

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

1. Check the appropriate box
 Preliminary Information Statement¹
 Definitive Information Statement

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

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

4. SEC Identification Number **PW0000727**

5. BIR Tax Identification Code **000229931**

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

7. Registrant's telephone number, including Area Code **(632) 8818.62.70**

8. **January 25, 2022, 10:00 A.M., Remote Communication**
 Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to Security Holders **On or before January 4, 2022**

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

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
Common Shares	238,496,840

11. Are any or all of registrant's securities listed on a Stock Exchange?
 Yes No

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

Philippine Stock Exchange	Common
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¹ Updates are expected to be made when the Definitive Information Statement is filed.

CENTRAL AZUCARERA DE TARLAC
Information Statement

A. GENERAL INFORMATION

Item 1. Date, time and place of Annual Meeting of Security Holders

The Annual Stockholders' Meeting of Central Azucarera de Tarlac (the "Company") is scheduled to be held on January 25, 2022, 10:00 a.m. through remote communication.

The complete mailing address of the Company is CAT, San Miguel, Tarlac City 2301.

The approximate date on which this Information Statement shall be sent to stockholders is on or before January 4, 2022.

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

Item 2. Dissenters' Right of Appraisal

Sections 36, 39, 41 and 80 of the Revised Corporation Code enumerates the instances when a stockholder of any corporation may exercise his appraisal right. These are:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class;
2. In case of extending or shortening the term of corporate existence;
3. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
4. In case of merger or consolidation.
5. In case the corporation invests its funds in any other corporation, business, or for any purpose other than its primary purpose.

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

If, at any time after this Information Statement has been distributed to the stockholders, an action that may give rise to the right of appraisal is proposed and voted upon at the meeting, then any dissenting stockholder who wishes to exercise his/her appraisal right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his/her shares to be determined as of the day prior to the date the vote was taken.

Item 3. Interest Of Certain Persons In Or Opposition To Matters To Be Acted Upon

- a) No directors or officers, or nominees/candidates for election as a director of the Corporation, or any of their associates have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the annual stockholders' meeting other than election to office.
- b) The Company has not received any information from any director who intends to oppose any matter or action to be taken in the annual stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- a) Number of Shares Outstanding and the Number of Votes to which each class is entitled.

As of November 30, 2021, there are 238,496,840 outstanding shares entitled to be voted at the annual stockholders' meeting, 13,813,041 of which are foreign-owned shares. The number of votes due a security holder will depend on the number of shares he/she owns. Per share of stock is equivalent to one vote.

- b) Record Date.

Only stockholders of record as of January 5, 2022 are entitled to vote during the annual stockholders' meeting.²

- c) Voting Procedures of Directors.

In the election of directors, every stockholder is entitled to vote the number of shares standing in his/her name on the books of the registrant and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he/she may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his/her shares shall equal or he/she may distribute them on the same principle among as many candidates as he/she shall see fit, provided that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her multiplied by the whole number of directors to be elected.

The election is by ballot, unless there is a motion duly made and seconded that the election be made viva voce.

² The register of shares of the Corporation and its transfer books shall be closed during the next twenty (20) days preceding the General Meeting upon which the election of the Directors is held and during the twenty (20) days preceding the date upon which dividends are declared payable and during such time as the Board of Directors may determine. (Section 2, Article I, Amended By-Laws)

d) (i) Security Ownership of Certain Record and Beneficial Owners.

As of November 30, 2021, the Security Owners of Certain Record and Beneficial Owners of more than 5% of the Company's outstanding capital stock is set forth in the table below:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Ownership and Relationship with Record Owner	Citizenship	Number of Shares Held	%
Common	PCD Nominee Corporation 37/F Enterprise Tower 1, Ayala Avenue, Makati City	CAT Resource & Asset Holdings Inc. (CRAHI) and various individuals	Filipino	225,838,385	94.69
<i>*Beneficial ownership through PCD Nominee Corporation</i>					
Common	CAT Resource & Asset Holdings Inc. (CRAHI) 3/F First Lucky Place 2259 Pasong Tamo Extension, Makati City	Martin Ignacio P. Lorenzo is the Chairman and CEO of CRAHI.	Filipino	102,876,250 (indirect/ beneficial shares)	43.14
	CRAHI is a substantial shareholder of the Company and will be represented by Martin Ignacio P. Lorenzo and Fernando Ignacio C. Cojuangco in the ASM.	Fernando Ignacio C. Cojuangco is the President and COO of CRAHI.	Filipino	98,841,890 (indirect/ beneficial shares)	41.44

Apart from the foregoing, there are no other persons holding more than 5% of the Company's outstanding capital stock.

(ii) Security Ownership of Management.

As of November 30, 2021, the shareholdings of the incumbent directors and officers are set forth below:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	%
Common	Martin Ignacio P. Lorenzo	102,876,250 200	Indirect	Filipino	43.13 36.41%
Common	Fernando Ignacio C. Cojuangco	98,841,890 200	Indirect	Filipino	41.44 34.98%
Common	Marco P. Lorenzo	200	Indirect	Filipino	0.00%
Common	Vigor D. Mendoza II	200	Indirect	Filipino	0.00%

Common	Fernan Victor P. Lukban	200	Indirect	Filipino	0.00%
Common	Renato B. Padilla	10	Direct	Filipino	0.00%
Common	Benjamin I. Espiritu	10	Direct	Filipino	0.00%
Common	Cecile D. Macaalay	5,000	Indirect	Filipino	0.00%
Common	Janette L. Peña	0	-	Filipino	0.00%
Common	Addison B. Castro	0	-	Filipino	0.00%

The aggregate ownership of all directors and officers is 201,724,160 shares or 84.58% of the total shares outstanding.

(iii) Voting Trust Holders of 5% or More.

The Company is not aware of any voting trust agreement with any stockholder owning more than 5% of the securities.

e) Changes in Control.

There has been no change in control of the Company since the beginning of its last fiscal year, and the Company is not aware of any existing, pending or potential transaction that may result in such change in control.

Item 5. Directors and Executive Officers

As of November 30, 2021, the directors and executive officers of the Company and the number of years they have served as such are as follows:

Name	Position	Term / Period Served
Martin Ignacio P. Lorenzo	Chairman of the Board & CEO	October 15, 2014 up to present
Fernando Ignacio C. Cojuangco	President & COO	January 31, 2012 up to present
Marco P. Lorenzo	Director	October 15, 2014 up to present
Vigor D. Mendoza II	Director	October 15, 2014 up to present
Fernan Victor P. Lukban	Director	October 15, 2014 up to present
	Treasurer	November 5, 2019 up to present
Renato B. Padilla	Independent Director	October 15, 2010 up to present
Benjamin I. Espiritu	Independent Director	October 29, 2013 up to present
Cecile D. Macaalay	Treasurer	October 15, 2014 up to November 5, 2019
	Chief Financial Officer	September 10, 2019 up to present
Janette L. Peña	Corporate Secretary	October 15, 2014 up to present
Addison B. Castro	Assistant Corporate Secretary	October 15, 2014 up to present

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

The selection and nomination of the independent directors by the Corporate Governance

Committee (which performs the functions of the Nomination Committee) is in compliance with SRC Rule 38 (Requirements on Nomination and Election of Independent Directors), and the Company's new Manual of Corporate Governance.

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

Martin Ignacio P. Lorenzo, age 56, 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, Restaurant 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 Master's in Business Administration in Wharton Graduate School, University of Pennsylvania, in 1990.

Fernando C. Cojuangco, age 59, 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 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 60, 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 also 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 14th 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 60, Filipino, is a Director and Treasurer 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 an undergraduate degree in Engineering from De La Salle University and graduate degree 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 75, 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 68, 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 the Dean of Far Eastern University Makati, and Chair of the Accounting, Finance, Business and Governance Department of 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, and Master's in Business Administration and Bachelor of Science in Commerce, Major in Accounting degrees from De La Salle University.

Cecile D. Macaalay, age 53, Filipino, is the Chief Financial Officer 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 Restaurant Concepts 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.

Janette L Peña, age 61, Filipino, is the current Corporate Secretary of 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's of Laws in Harvard Law School.

Addison B. Castro, age 58, Filipino, is the Compliance Officer and Assistant Corporate Secretary of the Company. Atty. Castro is a practicing lawyer and a Principal Partner of Gatchalian and Castro Law Offices. He was a professor at the Lyceum of the Philippines University, College of Law from 2008 to 2017. He graduated with a degree of Bachelor of Science in Applied Economics

at the De La Salle University in 1983. He obtained his Bachelor of Laws degree from the Ateneo de Manila University in 1988.

Family Relationships.

Mr. Marco P. Lorenzo, a Director, is the brother of Mr. Martin P. Lorenzo, the Chairman of the Board and CEO. There are no other family relationships among the directors and officers of the Company.

Identification of Significant Personnel

Mr. Noel Payongayong, Resident Manager, is key personnel who is expected to make significant contribution to the business of the registrant.

Involvement in Certain Legal Proceedings

To the best knowledge of the Company, as of the date of this report, none of its directors and officers have been involved during the past five (5) years in any legal or administrative proceedings in the Philippines or elsewhere, which are material to an evaluation of the ability or integrity of any of the said directors, nominee for election as director, or executive officers; also, none of them have 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.

Certain Relationships and Related Transactions

In the normal course of its business, the Company had transactions with related parties which are disclosed in the notes to the financial statements. Please see Note 23 (Related Party Transactions) of the Notes to Audited Financial Statements as of June 30, 2021, a copy of which is attached as *Annex "B"*.

The Company has adopted a Policy on Material Related Party Transactions in compliance with the Securities and Exchange Commission's (SEC) Memorandum Circular No. 10, Series of 2019. No action is required to be taken at the annual stockholders' meeting with respect to any material related party transaction requiring the approval or ratification of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Company.

The Company identifies an enterprise as a related party if it directly or indirectly owns, controls, or has an interest in the voting power of another related party that gives a significant influence over the enterprise.

Intercompany transactions as disclosed in the Audited Financial Statements of the Company mostly pertain to advances made to various related parties to support their operations. These advances are short-term and non-interest bearing and its payment procedure is through monetary consideration.

A Transfer Pricing Documentation, as required, is also prepared by an independent appraiser to study and ascertain that these are arms-length transactions, with the consideration of the related party's organizational structure, nature of the business, market conditions and risk analysis.

Resignation of Director

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

Item 6. Compensation of Directors and Executive Officers

Summary Compensation Table

FY 2020 – 2021						
Name	Position	Salary & Professional Fees	Bonus	Transportation	Per Diem	Total
Martin Ignacio P. Lorenzo	Chairman of the Board & CEO	₱17,610,304	₱994,465	₱1,572,387	₱199,500	₱20,376,656
Fernando Ignacio C. Cojuangco	President & COO					
Marco P. Lorenzo	Director					
Cecile D. Macaalay	Chief Finance Officer					
Marcelo P. Karaan II	VP for Human Resources					
All Other Officers & Directors as a group						
Total		₱17,610,304	₱994,465	₱1,572,387	₱199,500	₱20,376,656

FY 2019 – 2020						
Name	Position	Salary & Professional Fees	Bonus	Transportation	Per Diem	Total
Martin Ignacio P. Lorenzo	Chairman of the Board & CEO	₱17,560,647	₱6,960,859	₱1,784,659	₱220,000	₱26,526,165

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		₱17,560,647	₱6,960,859	₱1,784,659	₱220,000	₱26,526,165

Estimated Compensation for FY2021-2022						
Name	Position	Salary & Professional Fees	Bonus	Transportation	Per Diem	Total
Martin Ignacio P. Lorenzo	Chairman of the Board & CEO	₱18,138,613	₱1,024,299	₱1,742,588	₱199,500	₱21,105,000
Fernando Ignacio C. Cojuangco	President & COO					
Marco P. Lorenzo	Director					
Cecile D. Macaalay	Chief Finance Officer					
Marcelo P. Karaan II	VP for Human Resources					
All Other Officers & Directors as a group						
Total		₱18,138,613	₱1,024,299	₱1,742,588	₱199,500	₱21,105,000

The Director's Compensation is in accordance with Section 4, Article III of the Company's By-Laws, which provides:

"5. DIRECTOR'S COMPENSATION – The Board of Directors shall receive a fee of up to three percent (3%) of the net profits of the Corporation which shall be distributed proportionately among the directors; and each director shall receive a reasonable per diem in an amount to be determined by the Board of Directors for every board meeting actually attended. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor, **subject to the requirements of the Corporation Code.** (As amended by the Board of Directors on 11 March 2014 and the Stockholders on 22 April 2014; and further amended by the Board of Directors on 19 April 2016 and the Stockholders on 15 June 2016.)"

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.

Item 7. Independent Public Accountant

In compliance with SRC Rule 68, Part I (3) (B) (ix), the Company ensures that its independent auditors shall comply with the provisions on long association of personnel, including partner rotation, as prescribed in the Code of Ethics for Professional Accountants in the Philippines as adopted by the BOA and PRC and such other standards as may be adopted by the Commission. In relation thereto, BOA Resolution No. 18, Series of 2018 prescribes that no individual shall be key audit partner of public interest entities for more than seven (7) years. Ms. Maria Veronica Andresa R. Pore has been the engagement or signing partner for five (5) fiscal years.

a) The accounting firm of Sycip Gorres Velayo & Co. (SGV) is the independent public accountant of the Company for fiscal year 2020-2021. There have been no disagreements with SGV on any matter relating to accounting principles or practice, financial statement disclosure or auditing scope or procedure. The same accounting firm is being recommended for re-appointment as the external auditor of the Company. No other matter in relation to the auditor is to going to be taken up in the annual stockholders meeting.

b) Pursuant to SEC memorandum Circular No. 8, Series of 2003, said firm assigns different Engagement Partners to the Company. Ms. Maria Veronica Andresa R. Pore has been the engagement or signing partner since fiscal year 2016-2017.

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

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

	FY 2020 – 2021	FY 2019 – 2020	FY 2018 – 2019
Audit Fees and Other Related Services	₱1,200,000.00	₱1,200,000.00	₱1,200,000.00

Item 8. Compensation Plans

No action is to be taken at the annual stockholders' meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

No action is to be taken at the annual stockholders' meeting with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

Item 10. Modification or Exchange of Securities

No action is to be taken at the annual stockholders' meeting with respect to the modification of any class of securities of the Corporation, or the issuance or authorization of one class of securities of the Corporation in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The Company's interim financial statements and other financial information as of September 30, 2021 and the Management's Discussion and Analysis of Financial Condition and Result of Operation for the same period, which are hereby incorporated by reference, are contained in the Company's Quarterly Report (SEC Form 17-Q) for the quarterly period ended September 30, 2021 (1st Quarter of Fiscal Year July 1, 2021 – June 30, 2022) a copy of which is attached as *Annex "A"*.

There have been no disagreements with SGV, the Company's independent public accountant, on any matter relating to accounting principles or practice, financial statement disclosure or auditing scope or procedure.

Item 12. Mergers, Consolidation, Acquisitions and Similar Matters

No action will be taken at the annual stockholders' meeting with respect to any transaction involving merger, consolidation, acquisition or similar matters.

Item 13. Acquisition or Disposition of Property

No action will be taken at the annual stockholders' meeting with respect to the acquisition or disposition of any property.

Item 14. Restatement of Account

No action will be taken at the annual stockholders' meeting with respect to the restatement of any asset, capital or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports to be Submitted for Approval

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

- a) Minutes of the Annual Meeting of Stockholders held on January 26, 2021;³ copy of which has been uploaded in the Company's website and is attached as Annex "C."

³ Copies of the minutes of the annual meeting of stockholders held on January 26, 2021 which have been uploaded to the Company's website, will be provided by the Company during the stockholders' meeting.

b) Annual Report and the Audited Financial Statements for the Fiscal Year ending June 30, 2021;⁴

c) All Acts and Proceedings of the Board of Directors and Officers since the last Annual Meeting of the Stockholders;

- i. Board approval authorizing the Company Corporation to participate in the "Energy Virtual One-Stop Shop" (EVOSS) of the Department of Energy as a Biomass Energy User
- ii. Board confirmation of the necessity of clearing its property of informal settlers in court.
- iii. Board confirmation of Related Party Transactions being a regular item on its agenda for review and monitoring.
- iv. Board resolution to extend the Memorandum of Agreement with CAT Resource & Asset Holdings Inc. ("CRAHI") dated 9 November 2020 for a possible transaction relating to the ownership or use or co-development of the Parkway Property, the 175,040 sq. meter commercial parcel of land owned by CRAHI located at San Miguel, Tarlac along the Luisita Access Road ("Possible Transaction"), and by virtue of which CRAHI granted a right of exclusivity in favor of the Corporation for a period of one hundred eighty (180) days, in consideration of a refundable deposit in an amount of not more than ten (10%) per cent of the Tentative Valuation, in view of the continuing COVID-19 pandemic and its effects on business and the economy. The MOU was extended for one year within which to complete its studies and proposals for a Possible Transaction, including the retention by CRAHI of the Refundable Deposit.
- v. Board Resolution approving and authorizing the release of the audited financial statements of the Corporation as of and for the fiscal year ended June 30, 2021.
- vi. Board Resolution setting the Annual Meeting for 2022 on the second Tuesday of January in accordance with the By-Laws, which is 25 January 2022, starting at 10AM; that stockholders of record on 5 January 2022 be recognized as the stockholders entitled to attend and vote at the meeting, and that the stock records be closed from 5 to 25 January 2022, to determine the shareholders entitled to notice, to attend and vote at the meeting; and, for health reasons, the meeting be held by remote communication, to enable stockholders to participate and vote in absentia; finally, that the Corporate Secretary be authorized to provide the procedure and requirements for voting in absentia and participating by remote communication which shall be included in the Notice of Meeting to be distributed to the stockholders and attached to Information Statement."
- vii. Board resolution to recommend to the shareholders the retention of the Independent Director, Mr. Renato B. Padilla, who has served a maximum cumulative term of nine years as such (SEC MC 4 – 2017).
- viii. Board resolution authorizing MIPL and/or FCC as the Company's proxy for its shares in Luisita Golf and Country Club Inc. at the Annual Stockholders'

⁴The Annual Financial Statements for the Fiscal Year ending June 30, 2021 contained in the Annual Report is uploaded to the Company's website, and a copy of which will be provided by the Company upon written request of a security holder.

- Meeting scheduled on December 17, 2021 or any adjournment/s or postponement/s thereof;
- ix. Board Resolution designating Fernan Victor P. Lukban as the Company's representative to Luisita Golf and Country Club Inc. for one share.

d) Appointment of SGV as External Auditor.

Item 16. Matters Not Required to be Submitted

There is no action to be taken at the annual stockholders' meeting with respect to any matter which is not required to be submitted to a vote of the stockholders.

Item 17. Amendment of Charter, By-laws or Other Documents

There is no amendment to the Company's Articles of Incorporation, By-Laws or any other documents to be submitted to a vote of the stockholders.

Item 18. Other Proposed Action

No action is to be taken at the annual stockholders' meeting with respect to any matter not specifically referred to above.

Item 19. Voting Procedure

Every stockholder shall be entitled to vote, in person or by proxy, for each share of stock held by him.

In all items for approval except election of Members of the Board of Directors, each share of stock entitles its registered owner to one (1) vote.

In the election of directors, every stockholder is entitled to vote the number of shares standing in his name on the books of the Company and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. The election is by ballot, unless there is a motion duly made and seconded that the election be made viva voce.

Votes shall be counted under the direct control and supervision of the Corporate Secretary or in the absence of the Corporate Secretary, the Assistant Corporate Secretary, who may be assisted by the independent auditors and the Company's stock transfer agent.

Management Report

Business and General Information

The Company's Business and General Information, a copy of which is attached as *Annex "B-1"*, provides for the brief description of the general nature and scope of the business of the Company, which is hereby incorporated by reference. The same can be found in Part I of the Company's Annual Report (SEC Form 17-A) for the fiscal year ended June 30, 2021, a copy of which is attached as *Annex "B."*

Management's Discussion and Analysis with Plan of Operation

Management's Discussion and Analysis of Financial Condition and Result of Operation for the same period, which are hereby incorporated by reference, is contained in the Company's Quarterly Report (SEC Form 17-Q) for the quarterly period ended September 30, 2021 (1st Quarter of Fiscal Year July 1, 2021 – June 30, 2022). A copy of the Company's Quarterly Report is attached as *Annex "A"*.

Market Information

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

Market Information				
Fiscal Year	Quarter	Period	High	Low
2018-2019	1Q	July – September	26.00	17.20
	2Q	October – December	19.70	14.30
	3Q	January – March	19.00	14.60
	4Q	April – June	18.70	14.50
2019-2020	1Q	July – September	19.74	14.72
	2Q	October – December	24.1	11.02
	3Q	January – March	18.8	13.04
	4Q	April – June	14	11
2020-2021	1Q	July – September	13.46	10.84
	2Q	October – December	24.1	11.02
	3Q	January – March	16.3	12.7
	4Q	April – June	14.5	12.88
2021-2022	1Q	July – September	14.9	12.94
	2Q	October – December 14	14.4	13.18

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.

On 03 May 2017, the Company adopted its new Manual on Corporate Governance for Public Listed Companies in accordance with SEC Memorandum Circular No. 19, Series of 2016, which was submitted to the SEC on May 31, 2017. The Board Charter as well as the Charter of the Corporate Governance Committee (which performs the functions of the Nominations and Compensation Committee) and amended Charter of the Audit Committee (which performs the functions of the Board Risk Oversight and Related Party Transactions Committee) was also approved by the Board on May 3, 2017.

Requirements under Section 49 of the Revised Corporation Code

At each regular meeting of stockholder, the Board of Directors shall endeavor to present to stockholders the following:

- a.) Copy of the Minutes of the Annual Meeting of Stockholders held on January 26, 2021 has been uploaded in the Company's website and is attached as Annex "C."
 - i. Shareholders were required to pre-register in order to participate in the meeting via remote communication. Voting via viva voce was done during the course of the meeting, which was tabulated by the Office of the Corporate Secretary.
 - ii. Shareholders were provided with the opportunity to be able to present their questions/comments. There was no comment / question presented during the presentation of the minutes.
 - iii. Matters discussed and approvals reached are:
 1. Reading and approval of the Minutes of the Annual Meeting of Stockholders held on 21 January 2020;
 2. Approval of the Annual Report and the audited financial statements for FY ending June 2020;
 3. Ratification and confirmation of all acts and proceedings of the Board of Directors and Officers since the last annual meeting;
 4. Election of Directors; and
 5. Appointment of external auditor
 - iv. Out of the 238, 496, 840 outstanding shares of common stock entitled to vote at the meeting, the holders of at least 201, 718, 140 shares, representing 84.57% of the outstanding shares are present in person or by proxy via remote communication. The following votes have been garnered in the items for agenda:
 1. Reading and approval of the Minutes of the Annual Meeting of Stockholders held on 21 January 2020 - 84.57% of the outstanding shares
 2. Approval of the Annual Report and the audited financial statements for FY ending June 2020 - 84.57% of the outstanding shares
 3. Ratification and confirmation of all acts and proceedings of the Board of Directors and Officers since the last annual meeting - 84.57% of the outstanding shares
 4. Election of Directors - 84.57% of the outstanding shares
 5. Appointment of external auditor - 84.57% of the outstanding shares

- v. The following directors, officers and stockholders attended the meeting:

Mr. Martin Ignacio P. Lorenzo (Chairman & CEO)
Mr. Fernando C. Cojuangco (President & COO)
Mr. Fernan Victor P. Lukban
Mr. Benjamin I. Espiritu (Independent)
Mr. Vigor D. Mendoza II
Mr. Marco P. Lorenzo
Mr. Renato B. Padilla (Independent)
Ms. Cecile D. Macaalay (CFO)
Ms. Janette L. Peña (Corporate Secretary)
Mr. Addison B. Castro (Asst. Corporate Secretary and Compliance Officer)

Luisita Trust Fund through Unicapital
CAT Resource Asset & Holdings, Inc. through BDO Securities

- vi. Other items that the Commission requires to disclose:
1. No event which may be considered as material information on the current stockholders, and their voting rights has taken place;
 2. No comprehensive assessment of the company's performance, strategy and other affairs has been conducted;
 3. The Company's audited financial statements includes a statement of management responsibility which states that the management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized;
 4. In accordance with the Company's By-Laws, dividends shall be declared only when the net profit of the corporation, after deducting the amount indicated in the preceding section, shall permit. The amount and dates of payment shall be determined by the Board of Directors. They may be paid in cash, in stock of the corporation, or both at the same time, as authorized by proper resolution of the Board of Directors and in accordance with the provisions of the Corporation Law. No dividend may be declared which will impair or diminish the capital of the Corporation. No dividend was declared during the last fiscal year.
 5. The profile of the directors have been provided in Pages 6-8, Item 6.
 6. Attendance of the Board of Directors for the following meetings:

26 January 2021

Present were: MARTIN P. LORENZO
FERNANDO C. COJUANGCO
RENATO B. PADILLA (Independent)
BENJAMIN I. ESPIRITU (Independent)
VIGOR D. MENDOZA II
MARCO P. LORENZO
FERNAN VICTOR P. LUKBAN

Absent Were: None

20 April 2021

Present were: MARTIN P. LORENZO
FERNANDO C. COJUANGCO
RENATO B. PADILLA (Independent)
BENJAMIN I. ESPIRITU (Independent)
VIGOR D. MENDOZA II
MARCO P. LORENZO
FERNAN VICTOR P. LUKBAN

Absent Were: None

11 May 2021

Present were: MARTIN P. LORENZO
FERNANDO C. COJUANGCO
RENATO B. PADILLA (Independent)
BENJAMIN I. ESPIRITU (Independent)
VIGOR D. MENDOZA II
MARCO P. LORENZO
FERNAN VICTOR P. LUKBAN

Absent Were: None

7 October 2021

Present were: MARTIN P. LORENZO
FERNANDO C. COJUANGCO
RENATO B. PADILLA (Independent)
BENJAMIN I. ESPIRITU (Independent)
VIGOR D. MENDOZA II
MARCO P. LORENZO
FERNAN VICTOR P. LUKBAN

Absent Were: None

16 November 2021

Present were: MARTIN P. LORENZO
FERNANDO C. COJUANGCO
RENATO B. PADILLA (Independent)
BENJAMIN I. ESPIRITU (Independent)
VIGOR D. MENDOZA II
FERNAN VICTOR P. LUKBAN

Absent Were: MARCO P. LORENZO

Audit Committee Meeting

7 October 2021

Present were: BENJAMIN I. ESPIRITU (Independent)
VIGOR D. MENDOZA II
FERNAN VICTOR P. LUKBAN

7. No appraisal report and performance report for the board were made. However, in compliance with the Company's Manual of Corporate Governance, the members of the Board are required to undergo annual seminar/training in matters relating to corporate governance or the sugar industry. The Corporate Governance Committee recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance.
8. Please refer to the compensation of the directors have been provided in Pages 9-10, Item 6.
9. No director, in their personal capacity, had self-dealings and related party transactions.

Undertaking

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

Likewise, a copy of the Company's quarterly interim unaudited report, for the first quarter of fiscal year 2021-2022, discussion and inclusive of the management analysis, will be provided upon request to the shareholders at the annual stockholders meeting.

SIGNATURE

After a reasonable inquiry and to the best of my knowledge and belief. I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on this 4th of January 2022.

CENTRAL AZUCARERA DE TARLAC

By:



ADDISON B. CASTRO

Assistant Corporate Secretary
and Compliance Officer

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO ALL SHAREHOLDERS:

Notice is hereby given that the Annual Meeting of the Stockholders of **CENTRAL AZUCARERA DE TARLAC, INC.**, will be held on Tuesday, 25 January 2022, at 10 a.m. by remote communication. The Agenda for the meeting is as follows:

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Reading and Approval of the Minutes of the Annual Meeting of Stockholders held on 26 January 2021
5. Approval of the Annual Report and the Audited Financial Statement for fiscal year ending 30 June 2021
6. Ratification and Confirmation of All Acts and Proceedings of the Board of Directors and Officers Since the last Annual Meeting of the Stockholders
7. Election of Directors
8. Appointment of External Auditor
9. Such Other Matters as may Properly Come Before the Meeting, and
10. Adjournment.

For purposes of said meeting, the Stock and Transfer Books of the Corporation shall be closed for twenty (20) days prior to the scheduled annual meeting, or for the period 5 – 25 January 2022. Accordingly, only stockholders of record as of 5 January 2022 shall be entitled to vote at said annual meeting.

The procedure for stockholder registration, attendance, and voting shall be provided prior to the meeting.

The Organizational Meeting of the newly elected members of the Board shall be held immediately after the annual Stockholders meeting.

8 December 2021.



JANETTE L. PEÑA
Corporate Secretary

PROCEDURE FOR PARTICIPATION IN THE 2022 ANNUAL STOCKHOLDERS' MEETING

A. Pre-Registration

Stockholders with the intention to participate in the annual stockholders' meeting via remote communication are required to pre-register by submitting the following requirements on or before January 18, 2022:

- A clear scanned copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID), which shows photo, signature and personal details, preferably with residential address;
- A valid email address and contact number of the stockholder;
- For Corporate stockholders, clear scanned copy of Secretary's Certificate authorizing the representative to participate in the annual stockholders' meeting via remote communication for and in behalf of the corporation;
- For stockholders with scripless shares under PCD Participant/Broker Account, certification from broker as to the number of shares owned by stockholder with contact details of PCD Participant/Broker for verification. Please note that should CAT be unable to verify the shares of shareholder because the PCD Participant/Broker is inaccessible, this may result in failure of registration of concerned shareholder;

Stockholders may send the requirements by email to:

Corporate Secretary: Janette L. Peña (janette.pena@gmail.com)

Copy Furnished:

Assistant Corporate Secretary and Compliance Officer: Addison B. Castro (addison.castro@gatchaliancastro.com)

Stock Transfer Services, Inc.: Novelyn S. Pabalan (nspabalan@stocktransfer.com.ph)

or by sending hard copies to Central Azucarera de Tarlac, 1299 Chino Roces Avenue Extension (formerly Pasong Tamo Extension), Makati City (Attention: Janette L. Peña, Corporate Secretary). If sending via email, complete/accurate documents should be found in one email and attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

Validation process will be conducted together with Stock Transfer Services, Inc. (STSI). Stockholders will receive an e-mail reply from the Office of the Corporate Secretary of CAT as soon as practicable. The Office of the Corporate Secretary's email reply will either confirm successful registration and provide the instructions on how to attend the 2022 virtual ASM or require submission of additional/deficient documents to complete validation process. If you have not received any email reply by 21 January 2022, please call 0917 8199571.

B. Electronic Voting in Absentia

All agenda items will be made available to the stock holders. Stockholders can vote on each agenda item and may choose to vote "Vote for Approval", "Vote Against" or Abstain"

For the election of directors, a stockholder may distribute his votes equally among all the nominees or cash such number of votes for each nominee as preferred by the stockholder, provided that the total number of votes cast shall exceed the number of shares owned by the stockholder, multiplied by the number of directors to be elected.

The office of Corporate Secretary, with the assistance of STSI representatives, will count and tabulate the votes cast in absentia together with the votes cast by proxy.

C. Participation through remote communication

CAT's 2022 ASM will be streamed live by stockholders who have successfully registered to participate via remote communication. Instructions and procedures on how to attend the meeting through remote communication will be sent to stockholders indicated in the reply-email from the Office of the Corporate Secretary.

Stockholders who will not, or are unable to, or do not expect to attend the virtual meeting may, at their option designate their authorized representatives by means of proxy. The following requirements must be submitted to Central Azucarera de Tarlac, 1299 Chino Roces Avenue Extension (formerly Pasong Tamo Extension), Makati City for inspection, validation and recording on or before January 18, 2022:

- Notarized proxy instruments;
- Transmittal letter indicating the valid email address and contact number of the proxy;
- clear photocopies of the stockholder's and proxy's valid government-issued ID.

No proxy forms will be entertained through email.

Pursuant to SEC Notice dated April 20, 2020, copies of the Notice of Meeting, Definitive Information Statement and other relevant documents in relation to the ASM may be accessed through www.luisitasugar.com and through the PSE EDGE portal at <https://edge.pse.com.ph>.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **BENJAMIN I. ESPIRITU**, Filipino, of legal age, with postal address at 1707 Prestige Tower, F. Ortigas, Jr. Road, Ortigas Center, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of CENTRAL AZUCARERA DE TARLAC and have been its independent director since October 29, 2013.

2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporation):

COMPANY/ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Change Management International, Inc.	President & CEO	1998 to present
Banco de Mindoro, Inc.	Chairman	2005 to present
Risks, Opportunities, Assessment and Management (ROAM), Inc.	President	2014 to present
Central Azucarera de Tarlac, Inc.	Independent Director	2013 to present
Ormin Realty Corporation	Chairman & President	2000 to present
Konstruktura Development Resources Corp.	Chairman & President	2015 to present
Intrastrata Assurance Corporation	Director	2015 to present
The Laudibus League Holdings, Inc.	Chairman	2014 to present
B5 Group Corporation	Chairman & President	2006 to present
EC Ventures Corporation	President	2006 to present
A&A Realty Development Enterprises, Inc.	Director	2005 to present
Gov. Arturo Arce Ignacio, Sr. Foundation, Inc.	Chairman & President	2005 to present
Dona Lilia San Agustin Foundation, Inc.	Chairman & President	2006 to present
Solar Philippines Nueva Ecija Corporation	Independent Director	2021
Dizon Copper Silver Mines, Inc.	Independent Director	2014 to present
Mindoro Chamber of Commerce & Industry	President	2018 to present
Philippine Marine Corps Board of Advisers	Chairman	2017 to present

National Defense College of the Philippines Alumni Association, Inc.	President	2017 to present
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3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Central Azucarera de Tarlac as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director / officer /substantial shareholder of Central Azucarera de Tarlac other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.


6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary and the Compliance Officer of CENTRAL AZUCARERA DE TARLAC of any changes in the abovementioned information within five days from its occurrence.

DONE this 15th day of December 2021, at Makati City, Philippines.


BENJAMIN I. ESPIRITU
 Affiant

SUBSCRIBED AND SWORN to before me this 15th day of December 2021, at Makati City, affiant personally appeared before me and exhibited to me his Philippine Passport No. P7362258A valid until 28 May 2028.


 ATTY. MARIA KEALA MAE M. BLEZA
 Notary Public
 Appointment No. M-329 / Until December 31, 2022
 5th Floor Jose Cojuangco & Sons Bldg.
 119 Dela Rosa St. corner C. Palanca St.
 Legaspi Village, Makati City
 PTR No. 8534715 / 01.05.21 / Makati City
 IBP No. 134998 /12.15.20 / Makati City
 Roll No. 62940
 MCLE Compliance No. VI-0015888

Doc. No. 1 ;
 Page No. 2 ;
 Book No. I ;
 Series of 2021.



CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RENATO B. PADILLA**, Filipino, of legal age and a resident of No. 46 Mactan Street, Ayala Heights, Barangay Old Balara, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

- I am a nominee for independent director of CENTRAL AZUCARERA DE TARLAC and have been its independent director since October 15, 2010.
- I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporation):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Philippine International Convention Center (PICC)	General Manager	Since 2009

- I possess all the qualifications and none of the disqualifications to serve as an Independent Director of CENTRAL AZUCARERA DE TARLAC as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.
- I am not related to any director / officer /substantial shareholder of Central Azucarera de Tarlac other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
- To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
- I have sought the permission of the Governor of the Bangko Sentral ng Pilipinas (BSP) who serves as the Chairman of the Board of PICC to be an independent director in CENTRAL AZUCARERA DE TARLAC, and I hereby undertake to submit the written consent of the BSP Governor.
- I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
- I shall inform the Corporate Secretary and the Compliance Officer of CENTRAL AZUCARERA DE TARLAC of any changes in the abovementioned information within five days from its occurrence.


RENATO B. PADILLA
 Affiant
 DEC 15 2021
 DONE this ___ day of December 2021, at Makati City, Philippines.

SUBSCRIBED AND SWORN to before me this ___ day of December 2021 at Makati City, affiant personally appeared before me and exhibited to me his Unified Multi-Purpose ID with CRN 006-0011-1601-0.

Doc. No. 269;
 Page No. 35;
 Book No. II;
 Series of 2021.



DEC 15 2021
ATTY. MARIANNE JERULLE JAN T. MACARILAY
 Notary Public
 Appointment No. A1-5797 until December 31, 2020
 4th Floor Jose Cojuangco & Sons Bldg.,
 119 Dala Rosa corner Palanca Sts.,
 Legaspi Village, Makati City
 PTR No. 8121280/01.06.20/Makati City
 IBP No. 105159/01.06.20/Makati City
 Roll No. 73084

Notarial Commission Extended
 Until December 31, 2021 per
 SC Resolution B.M. No. 3795

COVERSHEET

CS-99-AF

COVER SHEET FOR ALL FILINGS EXCEPT EXPRESS LANE

COVER SHEETSEC Number 727Company TIN 000-229-931**CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY**

(Company's Full Name)

San Miguel, Tarlac, Tarlac
Makati Office – First Lucky Place, 2259 Pasong Tamo Extension,
Makati City

(Company's Address: No., Street, City, Town/Province)

8818 – 6270

(Company's Telephone Number)

June 30(Fiscal Year Ending)
(Month/Day)**last Tuesday of January**

Annual Meeting

17 – Q (Quarterly Report – 1st Quarter
Of the Fiscal Year 2021-2022 (July to Sept 2021))

(FORM TYPE)

(Amendment Designation, if Applicable)

(Secondary License Type, if any)

Cecile D. Macaalay**106-950-984-000****Apr 11, 1968**

(Company Representative)

(TIN)

(Birth Date)

Do not fill below this line

Cashier

File Number

Central Receiving Unit

Document ID

LCU

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 – Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES

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

1. For the quarterly period ended **Sept 30, 2021 (1st Quarter of Fiscal Year July 1, 2021 – June 30, 2022)**

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

Central Azucarera de Tarlac, Inc.

4. Exact name of issuer as specified in its charter

Manila, Philippines

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

San Miguel, Tarlac, Tarlac

7. Address of issuer's principal office

8818 –6270

8. Issuer's telephone number, including area code

Not applicable

9. Former name, former address and former fiscal year, if changed since last report

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

Title of each Class	Number of shares of common Stock outstanding and amount of debt outstanding
Common	238,496,840

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

Yes [] No []

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

12. Indicate by check mark whether the registrant:

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

Yes [] No []

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

Yes [] No []

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

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

- A. Unaudited Balance Sheet as of September 30, 2021 and Audited June 30, 2021 Balance Sheet;
- B. Unaudited Statements of Income/(Loss) for the Three (3) Months Ended September 30, 2021 and 2020;
- C. Unaudited Statements of Changes in Equity for the Three (3) Months Ended September 30, 2021 and 2020; and
- D. Unaudited Statements of Cash Flows for the Three (3) Months Ended September 30, 2021 and 2020.

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

Our discussion in the foregoing sections of this report pertains to the financial condition and results of our company’s operations for the three (3) months ended September 30, 2021 in which references are made to results of operations for the same period of the previous year 2020.

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

PART II – OTHER INFORMATION

There is no information not previously reported on SEC Form 17 – C

1. SIGNATURES

Pursuant to the requirements of the Securities Regulation Commission, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant **CENTRAL AZUCARERA DE TARLAC, INC.**

Signature and Title 
Cecile D. Macaalay
Chief Finance Officer

Signature and Title 
Lora May M. Cada
Finance Manager

Date: November 19, 2021

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

CENTRAL AZUCARERA DE TARLAC AND SUBSIDIARY

The following Management Discussion and Analysis should be read in connection with the submitted Unaudited Consolidated Financial Statements as at and for the three months ended September 30, 2021 and 2020.

Executive Summary

Central Azucarera de Tarlac is poised to increase sustainable profitability in the fiscal year 2021-2022.

The 1Q Revenue of ₱78.6M was a result of a calculated sale activity to maximize profits until sugar milling begins by 2Q FY2022. As with other sugar millers in the industry, many took a back seat and keenly observed the outcome of the latest effects of the global pandemic in the Philippine economy.

The Company generated a Gross Loss of ₱43.8M, higher from the same period last year of negative ₱28.3M due to the unexpected continued rise in inventory and logistics costs, still a result of the looming effects of the current global health crises. Meanwhile, operating costs were kept at bay. However, debt service from increased borrowings to fund operations increased by 7%.

The flat financial performance of CAT ending at a net loss of ₱88.8M was due to the inherent seasonal delay in revenue uptick which is expected to intensify by 2nd quarter. Meanwhile, cash preservation and managed costs had been the primary focus until anticipated business normalization occurs in the year 2022.

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The following table is the Consolidated Statement of Income of the Company and its subsidiary, Luisita Land Corporation ("LLC") for the periods ended September 30, 2021, 2020 & 2019.

(In Million Pesos except for Volume, Price & EPS)	THREE MONTHS ENDED SEPTEMBER 30					
	2021		2020		2019	
VOLUME AND PRICE MATRIX	Vol	P	Vol	P	Vol	P
Raw Sugar Equivalent	495	1,657	-	-	29,949	1,554
Tolling of Refined Sugar	-	-	-	-	-	-
Alcohol	1,133,135	59	2,924,945	65	1,544,000	53
Carbon Dioxide	-	-	160,340	9	39,520	9
REVENUE	78.65	100%	219.03	100%	139.51	100%
Sugar	.82	1%	.00	0%	46.55	33%
Tolling of Refined Sugar	.00	0%	.00	0%	-	0%
Alcohol	66.96	85%	190.21	87%	82.01	59%
Molasses	.00	0%	17.50	8%	.00	0%
Carbon Dioxide	.00	0%	1.44	1%	.36	0%
Industrial services	10.87	14%	9.88	0%	10.60	0%
Real estate sale	.00	0%	.00	0%	.00	0%
COST OF GOODS SOLD AND SERVICES	122.45	156%	247.36	113%	166.72	120%
Costs of goods sold	110.60	141%	237.23	108%	154.84	111%
Costs of tolling services	6.28	8%	5.86	3%	7.29	5%
Cost of industrial services	5.57	7%	4.27	0%	4.60	0%
Cost of real estate	.00	0%	.00	0%	.00	0%
GROSS PROFIT	(43.80)	-56%	(28.33)	-13%	(27.21)	-20%
OPERATING EXPENSES	25.61	33%	24.75	11%	24.45	18%
OPERATING PROFIT (LOSS) BEFORE INTEREST AND TAXES	(69.41)	-88%	(53.08)	-24%	(51.66)	-37%
Interest expense and bank charges	(25.96)	-33%	(15.73)	-7%	(14.87)	-11%
Interest income	.34	0%	.11	0%	.29	0%
Others - net	6.19	8%	6.59	3%	3.83	3%
INCOME (LOSS) BEFORE TAX	(88.83)	-113%	(62.11)	-28%	(62.41)	-45%
PROVISION FOR INCOME TAX	.00	0%	.00	0%	.00	0%
NET INCOME [LOSS]	-88.83	-113%	-62.11	-28%	-62.41	-45%
EBITDA	-40.86	-52%	-16.73	-8%	-13.92	-10%
EPS	(0.37)		(0.26)		(0.22)	

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Management Discussion and Analysis of Financial Condition and Results of Operations

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

Revenue	Three Months Ended September 30		
	2021	2020	2019
Revenue (in millions)	78.65	219.03	139.51
% Growth	-64%	57%	-18%

EBITDA	Three Months Ended September 30		
	2021	2020	2019
EBITDA (in millions)	-40.9	-16.7	-13.9
% Growth	144%	20%	-14%
EBITDA Margin	-52%	-8%	-10%

Net Income	Three Months Ended September 30		
	2021	2020	2019
Net income (in millions)	-88.83	-62.11	-62.41
% Growth	43%	0%	22%
Net Income Margin	-113%	-28%	-45%

Earnings per share	Three Months Ended September 30		
	2021	2020	2019
Earnings per share	(0.37)	(0.26)	(0.22)

Milling Recovery	Three Months Ended September 30		
	2021	2020	2019
Milling recovery (Lkg/TC)	1.4560	1.6862	1.7343

Review of Operations

Revenues

REVENUES <i>In Million Pesos</i>	2021	2020	Growth	
			Amount	%
Sugar	.8	.0	.8	0%
Alcohol	67.0	190.2	-123.2	-65%
Molasses	.0	17.5	-17.5	-100%
Carbon Dioxide	.0	1.4	-1.4	-100%
Industrial services	10.9	9.9	1.0	10%
TOTAL	78.7	219.0	-140.4	-64%

The Parent Company's revenue accounted for 86% of the Group's consolidated revenues for the three (3) months ended September 30, 2021. The Company reported a drop of ₱140.4M in revenues from ₱219.0M of last year to ₱78.7M this year. The reduction is mainly accounted in the alcohol liters sold, roughly 1.8M liters less compared to last year, whereas molasses and carbon dioxide reported nil sales. Meanwhile, an inventory of 3.6M alcohol liters remains unsold as of the reporting period and awaiting for favorable prices prior to disposal.

Cost of Goods Sold

Cost of goods sold decreased by ₱126.6M or 53% this reporting period from ₱237.2M to ₱110.6M. The following table summarizes the breakdown of cost of goods sold:

COST OF GOODS SOLD <i>In Million Pesos</i>	2021	2020	Growth	
			Amount	%
Salaries, wages bonuses and other benefits	17.0	16.8	.2	1%
Repairs & Maintenance	4.0	3.7	.2	6%
Inventory cost, spare parts and supplies	53.7	168.3	-114.6	-68%
Depreciation and amortization	17.9	25.2	-7.4	-29%
Freight and transportation	1.2	2.3	-1.1	-47%
Security and outside services	11.1	10.0	1.1	11%
Power and steam	3.3	8.2	-4.9	-60%
Insurance	1.2	1.4	-.2	-14%
Taxes and licenses	1.5	.8	.7	87%
Others	-.3	.3	-.7	-197%
TOTAL	110.6	237.2	-126.6	-53%

- Inventory cost, spare parts and supplies diminished from ₱168.3M to ₱53.7M or ₱114.6M as a function of sales: fewer volumes sold in alcohol, molasses and carbon dioxide.
- Continued decreases in depreciation and amortization by ₱7.4M or 29% is due to focused capital expenditures implemented over the past periods.
- Power and steam condensed by ₱4.9M or 60% due to minimal power consumption of the raw sugar and alcohol departments.

Cost of Tolling Services

Cost of tolling decreased by ₱1.4M or 19% this period from ₱7.3M to ₱5.9M. The table below summarizes the breakdown of cost of tolling:

COST OF TOLLING SERVICES <i>In Million Pesos</i>	2021	2020	Growth	
			Amount	%
Salaries, wages bonuses and other benefits	2.2	2.1	.1	3%
Repairs & Maintenance	.1	.1	.0	-33%
Spare parts and supplies	.1	.0	.1	564%
Depreciation and amortization	1.5	1.8	-.3	-16%
Freight and transportation	.7	.4	.3	70%
Security and outside services	.4	.2	.2	160%
Power and steam	.5	.4	.0	9%
Insurance	.2	.2	.0	0%
Taxes and licenses	.7	.7	.0	-3%
Others	.0	.0	.0	-2%
TOTAL	6.3	5.9	.4	7%

- Freight and transportation increased by ₱0.3M from ₱0.4M to ₱0.7M due to inventory and spare part movements in the refinery operations.
- Security and outside services grew by ₱0.2M from ₱0.2M to ₱0.4M due to the temporary manpower engagements needed for the repair of refinery machineries.

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Operating Expenses

The Group's operating expenses totaled ₱25.6M as of reporting period, a ₱0.9M or 3% increase compared to last year's ₱24.8M. The table below summarizes the breakdown of operating expenses:

OPERATING EXPENSES <i>In Million Pesos</i>	2021	2020	Growth	
			Amount	%
Salaries, wages bonuses and other benefits	6.9	8.1	-1.1	-14%
Repairs & Maintenance	.9	.8	.1	16%
Management fees and bonuses	.0	.1	-.1	-100%
Taxes and licenses	3.4	3.5	-.1	-2%
Depreciation and amortization	2.2	2.2	.0	1%
Transportation and travel	2.3	1.7	.5	32%
Security and outside services	1.3	1.6	-.3	-16%
Service Cost	.2	.1	.1	75%
Rentals	.7	.0	.7	100%
Light and water	.3	.1	.2	162%
Entertainment, amusement and recreation	.4	.1	.3	296%
Professional fees	6.0	5.4	.7	12%
Dues and advertisements	.1	.1	.0	-24%
Postage, telephone and telegram	.1	.1	.0	2%
Others	.8	1.0	-.2	-16%
TOTAL	25.6	24.8	.9	3%

- Transportation and travel increased by ₱0.5M from ₱1.7M to ₱2.3M due to official business trips made by its officers.
- Rentals surged by ₱0.7M due to new lease engagements in the current reporting period.
- Professional fees increased by ₱0.7M to ₱6.0M from ₱5.3M due to one-time engagements of various professionals in preparation for the start of the milling season.

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Balance Sheet Accounts

The following table presents the Balance Sheet Statements of the Company as of period ended September 30, 2021 and year ended June 30, 2021.

(In Million Pesos)	AS OF SEPTEMBER 30, 2021 INTERIM		AS OF JUNE 30, 2021 AUDITED		GROWTH	
	AMT	%	AMT	%	AMT	%
ASSETS						
Current Assets						
Cash and cash equivalents	41.77	1%	107.42	2%	-65.65	-61%
Receivables	932.19	16%	1,052.70	18%	-120.51	-11%
Inventories	276.45	5%	321.23	5%	-44.78	-14%
Real estate held for sale and development	988.49	17%	988.49	17%	.00	0%
Other current assets	829.30	14%	770.88	13%	58.42	8%
Total Current Assets	3,068.20	53%	3,240.73	55%	-172.53	-5%
Non-current Assets						
Financial Asset at FVOCI	145.80	3%	145.80	2%	.00	0%
Property, plant and equipment						
Land- at revalued amount	996.79	17%	996.79	17%	.00	0%
Property and equipment- at cost	468.11	8%	448.32	8%	19.79	4%
Investment property	437.26	8%	437.26	7%	.00	0%
Goodwill	502.42	9%	502.42	8%	.00	0%
Deferred income tax assets	1.12	0%	1.12	0%	.00	0%
Other current assets	163.90	3%	162.25	3%	1.65	1%
Total Non Current Assets	2,715.41	47%	2,693.97	45%	21.44	1%
TOTAL ASSETS	5,783.61	100%	5,934.70	100%	-151.08	-3%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other liabilities	551.24	10%	599.71	10%	-48.47	-8%
Short-term notes payable	1,018.05	18%	1,008.36	17%	9.69	1%
Current portion of notes payable	87.41	2%	87.41	1%	.00	0%
Deposits	16.87	0%	16.07	0%	.79	5%
Other current liabilities	11.62	0%	11.62	0%	.00	0%
Total Current Liabilities	1,685.18	29%	1,723.17	29%	-37.99	-2%
Non-current liabilities						
Notes payable- net of current portion	747.73	13%	770.85	13%	-23.13	-3%
Retirement liability	7.21	0%	7.21	0%	.00	0%
Deferred tax liability	317.69	5%	317.69	5%	.00	0%
Other noncurrent liabilities	7.81	0%	8.94	0%	-1.13	-13%
Total Non Current Liabilities	1,080.43	19%	1,104.69	19%	-24.26	-2%
Equity						
Capital stock	282.55	5%	282.55	5%	.00	0%
Retained earnings						
Appropriated	1,500.00	26%	1,500.00	25%	.00	0%
Unappropriated	625.08	11%	713.92	12%	-88.83	-12%
Revaluation increment	938.87	16%	938.87	16%	.00	0%
Remeasurement gains on defined benefit liability	-60.74	-1%	-60.74	-1%	.00	0%
Unrealized cumulative gain on AFS financial	101.33	2%	101.33	2%	.00	0%
Less cost of 720 shares of stock in treasury	-369.08	-6%	-369.08	-6%	.00	0%
Total Equity	3,018.00	52%	3,106.83	52%	-88.83	-3%
TOTAL LIABILITIES AND EQUITY	5,783.61	100%	5,934.70	100%	-151.08	-3%

Cash

The decrease in cash by ₱65.7M or 61% is due from cash provided by operating activities of ₱18.3M, ₱43.5M net cash used in investing activities and ₱40.5M net cash used in financing activities.

Receivables

The net decrease in the receivables account by ₱120.5M is due to the settlements made by a related party from its advances.

Inventories

The reduction in ending inventory amounting to ₱44.8M or 14% is mainly due to the alcohol inventory sold as of the balance sheet date.

Total Stockholders' Equity

The reported net loss for period ended September 30, 2021 amounting to ₱88.3M wholly contributed to the decrease in the Stockholders' Equity.

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	As of September 30, 2021	As of June 30, 2021
Current ratio	1.82	1.88
Asset-to-equity ratio	1.92	1.91
Debt-to-equity ratio	0.92	0.91
Debt Service Coverage Ratio	-0.36	0.17

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.

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CENTRAL AZUCARERA DE
TARLAC, INC. AND SUBSIDIARY

INTERIM FINANCIAL STATEMENTS
IN THOUSAND PESOS
(WITH COMPARATIVE STATEMENTS)

SEPTEMBER 30, 2021

**CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(IN THOUSAND PESOS)**

	As of September 30, 2021 (Interim)	As of June 30, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	41,768.12	107,420.81
Receivables	932,188.59	1,052,698.16
Inventories	276,452.79	321,234.59
Real estate held for sale and development	988,494.38	988,494.37
Other current assets	829,300.02	770,883.84
Total Current Assets	3,068,203.89	3,240,731.77
Noncurrent Assets		
Financial Asset at FVOCI	145,800.37	145,800.37
Property, plant and equipment		
Land- at revalued amount	996,790.40	996,790.40
Property and equipment- at cost	468,112.56	448,321.73
Investment property	437,264.08	437,264.08
Goodwill	502,418.57	502,418.57
Deferred income tax	1,120.40	1,120.40
Other non current assets	163,903.53	162,249.53
Total Noncurrent Assets	2,715,409.91	2,693,965.07
TOTAL ASSETS	5,783,613.80	5,934,696.84
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other liabilities	551,238.47	599,712.05
Short-term notes payable	1,018,045.47	1,008,355.21
Current portion of notes payable	87,406.69	87,406.69
Deposits	16,866.88	16,074.79
Other current liabilities	11,621.20	11,621.20
Total Current Liabilities	1,685,178.70	1,723,169.94
Noncurrent Liabilities		
Notes payable- net of current portion	747,727.35	770,852.35
Retirement liability	7,206.06	7,206.06
Deferred tax liability	317,694.32	317,694.33
Other noncurrent liabilities	7,805.38	8,939.61
Total Noncurrent Liabilities	1,080,433.11	1,104,692.35
Equity Attributable to Equity Holders of the Parent		
Capital stock - P1 par value per share		
Authorized - 400,000,000 shares		
Issued - 282,545,960 shares	282,545.96	282,545.96
Retained earnings		
Appropriated	1,500,000.00	1,500,000.00
Unappropriated	625,083.71	713,916.29
Revaluation increment	938,866.76	938,866.76
Remeasurement gains on defined benefit liability	-60,741.58	-60,741.58
Unrealized cumulative gain on Financial asset at FVOCI	101,325.63	101,325.63
	3,387,080.47	3,475,913.05
Less cost of 44,049,120 shares of stock in treasury	-369,078.49	-369,078.49
Total Equity	3,018,001.98	3,106,834.56
TOTAL LIABILITIES AND EQUITY	5,783,613.80	5,934,696.84

**CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSAND PESOS)**

	Unaudited					
	Three Months Ended September 30					
	1st Qtr	YTD 2021	1st Qtr	YTD 2020	1st Qtr	YTD 2019
REVENUES						
Sale of sugar and by-products	67,777.98	67,777.98	209,149.29	209,149.29	128,914.27	128,914.27
Tolling fees	.00	.00	.00	.00	.00	.00
Industrial & equipment services	10,872.28	10,872.28	9,881.08	9,881.08	10,599.31	10,599.31
Real estate sale	.00	.00	.00	.00	.00	.00
Total	78,650.26	78,650.26	219,030.37	219,030.37	139,513.58	139,513.58
COST OF GOODS SOLD AND SERVICES						
Costs of goods sold	110,600.88	110,600.88	237,225.42	237,225.42	154,839.62	154,839.62
Costs of tolling services	6,280.08	6,280.08	5,864.90	5,864.90	7,285.28	7,285.28
Cost of services	5,566.40	5,566.40	4,269.99	4,269.99	4,595.07	4,595.07
Total	122,447.35	122,447.35	247,360.31	247,360.31	166,719.97	166,719.97
GROSS INCOME	-43,797.09	-43,797.09	-28,329.94	-28,329.94	-27,206.39	-27,206.39
OPERATING EXPENSES	25,613.69	25,613.69	24,750.72	24,750.72	24,453.87	24,453.87
OTHER INCOME (EXPENSES)						
Interest income	344.04	344.04	112.71	112.71	291.84	291.84
Interest expense	-25,959.18	-25,959.18	-15,732.12	-15,732.12	-14,871.77	-14,871.77
Other Income(Expense)	6,193.35	6,193.35	6,594.09	6,594.09	3,831.95	3,831.95
Total	-19,421.79	-19,421.79	-9,025.33	-9,025.33	-10,747.99	-10,747.99
INCOME BEFORE INCOME TA	-88,832.58	-88,832.58	-62,105.99	-62,105.99	-62,408.24	-62,408.24
PROVISION FOR INCOME TAX		.00		.00		.00
NET INCOME	-88,832.58	-88,832.58	-62,105.99	-62,105.99	-62,408.24	-62,408.24
Earnings Per Share						
Basic /Dilluted	(0.37)	(0.37)	(0.26)	(0.26)	(0.22)	(0.22)

**CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR EACH OF THE THREE MONTHS ENDED SEPTEMBER 30, 2021, 2020, 2019
(IN THOUSAND PESOS)**

	Capital Stock	Retained Earnings		Revaluation Increment	Remeasurement Gains(Losses) on Defined Benefit	Unrealized Cumulative Gain		Treasury Stock	Total Equity
		Unappropriated	Appropriated			Financial Assets at FVOCI	AFS Financial Asset		
Balances at June 30, 2019(As Audited)	282,545.96	197,980.02	2,350,000.00	889,431.21	220,388.20	78,328.20	.00	-7.20	4,018,666.39
Total comprehensive income		-62,408.24							-62,408.24
Balance at September 30, 2019	282,545.96	135,571.78	2,350,000.00	889,431.21	220,388.20	78,328.20	.00	-7.20	3,956,258.15
Total comprehensive income		147,506.33		.00	-288,595.45	-5,156.16		.00	-146,245.29
Treasury Shares								-369,071.29	-369,071.29
Appropriation		-2,000,000.00	2,000,000.00						.00
Reversal of appropriation		2,350,000.00	-2,350,000.00						.00
Balance at June 30, 2020 (As Audited)	282,545.96	633,078.11	2,000,000.00	889,431.21	-68,207.25	73,172.04	.00	-369,078.49	3,440,941.58
Total comprehensive income		-62,105.99				.00			-62,105.99
Balance at September 30, 2020	282,545.96	570,972.12	2,000,000.00	889,431.21	-68,207.25	73,172.04	.00	-369,078.49	3,378,835.59
Total comprehensive income		74,641.45		49,435.54	7,465.67	28,153.59			159,696.25
Dividend declaration		-431,697.28						.00	-431,697.28
Reversal of appropriation		500,000.00	-500,000.00	.00	.00		.00	.00	.00
Balance at June 30, 2021 (As Audited)	282,545.96	713,916.29	1,500,000.00	938,866.76	-60,741.58	101,325.63	.00	-369,078.49	3,106,834.56
Total comprehensive income		-88,832.58							-88,832.58
Cash dividends declared									.00
Balance at September 30, 2021	282,545.96	625,083.71	1,500,000.00	938,866.76	-60,741.58	101,325.63	.00	-369,078.49	3,018,001.98

CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSAND PESOS)

	Three Months Ended September 30		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	-88,832.58	-62,105.99	-62,408.24
Adjustments for:			
Interest expense	25,959.18	15,732.12	14,871.77
Depreciation and amortization	22,362.26	29,754.69	33,909.77
Interest income	-344.04	-112.71	-291.84
Operating loss before working capital changes	-40,855.18	-16,731.89	-13,918.54
Provisions for (reversal of):			
Decrease (increase) in:			
Receivables	120,509.57	-64,673.00	13,069.99
Inventories	44,781.80	125,686.07	67,297.28
Other current assets	-58,416.17	-19,888.70	-23,163.33
Increase (decrease) in:			
Trade and other payables	-48,473.59	7,504.68	-7,206.62
Deposits	792.09	405.31	485.35
Cash generated from (used for) operations	18,338.52	32,302.47	36,564.13
Income tax paid			
Net cash provided by (used in) operating activities	18,338.52	32,302.47	36,564.13
CASH FLOWS FROM INVESTING ACTIVITIES			
Net disposals of (additions to) property, plant and equipment	-42,153.10	-36,198.03	-50,381.49
Decrease (increase) in other noncurrent assets	-1,654.00	-3,010.19	-12,269.82
Interest received	344.04	112.71	291.84
Net cash provided by (used in) investing activities	-43,463.06	-39,095.52	-62,359.47
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Interest	-25,959.17	-15,732.12	-14,871.76
Dividends			
Increase(decrease) in non current liabilities	-1,134.23	-2,220.97	-1,817.14
Notes payable	-23,125.00	-1,250.00	
Proceeds from availment of short-term notes payable	9,690.26		
Net cash provided by (used) in financing activities	-40,528.15	-19,203.09	-16,688.89
NET INCREASE (DECREASE) IN CASH	-65,652.69	-25,996.14	-42,484.24
CASH AT BEGINNING OF YEAR	107,420.81	213,611.50	355,179.30
CASH AT END OF YEAR	41,768.12	187,615.36	312,695.06

CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY 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. (CAT; the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on June 19, 1927. 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 September 30, 2021 and 2020, the Parent Company is 84.58% owned by CAT Resource & Asset Holdings, Inc. (CRAHI). The ultimate parent company is First Lucky Holdings Corporation.

LLC was incorporated and registered with the Philippine SEC on May 11, 1977. Currently, the subsidiary maintains and operates Luisita Industrial Park (LIP) and Luisita Business Park (LBP) in Tarlac and provides water distribution and wastewater treatment services to locators in LIP, LBP and residents of Las Haciendas de Luisita (LHDL). In September 2018, the properties management responsibility to Las Haciendas de Luisita (LHDL) has been turned over to Sta. Lucia Realty Corporation except its clubhouse.

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

2. Basis of Preparation, Statement of Compliance and Basis of Consolidation and Summary of Significant Accounting Policies

Basis of Preparation

The accompanying 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" accounts 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).

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; and
- the ability to use its power over the investee to affect its returns

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:

- contractual arrangement between the Group and other vote holders;
- 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.

Its subsidiary is consolidated from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

The financial statements of a subsidiary are prepared for the same reporting year as the Group. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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 assets (including goodwill, if any) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year,

except for the adoption of the following new standards and amendments for the year ended June 30, 2021:

Amendments to PFRS 3, Business Combinations, Definition of a Business

The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements since the Group did not enter into any business combination during the year but may impact future periods.

Amendments to PFRS 7, Financial Instruments: Disclosures and PFRS 9, Financial Instruments, Interest Rate Benchmark Reform

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements since it does not have similar transactions.

Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no significant impact on the consolidated financial statements.

Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

This revision had no significant impact on the consolidated financial statements of the Group.

Amendments to PFRS 16, COVID-19-related Rent Concessions and COVID-19-related Rent Concessions Beyond June 30, 2021

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (as extended by one year to June 30, 2022 by "Amendments to PFRS 16, COVID-19-related Rent Concessions Beyond June 30, 2021"); and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The original amendments are effective for annual reporting periods beginning on or after June 1, 2020 with early adoption being permitted.

The amendments extending the availability of the practical expedient by one year are effective for annual reporting periods beginning on or after July 1, 2021. These amendments had no impact on the consolidated financial statements as there is no similar transaction entered into by the Group.

Summary of Significant Accounting Policies

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 the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as noncurrent.

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

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 PFRS 9 is measured at fair value with the changes in fair value recognized in the consolidated statement of income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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 reassesses 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.

Fair Value Measurement

The Group measures financial instruments such as financial assets at FVOCI 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 27. 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.

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

Cash includes cash on hand and in banks.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as financial assets 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 its transaction price.

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

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

Financial assets at amortized cost (debt instruments)

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.

The Group's financial assets at amortized cost as at June 30, 2021 and 2020 consist of "Cash", "Receivables" and long-term receivables lodged under "Other noncurrent assets" account in the consolidated balance sheet. The Group assessed that the contractual cash flows of its debt financial assets are SPPI and are expected to be held to collect all contractual cash flows until their maturity. As a result, the Group concluded these debt financial assets to be measured at amortized cost.

Financial assets at FVOCI

A financial asset is measured at FVOCI if both of the following conditions are met:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income (OCI) is reclassified from equity to the consolidated statement of income. This reflects the gain or loss that would have been recognized in the consolidated statement of income upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the Expected Credit Loss (ECL) model.

The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts

recognized in OCI are not subsequently transferred to the consolidated statement of income. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in the consolidated statement of income, unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in the consolidated statement of income only when:

- the Group's right to receive payment of the dividend is established
- it is probable that the economic benefits associated with the dividend will flow to the Group; and
- the amount of the dividend can be measured reliably.

The Group's financial assets at FVOCI as at June 30, 2021 and 2020 consist of listed shares of stock and proprietary shares.

Financial assets at FVTPL

Financial assets are measured at FVTPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

The Group does not have any financial asset at FVTPL as of June 30, 2021 and 2020.

Impairment of Financial Assets

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 reporting 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 effective interest rate 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.

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.

Derecognition

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

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 all classified and measured at amortized cost.

The Group's financial liabilities include "Trade and other payables", "Short-term notes payable" and "Notes payable".

Offsetting of Financial Instruments

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. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

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, if any.

Advances to Supplier for Goods and Services

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 the consolidated statement of income upon actual receipt of goods or services, which is normally within twelve months or within the operating cycle.

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 and 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 of 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	2-40 years
Agricultural machinery and equipment	5-20 years
Buildings and improvements	2-50 years
Land improvements	5-15 years
Transportation equipment	2-25 years
Furniture, fixtures and equipment	2-10 years
Communication and utility systems	2-10 years
Roads and bridges	5-30 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.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use (ROU) assets representing the right to use the underlying assets.

Refundable Deposits

Refundable deposits pertain to the amount given to another party in contemplation of a future transaction. This amount is carried at cost.

Impairment of Nonfinancial Assets

Property, Plant and Equipment, Refundable Deposits and Advances

The Group assesses at each reporting date whether there is an indication that these nonfinancial 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.

For assets excluding goodwill, 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 or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. 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.

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.

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 capital stocks 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 shares of stocks.

Revenue Recognition

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.

Sale of Sugar

Sale of sugar is recognized at a point in time 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.

Milling Income

Revenue from milling services is recognized at a point in time upon conversion of the planters' canes into raw sugar. This would generally coincide at the time of endorsement of quedans to the planters for their share.

Sale of By-Products

Sale of by-products, which includes molasses, alcohol, carbon dioxide and yeasts, is recognized at a point in time upon shipment or delivery and acceptance by the customers.

Tolling Fee

Revenue is recognized over time based on output method as the services are rendered.

Industrial Services

Revenue from industrial services, which include water and wastewater treatment services and locator fees are recognized over time based on output method as the services are rendered.

Sale of Real Estate

The Group derives its revenue from the sale of real estate. Revenue from the sale of real estate projects under pre-completion stage, if any, are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date/ milestones reached/ time elapsed. This is prepared based on the project accomplishment report prepared by the management's project specialists as approved by the project manager which integrates the surveys of performance of the construction activities to date.

Other Income

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

Expenses

Cost of Goods Sold and Milling 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 milling and 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

The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as cost of land, expenditures for development and improvements of the property, if any. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as cost of sales while the portion allocable to the unsold area being recognized as part of real estate.

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 (RCIT) 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.

Retirement Cost

The Group has a funded, noncontributory defined benefit retirement plan, covering substantially all of its permanent employees. Retirement expense is actuarially determined using the projected unit credit method. This method reflects discount rate, salary increase and average working lives of employees to the date of valuation. Retirement benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the 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.

Borrowing Costs

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

Segment Information

For management reporting 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 4 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 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.

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.

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.

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to June 30, 2021

Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on the consolidated financial statements.

Effective Beginning on or After July 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a First-time Adopter*
 - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for Derecognition of Financial Liabilities*
 - Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

Effective Beginning on or After July 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative - Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*

Deferred Effectivity

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

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the accompanying consolidated financial statements in conformity under PFRSs requires 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:

Revenue Recognition on Sale of Goods and Services

Revenue recognition involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint; and (d) recognition of revenue as the Group satisfies the performance obligation.

1. Existence of a Contract

The Group enters into a contract with customer through an approved purchase order which constitutes a valid contract as specific details such as the quantity, price, contract terms and their respective obligations are clearly identified. In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods sold that will be transferred to the customer.

2. Identifying Performance Obligation

The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract. Based on management's assessment, other than the sale of goods and services, no other performance obligations were identified except in the case of milling income.

3. Recognition of Revenue as the Group Satisfies the Performance Obligation

The Group recognizes its revenue from sale of sugar and by-products at a point in time, when the goods are delivered and the quedans are endorsed.

a. Recognition of Milling Income under Output Sharing Agreement (OSA) and Cane Purchase Agreement (CPA)

The Group applies both OSA and CPA in relation to its milling operation. Under the OSA, milling income is recognized based on the fair value of the mill share at average raw sugar selling price in the week with sugar production after considering in-purchase rate, which represents CPA. Under the CPA, the Group purchases raw sugar from the traders and/or planters. The in-purchase rate is derived by determining the total raw sugar purchases and the total planters' share. Raw production costs are allocated systematically based on the OSA and CPA rates.

Classification of Property

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

- Real estate held for sale include land developed into a first-class residential subdivision and an industrial community. Real estate held for development pertain to land that are still undeveloped.
- Property, plant and equipment is held for use in the supply of goods or services or for administrative purposes.
- 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.

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 ECL

The Group uses ECL in calculating its impairment. In the case of 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 the customers' 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 nonmoving 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.

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 and gross domestic product 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.

As at September 30, 2021 and June 30, 2021, the allowance for credit loss on receivables amounted to ₱22.0 million. The carrying amounts of receivables and long-term receivables as at September 30, 2021 and June 30, 2021 amounted to ₱0.9 billion and ₱1.2 billion, respectively.

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 ₱0.2 million in 2021, 2020 and 2019, respectively (see Notes 7 and 17). No reversal of inventory obsolescence was made in 2021, 2020 and 2019. The carrying amounts of inventories as at September 30, 2021 and June 30, 2021 amounted to ₱276.5 million and ₱321.2 million, respectively (see Note 9). The allowance for inventory obsolescence as at June 30, 2021 and 2020 amounted to ₱5.8 million.

NRV of Real Estate held for Sale and Development

The Group provides allowance for decline in value of real estate 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 value in 2021 and 2020. The carrying amounts of real estate as at September 30, 2021 and June 30, 2021 amounted to ₱988.5 million (see Note 8).

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 that are 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 the revalued amount and fair value as at June 30, 2021 and 2020.

The significant methods and assumptions used by the appraiser in estimating fair values of land are discussed in Note 27. The revalued amount of land under property, plant and equipment as at September 30, 2021 and June 30, 2021 amounted to ₱996.8 million. The fair value of land under investment property amounted to ₱437.3 million as at September 30, 2021 and June 30, 2020.

Estimated Useful Lives of Property, Plant and Equipment

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

The carrying values of property, plant and equipment carried at cost as at September 30,

2021 and June 30, 2021 amounted to ₱468.1 million and ₱448.3 million, respectively.

Impairment of Nonfinancial Asset

The Group assesses whether there are any indicators of impairment for property plant and equipment, refundable deposits 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 2021, 2020 and 2019. The fair values of land under property plant and equipment as at September 30, 2021 and June 30, 2021 amounted to ₱996.8 million. The carrying amounts of property, plant and equipment carried at cost as at September 30, 2021 and June 30, 2021 amounted to ₱468.1 million and ₱448.3 million, respectively (see Note 14). The carrying amount of refundable deposits as at September and June 30, 2021 is ₱493.0 million. The carrying amounts of advances as at September 30, 2021 and June 30, 2021 amounted to ₱296.6 million and ₱240.7 million, respectively (see Note 11).

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 at September 30, 2021 and June 30, 2021 amounted to ₱502.4 million. No impairment was recognized in 2021, 2020 and 2019.

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 as at September 30, 2021 and June 30, 2021 amounted to ₱31.6 million.

Retirement Plan

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 22.

Retirement loss recognized in 2021 amounted to ₱7.6 million while retirement income in 2020 amounted to ₱11.9 million. The carrying amounts of the Group's retirement plan obligation amounted to ₱7.2 million and ₱22.4 million as at June 30, 2021 and 2020, respectively.

4. 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.

2021

	Sugar and by products	Real Estate	Eliminations	Total
Revenues	67,777.98	10,872.28		78,650.26
Cost of goods sold and services	116,880.95	5,566.40		122,447.35
Gross income	<u>-49,102.97</u>	<u>5,305.88</u>	<u>.00</u>	<u>-43,797.09</u>
Operating expenses	22,915.17	2,698.52		25,613.69
Other income (expenses)				
Interest expense	-25,948.69	-10.48	.00	-25,959.17
Interest income	13.45	330.59	.00	344.04
Other income - net	5,801.36	391.99		6,193.35
Segment income before income tax	<u>-92,152.03</u>	<u>3,319.45</u>	<u>.00</u>	<u>-88,832.58</u>
Segment assets	<u>5,955,954.57</u>	<u>846,603.56</u>	<u>-1,018,944.33</u>	<u>5,783,613.80</u>
Segment liabilities	<u>2,656,844.79</u>	<u>1,693,095.00</u>	<u>-1,584,327.97</u>	<u>2,765,611.82</u>

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

5. Cash and Cash Equivalents

	As of September 30, 2021	As of June 30, 2021
Land held for development	981,516.36	981,516.36
Land available for sale	6,978.02	6,978.02
	988,494.38	988,494.37

Cash in banks earn interest at the respective bank deposit rates. Interest rates range from 0.05% to 2.10% per annum.

Interest income earned from cash in banks amounted to ₱0.03 million and ₱.1 million in September 30, 2021 and June 30, 2021 respectively.

6. Receivables

	As of September 30, 2021	As of June 30, 2021
Trade:		
Non-affiliates	44,133.79	55,225.11
Affiliates		
Nontrade:		
Due from related parties	791,158.41	891,651.62
Notes receivable	4,039.75	4,039.75
Planters' receivable	10,974.62	15,765.74
Current portion of long-term receivables	56,122.22	56,122.22
Advances to:		
Directors, officers and employees	6,386.80	14,769.46
Tarlac Development Corporation (TDC)	24,951.28	24,951.28
Luisita Golf and Country Club, Inc. (LGCCI)	13,076.42	10,745.29
Others	3,352.12	1,434.51
	954,195.42	1,074,704.98
Less allowance for doubtful accounts - nontrade	22,006.82	22,006.82
	932,188.59	1,052,698.16

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.

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:

	September 30, 2021		
	Trade	Non Trade	Total
Balance at beginning of year	2,952.82	19,054.00	22,006.82
Effect of adopting PFRS 9			.00
Reversals/write off			.00
Balance	2,952.82	19,054.00	22,006.82

	June 30, 2021		
	Trade	Non Trade	Total
Balance at beginning of year	2,962.27	19,054.00	22,016.27
Effect of adopting PFRS 9		.00	.00
Reversals/write off	-9.44		-9.44
Balance	2,952.82	19,054.00	22,006.82

7. Inventories

	As of September 30, 2021	As of June 30, 2021
At cost:		
Alcohol	159,029.41	209,696.91
CO2	.00	
Molasses	68,669.35	68,669.35
At NRV:		
Spare parts and supplies	48,723.47	42,115.48
Raw sugar	30.56	752.85
	276,452.79	321,234.59

8. Real Estate Held for Sale and Development

	As of September 30, 2021	As of June 30, 2021
Land held for development	981,516.36	981,516.36
Land available for sale	6,978.02	6,978.02
	988,494.38	988,494.37

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.

9. Other Current Assets

	As of September 30, 2021	As of June 30, 2021
Advances to suppliers - net of allowance	296,571.79	240,655.05
Refundable deposits	493,000.00	493,000.00
CWT	34,026.64	.00
Prepaid tax	1,202.47	32,967.79
Prepaid insurance	1,644.30	815.22
Input tax	3,124.75	
Others	-269.93	3,445.79
	829,300.02	770,883.84

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

10. Goodwill

The Group performed its impairment review of goodwill as at June 30, 2021 and 2020. Based on the impairment review, the recoverable amount exceeded the carrying value of the CGU, including goodwill, thus, no impairment loss was recognized. The carrying amount of goodwill as of June 30, 2021 and 2020 amounted to ₱502.4 million, which is net of the allowance for impairment of ₱199.7 million.

CGU pertains to the net asset of 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. Cash flows beyond the five-year period are extrapolated using a 3.5% and 2.4% growth rate as at June 30, 2021 and 2020, respectively. Discount rate applied to the cash flow projections in determining value in use is 7.79% and 8.01% as at June 30, 2021 and 2020, respectively.

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

- a) Discount rate - Discount rate was 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 rate, consideration has been given to various market information, including, but not limited to, government bond yield, bank lending rates and market risk premium and country risk premium.
- b) Growth rate - 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. However, management 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 - The estimated selling price is based on current market price 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

The sensitivity analysis below shows by how much each significant assumption should increase (decrease) before any impairment of goodwill is recognized, assuming all other assumptions were held constant:

Significant Assumptions	2021	2020
Discount rates	9.82%	3.97%
Selling price	(25.97%)	(12.85%)

No reasonably possible change in the growth rate would cause the carrying amount of the CGU to exceed its recoverable amount.

11. Financial assets at FVOCI

	As of September 30, 2021	As of June 30, 2021
Proprietary shares	145,250.00	145,250.00
Investment in shares of stock:		
Listed	388.37	388.37
Unlisted	162.00	162.00
	145,800.37	145,800.37

The movements in financial assets at FVOCI in 2020 are as follows:

	As of September 30, 2021	As of June 30, 2021
Balances at beginning of year	145,800.37	112,678.50
Effect of adoptin PFRS 9		
Change in fair value of financial assets at FVOCI		33,121.87
	145,800.37	145,800.37

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.

12. Property, Plant and Equipment - at cost

September 30, 2021

	Machinery and equipment	Agricultural machinery and equipment	Land improvements	Buildings and improvements	Transportation equipment	Furniture, fixtures and equipment	Communication and utility systems	Roads and bridges	Construction in-progress	Total
Cost:										
Balances at beginning of year	776,790.65	198,570.45	34,037.14	158,069.63	54,020.65	23,400.00	5,659.28	8,245.13	5,086.66	1,263,879.57
Additions	105.72	191.19	529.94	1,312.34	93.75	305.90	.00	.00	39,754.32	42,293.15
Retirement and write-off	.00	-6,557.81	.00	.00	.00	.00	.00	.00	.00	-6,557.81
Reclassifications	.00	.00	.00	.00	.00	.00	.00	.00	-135.22	-135.22
Balances at end of year	776,896.37	192,203.83	34,567.08	159,381.97	54,114.40	23,705.90	5,659.28	8,245.13	44,705.75	1,299,479.69
Accumulated depreciation and amortization:										
Balances at beginning of year	565,841.57	82,579.66	14,466.31	87,375.74	37,516.23	16,938.22	2,595.00	8,245.11	.00	815,557.84
Depreciation and amortization	12,390.06	4,043.34	433.50	2,696.42	1,956.35	772.77	74.01	.00	.00	22,366.45
Retirement and write-off	.00	-6,557.16	.00	.00	.00	.00	.00	.00	.00	-6,557.16
Reclassifications	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Balances at end of year	578,231.64	80,065.84	14,899.81	90,072.17	39,472.57	17,710.99	2,669.01	8,245.11	.00	831,367.13
Net book values	198,664.73	112,137.99	19,667.27	69,309.81	14,641.82	5,994.91	2,990.27	.02	44,705.75	468,112.56

June 30, 2021

	Machinery and equipment	Agricultural machinery and equipment	Land improvements	Buildings and improvements	Transportation equipment	Furniture, fixtures and equipment	Communication and utility systems	Roads and bridges	Construction in-progress	Total
Cost:										
Balances at beginning of year	798,825.36	174,135.91	33,554.65	142,653.39	50,798.60	20,746.66	2,756.63	8,245.13	25,746.45	1,257,462.78
Additions	3,205.87	24,247.94	.00	758.11	319.69	2,478.39	.00	.00	30,325.09	61,335.08
Retirement and write-off	-50,340.34	.00	-1,001.90	-2,230.11	-1,246.97	-90.91	-8.06	.00	.00	-54,918.29
Reclassifications	25,099.76	186.60	1,484.39	16,888.24	4,149.32	265.86	2,910.71	.00	-50,984.89	.00
Balances at end of year	776,790.65	198,570.45	34,037.14	158,069.63	54,020.65	23,400.00	5,659.28	8,245.13	5,086.66	1,263,879.57
Accumulated depreciation and amortization:										
Balances at beginning of year	539,441.85	67,633.69	13,532.66	80,187.58	31,146.39	13,797.92	2,278.61	8,245.11	.00	756,263.81
Depreciation and amortization	76,740.06	14,945.97	1,935.55	9,418.28	7,593.48	3,231.21	324.45	.00	.00	114,189.01
Retirement and write-off	-50,340.34	.00	-1,001.90	-2,230.11	-1,223.65	-90.91	-8.06	.00	.00	-54,894.97
Reclassifications	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Balances at end of year	565,841.57	82,579.66	14,466.31	87,375.74	37,516.23	16,938.22	2,595.00	8,245.11	.00	815,557.84
Net book values	210,949.08	115,990.79	19,570.83	70,693.89	16,504.42	6,461.77	3,064.28	.02	5,086.66	448,321.73

13. Land

Fair Value of Land

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, 2021 and 2020. 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 that are actively traded 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 properties are compared to the property being appraised based major categories of comparison. Adjustments are made to account for identified differences against the comparable properties, resulting in adjusted sales values for each of the comparable.

Based on the appraisal report as at June 30, 2021, the fair value of the Group's land recognized under property, plant and equipment and investment property did not change for the year ended June 30, 2021 and 2020 as there were no significant activities within the vicinity where these parcels of land are situated that caused land values to significantly change.

Property and Equipment

Land at revalued amount recognized under property, plant and equipment as at June 30, 2021 and 2020 amounted to ₱996.8 million.

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

	September 30, 2021	June 30, 2021
At beginning of year	938,866.76	889,431.21
Change in tax rate due to CREATE		49,435.54
	938,866.76	938,866.76

Attributable to:

	September 30, 2021	June 30, 2021
Property, plant and equipment	938,866.76	741,533.12
Property, plant and equipment reclassified to investment property		197,333.64
	938,866.76	938,866.76

The value of land recognized under property, plant and equipment if carried at cost as at September 30, 2021 and June 30, 2021 is ₱8.1 million.

Investment Property

The fair value recognized under investment property as at September 30, 2021 and June 30, 2021 amounted to ₱437.3 million.

The value of land recognized under investment properties if carried at cost as at September 30, 2021 and June 30, 2010 is ₱1.8 million. The Group has no restrictions on the realizability of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. The Group has neither earned rental income nor incurred direct operating expenses from its investment property.

14. Other Noncurrent Assets

	As of September 30, 2021	As of June 30, 2021
Long-term receivables	165,198.47	165,198.47
Recoverable and other deposits	54,827.27	53,173.27
	220,025.75	218,371.75
Less: current portion	56,122.22	56,122.22
	163,903,526	162,249,526

The Group and one of its suppliers agreed that the Group will be reimbursed for the amount advanced to the supplier for costs to be incurred for future land preparation, planting and harvesting. The total amount of reimbursement of ₱168.4 million will be made by the supplier in three equal amounts over a period of 3 years. Current portion that is expected to be collected within the next 12 months is included under the "Receivables" account.

Advances for land maintenance pertains to costs advanced for future preparation, planting and harvesting. Advances for land maintenance that are expected to be liquidated within the next 12 months are recognized as part of "Other current assets" account.

15. Trade and Other Payables

	As of September 30, 2021	As of June 30, 2021
Trade payables	199,095.08	196,262.67
Accruals:		
Interest and penalties	8,118.03	11,135.30
Spare parts, supplies and inventory cost	208,240.88	285,638.84
Taxes	2,450.43	3,361.19
Professional fees	5,307.50	7,280.17
Salaries, wages and other benefits	4,537.31	6,223.72
Others	34,268.23	47,004.88
Advances from related parties	11,832.19	11,832.20
Dividends payable	25,061.66	25,061.66
Estimated liability for cash surrender value	1,528.69	1,528.69
Customers' advances	42,967.20	721.30
Other payables	7,831.25	3,661.45
	551,238.47	599,712.05

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

16. Notes Payable

Short-term Bank Notes

	As of September 30, 2021	As of June 30, 2021
Working capital facilities	999,995.50	990,000.00
Promissory notes	18,049.97	18,355.21
	1,018,045.47	1,008,355.21

Working Capital Facilities Agreement (WCFA)

The Group has an existing WCFA with BDO. Under the WCFA, the Group availed short-term loan totaling up to ₱1.0 billion, as at September 30, 2021 and ₱990.0 million as at June 30, 2021, at 6.0% interest rate per annum.

Promissory Notes

The promissory notes are for a period of one year or shorter with an interest rate of 4% per annum and is not collateralized. This is to be paid at maturity date including the principal amount.

Total interest expense incurred for all short-term notes amounted to ₱12.6 million as at September 30, 2021 and ₱63.6 million as at June 30, 2021, 2020.

Long-term Loan

On November 4, 2020, the Group obtained a ₱925.0 million loan from BDO Unibank, Inc. which will mature on November 9, 2027. The loan will be repaid in quarterly installments. The details as of June 30, 2021 are as follows:

Bank Loan A - ₱509,724,245 loan, in which the interest rate will be the higher of (i) the seven (7) year benchmark plus margin of 250 bps, divided by 0.99 for the first 2 years and divided by 0.95 for the final 5 years; and (ii) 5% divided 0.99 for the first 2 years and divided by 0.95 for the final 5 years	₱472,990,004
Bank Loan B - ₱415,275,755 loan, in which the interest rate will be the higher of (i) the seven (7) year benchmark plus margin of 250 bps, divided by 0.99 for the first 2 years and divided by 0.95 for the final 5 years; and (ii) 5% divided 0.99 for the first 2 years and divided by 0.95 for the final 5 years	385,269,040
	<u>858,259,044</u>
Less current portion - net of transaction costs of ₱5,093,308	87,406,692
Noncurrent portion - net of transaction costs of ₱15,397,648	<u>₱770,852,352</u>

The facility contains a loan covenant requiring the Group to meet certain financial ratio starting November 15, 2021. The loan is secured by a collateral which consist of certain parcels of land and financial assets at FVOCI.

The Group recognized interest expense amounting to ₱13.3 million as of September 30, 2021 and ₱34.0 million as of June 30, 2021.

17. Cost of Goods Sold

	Three Months Ended September 30		
	2021	2020	2019
Salaries, wages bonuses and other benefits	17,044.76	16,823.91	15,590.87
Repairs & Maintenance	3,475.59	3,743.70	1,679.53
Inventory cost, spare parts and supplies	53,657.46	168,284.25	87,011.17
Depreciation and amortization	17,854.98	25,228.50	29,959.48
Freight and transportation	1,235.27	2,333.52	2,888.39
Security and outside services	11,130.94	10,047.17	8,108.80
Power and steam	3,318.81	8,243.55	4,961.25
Insurance	1,183.47	1,368.65	1,269.23
Taxes and licenses	1,525.00	817.00	422.64
Others	174.59	335.17	2,948.26
	110,600.88	237,225.42	154,839.62

18. Cost of Tolling Services

	Three Months Ended September 30		
	2021	2020	2019
Salaries, wages bonuses and other benefits	2,193.10	2,125.85	2,178.86
Repairs & Maintenance	50.65	76.09	327.85
Spare parts and supplies	127.86	19.25	1.41
Depreciation and amortization	1,489.82	1,778.93	2,387.31
Freight and transportation	710.67	417.30	558.81
Security and outside services	398.37	152.99	41.87
Power and steam	472.55	433.93	963.11
Insurance	154.55	154.63	150.94
Taxes and licenses	673.05	696.25	538.23
Others	9.46	9.68	136.90
	6,280.07	5,864.90	7,285.28

19. Cost of Industrial Services

	Three Months Ended September 30		
	2021	2020	2019
Salaries, wages bonuses and other benefits	160.38	60.77	57.24
Repairs & Maintenance	304.74	225.45	378.51
Materials	373.85	156.59	204.00
Depreciation and amortization	813.78	559.04	515.68
Security and outside services	1,017.65	917.63	911.27
Service Cost	982.71	735.68	744.13
Professional fee	.00	.00	99.50
Freight & transportation	25.45	.31	25.97
Power and steam	1,444.34	1,215.00	1,399.63
Insurance	2.44	2.44	2.45
Taxes and licenses	145.78	156.94	129.50
Others	295.28	240.14	127.17
	5,566.40	4,269.99	4,595.07

20. Operating Expenses

	Three Months Ended September 30		
	2021	2020	2019
Salaries, wages bonuses and other benefits	6,946.89	8,092.22	7,538.06
Repairs & Maintenance	943.37	812.02	990.82
Management fees and bonuses	.00	70.00	100.00
Taxes and licenses	3,394.72	3,459.15	3,358.73
Depreciation and amortization	2,203.68	2,188.21	1,047.30
Transportation and travel	2,270.35	1,720.90	1,730.24
Security and outside services	1,346.76	1,610.36	1,729.85
Rentals	650.88	.00	918.73
Light and water	282.84	107.97	325.83
Entertainment, amusement and recreation	431.91	109.17	191.03
Professional fees	6,032.47	5,373.26	4,903.90
Dues and advertisements	54.26	71.50	146.24
Postage, telephone and telegram	58.46	57.19	54.67
Others	829.62	982.99	874.71
	25,613.69	24,750.72	24,453.87

21. Nature of Expense

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

	Three Months Ended September 30		
	2021	2020	2019
Cost of goods sold	17,854.98	25,228.50	29,959.48
Cost of tolling services	1,489.82	1,778.93	2,387.31
Cost of industrial services	813.78	559.04	515.68
Operating expenses	2,203.68	2,188.21	1,047.30
	22,362.26	29,754.69	33,909.77

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

	Three Months Ended September 30		
	2021	2020	2019
Cost of goods sold			
Salaries, wages, bonuses and other benefits	17,044.76	16,823.91	15,590.87
Cost of tolling services			
Salaries, wages, bonuses and other benefits	2,193.10	2,125.85	2,178.86
Cost of industrial services			
Salaries, wages, bonuses and other benefits	160.38	60.77	57.24
Operating expenses			
Salaries, wages, bonuses and other benefits	6,946.89	8,092.22	7,538.06
	26,345.13	27,102.76	25,365.03

22. 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, 2020.

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*.

23. 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.

24. 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.

Lease Agreement

In previous years, the Group transferred its main office and entered into an operating lease agreement with Celestite, Inc., 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. Expense recognized related to this lease agreement in the consolidated statements of income amounted to ₱.7 million, as of September 30, 2021.

25. 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, 2020 and 2019, 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 394 as at June 30, 2021.

For the year ended June 30, 2020, in relation to the Agreement entered into by the Parent Company and LTF, the Parent Company reacquired its own shares of stock for a total value of ₱369.1 million. This amount is recognized as part of the Group's treasury shares.

Retained Earnings

The balance of retained earnings is as follows:

	As of September 30, 2021	As of June 30, 2021
Unappropriated	625,083.71	713,916.29
Appropriated	1,500,000.00	1,500,000.00
	2,125,083.71	2,213,916.29

On June 30, 2020, the BOD reversed previously appropriated retained earnings amounting to ₱2.35 billion and revisited the appropriate level of appropriation in alignment with the existing circumstances. On the same date, the BOD approved the appropriation of its retained earnings amounting to ₱2.0 billion. Portion of this appropriation was reversed by ₱500.0 million on June 30, 2021 to consider the current development of the projects where this appropriation is intended. As at June 30, 2021, the retained earnings that remains appropriated are for the continuation of the following projects within the next three to four years:

- ₱525.0 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.
- ₱350.0 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.
- ₱625.0 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.

On November 9, 2020, the BOD declared dividends amounting to ₱431.7 million at ₱1.81 per share out of the Group's retained earnings as at June 30, 2020. Dividends amounting to ₱407.7 million was paid in 2020. As at June 30, 2021 and 2020, dividends payable recognized under "Trade and other payables" account amounted to ₱25.1 million and ₱1.0 million (see Note 15), respectively. No dividend declaration was made for the year ended June 30, 2020.

In accordance with the Revised SRC Rule 68, Annex 68-D, the Parent Company's retained earnings available for dividend declaration amounted to ₱194.3 million as of June 30, 2021.

Basic/Diluted Earnings Per Share

The basic/diluted earnings (loss) per share for the years ended June 30 are computed as follows:

	September 30, 2021	June 30, 2021
Net Income	-88,832.58	12,535.47
Weighted average number of shares		
Issued	282,545.96	282,545.96
Less treasury shares	44,049.12	44,049.12
	238,496.84	238,496.84
Basic/diluted earnings per share	-P0.37	P0.053

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

26. 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:

	2021			Total
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Asset Measured At Fair Value				
Property, plant and equipment				
Land			996,790.40	996,790.40
Investment Property			437,264.08	437,264.08
Financial asset at FVOCI	145,638.37			145,638.37
	145,638.37	.00	1,434,054.48	1,579,692.85

	2020			Total
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Asset Measured At Fair Value				
Property, plant and equipment				
Land			996,790.40	996,790.40
Investment Property			437,264.08	437,264.08
AFS Financial assets - quoted	112,516.50			112,516.50
	112,516.50	.00	1,434,054.48	1,546,570.98

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	Amounts or Percentage of Unobservable Inputs	Relationship of Unobservable Inputs to Fair value
Sale/asking price per s.q.m.	P 900 to P 1,300	The higher the value the higher the fair value
Conditions on sale of comparable properties	15.0%	The more onerous the conditions in contract of sale of comparable properties, the higher the fair value
Physical Adjustments	50.0%	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 reporting date 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, 2021 and 2020.

Cash, 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

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.

27. 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:

	September 30, 2021			
	Within 30 Days	Within 1 Year	Above 1 Year	Total
Trade payable and other payables	52,825.76	498,412.71	.00	551,238.47
Short-term notes payable	2,606.39	1,005,773.63	.00	1,008,380.02
Notes payable		109,479.24	809,190.13	918,669.37
	55,432.15	1,613,665.58	809,190.13	2,478,287.86

	June 30, 2021			
	Within 30 Days	Within 1 Year	Above 1 Year	Total
Trade payable and other payables	56,081.82	529,133.74	.00	585,215.56
Short-term notes payable	2,660.25	1,036,421.26		1,039,081.51
Notes payable		138,447.52	918,669.37	1,057,116.89
	58,742.06	1,704,002.52	918,669.37	2,681,413.95

The financial liabilities in the above tables are gross undiscounted cash flows and includes future interest. Those amounts may be settled by using the following financial assets:

	September 30, 2021			
	Within 30 Days	Within 1 Year	Above 1 Year	Total
Cash and cash equivalents	41,768.12			41,768.12
Receivables:				
Trade	2,824.93	24,907.45	.00	27,732.38
Receivable from real estate conti	.00	.00	16,401.41	16,401.41
Planter's receivables	.00	10,974.62	.00	10,974.62
Notes receivable from planters	.00	4,039.75	.00	4,039.75
Due from related parties	161.58	702,538.34	88,458.49	791,158.41
Advances	.00	44,414.50	.00	44,414.50
Current portion- long-term				
receivables	.00	56,122.22	.00	56,122.22
Others	.00	3,352.12	.00	3,352.12
Financial assets at FVOCI	.00	145,800.37	.00	145,800.37
	44,754.64	992,149.36	104,859.91	1,141,763.91

June 30, 2021				
	Within 30 Days	Within 1 Year	Above 1 Year	Total
Cash and cash equivalents	107,420.81			107,420.81
Receivables:				
Trade	3,991.45	35,192.63		39,184.07
Receivable from real estate contractors	-		16,041.04	16,041.04
Planter's receivables	-	15,765.74		15,765.74
Notes receivable from planters	-	4,039.75		4,039.75
Due from related parties	205.03	891,446.59	112,244.44	1,003,896.06
Advances	-	35,696.58		35,696.58
Current portion- long-term receivables	-	56,122.22		56,122.22
Others	-	16,203.97		16,203.97
Financial assets at FVOCI	-	145,800.37		145,800.37
	111,617.29	1,200,267.83	128,285.48	1,440,170.60

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, receivables and financial assets at FVOCI, 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:

	September 30, 2021	June 30, 2021
Cash and cash equivalents	41,768.12	107,420.81
Receivables:	932,188.59	1,052,698.16
Financial assets at FVOCI	145,800.37	145,800.37
Noncurrent portion of long-term receivable	109,076.25	109,076.25
	1,228,833.34	1,414,995.59

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:

	September 30, 2021					
	Total	Neither Past Due nor	Past Due but not Impaired			Impaired
			30 Days	90 Days	More than 150 Days	
Trade	44,133.79	41,180.97				2,952.82
Planter's receivables	10,974.62		5,470.35			5,504.27
Due from related parties	791,158.41	6,086.84			784,725.41	346.17
Advances	44,414.50	2,331.13			28,879.81	13,203.57
Long-term receivables	165,198.47				165,198.47	.00
Others	3,352.12	3,352.12				.00
	1,059,231.92	52,951.05	5,470.35	.00	978,803.69	22,006.82

	June 30, 2021					
	Total	Neither Past Due nor	Past Due but not Impaired			Impaired
			30 Days	90 Days	More than 150 Days	
Trade	55,225.11	38,986.45			13,285.84	2,952.82
Planter's receivables	15,765.74	6,867.85	3,005.33	388.29		5,504.27
Due from related parties	891,651.62	6,863.00			884,442.46	346.17
Advances	35,696.58				22,493.01	13,203.57
Long-term receivables	165,198.47	165,198.47			.00	.00
Others	20,243.72	20,243.72			.00	.00
	1,183,781.24	238,159.48	3,005.33	388.29	920,221.31	22,006.82

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

	September 30, 2021		
	Grade		
	High	Standard	Total
Loans and receivables:			
Cash and cash equivalents	41,768.12	.00	41,768.12
Trade receivables	38,228.14	.00	38,228.14
Planters' Receivable	5,470.35		5,470.35
Long-term receivables	165,198.47	.00	165,198.47
Due from related party	6,086.84	.00	6,086.84
Others	3,352.12	.00	3,352.12
Financial assets at FVOCI			
Proprietary	145,250.00	.00	145,250.00
Listed	388.37	.00	388.37
Unlisted		162.00	162.00
	405,742.42	162.00	405,904.42

	June 30, 2021		
	Grade		
	High	Standard	Total
Loans and receivables:			
Cash and cash equivalents	107,420.81	.00	107,420.81
Trade receivables	38,986.45	.00	38,986.45
Planters' Receivable	6,867.85		6,867.85
Due from related party	6,863.00	.00	6,863.00
Long-term receivables	165,198.47	.00	165,198.47
Others	20,243.72	.00	20,243.72
Financial assets at FVOCI			
Proprietary	145,250.00	.00	145,250.00
Listed	388.37	.00	388.37
Unlisted		162.00	162.00
	491,218.66	162.00	491,380.66

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.

	September 30, 2021	June 30, 2021
Notes Payable	835,134.04	1,008,355.21
Trade & other payables	551,238.47	599,712.05
Income tax payable	.00	.00
Deposits	16,866.88	16,074.79
Other liabilities	19,426.58	20,560.81
Total Debt (a)	1,422,665.97	1,644,702.86
Equity	3,018,001.98	3,106,834.56
Total debt and equity (b)	4,440,667.95	4,751,537.41
Gearing ratio (a/b)	0.32	0.35

P W 0 0 0 0 0 7 2 7

S.E.C Registration Number

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

(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)

Cecile D. Macaalay
Contact Person

(632) 8818-1868
Company Telephone Number

0 6

Month
Fiscal Year

3 0

**SEC 17-A Annual Report
for the period ended June 30, 2021**

0 1

Month
Annual Meeting

any

Secondary License Type, If Applicable

CFD

Dept. Requiring this Doc

Amended Articles Number/Section

3 9 4

Total No. of Stockholders

Domestic

Total Amount of Borrowings

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, 2021**
- 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.....238,496,840.....

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

Yes [] 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 [] No []

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

Yes [] No []

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
TABLE OF CONTENTS
SEC FORM 17-A

	Page
PART I - BUSINESS AND GENERAL INFORMATION	
A. Business	1-5
B. Properties	6
C. Legal Proceeding	7
D. Submission of Matters to a Vote of Security Holders	7
PART II - SECURITIES OF THE REGISTRANT	
A. Market Price Of and Dividends on Registrant's Common Equity and Related Stockholders Matters	8-10
B. Description of Registrant's Securities	11-Jan
PART III - FINANCIAL INFORMATION	
A. Management's Discussion and Analysis or Plan of Operation	12-29
PART IV - MANAGEMENT AND CERTAIN SECURITY HOLDERS	
A. Directors, Independent Directors and Executive officers of the Registrant	30-33
B. Executive Compensation	33-34
C. Security Ownership of Certain Record and Beneficial Owners and Management	35
PART V - CORPORATE GOVERNANCE	35
PART VI - EXHIBITS AND SCHEDULES	
A. Audited Financial Statements	
B. Sustainability Report	
C. List of Stockholders	
D. Current Reports (SEC Form 17-C)	
E. Annex 68.1M	

PART I - BUSINESS AND GENERAL INFORMATION

A. Description of Business

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

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

Products and By-Products

Raw and Refined Sugar

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

The mill's sugar sales and the refinery's tolling fees represent approximately 32% and 11%, 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 1-2% 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 estimate from the International Sugar Organization (ISO), as of August 2021, anticipates a production shortfall or a global deficit in 2020-21 of around 1.45 million tons. The world sugar production for this season is projected to reach 170.34 million tons, raw value, lower by 0.5% or 0.82 million tons from the previous year. The total estimated production is a third consecutive year of decline in world sugar output, down by 9.5 million tons since the 2017-18 season. The main supply or production feature for this season is the projected decline in the global beet production total. The world beet sugar production is estimated to be at around 36.0 million tons, which is a 5-year low and is lower by around 4.0 million tons year-on-year. This will put the share of beet in the total world sugar production at 21%. Meanwhile, the cane sugar is forecast to reach slightly over 134.0 million tons thus, making its share in the total output to 79%. Unfavorable weather, more than any other factor, affected the lower total world sugar output for this season.

World sugar consumption in 2020-21 is projected to be at 171.79 million tons, higher by 0.9% or equivalent to 1.52 million tons from the previous season. This projection already considered the effects of the worldwide Covid-19 pandemic such as the changes in consumer behavior as a result of high levels on infections like in Brazil and India, the impact in demand in some destinations due to lack of international travel particularly in Asian destinations and the worldwide economic slowdown due to general movement restriction imposed to control the spread of the deadly virus.

Hereunder are the latest world sugar balance figures from the International Sugar Organization:

	World Sugar Balance (Million Metric Tons, Raw Value)			
	2020-21	2019-20	Change	
			in MMT	in Percent
Production	170.335	171.156	(0.821)	-0.48%
Consumption	171.789	170.274	1.515	0.89%
Surplus/(Deficit)	(1.454)	0.882		
Import Demand	62.064	66.545	(4.481)	-6.73%
Export Availability	62.524	66.551	(4.027)	-6.05%
End Stocks	98.315	97.611	0.704	0.72%
Stock/Consumption Ratio, in percent	57.23%	57.33%		

At the start of the 2020-21 season, the Sugar Regulatory Administration (SRA) mandated the allocation of 93% of the country's sugar production as "B" or domestic sugar, while the remaining 7% was allocated for the fulfillment of our US quota obligation or as "A" sugar. The Sugar Order No. 1 s. 2020-21, under which this allocation was made official, was premised on projected national sugar production for the year of 2.19 million metric tons, raw value, or 2% higher than the previous season. The then estimate for national consumption was placed at 1.97 million metric tons. The SRA projection anticipated a surplus of some 220,000 metric tons, sufficient enough for our US quota of more or less 136,000 metric tons. However, the occurrence of the "La Nina phenomenon" drastically hampered the operations of the industry as a whole. Cane deliveries to the mills either slowed down or were delayed, harvesting became problematic as cane fields were made inaccessible by too much rain and, the worst part, the sugar recovery which is measured in terms of 50-kilogram bags sugar per ton cane milled dropped down. This development prompted the SRA to issue an amendment to the previous sugar allocation, Sugar Order No. 1-A s. 2020-21, zeroing out the allocation for the "A" or US quota sugar effective week ending April 4, 2021. The SRA likewise revised their production estimate for the country from 2.19 million metric tons down to 2.10 million metric tons. In order to assure sufficient domestic supply and stable market prices in the light of the lower national output for the year, the SRA, under Sugar Order No. 3 s. 2020-21, implemented its "A" Sugar Export Replenishment Program. Under this Program, the exporters of "A" sugar to the United States were allowed to replenish via importation their volume actually shipped to the US. These developments helped in the maintenance of the domestic sugar prices at levels beneficial to all.

CANE TONNAGE - PHILIPPINES - CY 2020-21 & CY 2019-20						
M I L L S	TONS CANE MILLED				% SHARE IN TOTAL	
	2020-21	2019-20	GROWTH	%	2020-21	2019-20
LUZON						
Cagayan	131,147	108,351	22,796	21.0%	0.5%	0.5%
Bicol	109,845	133,421	(23,576)	-17.7%	0.4%	0.6%
Batangas	1,268,709	1,070,775	197,934	18.5%	5.0%	4.6%
Tarlac	466,737	470,818	(4,081)	-0.9%	1.8%	2.0%
VISAYAS						
Panay	1,796,551	1,770,780	25,771	1.5%	7.1%	7.6%
Eastern Visayas	533,040	598,911	-65,871	-11.0%	2.1%	2.6%
Negros	16,056,074	14,743,977	1,312,097	8.9%	63.5%	63.3%
MINDANAO	4,913,958	4,402,145	511,813	11.6%	19.4%	18.9%
Total	25,276,061	23,299,178	1,976,883	8%	100%	100%

For the recently concluded milling season (Sept. 2020 – August 2021), the country milled a total of 25,276,061 tons of cane which is higher by 8.5% or by 1,976,883 tons cane from the previous year. However, the recovery was at a lower 1.71 vs. 1.85 50-kilogram bags raw sugar per ton of cane milled. Consequently, the country's raw sugar production totaled 42,860,360 50-kilogram bags, slightly lower by 0.1% or by 53,560 50-kilogram bags from the previous season.