2,640
366	UYENGCO JR., FRANCISCO	10,000
367	VALENCIA, JESUS SAN LUIS	100
368	VARELA, ANTONIO MOCOROA	9,240
369	VARELA, JUANA SAN JUAN	37,800
370	VARELA, RAIMUNDO MOCOROA	9,240
371	VARUA, FRANCISCO V.	33,000
372	VASQUEZ, MACARIA	1,480
373	VILLANUEVA, JOSE	10,000
374	VIRAY, TERESA	10,000
375	VISTAN, ANITA L.	750
376	VISTAN, GILBERTO L.	1,500
377	VISTAN, ROSARIO ANNA L.	1,120
378	VISTAN, VICENTE	1,500
379	WEBER-HOELH,GEORG B., &/OR MARIA LUISA L. WEBER	9,600
380	WU, CHUI YIN	76,480
381	WU, MARY CHUA	5,720
382	YAN IN TONG &/OR EDON YAP	2,640
383	YAP, DOROTHY	4,120
384	YAP, ROSALINE	4,600
385	YU, DANIEL T.	127,560
386	YU, ELIZABETH	9,600
387	YU, PILAR	57,280
388	YU, ROSE MARIE	11,520
389	YUPITUN, ANITA	23,160
390	YUPITUN, DOMINGO	5,760
391	YUPITUN, JOHN	5,760
392	ZIALCITA, MANUEL	10,000
	Total Stockholders :	282,538,760

CERTIFIED BY:

RICHARD D REGALA, JR.
General Manager

CENTRAL AZUCARERA DE TARLAC, INC.

SUMMARY OF CURRENT REPORTS (SEC Form 17-C)

1 Schedule of Annual Stockholders' Meeting

2 Results of Annual Stockholders' Meeting

3 Results of Board of Directors' Meeting

111132018002031

SECURITIES AND EXCHANGE COMMISSION

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

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Company Information

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

Document Information

Document ID	111132018002031
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	November 13, 2018
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

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C E N T R A L   A Z U C A R E R A   D E   T A R L A C

(Company's Full Name)

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

(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

17-C

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **13 November 2018**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **727**

3. BIR Tax Identification No. **000-229-931**

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

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

6. (SEC Use Only)
   Industry Classification Code

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

8. **(632) 8186270**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	**282,545,960**

11. Indicate the item numbers reported herein:

Item 9. Other items

The Board of Directors of Central Azucarera de Tarlac ("CAT") during its meeting held on 08 November 2018, approved the following:

> The Annual Stockholders' Meeting shall be held on 29 January 2019 at 10:00 AM at the Luisita Golf and Country Club, San Miguel, Tarlac City.

Please refer to the attached PSE Form 7-1 - Notice of Annual or Special Stockholders' Meeting disclosed on 08 November 2018.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, this report is signed on behalf of the issuer by the undersigned hereunto duly authorized.

13 November 2018.

CENTRAL AZUCARERA DE TARLAC
Issuer

By:

ADDISON B. CASTRO
Assistant Corporate Secretary & Compliance Officer

C07469-2018

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. Date of Report (Date of earliest event reported)
   Nov 8, 2018
2. SEC Identification Number
   727
3. BIR Tax Identification No.
   000-229-931
4. Exact name of issuer as specified in its charter
   CENTRAL AZUCARERA DE TARLAC
5. Province, country or other jurisdiction of incorporation
   Manila, Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   San Miguel, Tarlac
   Postal Code
   2300
8. Issuer's telephone number, including area code
   (632) 818-6270
9. Former name or former address, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	282,545,960

11. Indicate the item numbers reported herein
    9. Other Events

Central Azucarera de Tarlac, Inc.
CAT

PSE Disclosure Form 7-1 - Notice of Annual or Special Stockholders' Meeting
References: SRC Rule 17 (SEC Form 17-C) and
Sections 7 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

Notice of Annual Stockholders' Meeting

Background/Description of the Disclosure

The Company's Board of Directors, during its regular meeting held on 08 November 2018, approved that the annual stockholders' meeting be held on 29 January 2019 at 10 o' clock in the morning at the Luisita Golf and Country Club, San Miguel, Tarlac.

Type of Meeting

☑ Annual

☐ Special

Date of Approval by Board of Directors	Nov 8, 2018
Date of Stockholders' Meeting	Jan 29, 2019
Time	10:00 AM
Venue	Luisita Golf and Country Club, San Miguel, Tarlac
Record Date	TBA
Agenda	TBA

Inclusive Dates of Closing of Stock Transfer Books

Start Date	TBA
End Date	TBA

Other Relevant Information

Under Section 2, Article II of the Company's Amended By-Laws, the annual stockholders' meeting shall be held on the last Tuesday of January of each year at 11 o' clock in the morning. The Board resolved that the meeting be scheduled earlier to allot ample time for the meeting.

Filed on behalf by:

Name	Addison Castro
Designation	Assistant Corporate Secretary

COVER SHEET

727

CENTRAL AZUCARERA DE TARLAC

(Company's Full Name)

SAN MIGUEL TARLAC CITY

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

ADDISON B. CASTRO

Contact Person

892-0301 Fax No. 818-2220

Company Telephone Number

06 30

Month *Day*

Fiscal Year

17-C

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **31 January 2019**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **727**

3. BIR Tax Identification No. **000-229-931**

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

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

6. (SEC Use Only)
   Industry Classification Code

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

8. **(632) 8186270**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	**282,545,960**

11. Indicate the item numbers reported herein:

Results of the Annual Stockholders' Meeting Held on 29 January 2019

In the recently concluded Annual Stockholders' Meeting of Central Azucarera de Tarlac ("CAT"), stockholders representing 87.81% of CAT's outstanding capital stock as of 16 January 2019 (record date) approved / ratified the following reports / proposals / acts:

1. The Minutes of the Annual Meeting of Stockholders held on 30 January 2018;

2. The Audited Financial Statements for the Fiscal Year Ending June 30, 2018, contained in the Annual Report for the Fiscal Year 2017-2018;

3. All acts and proceedings of the Board of Directors and Officers since the last Annual Meeting of the Stockholders;

4. Reappointment of Sycip Gorres Velayo & Company as external auditors of the Company for Fiscal Year 2018-2019.

5. In the same meeting, the stockholders elected the following nominees to the Board of Directors:
    1. MARTIN IGNACIO P. LORENZO
    2. FERNANDO IGNACIO C. COJUANGCO
    3. MARCO P. LORENZO
    4. VIGOR D. MENDOZA II
    5. FERNAN VICTOR P. LUKBAN
    6. RENATO B. PADILLA -- Independent Director
    7. BENJAMIN I. ESPIRITU -- Independent Director

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, this report is signed on behalf of the issuer by the undersigned hereunto duly authorized.

31 January 2019.

CENTRAL AZUCARERA DE TARLAC
Issuer

By:

ADDISON B. CASTRO
Assistant Corporate Secretary &
Compliance Officer

COVER SHEET

727

CENTRAL AZUCARERA DE TARLAC

(Company's Full Name)

SAN MIGUEL TARLAC CITY

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

ADDISON B. CASTRO

Contact Person

892-0301 Fax No. 818-2220

Company Telephone Number

06 30

Month *Day*

Fiscal Year

17-C

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **31 January 2019**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **727**

3. BIR Tax Identification No. **000-229-931**

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

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

6. (SEC Use Only)
   Industry Classification Code

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

8. **(632) 8186270**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	**282,545,960**

11. Indicate the item numbers reported herein:

Results of the Organizational Board Meeting Held on 29 January 2019

The results of the organizational board meeting of the board of directors which was immediately held after the annual stockholders' meeting on 29 January 2019 are:

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

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

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

AUDIT COMMITTEE

BENJAMIN I. ESPIRITU	Chairman
VIGOR D. MENDOZA II	Member
FERNAN VICTOR P. LUKBAN	Member

CORPORATE GOVERNANCE COMMITTEE

RENATO B. PADILLA	Chairman
BENJAMIN I. ESPIRITU	Member
FERNAN VICTOR P. LUKBAN	Member

EXECUTIVE COMMITTEE

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

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, this report is signed on behalf of the issuer by the undersigned hereunto duly authorized.

31 January 2019.

CENTRAL AZUCARERA DE TARLAC
Issuer

By:

ADDISON B. CASTRO
Assistant Corporate Secretary &
Compliance Officer

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

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

Name of Issuing entity and association of each issue (1)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (2)	Valued based on market quotation at balance sheet date (3)	Income received and accrued
NONE TO REPORT				
TOTAL	Php	-	0	

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

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

Name and Designation of Debtor	Balance, July 1, 2018	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at, June 30, 2019
Advances to officers and employees - cash advance for business expenses	17,900,207.00	56,152,779.34	(52,438,376)				21,614,610.00
	17,900,207.00	56,152,779.34	(52,438,376.34)	-	-	-	21,614,610.00

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

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

Name of Issuing entity and description of Investment	Beginning Balance		Additions		Ending Balance	
	Number of shares or principal amount of bonds and notes	Amount in Pesos	Equity in earnings (losses) of investees for the period	Other	Number of shares or principal amounts of bonds and notes	Amount in Pesos
Proprietary shares						
Luisita Golf and Country Club, Inc.	556	166,800,000	(55,600,000)		556	111,200,000
Alabang Golf & Country Club	1	6,600,000	400,000		1	7,000,000
Investment in shares of stock		-				-
Philippine Long Distance Corporation	3,426	387,540	(4,968)		3,426	382,572
CAT Realty Corporation	35,000	147,000	0		35,000	147,000
Economic Development Foundation, Inc	1	15,000	0		1	15,000
		173,949,540	(55,204,968)	-		118,744,572

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

Schedule D. Indebtedness of Unconsolidated Subsidiaries and Related Parties

Name of Related parties (1)	Balance at beginning of period	Balance at end of period
North Star Estate Holdings	75,458,098	28,477,912
CAT Resource and Asset Holdings, Inc.	250,816,052	359,019,492
Luisita Trust Fund	298,712,561	329,589,328
Luisita Golf & Country Club, Inc.	22,700,993	3,634,014
Tarlac Distillery Corporation	43,315,333	92,459,994
Green Future Innovation, Inc.	76,924,173	-
First Green Renewable Holdings, Inc.		65,184,576
Buenavista Corporate Asset Holding, Inc.		12,311,285
		-
TOTAL	767,927,210	890,676,601

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

Schedule E. Intangible Assets - Other Assets

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Goodwill	502,418,570					502,418,570

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

Schedule F. Long Term Debt

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Notes Payable - Banks		NONE TO REPORT	
Total		-	-

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

Schedule G. Indebtedness to Related Parties

Name of related party	Balance at beginning of period	Balance at end of period
First Lucky Holdings Corporation	13,025,174	8,105,738
Green Future Innovation, Inc.	-	4,168,169
First Lucky Agro-Industrial Corporation		2,112,000
Total	**13,025,174**	**14,385,907**

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

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

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
NONE TO REPORT				

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

Schedule I. Capital Stock (1)

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common Shares	400,000,000	282,545,960		102,876,250	Martin Ignacio P. Lorenzo	
				98,841,890	Fernando C. Cojuangco	
TOTAL	400,000,000	282,545,960		201,718,140		