Annex B

COVER SHEET

SEC Registration Number

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CENTRAL AZUCARERA DE TARLAC

INC. AND SUBSIDIARY

(Company's Full Name)

SAN MIGUEL, TARLAC CITY

TARLAC

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

Cecile D. Macaalay	(+632) 8818- 6270
Contact Person	Company Telephone Number

0 6	3 0	SEC 17-Q Quarterly Report September 30, 2023	0 1	ANY
Month	Day		Month	Day
Fiscal Year			Annual Meeting	

Secondary License, If Applicable

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Articles of Borrowing

393		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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

COVER SHEET

SEC Number **727**

Company TIN **000-229-931**

CENTRAL AZUCARERA DE TARLAC, 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	**last Tuesday of January**
(Fiscal Year Ending) (Month/Day)	Annual Meeting

17 – Q (Quarterly Report – 1st Quarter
Of the Fiscal Year 2023-2023 (July to Sept 2023)
(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, 2023 (1st Quarter of Fiscal Year July 1, 2023 – June 30, 2024)**

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 [**X**] No [ ]

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

12. Indicate by check mark whether the registrant:

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

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

A. Unaudited Balance Sheet as of September 30, 2023 and Audited June 30, 2023 Balance Sheet;

B. Unaudited Statements of Income/(Loss) for the Three (3) Months Ended September 30, 2023 and 2022;

C. Unaudited Statements of Changes in Equity for the Three (3) Months Ended September 30, 2023 and 2022; and

D. Unaudited Statements of Cash Flows for the Three (3) Months Ended September 30, 2023 and 2022.

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, 2023 in which references are made to results of operations for the same period of the previous year 2022.

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.**

[redacted]

Signature and Title **Cecile D. Macaalay**
Chief Finance Officer

[redacted]

Signature and Title **Lora May M. Cada**
Finance Manager

Date: November 20, 2023

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, 2023 and 2022.

Executive Summary

Central Azucarera de Tarlac, Inc. remains committed to ensure continuity, sustainability and profitability as the Company navigates through the first quarter of the Fiscal Year 2024. The primary focus during this period was on converting cash and optimizing resources in anticipation of the commencement of the milling season.

The Company experienced a 9% decrease in Revenues, amounting to ₱69.2M as it sold inventory from the preceding milling season. The decline was attributed to the Company's proactive approach in regulating sugar sales amid the ongoing volatility in industry sugar prices. Furthermore, a 3% rising cost was incurred, stemming from inflationary factors and additional expenses associated with government mandated wage rate increases.

While the 1QFY2023 resulted in a Net Loss of ₱114.8M marking a 22% increase from the same period last year, this is reflective of the seasonal fluctuations in line with the historical trends during the initial quarters of each fiscal year. The negative Net Profit Margin, which remained below 3%, is a characteristic pattern that is actively being addressed through strategic initiatives and operational improvements.

These efforts encompass collaborative partnerships with planters and cooperatives, providing support in seed cane, harvesting, and deploying logistics resources. This collaborative approach aims to encourage the Company stakeholders to remain engaged in sugar planting.

As we look forward to the upcoming 2QFY2023 milling season, the Company anticipates a positive shift in EBITDA margin, striving for substantial improvement in response to the dynamic landscape of the sugar industry.

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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, 2023, 2022 & 2021.

(In Million Pesos except for Volume, Price & EPS)	THREE MONTHS ENDED SEPTEMBER 30					
	2023		2022		2021	
VOLUME AND PRICE MATRIX	**Vol**	**P**	**Vol**	**P**	**Vol**	**P**
Raw Sugar Equivalent	16,245	2,728		-	495	1,657
Alcohol	178,000	75	991,100	65	1,133,135	59
REVENUE	**69.16**	**100%**	**76.54**	**100%**	**78.65**	**100%**
Sugar	44.31	64%	.00	0%	.82	1%
Alcohol	13.35	19%	64.15	84%	66.96	85%
Industrial services	11.50	17%	12.38	0%	10.87	0%
COST OF GOODS SOLD AND SERVICES	**118.65**	**172%**	**114.94**	**150%**	**122.45**	**156%**
Costs of goods sold	107.99	156%	100.96	132%	110.60	141%
Costs of tolling services	5.48	8%	6.23	8%	6.28	8%
Cost of industrial services	5.19	8%	7.75	0%	5.57	0%
Cost of real estate	.00	0%	.00	0%	.00	0%
GROSS PROFIT	**(49.49)**	**-72%**	**(38.40)**	**-50%**	**(43.80)**	**-56%**
OPERATING EXPENSES	**36.23**	52%	**37.59**	49%	**25.61**	33%
OPERATING PROFIT (LOSS) BEFORE INTEREST AND TAXES	**(85.72)**	**-124%**	**(75.99)**	**-99%**	**(69.41)**	**-88%**
Interest expense and bank charges	**(33.28)**	-48%	**(19.85)**	-26%	**(25.96)**	-33%
Interest income	**.46**	1%	**.03**	0%	**.34**	0%
Others - net	**3.75**	5%	**2.09**	3%	**6.19**	8%
INCOME (LOSS) BEFORE TAX	**(114.79)**	**-166%**	**(93.72)**	**-122%**	**(88.83)**	**-113%**
PROVISION FOR INCOME TAX	**.00**	**0%**	**.00**	**0%**	**.00**	**0%**
NET INCOME [LOSS]	**(114.79)**	**-166%**	**(93.72)**	**-122%**	**(88.83)**	**-113%**
EBITDA	**(61.68)**	**-89%**	**(51.50)**	**-67%**	**(40.86)**	**-52%**
EPS	**(0.48)**		**(0.39)**		**(0.37)**	

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Annex B-1

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		
	2023	2022	2021
Revenue (in millions)	69.16	76.54	78.65
% Growth	-10%	-3%	-64%

EBITDA	Three Months Ended September 30		
	2023	2022	2021
EBITDA (in millions)	-61.7	-51.5	-40.9
% Growth	-20%	-26%	-144%
EBITDA Margin	-89%	-67%	-52%

Net Income	Three Months Ended September 30		
	2023	2022	2021
Net income (in millions)	-114.79	-93.72	-88.83
% Growth	-22%	-6%	-43%
Net Income Margin	-166%	-122%	-113%

Earnings per share	Three Months Ended September 30		
	2023	2022	2021
Earnings per share	(0.48)	(0.39)	(0.37)

Milling Recovery	Three Months Ended September 30		
	2023	2022	2021
Milling recovery (Lkg/TC)	-	-	-

Review of Operations

Revenues

REVENUES *In Million Pesos*	2023	2022	Growth	
			Amount	%
Sugar	44.3	.0	44.3	0%
Alcohol	13.4	64.2	-50.8	-79%
Industrial services	11.5	12.4	-.9	-7%
TOTAL	**69.2**	**76.5**	**-7.4**	**-10%**

The Parent Company's revenue accounted for 83% of the Group's consolidated revenues for the three (3) months ended September 30, 2023. The Company reported a drop of ₱7.4M or 10% in revenues from ₱76.5M of last year to ₱69.2M this year. The net revenue decrease is accounted in the drop of the alcohol liters sold by ₱50.8M, and is partially offset by the sales from sugar inventory carry-over from last year. All other revenue streams remain at nil due to the seasonality of the Company's business.

Cost of Goods Sold

Cost of goods sold increased by ₱7.0M or 7% this reporting period from ₱101.0M to ₱108.0M. The following table summarizes the breakdown of cost of goods sold:

COST OF GOODS SOLD *In Million Pesos*	2023	2022	Increase (Decrease)	
			Amount	%
Salaries, wages bonuses and other benefits	18.3	16.8	1.5	9%
Repairs & Maintenance	3.7	2.6	1.2	46%
Inventory cost,spare parts and supplies	58.0	43.3	14.7	34%
Depreciation and amortization	16.8	19.1	-2.4	-12%
Freight and transportation	.6	1.3	-.8	-58%
Security and outside services	4.5	8.5	-4.0	-47%
Power and steam	3.8	6.0	-2.2	-37%
Insurance	.5	1.1	-.6	-53%
Taxes and licenses	1.1	1.2	-.1	-6%
Others	.8	1.2	-.4	-32%
TOTAL	**108.0**	**101.0**	**7.0**	**7%**

- Repairs and maintenance grew by ₱1.2M or 46% as programmed and in-line with the long-term plant rehabilitation program being implemented.
- Inventory cost, spare parts and supplies increased from ₱43.3M to ₱58.0M or ₱14.7M due to the higher production cost of sugar from last year's operation.
- Security and outside services diminished by ₱4.0M or 47% due to fewer security and manpower requirements during off-milling season.

Cost of Tolling Services

Cost of tolling decreased by ₱0.7M or 12% this period from ₱6.2M to ₱5.5M. The table below summarizes the breakdown of cost of tolling:

COST OF TOLLING SERVICES *In Million Pesos*	2023	2022	Increase (Decrease)	
			Amount	%
Salaries, wages bonuses and other benefits	2.3	2.2	.1	4%
Repairs & Maintenance	.2	.1	.1	195%
Spare parts and supplies	.1	.4	-.3	-82%
Depreciation and amortization	1.0	1.4	-.4	-29%
Freight and transportation	.4	.4	.0	7%
Security and outside services	.1	.1	.0	19%
Power and steam	.5	.7	-.3	-36%
Insurance	.0	.1	-.1	-75%
Taxes and licenses	.9	.9	.0	3%
Others	.0	.0	.0	58%
TOTAL	**5.5**	**6.2**	**-.7**	**-12%**

- Repairs and maintenance continued to increase in the refinery operations by 195% or ₱0.1M as part of the company-wide repair program.
- Depreciation and amortization reduced by ₱0.4M or 29% due to the capital expenditures made in the past years.
- Power and steam decreased by 36% or ₱0.3M due to the lesser power requirement from the refinery operations.

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Operating Expenses

The Group's operating expenses totaled to ₱36.2M as of reporting period, a ₱1.4M or 4% slight decrease as compared to last year's ₱37.6M. The table below summarizes the breakdown of operating expenses:

OPERATING EXPENSES *In Million Pesos*	2023	2022	Increase (Decrease)	
			Amount	%
Salaries, wages bonuses and other benefits	5.3	5.1	.2	3%
Repairs & Maintenance	1.4	1.0	.4	45%
Management fees and bonuses	.0	.0	.0	0%
Taxes and licenses	13.0	16.1	-3.1	-19%
Depreciation and amortization	1.8	1.2	.7	57%
Transportation and travel	2.3	2.4	.0	-1%
Security and outside services	1.6	1.9	-.2	-13%
Service Cost	.3	.4	-.1	-22%
Rentals	1.3	1.0	.3	33%
Light and water	.3	.4	-.1	-14%
Entertainment, amusement and recreation	1.7	1.2	.4	35%
Professional fees	5.4	5.8	-.4	-7%
Dues and advertisements	.0	.1	-.1	-83%
Postage, telephone and telegram	.1	.1	.0	-1%
Others	1.0	.9	.0	5%
TOTAL	**36.2**	**37.6**	**-1.4**	**-4%**

- Compliance to the wage board salary increase caused the Salaries, wages and bonuses account to move upward by ₱0.2M.
- Taxes and licenses decreased by ₱3.1M from ₱16.1M to ₱13.0M due to settlement of tax obligations last year.
- Depreciation and amortization grew by ₱0.7M from last year's ₱1.2M due to improvements made in the non-milling facilities over the past years.

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Balance Sheet Accounts

The following table presents the Balance Sheet Statements of the Company as of period ended September 30, 2023 and year ended June 30, 2023.

(In Million Pesos)	AS OF SEPTEMBER 30, 2023 INTERIM		AS OF JUNE 30, 2023 AUDITED		GROWTH	
	AMT	%	AMT	%	AMT	%
ASSETS						
Current Assets						
Cash and cash equivalents	86.06	1%	124.97	2%	-38.90	-31%
Receivables	1,311.80	22%	1,428.49	23%	-116.69	-8%
Inventories	337.00	6%	349.71	6%	-12.70	-4%
Real estate held for sale and development	988.59	16%	988.59	16%	.00	0%
Other current assets	349.29	6%	350.12	6%	-.83	0%
Total Current Assets	**3,072.74**	**51%**	**3,241.88**	**53%**	**-169.13**	**-5%**
Non-current Assets						
Financial Asset at FVOCI	179.36	3%	179.36	3%	.00	0%
Property, plant and equipment						
Land- at revalued amount	718.13	12%	718.13	12%	.00	0%
Property and equipment- at cost	464.45	8%	430.01	7%	34.44	8%
Investment property	871.08	15%	871.08	14%	.00	0%
Goodwill	502.42	8%	502.42	8%	.00	0%
Deferred income tax assets	.85	0%	.85	0%	.00	0%
Other current assets	183.25	3%	186.48	3%	-3.23	-2%
Total Non Current Assets	**2,919.53**	**49%**	**2,888.32**	**47%**	**31.21**	**1%**
TOTAL ASSETS	**5,992.27**	**100%**	**6,130.19**	**100%**	**-137.92**	**-2%**
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other liabilities	580.58	10%	680.38	11%	-99.80	-15%
Short-term notes payable	1,018.08	17%	898.08	15%	120.00	13%
Current portion of notes payable	163.37	3%	134.81	2%	28.56	21%
Deposits	90.49	2%	94.76	2%	-4.27	-5%
Other current liabilities	15.65	0%	19.10	0%	-3.45	-18%
Total Current Liabilities	**1,868.17**	**31%**	**1,827.13**	**30%**	**41.04**	**2%**
Non-current liabilites						
Notes payable- net of current portion	461.82	8%	525.07	9%	-63.25	-12%
Retirement liability	23.73	0%	23.73	0%	.00	0%
Deferred tax liability	256.77	4%	256.77	4%	.00	0%
Other noncurrent liabilities	9.50	0%	10.43	0%	-.92	-9%
Total Non Current Liabilities	**751.83**	**13%**	**816.00**	**13%**	**-64.17**	**-8%**
Equity						
Capital stock	282.55	5%	282.55	5%	.00	0%
Retained earnings						
Appropriated	1,500.00	25%	1,500.00	24%	.00	0%
Unappropriated	847.93	14%	962.72	16%	-114.79	-12%
Revaluation increment	1,049.67	18%	1,049.67	17%	.00	0%
Remeasurement gains on defined benefit liability	-68.64	-1%	-68.64	-1%	.00	0%
assets	129.85	2%	129.85	2%	.00	0%
Less cost of 720 shares of stock in treasury	-369.08	-6%	-369.08	-6%	.00	0%
Total Equity	**3,372.27**	**56%**	**3,487.06**	**57%**	**-114.79**	**-3%**
TOTAL LIABILITIES AND EQUITY	**5,992.27**	**100%**	**6,130.19**	**100%**	**-137.92**	**-2%**

Cash

The decrease in cash by ₱38.9M or 31% is due from cash used in operating activities of ₱38.9M, ₱51.0M net cash used in investing activities and ₱51.1M net cash provided by financing activities.

Inventories

The reduction in ending inventory amounting to ₱116.7M or 8% is mainly due to the sugar inventory sold as of the balance sheet date.

Other current liabilities

The net decrease in the other current liabilities amounting to ₱99.8M is due to payments made to suppliers and settlements of other liabilities.

Short-term loans payable

The increase in short-term payables by ₱120.0M is due to the availment of short term loan from a local bank.

Total Stockholders' Equity

The reported net loss for period ended September 30, 2023 amounting to ₱114.8M 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, 2023	As of June 30, 2022
Current ratio	1.64	1.77
Asset-to-equity ratio	1.78	1.76
Debt-to-equity ratio	0.78	0.76
Debt Service Coverage Ratio	-0.05	0.35

<u>Plans, Commitments, and events that have material impact on the issuer's liquidity</u>

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, 2023

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

SEC Registration Number

	P	W	0	0	0	0	0	7	2	7

C O M P A N Y   N A M E

CENTRAL AZUCARERA DE TARLAC, INC AND SUBSIDIARY

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

SAN MIGUEL, TARLAC CITY

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

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	**8-818-6270**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
393		**06/30**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Cecile D. Macaalay	**cdmacaalay@icloud.com**	**8-818-6270**	**N/A**

CONTACT PERSON's ADDRESS

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

NOTE1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

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

	As of September 30, 2023 (Interim)	As of June 30, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**86,064.20**	124,965.23
Receivables	**1,311,795.42**	1,428,489.41
Inventories	**337,001.86**	349,705.33
Real estate held for sale and development	**988,592.54**	988,592.54
Other current assets	**349,289.28**	350,123.38
Total Current Assets	**3,072,743.30**	3,241,875.89
Noncurrent Assets		
Financial Asset at FVOCI	**179,355.61**	179,355.61
Property, plant and equipment		
Land- at revalued amount	**718,128.95**	718,128.95
Property and equipment- at cost	**464,452.22**	430,008.90
Investment property	**871,079.19**	871,079.19
Goodwill	**502,418.57**	502,418.57
Deferred income tax	**849.43**	849.43
Other non current assets	**183,246.59**	186,476.83
Total Noncurrent Assets	**2,919,530.56**	2,888,317.49
TOTAL ASSETS	**5,992,273.86**	6,130,193.38
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other liabilities	**580,579.26**	680,382.53
Short-term notes payable	**1,018,080.03**	898,080.03
Current portion of notes payable	**163,371.20**	134,811.65
Deposits	**90,494.08**	94,761.50
Other current liabilities	**15,648.43**	19,095.80
Total Current Liabilities	**1,868,173.00**	1,827,131.49
Noncurrent Liabilities		
Notes payable- net of current portion	**461,823.27**	525,070.32
Retirement liability	**23,729.38**	23,729.38
Deferred tax liability	**256,771.89**	256,771.89
Other noncurrent liabilities	**9,501.75**	10,426.11
Total Noncurrent Liabilities	**751,826.29**	815,997.70
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	**2,347,926.76**	2,462,716.38
Revaluation increment	**1,049,669.40**	1,049,669.40
Remeasurement gains on defined benefit liability	**-68,636.65**	-68,636.65
Unrealized cumulative gain on Financial asset at FVOCI	**129,847.59**	129,847.59
	3,741,353.06	3,856,142.67
Less cost of 44,049,120 shares of stock in treasury	**-369,078.49**	-369,078.49
Total Equity	**3,372,274.57**	3,487,064.18
TOTAL LIABILITIES AND EQUITY	**5,992,273.86**	6,130,193.38

CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023
(With Comparative Figures for the Three Months Ended September 30, 2023, 2022 & 2021)
In Thousand Pesos

	Unaudited					
	Three Months Ended September 30					
	1st Qtr	**YTD 2023**	1st Qtr	**YTD 2022**	1st Qtr	**YTD 2021**
REVENUES						
Sale of sugar and by-products	57,661.42	**57,661.42**	64,152.60	**64,152.60**	67,777.98	**67,777.98**
Tolling fees	.00	**.00**	.00	**.00**	.00	**.00**
Industrial & equipment services	11,501.31	**11,501.31**	12,383.80	**12,383.80**	10,872.28	**10,872.28**
Real estate sale	.00	**.00**	.00	**.00**	.00	**.00**
Total	69,162.73	**69,162.73**	76,536.40	**76,536.40**	78,650.26	**78,650.26**
COST OF GOODS SOLD AND SERVICES						
Costs of goods sold	107,985.30	**107,985.30**	100,961.47	**100,961.47**	110,600.88	**110,600.88**
Costs of tolling services	5,478.02	**5,478.02**	6,225.53	**6,225.53**	6,280.08	**6,280.08**
Cost of services	5,188.73	**5,188.73**	7,750.16	**7,750.16**	5,566.40	**5,566.40**
Total	118,652.05	**118,652.05**	114,937.16	**114,937.16**	122,447.35	**122,447.35**
GROSS INCOME	-49,489.32	**-49,489.32**	-38,400.75	**-38,400.75**	-43,797.09	**-43,797.09**
OPERATING EXPENSES	36,229.28	**36,229.28**	37,592.92	**37,592.92**	25,613.69	**25,613.69**
OTHER INCOME (EXPENSES)						
Interest income	456.61	**456.61**	33.57	**33.57**	344.04	**344.04**
Interest expense	-33,282.45	**-33,282.45**	-19,852.70	**-19,852.70**	-25,959.18	**-25,959.18**
Other Income(Expense)	3,754.83	**3,754.83**	2,090.29	**2,090.29**	6,193.35	**6,193.35**
Total	-29,071.02	**-29,071.02**	-17,728.84	**-17,728.84**	-19,421.79	**-19,421.79**
INCOME BEFORE INCOME TAX	-114,789.62	**-114,789.62**	-93,722.51	**-93,722.51**	-88,832.58	**-88,832.58**
PROVISION FOR INCOME TAX		**.00**		**.00**		**.00**
NET INCOME	-114,789.62	**-114,789.62**	-93,722.51	**-93,722.51**	-88,832.58	**-88,832.58**
Earnings Per Share						
Basic /Diluted	(0.48)	**(0.48)**	(0.39)	**(0.39)**	(0.37)	**(0.37)**

CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR EACH OF THE THREE MONTHS ENDED SEPTEMBER 30, 2023, 2022, 2021
(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, 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
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
Total comprehensive income		100,525.38	500,000.00	36,144.42	-6,609.69	1,153.29	.00		631,213.39
Dividend declaration		-431,697.28							-431,697.28
Reversal of appropriation		500,000.00	-500,000.00						.00
Balance at June 30, 2022 (As Audited)	282,545.96	793,911.81	1,500,000.00	975,011.17	-67,351.27	102,478.92		-369,078.49	3,217,518.09
Total comprehensive income		-93,722.51				.00			-93,722.51
Balance at September 30, 2022	282,545.96	700,189.30	1,500,000.00	975,011.17	-67,351.27	102,478.92	.00	-369,078.49	3,123,795.58
Total comprehensive income		262,527.08		74,658.23	-1,285.38	27,368.67			363,268.60
Balance at June 30, 2023 (As Audited)	282,545.96	962,716.38	1,500,000.00	1,049,669.40	-68,636.65	129,847.58		-369,078.49	3,487,064.18
Total comprehensive income		-114,789.62							-114,789.62
Balance at September 30, 2023	**282,545.96**	**847,926.76**	**1,500,000.00**	**1,049,669.40**	**-68,636.65**	**129,847.58**	**.00**	**-369,078.49**	**3,372,274.57**

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

	Three Months Ended September 30		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**-114,789.62**	-93,722.51	-88,832.58
Adjustments for:			
Interest expense	**33,282.45**	19,852.70	25,959.18
Depreciation and amortization	**20,288.63**	22,403.76	22,362.26
Interest income	**-456.61**	-33.57	-344.04
Operating loss before working capital changes	**-61,675.14**	-51,499.62	-40,855.18
Provisions for (reversal of):			
Decrease (increase) in:			
Receivables	**116,693.99**	27,405.85	120,509.57
Inventories	**12,703.47**	43,822.38	44,781.80
Other curent assets	**834.10**	-31,645.72	-58,416.17
Increase (decrease) in:			
Trade and other payables	**-103,250.63**	-44,163.94	-48,473.59
Deposits	**-4,267.42**	-49.46	792.09
Cash generated from (used for) operations	**-38,961.62**	-56,130.52	18,338.52
Income tax paid			
Net cash provided by (used in) operating activities	**-38,961.62**	-56,130.52	18,338.52
CASH FLOWS FROM INVESTING ACTIVITIES			
Net disposals of (additions to) property, plant and equipment	**-54,731.94**	-30,071.30	-42,153.10
Decrease (increase) in other noncurrent assets	**3,230.24**	-41.00	-1,654.00
Interest received	**456.61**	33.57	344.04
Net cash provided by (used in) investing activities	**-51,045.10**	-30,078.73	-43,463.06
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Interest	**-33,282.45**	-19,852.70	-25,959.17
Increase(decrease) in non current liablities	**-924.35**	-1,368.91	-1,134.23
Notes payable	**-34,687.49**	-16,625.00	-23,125.00
Proceeds from availment of short-term notes payable	**120,000.00**		9,690.26
Net cash provided by (used) in financing activities	**51,105.70**	-37,846.61	-40,528.15
NET INCREASE (DECREASE) IN CASH	**-38,901.03**	-124,055.86	-65,652.69
CASH AT BEGINNING OF YEAR	**124,965.23**	169,773.86	107,420.81
CASH AT END OF YEAR	**86,064.20**	45,718.00	41,768.12

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, 2022 and 2021, 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 amendments to existing standards effective as at July 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of the following amended standards did not have any significant impact on the consolidated financial statements:

- Amendment to PFRS 16, COVID-19-related Rent Concessions beyond June 30, 2021

The amendment provides 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, 2022; 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.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, Interest Rate Benchmark Reform – Phase 2

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

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 re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

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

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

Determination of Fair Value

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, and subsequently measured at amortized cost, at FVOCI and at 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 debt 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 measured at amortized cost
- Financial Assets measured at FVTPL
- Financial Assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to consolidated statement of income (debt instruments); and
- Financial Assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to consolidated statement of income (equity instruments).

Financial assets at amortized cost
The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortized cost as at June 30, 2022 and 2021 consist of "Cash", "Receivables" and long-term receivables lodged under "Other noncurrent assets" account in the consolidated balance sheets. 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 (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) 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 is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss 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 profit or loss. 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.
The Group's financial assets at FVOCI as at June 30, 2022 and 2021 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, 2022 and 2021.

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.

The Group assesses at each reporting date whether there is an objective evidence that a financial or group of financial asset is impaired. Objective evidences of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Group triggers its 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.

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".

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income. This category generally applies to interest-bearing loans and borrowings.

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

Offsetting of Financial Instruments
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

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- land cost;
- amounts paid to contractors for construction; and
- planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale.

The cost of real estate property sold before completion of the development is determined based on the actual costs incurred to date plus estimated costs to complete the development of the property.

Advances to Supplier for Goods and Services

Advances to suppliers represent advance payment on goods or services to be purchased in connection with the Groups' 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.

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
Furniture, fixtures and equipment	2-10 years
Transportation equipment	2-25 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 investment property when, and only when, there is a change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development with a view to sale. For a transfer from investment property to owner-occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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.

Right-of-use (ROU) Assets
The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. ROU assets are subject to impairment.

Depreciation and amortization is computed using the straight-line basis over the estimated useful lives of the assets, while leasehold improvements and ROU assets are amortized over their estimated useful lives or the term of the lease, whichever is shorter.

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 ROU assets representing the right to use the underlying assets.

Lease Liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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.

<u>Equity</u>

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 Stock

The Group's capital stocks which are reacquired (treasury stocks) 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.

<u>Revenue Recognition</u>

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.

<u>Expenses</u>

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 liabilities for the current and prior periods are measured at the amount expected to be paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that have been 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:

- where 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 income nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, 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 net operating loss carryover (NOLCO) and tax credits from excess minimum corporate income tax (MCIT) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused NOLCO and unused tax credits from excess MCIT can be utilized, except:

- where 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 income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, 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 taxable profit will be available against which the temporary differences can be utilized.
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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 taxable profit will be available to allow all or part of the deferred income tax assets to be utilized in the future. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the period 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 period.

Deferred income tax relating to items recognized in other comprehensive income is recognized in OCI.

Deferred income tax assets and liabilities are offset, if and only if, a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, which intend to either settle current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets or liabilities are expected to be settled or recovered.

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

Post year-end events that provide additional information about the Group's financial position at the reporting period (adjusting events), if any, are reflected in the consolidated financial statements. Post year-end events 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, 2023

The Group will adopt the standards enumerated below when these become effective. The Group does not expect the adoption of these new and amended PFRSs and PAS to have significant impact on the consolidated financial statements.

Effective beginning on or after July 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies
- Amendments to PAS 8, Definition of Accounting Estimates
- Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective beginning on or after July 1, 2024
Amendments to PAS 1, Classification of Liabilities as Current or Non-current
Amendments to PFRS 16, Lease Liability in a Sale and Leaseback

Effective beginning on or after July 1, 2025
PFRS 17, Insurance Contracts

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.

4. 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.

Distinction Among Real Estate Inventories, Property, Plant and Equipment, and Investment Properties.

The Group determines whether properties are classified as real estate inventories, property, plant and equipment or investment properties:

- Real estate inventories comprise of properties that are held for sale in the ordinary course of business. These are parcels of land that the Group develops or intends to develop for future sale. Real estate inventories that are held for development pertain to the Group's strategic land banking activities for development or sale in the medium or long-term.
- Property, plant and equipment is held for use by, or 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 June 30, 2023 and 2022, the allowance for ECL on receivables amounted to ₱22.9 million and ₱23.0 million, respectively. The carrying amounts of receivables and long-term receivables as at September 30, 2023 and June 30, 2022 amounted to ₱1.5 and ₱1.6 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 ₱1.5 million in 2023 and 2022. Reversal of inventory obsolescence amounted to ₱0.1 million and nil in 2023 and 2022, respectively (see Note 7). Provision for inventory writedown amounted to ₱25.1 million and nil in June 30, 2023 and 2022, respectively (see Note 7). The carrying amounts of inventories as at September 30, 2023 and June 30, 2023 amounted to ₱337.0 million and ₱349.7 million, respectively (see Note 7). The allowance for inventory obsolescence as at September 30, 2023 and June 30, 2023 amounted to ₱7.2 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 2023 and 2022. The carrying amounts of real estate as at September 30, 2022 and June 30, 2023 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, 2023 and 2022.

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 June 30, 2023 and 2022 amounted to ₱0.7 billion and ₱1.0 billion, respectively (see Note 13). The fair value of land under investment property amounted to ₱871.1 million and ₱456.8 million as at June 30, 2023 and 2022, respectively (see Note 13).

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, 2023 and June 30, 2023 amounted to ₱464.5 million and ₱430.0 million, respectively (see Note 12).

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 2023 and 2022. The fair values of land under property plant and equipment as at June 30, 2023 and 2022 amounted to ₱0.7 billion and ₱1.0 billion, respectively (see Note 13). The carrying amounts of property, plant and equipment carried at cost, refundable deposits and advances are ₱817.6 million and ₱769.6 million as at September 30, 2023 and June 30, 2023, respectively (see Notes 9, 12 and 14).

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 June 30, 2023 and 2022 amounted to ₱502.4 million. No impairment was recognized in 2023 and 2022 (see Note 10).

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 June 30, 2023 and 2022 amounted to ₱37.9 million and ₱33.0 million, respectively.

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.

Retirement expense recognized in 2023 and 2022 amounted to ₱5.5 million and ₱5.1 million, respectively. The carrying amounts of the Group's retirement plan obligation amounted to ₱23.7 million and ₱20.9 million as at June 30, 2023 and 2022, 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.

2023	Sugar and by products	Real Estate	Eliminations	Total
Revenues	57,661.42	11,501.31		69,162.73
Cost of goods sold and services	113,463.32	5,188.73		118,652.05
Gross income	-55,801.90	6,312.59	.00	-49,489.32
Operating expenses	32,312.05	3,917.22		36,229.28
Other income (expenses)				
Interest expense	-33,259.45	-23.00	.00	-33,282.45
Interest income	432.58	24.02	.00	456.61
Other income - net	3,265.67	489.16		3,754.82
Segment income before income tax	**-117,675.16**	**2,885.54**	**.00**	**-114,789.62**
Segment assets	**6,083,286.10**	**839,766.88**	**-930,779.12**	**5,992,273.86**
Segment liabilities	**2,437,187.12**	**1,678,974.93**	**-1,496,162.76**	**2,619,999.29**

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

5. Cash

	As of September 30, 2023	As of June 30, 2023
Cash on hand and in banks	**84,763.60**	123,537.52
Cash equivalents	**1,300.60**	1,427.71
	86,064.20	124,965.23

Cash in banks earn interest at the respective bank deposit rates. Interest rates range from 0.05% to 2.10% per annum in 2023 and 2022, respectively.

Interest income earned from cash in banks amounted to ₱0.43 million and ₱.1 million in September 30, 2023 and June 30, 2022 respectively.

6. Receivables

	As of September 30, 2023	As of June 30, 2023
Trade:		
Non-affiliates	**42,008.53**	61,379.60
Affiliates		
Nontrade:		
Due from related parties	**1,176,604.72**	1,279,722.89
Notes receivable	**20,982.80**	20,982.80
Planters' receivable	**36,765.47**	35,670.44
Current portion of long-term receivables	**15,274.67**	15,274.67

Advances to:		
Directors, officers and employees	**4,137.58**	4,747.05
Luisita Golf and Country Club, Inc. (LGCCI)	**17,092.08**	18,560.80
Others	**21,928.80**	15,150.40
	1,334,794.66	1,451,488.65
Less allowance for doubtful accounts - nontrade	22,999.24	22,999.24
	1,311,795.42	**1,428,489.41**

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

Certain receivables from related parties are subject to interest at 4% to 10% per annum in 2023, 2022 and 2021.

Planters' receivable pertains to the loan agreement entered into in 2023 that are subject to 8% interest per annum.

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

Movements in the allowance for ECL are summarized below:

2023

	September 30, 2023		
	Trade	**Non Trade**	**Total**
Balance at beginning of year	3,989.71	19,009.52	22,999.24
Provisions			.00
Reversals/write off			.00
Balance	**3,989.71**	**19,009.52**	**22,999.24**

7. **Inventories**

	As of September 30, 2023	As of June 30, 2023
At cost:		
Alcohol	**86,447.11**	95,192.54
CO2	**.00**	
Molasses	**7,839.84**	7,839.84
CO2		
At NRV:		
Spare parts and supplies	**96,109.47**	51,772.75
Raw sugar	**146,605.45**	194,900.21
	337,001.86	**349,705.33**

8. Real Estate Held for Sale and Development

	As of September 30, 2023	As of June 30, 2023
Land held for development	**981,516.36**	981,516.36
Land available for sale	**7,076.18**	7,076.18
	988,592.54	988,592.54

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

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

9. Other Current Assets

	As of September 30, 2023	As of June 30, 2023
Advances to suppliers - net of allowance	**313,417.87**	319,798.75
CWT	**25,335.88**	25,488.89
Prepaid tax	**673.47**	
Prepaid insurance	**1,719.64**	1,338.77
Input tax	**4,911.12**	
Others	**3,231.30**	3,496.98
	349,289.28	350,123.38

10. **Goodwill** - net

The Group performed its impairment review of goodwill as at June 30, 2023 and 2022. 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, 2023 and 2022 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 12.0% growth rate as at June 30, 2023 and 2022. Discount rate applied to the cash flow projections in determining value in use is 9.4% and 10.4% as at June 30, 2023 and 2022, 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	**2023**	2022
Discount rates	**245.00%**	31.90%
Selling price	**(59.92%)**	(56.53%)

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, 2023	As of June 30, 2023
Proprietary shares	**178,800.00**	178,800.00
Investment in shares of stock:		
Listed	393.61	393.61
Unlisted	162.00	162.00
	179,355.61	179,355.61

The movements in financial assets at FVOCI are as follows:

	As of September 30, 2022	As of June 30, 2022
Balances at beginning of year	**147,157.18**	145,800.37
Effect of adoptin PFRS 9		
Change in fair value of financial assets at FVOCI		1,356.81
	147,157.18	147,157.18

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 when the need arises.

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

	As of September 30, 2023	As of June 30, 2023
Balances at beginning of year	**179,355.61**	147,157.18
Effect of adoptin PFRS 9		
Change in fair value of financial assets at FVOCI		32,198.43
	179,355.61	179,355.61

12. Property, Plant and Equipment - at cost

September 30, 2023

	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	ROU-Asset Transportation Equipment	ROU-Asset Agricultural Equipment	Total
Cost:												
Balances at beginning of year	**837,174.24**	**210,353.83**	**37,828.68**	**161,498.98**	**52,729.57**	**26,338.55**	**5,890.18**	**8,245.13**	**16,560.57**	**16,500.00**	**36,159.89**	**1,409,279.61**
Additions	**12.41**	**.00**	**.00**	**.00**	**.00**	**267.69**	**.00**	**.00**	**54,453.38**	**.00**	**.00**	**54,733.47**
Retirement and write-off	**.00**	**.00**	**.00**	**.00**	**.00**	**-5.80**	**.00**	**.00**	**.00**	**.00**	**.00**	**-5.80**
Reclassifications	**.00**	**.00**	**.00**	**.00**	**.00**	**.00**	**.00**	**.00**	**.00**	**.00**	**.00**	**.00**
Balances at end of year	**837,186.66**	**210,353.83**	**37,828.68**	**161,498.97**	**52,729.57**	**26,600.44**	**5,890.18**	**8,245.13**	**71,013.95**	**16,500.00**	**36,159.88**	**1,464,007.28**
Accumulated depreciation and amortization:												
Balances at beginning of year	**658,750.01**	**109,524.17**	**18,343.85**	**106,753.05**	**45,696.95**	**22,098.32**	**3,088.20**	**8,245.11**	**.00**	**2,469.70**	**4,301.35**	**979,270.71**
Depreciation and amortization	**10,496.61**	**4,486.94**	**468.44**	**1,884.21**	**512.13**	**477.92**	**71.06**	**.00**	**.00**	**1,093.92**	**798.95**	**20,290.17**
Retirement and write-off	**.00**	**.00**	**.00**	**.00**	**.00**	**-5.80**	**.00**	**.00**	**.00**	**.00**	**.00**	**-5.80**
Reclassifications	**.00**	**.00**	**.00**	**.00**	**.00**	**.00**	**.00**	**.00**	**.00**	**.00**	**.00**	**.00**
Balances at end of year	**669,246.62**	**114,011.11**	**18,812.29**	**108,637.26**	**46,209.08**	**22,570.44**	**3,159.25**	**8,245.11**	**.00**	**3,563.62**	**5,100.30**	**999,555.07**
Net book values	**167,940.04**	**96,342.72**	**19,016.39**	**52,861.71**	**6,520.48**	**4,030.00**	**2,730.93**	**.02**	**71,013.95**	**12,936.38**	**31,059.59**	**464,452.21**

June 30, 2023

	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	ROU-Asset Transportation Equipment	ROU-Asset Agricultural Equipment	Total
Cost:												
Balances at beginning of year	797,821.23	207,266.38	36,565.62	161,484.38	52,762.03	25,354.03	5,662.53	8,245.13	10,055.05	8,700.00	36,159.89	1,350,076.25
Additions	14,283.25	3,444.59	1,057.46	14.60	1,230.93	984.53	227.65	.00	31,218.15	7,800.00	.00	60,261.15
Retirement and write-off	.00	.00	.00	.00	-1,263.39	.00	.00	.00	.00	.00	.00	-1,263.39
Reclassifications	25,069.77	-357.14	205.60	.00	.00	.00	.00	.00	-24,712.62	.00	.00	205.60
Balances at end of year	837,174.24	210,353.83	37,828.68	161,498.98	52,729.57	26,338.55	5,890.18	8,245.13	16,560.57	16,500.00	36,159.89	1,409,279.61
Accumulated depreciation and amortization:												
Balances at beginning of year	614,185.14	91,555.85	16,274.12	97,828.74	44,968.59	19,760.09	2,839.44	8,245.11	.00	435.00	1,357.91	897,449.99
Depreciation and amortization	44,207.72	18,325.47	2,069.73	8,924.31	1,991.76	2,338.23	248.75	.00	.00	2,034.70	2,943.44	83,084.11
Retirement and write-off	.00	.00	.00	.00	-1,263.39	.00	.00	.00	.00	.00	.00	-1,263.39
Reclassifications	357.14	-357.14	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Balances at end of year	658,750.01	109,524.17	18,343.85	106,753.05	45,696.95	22,098.32	3,088.20	8,245.11	.00	2,469.70	4,301.35	979,270.71
Net book values	**178,424.24**	**100,829.66**	**19,484.83**	**54,745.92**	**7,032.61**	**4,240.23**	**2,801.99**	**.02**	**16,560.57**	**14,030.30**	**31,858.54**	**430,008.91**

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, 2022 and 2021. 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 reports in 2023 and 2022, the fair value of the Group's land recognized under property, plant and equipment and investment property increased by ₱87.4 million and ₱67.7 million for the years ended June 30, 2023 and 2022, respectively.

Property, Plant and Equipment

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

	September 30, 2023	**June 30, 2023**
At beginning of year	718,128.95	1,044,982.96
Change in fair value of property, plant and equipment		-6,766.66
Reclassification to investment property		-320,087.35
	718,128.95	**718,128.95**

In 2023, the Group reclassified land with a revalued amount of ₱320.1 million from Property, Plant and Equipment to Investment Property due to the actual change in use of the property as approved by the BOD.

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

	September 30, 2023	**June 30, 2023**
Property, plant and equipment	1,049,669.40	975,011.17
Changes in fair value of property, plant and equipment		-5,074.99
Recyled from deferred income tax liability		79,733.22
	1,049,669.40	**1,049,669.40**

Attributable to:	**2023**
Property plant and equipment	453,669.65
Property plant and equipment reclassified to investment property	595,999.75
	1,049,669.40

Deferred income tax liability on revaluation increment as of June 30, 2023 and 2022 amounted to ₱177.8 million and ₱259.2 million. Due to change in management's use of the asset, from "owner-occupied" to "for capital appreciation", which resulted to a reclassification of land from *Property, Plant and Equipment* to *Investment Property,* the related deferred income tax liability amounting to ₱79.7 million was derecognized against revaluation increment in 2023.

The value of land recognized under property, plant and equipment if carried at cost as at June 30, 2023 and 2022 is ₱6.9 million and ₱8.1 million, respectively.

Investment Property

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

	September 30, 2023	**June 30, 2023**
Balances at beginning of year	871,079.19	456,842.82
Change in fair value of investment property		94,149.02
Reclassification from property, plant and equipment		320,087.35
	871,079.19	**871,079.19**

The value of land recognized under investment property if carried at cost as at June 30, 2023 and 2022 is ₱2.9 million and ₱1.8 million, respectively. 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, 2023	As of June 30, 2023
Long-term receivables	**142,380.49**	142,380.49
Recoverable and other deposits	**39,787.48**	39,588.18
Others	**16,353.29**	19,782.83
	198,521.27	201,751.50
Less: current portion	**15,274.67**	15,274.67
	183,246,594	186,476,830

15. Trade and Other Payables

	As of September 30, 2023	As of June 30, 2023
Trade payables	**154,452.84**	141,910.54
Accruals:		
Interest and penalties	**5,710.58**	7,328.37
Spare parts, supplies and inventory cost	**356,874.92**	457,976.40
Taxes	**2,892.97**	3,712.53
Professional fees	**4,765.81**	6,115.95
Salaries, wages and other benefits	**3,040.96**	3,902.45
Others	**14,622.37**	18,764.84
Advances from related parties	**11,816.96**	11,816.96
Dividends payable	**23,874.58**	23,874.58
Estimated liability for cash surrender value	**394.54**	394.54
Customers' advances	**1,570.17**	1,570.17
Other payables	**562.56**	3,015.19
	580,579.26	680,382.53

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

16. Notes Payable

	As of September 30, 2023	**As of June 30, 2023**
Workig capital facilities	**998,000.00**	878,000.00
Promissory notes	**20,080.03**	20,080.03
	1,018,080.03	898,080.03

Working Capital Facilities Agreement (WCFA)
The Group has an existing WCFA with BDO. Under the WCFA, the Group has an outstanding drawdown of ₱998.0 million and ₱878.0 million, as at September 30, 2023 and June 30, 2023, at 8.75%.

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 on all short-term notes amounted to ₱18.7 million and ₱ 77.4 million as at September 30,2023 and June 30, 2023, respectively.

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 are as follows:

	2023	2022
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	**₱363,652,188**	₱420,385,026
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	**296,229,779**	345,374,019
	659,881,967	765,759,045
Less current portion - net of transaction costs	**134,811,646**	105,872,300
Noncurrent portion - net of transaction costs	**₱525,070,321**	₱659,886,745

The facility contains a loan covenant requiring the Group to meet certain financial ratio starting November 15, 2021 (see Note 28). The loan is secured by a collateral which consist of certain parcels of land and financial assets at FVOCI amounting to ₱1.1 billion and ₱139.0 million, respectively.

The Group recognized interest expense amounting to ₱9.1 million and ₱50.8 million as at September 30, 2023 and June 30, 2023respectively.

17. Cost of Goods Sold

	Nine Months Ended September 30		
	2023	**2022**	**2021**
Salaries, wages bonuses and other benefits	**18,309.50**	16,765.43	17,044.76
Repairs & Maintenance	**3,720.43**	2,552.56	3,975.59
Inventory cost,spare parts and supplies	**58,003.57**	43,275.48	53,657.46
Depreciation and amortization	**16,754.93**	19,125.50	17,854.98
Freight and transportation	**552.31**	1,318.69	1,235.27
Security and outside services	**4,454.34**	8,479.63	10,630.94
Power and steam	**3,758.81**	5,977.04	3,318.81
Insurance	**520.43**	1,105.30	1,183.47
Taxes and licenses	**1,104.33**	1,180.50	1,525.00
Others	**806.66**	1,181.34	174.59
	107,985.30	100,961.47	110,600.88

18. Cost of Tolling Services

	Nine Months Ended September 30		
	2023	**2022**	**2021**
Salaries, wages bonuses and other benefits	**2,299.01**	2,219.24	2,193.10
Repairs & Maintenance	**193.40**	65.55	50.65
Spare parts and supplies	**62.19**	352.49	127.86
Depreciation and amortization	**1,004.53**	1,409.57	1,489.82
Freight and transportation	**385.68**	360.67	710.67
Security and outside services	**135.02**	113.05	398.37
Power and steam	**478.98**	746.55	472.55
Insurance	**24.13**	95.06	154.55
Taxes and licenses	**883.38**	855.92	673.05
Others	**11.69**	7.42	9.46
	5,478.02	6,225.53	6,280.07

19. **Cost of Industrial Services**

	Nine Months Ended September 30		
	2023	**2022**	**2021**
Salaries, wages bonuses and other benefits	**65.02**	63.17	160.38
Repairs & Maintenance	**244.78**	609.87	304.74
Materials	**81.93**	195.85	373.85
Depreciation and amortization	**695.54**	698.00	813.78
Security and outside services	**480.30**	1,024.61	1,017.65
Service Cost	**1,414.46**	1,318.89	982.71
Professional fee	**21.05**	277.13	.00
Freight & transportation	**44.61**	48.39	25.45
Power and steam	**1,819.16**	3,105.98	1,444.34
Insurance	**35.06**	2.44	2.44
Taxes and licenses	**60.21**	147.81	145.78
Others	**226.61**	258.02	295.28
	5,188.73	7,750.16	5,566.40

20. **Operating Expenses**

	Nine Months Ended September 30		
	2023	**2022**	**2021**
Salaries, wages bonuses and other benefits	**5,265.91**	5,099.32	6,621.45
Repairs & Maintenance	**1,404.39**	967.28	943.37
Management fees nd bonuses	**.00**	.00	.00
Taxes and licenses	**13,020.87**	16,117.94	3,394.72
Depreciation and amortization	**1,833.64**	1,170.69	2,203.68
Transportation and travel	**2,332.25**	2,365.24	2,270.35
Security and outside services	**1,636.60**	1,871.18	1,346.76
Rentals	**1,301.77**	976.33	976.33
Light and water	**333.84**	388.22	282.84
Retirement	**585.98**	.00	.00
Entertainment, amusement and recreation	**1,659.64**	1,233.48	431.91
Professional fees	**5,435.67**	5,849.58	6,032.47
Dues and advertisements	**18.37**	105.68	54.26
Postage, telephone and telegram	**73.95**	74.45	58.46
Others	**983.84**	934.51	829.62
	36,229.28	37,592.92	25,613.69

21. Nature of Expenses

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

	Nine Months Ended September 30		
	2023	**2022**	**2021**
Cost of goods sold (see Note 17)	**16,754.93**	19,125.50	17,854.98
Cost of tolling services (see Note 18)	**1,004.53**	1,409.57	1,489.82
Cost of industrial services (see Note 19)	**695.54**	698.00	813.78
Operating expenses (see Note 20)	**1,833.64**	1,170.69	2,203.68
	20,288.63	22,403.76	22,362.26

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

	Nine Months Ended September 30		
	2023	**2022**	**2021**
Cost of goods sold			
Salaries, wages, bonuses and other benefits	**18,309.50**	16,765.43	17,044.76
Cost of tolling services			
Salaries, wages, bonuses and other benefits	**2,299.01**	2,219.24	2,193.10
Cost of industrial services			
Salaries, wages, bonuses and other benefits	**65.02**	63.17	160.38
Operating expenses			
Salaries, wages, bonuses and other benefits	**5,265.91**	5,099.32	6,621.45
	25,939.43	24,147.16	26,019.69

22. Retirement Plan

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, 2023.

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 plan's objectives, benefit obligations and risk capacity. The defined benefit retirement plan meets the minimum retirement benefit specified under Republic Act (RA) No. 7641, *The 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.

<u>Transactions with Related Parties</u>

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

SHAREHOLDERS	**Outstanding Receivables (Payables)**
FIRST LUCKY HOLDINGS CORP	-9,735.19
CAT RESOURCE AND ASSETS HOLDINGS INC	1,003,843.46
TARLAC DISTILLERY CORPORATION	140,576.39
CAT FOUNDATION INC.	1,130.77
LUISITA TRUST FUND (LTF)	7,731.39
GREEN FUTURE INNOVATIONS, INC.	-79,811.14
FIRST GREEN RENEWABLE HOLDING INC	83,508.05
BUENA VISTA CORPORATE ASSETS HOLDINGS INC.	14,112.17
FIRST LUCKY AGRO-INDUSTRIAL CORP	-2,081.76
BLUE MOUNTAINS CORPORATION	5,772.50
NORTH STAR ESTATE HOLDINGS INC.	40.18
LUISITA GOLF & COUNTRY CLUB	16,749.25

24. **Agreements**

<u>Milling Agreements</u>

The Group's milling agreements with various planters provide for a 67.0%, 2% and 31.0% sharing among the planters, planter's association 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 Agreements

Office Space

In previous years, the Group transferred its main office and entered into a 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.

The lease agreement did not qualify as a lease following the requirements of PFRS 16 as there is no identified asset in the agreement.

Transportation and Agricultural Equipment

The Group has the following lease agreements:

a. In March 2022, the Group entered into a lease agreement with RCBC Leasing for the lease of twenty (20) units of 2022 Club Car Tempo 2-seater Golf Carts for a monthly rental of ₱235,133.
b. In January 2022, the Group entered into a lease agreement with RCBC Leasing for the lease of three (3) units of 2014 John Deere Sugarcane Harvesters for a monthly rental of ₱575,304.
c. In December 2021, the Group entered into a lease agreement with RCBC Leasing for the lease of three (3) units of Holland TS6.120 $WD Tractors for a monthly rental payment of ₱234,802.

Upon expiry of the lease, RCBC Leasing has the option to sell to the Group the properties that are the subject matter of the lease for the price equivalent to the residual value.

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, 2022 and 2021, 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 393 and 393 as at September 30, 2022 and June 30, 2022, respectively.

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 as at June 30 is as follows:

	As of September 30, 2023	As of June 30, 2023
Unappropriated	**847,926.76**	962,716.38
Appropriated	1,500,000.00	1,500,000.00
	2,347,926.76	2,462,716.38

On June 30, 2020, 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, 2022, the retained earnings that remains appropriated are for the continuation of the following projects within the next two to three 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 September 30, 2022 and June 30, 2022, dividends payable recognized under "Trade and other payables" account amounted to ₱23.9 million. No dividend declaration was made for the year ended June 30, 2022.

In accordance with the Revised SRC Rule 68, Annex 68-D, the Parent Company's retained earnings available for dividend declaration amounted to ₱233.1 million as of June 30, 2022.

Basic/Diluted Earnings Per Share

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

	September 30, 2023	June 30, 2023
Net Income	-114,789.62	168,804.57
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	**-₱0.481**	**₱0.708**

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:

	2023			
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Asset Measered At Fair Value				
Property, plant and equipment				
Land			718,128.95	718,128.95
Investment Property			871,079.19	871,079.19
Financial asset at FVOCI	179,193.61			179,193.61
	179,193.61	**.00**	**1,589,208.14**	**1,768,401.75**

	2022			
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Asset Measered At Fair Value				
Property, plant and equipment				
Land			1,044,982.96	1,044,982.96
Investment Property			456,842.82	456,842.82
AFS Financial assets - quoted	146,995.18			146,995.18
	146,995.18	**.00**	**1,501,825.78**	**1,648,820.96**

The following are the relevant information and assumptions used in determining the fair value of land classified as PPE and investment property:

- *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 these information are 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.	₱ 900 to ₱ 1,500	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, 2022 and 2021.

Cash, Receivables, Trade and Other Payables and Short-term Notes Payable

Due to the short-term nature of these financial instruments, their fair values approximate the carrying amounts as at reporting date.

<u>Long-term Receivables</u>

The carrying value of long-term receivables approximates its fair value based on the discounted value of future cash flows using applicable rate of 1.93% as at June 30, 2023 and 2022 (Level 3; see Note 2).

Notes Payable

The fair value of notes payable amounting to ₱496.0 million (carrying value of ₱659.9 million) and ₱717.3 million (carrying value of ₱765.8 million) is based on the discounted value of future cash flows using applicable rates plus credit spread for similar types of loans ranging from 9.09% to 9.20% and 4.05% to 6.34% as at June 30, 2023 and 2022, respectively (Level 3; see Note 2).

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, receivables, financial assets at FVOCI, long-term receivables lodged under "Other noncurrent assets" account, short-term notes payable and notes payable. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as 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. In addition, the Group has an existing line of credit with BDO through its WCFA which allows the Group access to funds for liquidity purposes.

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

	September 30, 2023			
	Within 30 Days	Within 1 Year	Above 1 Year	Total
Trade payable and other payables	2,475.57	578,103.69	.00	**580,579.26**
Short-term notes payable	.00	898,080.03	.00	**898,080.03**
Notes payable		163,371.20	461,823.27	**625,194.47**
Lease Liabilities		14,304.80	5,255.25	**19,560.05**
	2,475.57	**1,653,859.72**	**467,078.52**	**2,123,413.81**

	June 30, 2023			
	Within 30 Days	Within 1 Year	Above 1 Year	Total
Trade payable and other payables	2,854.05	666,487.57	.00	669,341.62
Short-term notes payable		898,421.99		898,421.99
Notes payable		138,750.00	531,875.00	670,625.00
Lease Liabilities		15,072.59	10,933.89	26,006.48
	2,854.05	1,718,732.14	542,808.89	2,264,395.09

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, 2023			
	Within 30 Days	**Within 1 Year**	**Above 1 Year**	**Total**
Cash and cash equivalents	86,064.20			86,064.20
Receivables:				
Trade	12,777.33	29,231.19	.00	42,008.53
Receivable from real estate contractors				
Planter's receivables	.00	36,765.47	.00	36,765.47
Notes receivable from planters	.00	.00	20,982.80	20,982.80
Due from related parties	322.61	1,176,282.11	.00	1,176,604.72
Advances	.00	21,229.66	.00	21,229.66
Current portion- long-term rece	.00	15,274.67	142,380.49	15,274.67
Others	.00	21,928.80	.00	21,928.80
Deferred Charges	.00	.00	24,786.70	24,786.70
Financial assets at FVOCI	.00	179,355.61	.00	179,355.61
	99,164.14	**1,480,067.53**	**188,150.00**	**1,625,001.17**

	June 30, 2023			
	Within 30 Days	**Within 1 Year**	**Above 1 Year**	**Total**
Cash and cash equivalents	124,965.23			124,965.23
Receivables:				
Trade	18,669.25	42,710.35	-	61,379.60
Planter's receivables		35,670.44	-	35,670.44
Notes receivable from planters	-	-	20,982.80	20,982.80
Due from related parties	350.88	1,279,372.01	-	1,279,722.89
Advances	-	18,560.80	-	18,560.80
Current portion- long-term rece	-	15,274.67	142,380.49	157,655.17
Others	-	15,150.40	-	15,150.40
Deferred Charges			24,786.70	24,786.70
Financial assets at FVOCI	-	179,355.61	-	179,355.61
	143,985.36	**1,586,094.28**	**188,150.00**	**1,918,229.64**

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, 2023	**June 30, 2023**
Cash and cash equivalents	86,064.20	124,965.23
Receivables:	1,311,795.42	1,428,489.41
Financial assets at FVOCI	179,355.61	179,355.61
Noncurrent portion of long-term receivable	127,105.82	127,105.82
Deferred Charges	24,786.70	24,786.70
	1,729,107.76	1,884,702.78

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

The Groups cash and investment in shares of stock recognized as financial assets at FVOCI are neither past due nor impaired. The analysis of the Group’s receivable is as follows:

	September 30, 2023					
	Total	**Neither Past Due nor Impaired**	**Past Due but not Impaired**			**Impaired**
			30 Days	**90 Days**	**More than 150 Days**	
Trade	41,971.88	27,653.23			10,328.93	3,989.71
Planter's receivables	36,765.47		31,261.20			5,504.27
Due from related parties	1,176,604.72	4,314.44			1,171,944.11	346.17
Advances	17,296.67	.00			4,137.58	13,159.09
Long-term receivables	142,380.49	142,380.49				.00
Deferred Charges	24,786.70				24,786.70	.00
Others	42,911.60	42,911.60				.00
	1,482,717.54	**217,259.78**	**31,261.20**	**.00**	**1,211,197.33**	**22,999.24**

	June 30, 2023					
	Total	**Neither Past Due nor Impaired**	**Past Due but not Impaired**			**Impaired**
			30 Days	**90 Days**	**More than 150 Days**	
Trade	61,379.60	41,742.91	27.92	27.40	15,591.66	3,989.71
Planter's receivables	35,670.44	9,163.88	14,788.05	6,214.24	.00	5,504.27
Due from related parties	1,279,722.89	4,747.05	.00	.00	1,274,629.67	346.17
Advances	18,560.80	.00	.00	.00	5,401.71	13,159.09
Long-term receivables	142,380.49	142,380.49	.00	.00	.00	.00
Deferred Charges	24,716.05		.00	.00	24,716.05	.00
Others	40,880.25	40,880.25	.00	.00	.00	.00
	1,603,310.52	**238,914.58**	**14,815.97**	**6,241.64**	**1,320,339.09**	**22,999.24**

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

	September 30, 2023		
	Grade		
	High	Standard	Total
Loans and receivables:			
Cash and cash equivalents	86,064.20	.00	86,064.20
Trade receivables	27,653.23	.00	27,653.23
Planters' Receivable	31,261.20		31,261.20
Long-term receivables	142,380.49	.00	142,380.49
Due from related party	4,314.44	.00	4,314.44
Others	42,911.60	.00	42,911.60
Financial assets at FVOCI			
Proprietary	178,800.00	.00	178,800.00
Listed	393.61	.00	393.61
Unlisted		162.00	162.00
	513,778.79	**162.00**	**513,940.79**

	June 30, 2023		
	Grade		
	High	Standard	Total
Loans and receivables:			
Cash and cash equivalents	124,965.23	.00	124,965.23
Trade receivables	41,742.91	.00	41,742.91
Planters' Receivable	9,163.88		9,163.88
Due from related party	4,747.05	.00	4,747.05
Long-term receivables	142,380.49	.00	142,380.49
Others	40,880.25	.00	40,880.25
Financial assets at FVOCI			
Proprietary	178,800.00	.00	178,800.00
Listed	393.61	.00	393.61
Unlisted		162.00	162.00
	543,073.42	**162.00**	**543,235.42**

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

The Group's exposure to the risk for changes in market interest rate relates primarily to its long-term notes payable with floating interest rates. The Group regularly monitors its interest rate exposure from interest rate movements. Management believes that cash generated from operations is sufficient to pay for its obligations under the financing agreement as they fall due.

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, notes payable, trade and other payables, and other liabilities. Equity includes capital stock, retained earnings, revaluation increment, remeasurement losses on retirement plan, unrealized cumulative gains on financial assets at FVOCI and net of treasury stock.

	September 30, 2023	June 30, 2023
Notes Payable	**1,018,080.03**	898,080.03
Short-term notes payable	**625,194.47**	659,881.97
Trade & other payables	**580,579.26**	680,382.53
Income tax payable	**.00**	.00
Deposits	**90,494.08**	94,761.50
Other liabilities	**48,879.57**	53,251.29
Total Debt (a)	**2,363,227.41**	2,386,357.31
Equity	**3,372,274.57**	3,487,064.18
Total debt and equity (b)	**5,735,501.98**	5,873,421.49
Gearing ratio (a/b)	**0.41**	0.41

In addition to the gearing ratio which the Group is monitoring, the notes payable agreement requires the Group to maintain a debt to equity that is not exceeding 2.33x. Furthermore, a Debt Service Coverage Ratio of not less than 1.10x is also required under the agreement which the Group was able to meet.

Annex C

MINUTES OF THE ANNUAL MEETING OF THE SHAREHOLDERS OF CENTRAL AZUCARERA DE TARLAC, INC. HELD ON 31 JANUARY 2023 AT 10:00 A.M.

The annual meeting of the stockholders of Central Azucarera de Tarlac, Inc. was held on 31 January 2023, at 10:00 a.m., at the Clubhouse of Luisita Golf and Country Club, San Miguel, Tarlac City. The attendance of the Board of Directors at the said meeting was as follows:

Present:	Mr. Martin Ignacio P. Lorenzo
	Mr. Fernando C. Cojuangco
	Mr. Fernan Victor P. Lukban
	Mr. Benjamin I. Espiritu
	Mr. Renato B. Padilla
Absent:	Mr. Vigor D. Mendoza II

1. CALL TO ORDER

The meeting was called to order by the Chairman, Mr. Martin P. Lorenzo. Atty. Janette L. Peña, Corporate Secretary, recorded the minutes thereof.

2. PROOF OF NOTICE MEETING

At the request of the Chairman, the Secretary submitted to the meeting the following:

(a) A copy of the printed notice of annual stockholder's meeting, dated 21 December 2022, stating the date, time, venue, agenda, and procedure for participation at the meeting;

(b) A copy of the certification of service;

(c) A copy of the Definitive Information Statement (SEC Form 20-IS) submitted to the Securities and Exchange Commission and the Philippine Stock Exchange;

(d) A complete list, certified by the Corporation's stock and transfer agent, of the holders of the common shares of the Corporation as of the close of business on 11 January 2023, the record date for stockholders who are entitled to notice and eligible to vote at this annual stockholders' meeting.

The Chairman ordered that the certified list of shareholders submitted to the meeting and the minute book of the Corporation be kept open for the inspection of the shareholders throughout the course of the meeting.

3. CERTIFICATION OF QUORUM

The Secretary reported to the Chairman that of the 238, 496, 840 outstanding shares of common stock entitled to vote at the meeting, the holders of at least **204, 042,160** shares, representing **85.55**% of the outstanding shares are present in person or by proxy. The Chairman announced that a quorum was present for all purposes, and that the meeting was lawfully and property convened and competent to proceed to the transaction of the business for which it had been called.

4. READING AND APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS HELD ON 25 JANUARY 2022

A motion was duly made and seconded to dispense with the reading of the minutes of the annual meeting of stockholders held on 25 January 2022 as copies thereof have been previously distributed to the stockholders.

There being no comments or questions on the Minutes of the Stockholders' Meeting held last 25 January 2022, upon motion duly made and seconded, the stockholders unanimously –

"RESOLVED, as it is hereby resolved, that the Minutes of the Stockholders' Meeting held last 25 January 2022 be, as it is hereby approved."

5. APPROVAL OF THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2022

The Chairman presented to the meeting the annual report of the Corporation for the fiscal year 2021-2022 containing among others the audited financial statements as at 30 June 2022.

There being no further comments on or objections to the Annual Report and the Audited Financial Statements for the fiscal year ending 30 June 2022, and upon motion duly made and seconded, the same was approved by the stockholders representing majority of the outstanding capital stock of the corporation.

6. RATIFICATION AND CONFIRMATION OF ALL ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND OFFICERS SINCE THE LAST ANNUAL MEETING OF THE STOCKHOLDERS

The Secretary presented a summary of the various Board Resolutions adopted and approved by the Board of Directors since the last annual meeting of the stockholders on 25 January 2022. There being no comments and objections, upon motion duly made and seconded the following resolution was unanimously approved:

"RESOLVED, That all corporate acts and transaction since the annual meeting of the stockholders held on 25 January 2022, including the acts of the Board of Directors, officers and management, as reflected in the minutes of the meetings, financial statements and other records of the Corporation, be, as they are hereby, approved, ratified and confirmed."

7. ELECTION OF DIRECTORS

The Chairman called on the Secretary to present the nominees for the position of director and independent director to be elected in today's annual stockholders' meeting, and to hold office until the next annual meeting or until their successors have been elected and qualified.

The Secretary announced the six (6) nominees for the position of director, whose names and qualifications are set forth in the Information Statement that had been distributed to all stockholders, namely:

MARTIN IGNACIO P. LORENZO	Director
FERNANDO C. COJUANCO	Director
VIGOR D. MENDOZA	Director
FERNAN VICTOR P. LUKBAN	Director
RENATO B. PADILLA	Independent Director
BENJAMIN I. ESPIRITU	Independent Director

Mr. Renato B. Padilla and Mr. Benjamin I. Espiritu are being nominated for the position of Independent Director. As Messrs. Padilla and Espiritu have served the maximum term limit for independent directors of 9 years, reckoned from 2012, under SEC MC No. 4 – 2017, the Board also recommended the extension of their terms to the stockholders for approval.

The Secretary also announced that the Corporate Governance Committee has not received any nominations other than the aforementioned nominees within the period for submission of nominations. The Chairman, nonetheless, called for further nominations but none were made.

Another motion was made to: (a) approve the recommendation of the Board for the extension of term of Messrs. Padilla and Espiritu as Independent Directors; and (b) to close the nominations and to declare the election of the foregoing nominees considering that there are no other nominees. Said motion was duly seconded, and there being no opposition, the Chairman declared the approval of the term extension of Messrs. Padilla and Espiritu as Independent Directors, and directed the Secretary to cast the votes of all the stockholders who were present or who have given their proxies in favor of those nominated. Whereupon the following were declared as the duly elected directors of Central Azucarera de Tarlac, Inc.:

Mr. Martin Ignacio P. Lorenzo
Mr. Fernando C. Cojuanco
Mr. Vigor D. Mendoza II
Mr. Fernan Victor P. Lukban
Mr. Renato B. Padilla
Mr. Benjamin I. Espiritu

The Secretary informed the body that three persons were nominated for consideration but the period for nomination had closed. As the Corporation's Articles of Incorporation provide for 9 board seats, the Board intends to fill the remaining 3 slots as soon as regulatory requirements are complied with and will call a special shareholders meeting for the election of three additional directors.

8. APPOINTMENT OF EXTERNAL AUDITOR

The Accounting firm of SYCIP GORRES VELAYO & COMPANY was appointed as the independent auditors of the Corporation for the fiscal year 2022-2023.

9. SUCH MATTERS AS MAY PROPERLY COME BEFORE THE MEETING

The Chairman inquired from the stockholders if there are other matters that they wish to discuss.

10. ADJOURNMENT

There being no further business, the meeting, on motion duly made, seconded and carried, was adjourned.

The Chairman announced that an organizational meeting of the Board of Directors will be held immediately after the adjournment.

[redacted]

JANETTE L. PEÑA
Secretary of the Meeting

Attested by:

[redacted]

MARTIN IGNACIO P. LORENZO
Chairman of the Meeting

Annex D

MINUTES OF THE SPECIAL MEETING OF THE STOCKHOLDERS OF CENTRAL AZUCARERA DE TARLAC, INC.
16 May 2023

The special meeting of the stockholders of Central Azucarera de Tarlac, Inc. was held on 16 May 2023, at 10:00 a.m., at the Clubhouse of Luisita Golf and Country Club, San Miguel, Tarlac City, and by remote communication. The attendance of the members of the Board of Directors at the said meeing was as follows:

Present:	Mr. Martin Ignacio P. Lorenzo
	Mr. Fernando C. Cojuangco
	Mr. Fernan Victor P. Lukban
	Mr. Benjamin I. Espiritu
	Mr. Renato B. Padilla
	Mr. Martin Diego L. Lorenzo, Jr.
	Mr. Mateo Rafael L. Lorenzo
	Mr. Pedro Francisco B. Cojuangco
Absent:	Mr. Vigor D. Mendoza II

1. CALL TO ORDER

The meeting was called to order by the Chairman, Mr. Martin Igancio P. Lorenzo. Atty. Janette L. Peña, Secretary of the Corporation, acted as Secretary of the meeting and recorded the minutes thereof.

2. PROOF OF NOTICE OF MEETING

At the request of the Chairman, the Secretary submitted to the meeting the following:

(a) A copy of the printed notice of the special stockholder's meeting, stating the time, place and agenda;

(b) A copy of the Information Statement submitted to the Securities and Exchange Commission and the Philippine Stock Exchange;

(c) Certification attesting to the fact that the delivery of the notice of meeting together with the Information Statement to all stockholders of record as of 26 April 2023 was completed by 26 April 2023;

(d) A complete list, certified by the Corporation's stock transfer agent, STOCK TRANSFER SERVICE, INC. of the holders of the common shares of the Corporation as of the close of business on 26 April 2023, the record date for stockholders who are entitled to notice of and eligible to vote at this special stockholders' meeting;

(e) Certification of Attendance of Shareholders in Person or by Proxy.

3. CERTIFICATION OF QUORUM

The Secretary, reported to the Chairman that of the 238,496,840 outstanding shares of common stock entitled to vote at the meeting, the holders of 204,043,440 shares, representing **eighty five 55/100 percent (85.55%)** of the outstanding shares is present in person or by proxy. The Chairman announced that a quorum was present for all purposes, and that the meeting was lawfully and properly convened and competent to proceed to the transaction of the business for which it had been called.

4. ELECTION OF ADDITIONAL DIRECTORS

On 30 March 2023, the Corporate Governance Committee ("**CGC**") received the nominations for election to the Board of the following :

MARTIN DIEGO L. LORENZO, JR.
MATEO RAFAEL L. LORENZO
PEDRO FRANCISCO B. COJUANGCO

After reviewing the qualifications of the nominees, the CGC recommended their nomination to the Board. On the same day, the Board approved the nominations and called for today's special stockholders meeting for the election of three (3) additional directors. The following are nominated, for election as additional directors, to hold office until the next annual meeting or until their successors have been elected and qualified:

Name	Position
MARTIN DIEGO L. LORENZO, JR.	Director
MATEO RAFAEL L. LORENZO	Director
PEDRO FRANCISCO B. COJUANGCO	Director

The qualifications of each of the nominees for the position of Director are shown in the Information Statement which had been distributed to the stockholders (of record as of 26 April 2023), through courier and registered mail.

After a discussion, the stockholders, present or by proxy, representing 85.55% of the outstanding capital stock of the Corporation, unanimously declared all nominees as elected directors of the Corporation to serve until the next annual meeting or until their successors have been duly elected and qualified.

5. SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING

The Chairman inquired from the stockholders if there are other matters that they wish to discuss.

6. ADJOURNMENT

There being no further business, the meeting, on motion duly made, seconded and carried, was adjourned.

The Chairman announced that the regular meeting of Board of Directors will be held immediately after the adjournment.

[redacted]

JANETTE L. PEÑA
Corporate Secretary

ATTESTED BY:

[redacted]

MARTIN IGNACIO P. LORENZO
Chairman of the Meeting