

COVER SHEET

P W 0 0 0 0 0 7 2 7

CENTRAL AZUCARERA DE TARLAC

(Company's Full Name)

SAN MIGUEL, TARLAC CITY

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

ADDISON B. CASTRO

Contact Person

8892-0301 Fax No. 8818-2220

Company Telephone Number

Month Day
Fiscal Year

2 0 - I S
FORM TYPE

Month Day
Annual Meeting

Secondary License, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

RECEIVED
APR 12 2023

MARKET REGULATION DEPT.

BY: Dani Saenz TIME: 2:55pm

Dani Saenz

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

1. Check the appropriate box
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter **CENTRAL AZUCARERA DE TARLAC**
3. **Manila, Philippines**
 Province, country, or other jurisdiction of incorporation or organization
4. SEC Identification Number **PW0000727**
5. BIR Tax Identification Code **000229931**
 - a. **San Miguel, Tarlac City** **2301**
 Address of principal office Postal Code
6. Registrant's telephone number, including Area Code **(632) 8818.62.70**
 - a.
7. **May 16, 2023, 10:00 A.M., Luisita Golf Clubhouse, San Miguel, Tarlac City**
 Date, time and place of the meeting of security holders
8. Approximate date on which the Information Statement is first to be sent or given to Security Holders **On or before April 24, 2023**
9. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (Information on number of shares and amount of debt is applicable only to corporate registrants)

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
Common Shares	238,496,840
10. Are any or all of registrant's securities listed on a Stock Exchange?
 Yes No
11. If yes, disclose the name of such Stock Exchange and the class of securities listed therein
Philippine Stock Exchange **Common**

CENTRAL AZUCARERA DE TARLAC
Information Statement

A. GENERAL INFORMATION

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

The Special Stockholders' Meeting of Central Azucarera de Tarlac (the "Company") is scheduled to be held on May 16, 2023, 10:00 a.m. at the clubhouse of Luisita Golf and Country Club, San Miguel, Tarlac City.

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

The approximate date on which this Information Statement shall be sent to stockholders is on or before April 24, 2023. The Information Statement may be accessed by the Company's stockholders beginning April 24, 2023 at the Company's website <http://luisitasugar.com/>

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

Item 2. Dissenters' Right of Appraisal

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

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

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

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

of the fair market value of his/her shares to be determined as of the day prior to the date the vote was taken.

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

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

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

As of March 31, 2023, there are 238,496,840 outstanding shares entitled to be voted at the special stockholders' meeting, 13,809,341 of which are foreign-owned shares. The number of votes due a security holder will depend on the number of shares he/she owns. Per share of stock is equivalent to one vote.

- b) Record Date.

Only stockholders of record as of April 26, 2023 are entitled to vote during the special stockholders' meeting.¹

- c) Voting Procedures of Directors.

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

¹ The register of shares of the Corporation and its transfer books shall be closed during the next twenty (20) days preceding the General Meeting upon which the election of the Directors is held and during the twenty (20) days preceding the date upon which dividends are declared payable and during such time as the Board of Directors may determine. (Section 2, Article I, Amended By-Laws).

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

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

As of March 31, 2023, the Security Owners of Certain Record and Beneficial Owners of more than 5% of the Company's outstanding capital stock is set forth in the table below:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Ownership and Relationship with Record Owner	Citizenship	Number of Shares Held	%
Common	PCD Nominee Corporation 37/F Enterprise Tower 1, Ayala Avenue, Makati City	CAT Resource & Asset Holdings Inc. (CRAHI) and various individuals	Filipino	225,831,185	94.69
<i>* Beneficial ownership through PCD Nominee Corporation</i>					
Common	CAT Resource & Asset Holdings Inc. (CRAHI) 3/F First Lucky Place 2259 Pasong Tamo Extension, Makati City	Martin Ignacio P. Lorenzo is the Chairman and CEO of CRAHI.	Filipino	102,876,250 (indirect/ beneficial shares)	43.14
	CRAHI is a substantial shareholder of the Company and will be represented by Martin Ignacio P. Lorenzo and Fernando Ignacio C. Cojuangco in the ASM.	Fernando Ignacio C. Cojuangco is the President and COO of CRAHI.	Filipino	98,841,890 (indirect/ beneficial shares)	41.44

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

(ii) Security Ownership of Management.

As of March 31, 2023, the shareholdings of the incumbent directors and officers are set forth below:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	%
Common	Martin Ignacio P. Lorenzo	102,876,250 200 124,700 8,800	Indirect	Filipino	43.13%

Common	Fernando Ignacio C. Cojuangco	98,841,890 200 500	Indirect	Filipino	41.44%
Common	Vigor D. Mendoza II	200	Indirect	Filipino	0.00%
Common	Fernan Victor P. Lukban	200	Indirect	Filipino	0.00%
Common	Renato B. Padilla	10	Direct	Filipino	0.00%
Common	Benjamin I. Espiritu	10	Direct	Filipino	0.00%
Common	Cecile D. Macaalay	5,000	Indirect	Filipino	0.00%
Common	Janette L. Peña	0	-	Filipino	0.00%
Common	Addison B. Castro	0	-	Filipino	0.00%

The aggregate ownership of all directors and officers is 201,857,760 shares or 84.6% of the total shares outstanding.

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

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

e) Changes in Control.

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

Item 5. Directors and Executive Officers

All incumbent directors, namely: Messrs. Martin Ignacio P. Lorenzo, Fernando C. Cojuangco, Vigor D. Mendoza II, Fernan Victor P. Lukban, Renato B. Padilla and Benjamin I. Espiritu have been elected during the annual stockholders' meeting held on January 31, 2023.

The Company's By-Laws provides for nine (9) members of the board of directors, only six (6) directors were elected during the annual stockholder' meeting. Thus, the holding of this special stockholders' meeting for the election of the three (3) members of the board of directors.

A summary of the qualifications of those nominated for election as members of the board of directors in the forthcoming special stockholders' meeting as follows:

MARTIN DIEGO L. LORENZO, age 32, is the Chief Executive Officer (CEO) and Co-founder of Starbreaker Corp., which owns Pickup-Coffee. He is a current Director of First Lucky Holdings Corp. Mr. Lorenzo obtained his BS Management Engineering Degree at the Ateneo de Manila University in 2012 and Masters in Business Administration at the Wharton School of the University of Pennsylvania in 2018.

MATEO RAFAEL L. LORENZO, age 31, is a director of First Lucky Holdings Corp., Luisita Golf and Country Club, Inc., Restaurant Concepts Group Inc., Tarlac Distillery Corp, and other corporations. Mr. Lorenzo is a Trustee of the Chinese International School Manila, Inc. He is a member of the Philippine Equestrian Team. Mr. Lorenzo obtained his BS Management Engineering Degree at the Ateneo de Manila University in 2014 and Masters in Business Administration at the Wharton School of the University of Pennsylvania in 2021.

PEDRO FRANCISCO B. COJUANGCO, age 31, is a director of Luisita Golf and Country Club, Inc. He is the manager of Central Luzon Cane Growers and COO Designate of Tarlac Distillery Corporation. Mr. Cojuangco is actively organizing and leading a sugarcane block farm recognized by the Sugar Regulatory Administration. He also took some credits in Political Science at the Corpus Christi College Vancouver.

Family Relationships

Mr. Martin Diego L. Lorenzo and Mr. Mateo Rafael L. Lorenzo, nominees for directors, are the sons of Mr. Martin P. Lorenzo, the Chairman of the Board and CEO. Mr. Pedro Francisco B. Cojuangco, nominee for director, is the son of Mr. Fernando C. Cojuangco, President and COO. There are no other family relationships among the directors and officers of the Company.

Identification of Significant Personnel

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

Involvement in Certain Legal Proceedings

To the best knowledge of the Company, as of the date of this report, none of its directors and officers have been involved during the past five (5) years in any legal or administrative proceedings in the Philippines or elsewhere, which are material to an evaluation of the ability or integrity of any of the said directors, nominee for election as director, or executive officers; also, none of them have been convicted by final judgment in any criminal proceeding or being subject to a pending criminal proceeding, or being subject to any order, judgment or decree of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; nor being found in a civil action to have violated a securities or commodities law.

Certain Relationships and Related Transactions

The Company has adopted a Policy on Material Related Party Transactions in compliance with the Securities and Exchange Commission's (SEC) Memorandum Circular No. 10, Series of 2019. No action is required to be taken at the special stockholders' meeting with respect to any material

related party transaction requiring the approval or ratification of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Company.

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

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

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

Resignation of Director

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

Item 6. Compensation of Directors and Executive Officers

No action is to be taken in relation to the compensation of directors and executive officers. This matter has also been presented in the recently concluded annual stockholders' meeting held January 31, 2023.

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

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

There are no other arrangement including consulting control. Further, there are no warrants and options outstanding as well as no warrants and options repriced.

Item 7. Independent Public Accountant

No action is to be taken at the special stockholders' meeting with respect to the election approval or ratification of the Company's accountant.

Item 8. Compensation Plans

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

Item 10. Modification or Exchange of Securities

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

Item 11. Financial and Other Information

No action will be taken at the special stockholders' meeting with respect to the financial statements and other related information. The Company's interim financial statements as of December 31, 2022, with the Management's Discussion and Analysis of Financial Condition and Results of Operations, are contained in the Company's Quarterly Report (SEC Form 17-Q) for the period ended December 31, 2022, a copy of which is attached as Annex "A."

Item 12. Mergers, Consolidation, Acquisitions and Similar Matters

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

Item 13. Acquisition or Disposition of Property

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

Item 14. Restatement of Account

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

D. OTHER MATTERS

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

There is no action to be taken at the special stockholders' meeting with respect to any reports to be submitted for approval.

Item 16. Matters Not Required to be Submitted

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

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

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

Item 18. Other Proposed Action

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

Item 19. Voting Procedure

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

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

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

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

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

Undertaking

The Company, through its Assistant Corporate Secretary, Addison B. Castro, with office address at 5F Jose Cojuangco and Sons Bldg., 119 Dela Rosa St. corner Palanca St., Legaspi Village, Makati City, undertakes to provide, without charge, upon written request of a security holder or his representative, a copy of the SEC 17-Q or the Quarterly Report for the period ended December 31, 2022. At the discretion of the management, a reasonable charge may be imposed for the expenses incurred by the Company in furnishing such exhibit.

Signature

After a reasonable inquiry and to the best of my knowledge and belief. I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City this 12th day of April 2023.

CENTRAL AZUCARERA DE TARLAC

By:



ADDISON B. CASTRO

Assistant Corporate Secretary
and Compliance Officer
addison.castro@gatchaliancastro.com
(02) 8892-0201 to 02

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO ALL SHAREHOLDERS:

Notice is hereby given that a Special Meeting of the Stockholders of **CENTRAL AZUCARERA DE TARLAC**, will be held on Tuesday, 16 May 2023, at 10 a.m. at the Clubhouse of Luisita Golf and Country Club, San Miguel, Tarlac City, and by remote communication. The Agenda for the meeting is as follows:

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Election of Three Additional Directors
5. Such Other Matters as may Properly Come Before the Meeting, and
6. Adjournment.

For purposes of said meeting, the Stock and Transfer Books of the Corporation shall be closed for twenty (20) days prior to the scheduled special meeting, or for the period 26 April – 16 May 2023. Accordingly, only stockholders of record as of 26 April 2023 shall be entitled to vote at said special meeting.

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

30 March 2023.



JANETTE L. PEÑA
Corporate Secretary

COVER SHEET

SEC Registration Number

P W 0 0 0 0 0 7 2 7

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

I N C . A N D S U B S I D I A R Y

(Company's Full Name)

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

T A R L A C

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

Cecile D. Macaalay
Contact Person

(+632) 8818- 6270
Company Telephone Number

0 6 3 0
Month Day
Fiscal Year

SEC 17-Q Quarterly Report
Dec 31, 2022

0 1 ANY
Month Day
Annual Meeting

Secondary License, If Applicable

CFD
Dept. Requiring this Doc.

Amended Articles Number/Section

393
Total No. of Stockholders

Domestic

Foreign

Total Articles of Borrowing

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier



Philip Bondoc <philip.bondoc@luisitasugar.com>

CAT 17-Q Quarterly Report Sept 2022 (Q2 FY 2023)

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>

Mon, Nov 21, 2022 at 4:09 PM

To: philip.bondoc@luisitasugar.com

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD. (Subject to Verification and Review of the Quality of the Attached Document) Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at www.sec.gov.ph

NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) Secondary Reports such as: 17-A, 17-C, 17-L, 17-Q, ICASR, ICA-QR, ICA-AR, 23-A, 23-B, I-ACGR, ACGR, Monthly Reports, Quarterly Reports, Letters, OPC(ALTERNATE NOMINEE), GIS-G, 52-AR, IHAR, AMLA-CF, NPM, NPAM, BP-FCLC, CHINESEWALL, 39-AR, 36-AR, PNFS, MCG, S10/SEC-NTCE-EXEMPT, through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail, eFAST or over-the-counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the ELECTRONIC FILING AND SUBMISSION TOOL (eFAST) such as: AFS, GIS, GFFS, LCFS, LCIF, FCFS, FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)

FOR MC28, please go to SEC website:

<https://apps010.sec.gov.ph>

For your information and guidance.

Thank you and keep safe.

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

(Fiscal Year Ending)
(Month/Day)

last Tuesday of January

Annual Meeting

**17 – Q (Quarterly Report – 2nd Quarter
Of the Fiscal Year 2022-23 (July 1 2022 to December 31 2022))**

(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 **Dec 31, 2022 (2nd Quarter of Fiscal Year July 1, 2022 – June 30, 2023)**

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, Inc. and Subsidiary are submitted together with this Form 17 – Q:

- A. Unaudited Balance Sheet as of December 31, 2022 and Audited June 30, 2022 Balance Sheet;
- B. Unaudited Statements of Income/(Loss) for the Six (6) Months Ended December 31, 2022 and 2021;
- C. Unaudited Statements of Changes in Equity for the Six (6) Months Ended December 31, 2022 and 2021; and
- D. Unaudited Statements of Cash Flows for the Six (6) Months Ended December 31, 2022 and 2021.

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 six (6) months ended December 31, 2022 in which references are made to results of operations for the same period of the previous year 2021.

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

PART II – OTHER INFORMATION

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

1. SIGNATURES

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

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

Signature and Title 
Cecile D. Macaalay
Chief Finance Officer

Signature and Title 
Lora May M. Cada
Finance Manager

Date: February 20, 2023

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

CENTRAL AZUCARERA DE TARLAC, INC. 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 six months ended December 31, 2022 and 2021.

Executive Summary

Central Azucarera de Tarlac rallies toward profitability during the 1st six months of FY 2023. The uncertainty in sugar and alcohol prices allowed the Company to manage inventory sales generating solid gross profit margin at 15%. With the improvement in sugar prices and tolling fees despite reduced sales volume and coupled with disciplined cost control, Gross Profit was at ₱33.1M compared to ₱2.8M for the same period last year.

The second quarter Revenues decreased to ₱216.2M, 31% lower from ₱313.3M from the same period last year. The slowdown in the sale of sugar was caused by the industry's reaction to the looming sugar importation the government was set to approve. Nonetheless, sugar prices were favorably stable above ₱3,000/Lkg, giving way for the Company to recover increasing production costs.

Operating Expenses were elevated at ₱71.5M due to increases in taxes and licenses, comprising 28% of OPEX. Additionally, the increase in interest expense due to higher interest bank rates contributed to the expected seasonal net loss in the 2nd quarter of the FY 2023 at ₱85.0M. However, the implementation of focused management resulted to increase in EBITDA to ₱10.5M at 5% margin, a strong 50% increase from last year.

.

--- This space is intentionally left blank.---

The following table is the Consolidated Statement of Income of the Company and its subsidiary, Luisita Land Corporation ("LLC") for the periods ended December 31, 2022, 2021 & 2020.

(In Million Pesos except for Volume, Price & EPS)	SIX MONTHS ENDED DECEMBER 31					
	2022		2021		2020	
VOLUME AND PRICE MATRIX	Vol	P	Vol	P	Vol	P
Raw Sugar Equivalent	7,028	3,131	44,824	1,780	15,492	1,501
Tolling of Refined Sugar	104,206	320	123,963	244	-	-
Alcohol	2,028,800	67	3,080,495	58	3,196,345	65
Carbon Dioxide	-	-	50,100	8	160,340	9
REVENUE	216.21	100%	313.30	100%	331.66	100%
Sugar	22.00	10%	79.79	25%	23.25	7%
Tolling of Refined Sugar	33.35	15%	30.26	10%	.00	0%
Alcohol	135.13	62%	179.93	57%	207.67	63%
Molasses	.00	0%	.00	0%	79.00	24%
Carbon Dioxide	.00	0%	.40	0%	1.44	0%
Industrial services	25.73	12%	22.93	0%	20.28	0%
COST OF GOODS SOLD AND SERVICES	183.08	85%	310.48	99%	365.99	110%
Costs of goods sold	135.96	63%	264.86	85%	328.23	99%
Costs of tolling services	31.45	15%	33.36	11%	27.85	8%
Cost of industrial services	15.68	7%	12.26	0%	9.91	0%
GROSS PROFIT	33.13	15%	2.83	1%	(34.34)	-10%
OPERATING EXPENSES	71.46	33%	54.25	17%	80.44	24%
OPERATING PROFIT (LOSS) BEFORE INTEREST AND TAXES	(38.33)	-18%	(51.43)	-16%	(114.77)	-35%
Interest expense and bank charges	(51.65)	-24%	(47.48)	-15%	(29.91)	-9%
Interest income	.10	0%	.39	0%	1.93	1%
Others - net	4.86	2%	11.88	4%	10.09	3%
INCOME (LOSS) BEFORE TAX	(85.02)	-39%	(86.64)	-28%	(132.66)	-40%
PROVISION FOR INCOME TAX	.00	0%	.00	0%	.00	0%
NET INCOME [LOSS]	-85.02	-39%	-86.64	-28%	-132.66	-40%
EBITDA	10.46	5%	5.81	2%	-41.07	-12%
EPS	(0.36)		(0.36)		(0.56)	

--- This space is intentionally left blank. ---

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	Six Months Ended December 31		
	2022	2021	2020
Revenue (in millions)	216.21	313.30	331.66
% Growth	-31%	-6%	32%

EBITDA	Six Months Ended December 31		
	2022	2021	2020
EBITDA (in millions)	10.5	5.8	-41.1
% Growth	80%	114%	-339%
EBITDA Margin	5%	2%	-12%

Net Income	Six Months Ended December 31		
	2022	2021	2020
Net income (in millions)	-85.02	-86.64	-132.66
% Growth	2%	35%	-16%
Net Income Margin	-39%	-28%	-40%

Earnings per share	Six Months Ended December 31		
	2022	2021	2020
Earnings per share	(0.36)	(0.36)	(0.56)

Milling Recovery	Six Months Ended December 31		
	2022	2021	2020
Milling recovery (Lkg/TC)	1.5066	1.6103	1.6862

Review of Operations

Revenues

The Parent Company's revenue accounted for 88% of the Group's consolidated revenues for the six (6) months ended December 31, 2022. Sugar and alcohol revenues mainly contributed to the ₱97.1M or 31% drop in the sales, accounting for ₱57.8M and ₱44.8M respectively. This is due to Management's decision to hold inventory as of the reporting period to further benefit for possible price appreciation. Selling prices for both products reported an outstanding increase: ₱1,351 per bag for sugar and ₱8 per liter in for alcohol. The other revenue streams such as tolling of refined sugar reported a ₱3.1M increase while the Subsidiary's tolling services observed a ₱2.8M addition. As a result, the Company posted a total Revenues of ₱216.2M versus last year's ₱313.3M or a 31% decrease.

REVENUES <i>In Million Pesos</i>	2022	2021	Growth	
			Amount	%
Sugar	22.0	79.8	-57.8	-72%
Tolling of Refined Sugar	33.3	30.3	3.1	10%
Alcohol	135.1	179.9	-44.8	-25%
Molasses	.0	.0	.0	0%
Carbon Dioxide	.0	.4	-.4	-100%
Industrial services	25.7	22.9	2.8	12%
Real estate sale	.0	.0	.0	0%
TOTAL	216.2	313.3	-97.1	-31%

Cost of Goods Sold

Cost of goods sold decreased by ₱128.9M or 49% this reporting period from ₱264.9M to ₱136.0M. The following table summarizes the breakdown of cost of goods sold:

COST OF GOODS SOLD <i>In Million Pesos</i>	2022	2021	Increase(Decrease)	
			Amount	%
Salaries, wages bonuses and other benefits	38.9	39.7	-.8	-2%
Repairs & Maintenance	9.6	38.8	-29.2	-75%
Inventory cost, spare parts and supplies	9.3	104.1	-94.8	-91%
Depreciation and amortization	37.4	36.4	1.0	3%
Freight and transportation	7.4	8.5	-1.2	-14%
Security and outside services	20.9	25.1	-4.2	-17%
Power and steam	4.6	4.1	.5	13%
Insurance	2.6	2.2	.4	18%
Taxes and licenses	2.5	2.8	-.3	-9%
Others	2.8	3.2	-.3	-10%
TOTAL	136.0	264.9	-128.9	-49%

- Inventory cost, spare parts and supplies declined from ₱104.1M to ₱9.3M or ₱94.8M due to decreased consumption of raw materials in alcohol and sugar production.
- Repairs and maintenance dropped to ₱9.6M from ₱38.8M or 75% due to fewer repair activities done in the boiler and mill departments.
- Freight and transportation posted a reduction of ₱1.2M from ₱8.5M to ₱7.4M due to lesser movements of finished goods inventory in the warehouse.
- One-time outside services were required last year, thus causing the Security and Outside Services account to decrease by ₱4.2M or 17%

Cost of Tolling Services

Cost of tolling slightly lowered by ₱1.9M or 6% this period from ₱33.4M to ₱31.4M. The table below summarizes the breakdown of cost of tolling:

COST OF TOLLING SERVICES <i>In Million Pesos</i>	2022	2021	Increase(Decrease)	
			Amount	%
Salaries, wages bonuses and other benefits	4.8	4.9	.0	-1%
Repairs & Maintenance	5.6	5.6	-.1	-2%
Spare parts and supplies	4.8	4.8	.0	0%
Depreciation and amortization	2.7	3.0	-.3	-10%
Freight and transportation	1.2	1.8	-.6	-33%
Security and outside services	.2	.9	-.6	-74%
Power and steam	10.4	10.7	-.3	-2%
Insurance	.2	.2	.0	-6%
Taxes and licenses	1.4	1.4	.1	5%
Others	.1	.1	.0	-17%
TOTAL	31.4	33.4	-1.9	-6%

- Freight and transportation account decrease by ₱0.6M from ₱1.8M to ₱1.2M due to fewer movements of refined sugar inventory.
- Security and outside services declined by ₱0.6M to due fewer outside contractor engagements this reporting period.
- ₱0.3M reduction in depreciation and amortization this reporting period is a result of calculated capital expenditures in the past.

--- This space is intentionally left blank.---

Operating Expenses

The Group's operating expenses totaled ₱71.5M as of reporting period, a ₱17.2M or 32% appreciation compared to last year's ₱54.3M. The table below summarizes the breakdown of operating expenses:

OPERATING EXPENSES <i>In Million Pesos</i>	2022	2021	Increase(Decrease)	
			Amount	%
Salaries, wages bonuses and other benefits	12.2	16.4	-4.2	-25%
Repairs & Maintenance	1.6	1.9	-.2	-13%
Management fees and bonuses	.1	.1	.0	-30%
Taxes and licenses	19.4	6.6	12.9	195%
Depreciation and amortization	2.4	4.3	-1.9	-44%
Transportation and travel	4.5	4.4	.2	4%
Security and outside services	4.0	2.9	1.1	39%
Service Cost	.8	.4	.4	79%
Rentals	2.0	2.0	.0	0%
Light and water	.8	.5	.3	70%
Entertainment, amusement and recreation	9.7	1.0	8.7	835%
Professional fees	11.5	11.1	.4	4%
Dues and advertisements	.2	.2	.0	14%
Postage, telephone and telegram	.2	.1	.0	26%
Others	2.0	2.5	-.4	-17%
TOTAL	71.5	54.3	17.2	32%

- Taxes and licenses increased by ₱12.9M or 195% as a result of one-time settlement of various tax obligations.
- Salaries, wages and bonuses declined to ₱4.2M from last year's ₱16.4M due to reduction of manpower requirements in the support service departments.
- Depreciation and amortization reduced by ₱1.9M from last year's ₱4.3M due to the calculated capex requirements for non-plant facilities.

--- This space is intentionally left blank. ---

Balance Sheet Accounts

The following table presents the Balance Sheet Statements of the Company as of period ended December 31, 2022 and year ended June 30, 2022.

(In Million Pesos)	AS OF DECEMBER 31, 2022 INTERIM		AS OF JUNE 30, 2022 AUDITED		GROWTH	
	AMT	%	AMT	%	AMT	%
ASSETS						
Current Assets						
Cash and cash equivalents	86.91	1%	169.77	3%	-82.86	-49%
Receivables	1,366.63	23%	1,341.41	23%	25.22	2%
Inventories	285.26	5%	243.02	4%	42.24	17%
Real estate held for sale and development	988.49	17%	988.49	17%	.00	0%
Other current assets	404.27	7%	309.87	5%	94.40	30%
Total Current Assets	3,131.57	53%	3,052.57	52%	79.00	3%
Non-current Assets						
Financial Asset at FVOCI	147.16	2%	147.16	3%	.00	0%
Property, plant and equipment						
Land- at revalued amount	1,044.98	18%	1,044.98	18%	.00	0%
Property and equipment- at cost	438.74	7%	452.63	8%	-13.88	-3%
Investment property	456.84	8%	456.84	8%	.00	0%
Goodwill	502.42	8%	502.42	9%	.00	0%
Deferred income tax assets	1.04	0%	1.04	0%	.00	0%
Other current assets	195.86	3%	195.75	3%	.11	0%
Total Non Current Assets	2,787.04	47%	2,800.81	48%	-13.77	0%
TOTAL ASSETS	5,918.61	100%	5,853.39	100%	65.23	1%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other liabilities	642.61	11%	453.47	8%	189.14	42%
Short-term notes payable	1,017.63	17%	1,000.80	17%	16.83	2%
Current portion of notes payable	134.43	2%	105.87	2%	28.56	27%
Deposits	16.38	0%	17.61	0%	-1.23	-7%
Other current liabilities	13.00	0%	19.23	0%	-6.23	-32%
Total Current Liabilities	1,824.04	31%	1,596.98	27%	227.07	14%
Non-current liabilities						
Notes payable- net of current portion	585.08	10%	659.89	11%	-74.81	-11%
Retirement liability	20.93	0%	20.93	0%	.00	0%
Deferred tax liability	338.07	6%	338.07	6%	.00	0%
Other noncurrent liabilities	18.00	0%	20.01	0%	-2.00	-10%
Total Non Current Liabilities	962.08	16%	1,038.89	18%	-76.81	-7%
Equity						
Capital stock	282.55	5%	282.55	5%	.00	0%
Retained earnings						
Appropriated	1,500.00	25%	1,500.00	26%	.00	0%
Unappropriated	708.89	12%	793.91	14%	-85.02	-11%
Revaluation increment	975.01	16%	975.01	17%	.00	0%
Remeasurement gains on defined benefit liability	-67.35	-1%	-67.35	-1%	.00	0%
Unrealized cumulative gain on AFS financial	102.48	2%	102.48	2%	.00	0%
Less cost of 720 shares of stock in treasury	-369.08	-6%	-369.08	-6%	.00	0%
Total Equity	3,132.49	53%	3,217.52	55%	-85.02	-3%
TOTAL LIABILITIES AND EQUITY	5,918.61	100%	5,853.39	100%	65.23	1%

Cash

The decrease in cash by ₱82.9M or 49% is due from cash provided by operating activities of ₱30.2M, ₱30.1M net cash used in investing activities and ₱83.1M net cash used in financing activities.

Inventories

The increase in inventories by ₱42.2M or 17% is finished goods inventory accumulation for sugar and alcohol.

Other current assets

Other current assets increased by ₱94.4M or 30% is due to advances made to various suppliers, prepayment of insurance and for land maintenance.

Trade and Other liabilities and Deposits

Trade and other payables increased by ₱189.1M or 42% due to unpaid suppliers' accounts used in the production of finished goods, inventory management and plant maintenance.

Total Stockholders' Equity

The reported net loss as of the reporting period by ₱85.0M wholly contributed the decrease in 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 Dec 31, 2022	As of Jun 30, 2021
Current ratio	1.72	1.91
Asset-to-equity ratio	1.89	1.82
Debt-to-equity ratio	0.89	0.82
Debt Service Coverage Ratio	0.01	0.24

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

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

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

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

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

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

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

--- This space is intentionally left blank.---

CENTRAL AZUCARERA DE
TARLAC, INC. AND SUBSIDIARY

INTERIM FINANCIAL STATEMENTS
IN THOUSAND PESOS
(WITH COMPARATIVE STATEMENTS)

DECEMBER 31, 2022

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

	As of December 31, 2022 (Interim)	As of June 30, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	86,914.29	169,773.86
Receivables	1,366,628.96	1,341,412.31
Inventories	285,261.61	243,021.28
Real estate held for sale and development	988,494.38	988,494.37
Other current assets	404,272.00	309,870.66
Total Current Assets	3,131,571.24	3,052,572.47
Noncurrent Assets		
Financial Asset at FVOCI	147,157.18	147,157.18
Property, plant and equipment		
Land- at revalued amount	1,044,982.96	1,044,982.96
Property and equipment- at cost	438,741.90	452,626.26
Investment property	456,842.82	456,842.82
Goodwill	502,418.57	502,418.57
Deferred income tax	1,040.45	1,040.45
Other non current assets	195,858.83	195,746.17
Total Noncurrent Assets	2,787,042.70	2,800,814.40
TOTAL ASSETS	5,918,613.93	5,853,386.86
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other liabilities	642,605.92	453,466.31
Short-term notes payable	1,017,628.15	1,000,799.37
Current portion of notes payable	134,431.85	105,872.30
Deposits	16,378.85	17,612.52
Other current liabilities	12,998.27	19,226.95
Total Current Liabilities	1,824,043.03	1,596,977.44
Noncurrent Liabilities		
Notes payable- net of current portion	585,077.19	659,886.75
Retirement liability	20,925.20	20,925.20
Deferred tax liability	338,073.83	338,073.83
Other noncurrent liabilities	18,001.04	20,005.56
Total Noncurrent Liabilities	962,077.26	1,038,891.33
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	2,208,887.36	2,293,911.81
Revaluation increment	975,011.17	975,011.17
Remeasurement gains on defined benefit liability	-67,351.27	-67,351.27
Unrealized cumulative gain on Financial asset at FVOCI	102,478.92	102,478.92
	3,501,572.14	3,586,596.58
Less cost of 44,049,120 shares of stock in treasury	-369,078.49	-369,078.49
Total Equity	3,132,493.65	3,217,518.09
TOTAL LIABILITIES AND EQUITY	5,918,613.93	5,853,386.86

CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022, 2021, 2020
(IN THOUSAND PESOS)

	Unaudited								
	Six Months Ended December 31								
	1st Qtr	2nd Qtr	YTD 2022	1st Qtr	2nd Qtr	YTD 2021	1st Qtr	2nd Qtr	YTD 2020
REVENUES									
Sale of sugar and by-products	64,152.60	92,984.52	157,137.12	67,777.98	192,340.05	260,118.03	209,149.29	102,222.32	311,371.61
Tolling fees	.00	33,345.92	33,345.92	.00	30,256.89	30,256.89	.00		.00
Industrial & equipment services	12,383.80	13,346.19	25,730.00	10,872.28	12,055.02	22,927.30	9,881.08	10,403.60	20,284.68
Total	76,536.40	139,676.64	216,213.04	78,650.26	234,651.96	313,302.22	219,030.37	112,625.92	331,656.29
COST OF GOODS SOLD AND SERVICES									
Costs of goods sold	100,961.47	34,998.48	135,959.95	110,600.88	154,263.14	264,864.01	237,225.42	91,008.62	328,234.04
Costs of tolling services	6,225.53	25,222.65	31,448.18	6,280.08	27,075.27	33,355.34	5,864.90	21,987.15	27,852.05
Cost of services	7,750.16	7,924.88	15,675.04	5,566.40	6,689.35	12,255.75	4,269.99	5,638.29	9,908.28
Total	114,937.16	68,146.01	183,083.17	122,447.35	188,027.75	310,475.10	247,360.31	118,634.06	365,994.36
GROSS INCOME	-38,400.75	71,530.62	33,129.87	-43,797.09	46,624.21	2,827.12	-28,329.94	-6,008.13	-34,338.07
OPERATING EXPENSES	37,592.92	33,866.58	71,459.50	25,613.69	28,639.28	54,252.98	24,750.72	55,684.81	80,435.53
OTHER INCOME (EXPENSES)									
Interest income	33.57	64.39	97.96	344.04	44.70	388.74	112.71	1,818.86	1,931.56
Interest expense	-19,852.70	-31,797.78	-51,650.48	-25,959.18	-21,519.45	-47,478.63	-15,732.12	-14,173.65	-29,905.77
Other Income(Expense)	2,090.29	2,767.41	4,857.70	6,193.35	5,687.34	11,880.68	6,594.09	3,491.60	10,085.68
Total	-17,728.84	-28,965.98	-46,694.82	-19,421.79	-15,787.41	-35,209.20	-9,025.33	-8,863.20	-17,888.52
INCOME BEFORE INCOME TAX	-93,722.51	8,698.07	-85,024.44	-88,832.58	2,197.52	-86,635.06	-62,105.99	-70,556.14	-132,662.13
PROVISION FOR INCOME TAX			.00		.00	.00		.00	.00
NET INCOME	-93,722.51	8,698.07	-85,024.44	-88,832.58	2,197.52	-86,635.06	-62,105.99	-70,556.14	-132,662.13
Earnings Per Share									
Basic /Dilluted	(0.39)	0.04	(0.36)	(0.37)	0.01	(0.36)	(0.26)	(0.25)	(0.56)

CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR EACH OF THE SIX MONTHS ENDED DECEMBER 31, 2022, 2021, 2020
(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, 2020(As Audited)	282,545.96	633,078.10	2,000,000.00	889,431.21	-68,207.25	73,172.04	.00	-369,078.49	3,440,941.57
Total comprehensive income		-132,662.13							-132,662.13
Balance at December 31, 2020	282,545.96	500,415.98	2,000,000.00	889,431.21	-68,207.25	73,172.04	.00	-369,078.49	3,308,279.45
Total comprehensive income		145,197.59	.00	49,435.54	7,465.67	28,153.59	.00		230,252.39
Dividend declaration		-431,697.28							-431,697.28
Reversal of appropriation		500,000.00	-500,000.00						.00
Balance at June 30, 2021 (As Audited)	282,545.96	713,916.29	1,500,000.00	938,866.76	-60,741.58	101,325.63	.00	-369,078.49	3,106,834.56
Total comprehensive income		-86,635.06				.00			-86,635.06
Cash dividends declared (Note 16)									.00
Balance at December 31, 2021	282,545.96	627,281.23	1,500,000.00	938,866.76	-60,741.58	101,325.63	.00	-369,078.49	3,020,199.50
Total comprehensive income		166,630.58		36,144.42	-6,609.69	1,153.29			197,318.59
Dividend declaration								.00	.00
Reversal of appropriation				.00	.00		.00	.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		-85,024.45							-85,024.45
Balance at December 31, 2022	282,545.96	708,887.36	1,500,000.00	975,011.17	-67,351.27	102,478.92	.00	-369,078.49	3,132,493.65

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

	Six Months Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	-85,024.44	-86,635.06	-132,662.13
Adjustments for:			
Interest expense	51,650.48	47,478.63	29,905.77
Depreciation and amortization	43,936.13	45,357.50	63,620.69
Interest income	-97.96	-388.74	-1,931.56
Operating loss before working capital changes	10,464.21	5,812.33	-41,067.23
Provisions for (reversal of):			
Decrease (increase) in:			
Receivables	-25,216.66	69,254.53	-575,626.64
Inventories	-42,240.34	14,826.78	2,638.01
Other current assets	-94,401.35	-91,714.50	-70,644.96
Increase (decrease) in:			
Trade and other payables	182,910.93	90,120.92	198,452.72
Deposits	-1,233.67	487.86	2,020.43
Cash generated from (used for) operations	30,283.12	88,787.92	-484,227.66
Income tax paid			-17,043.11
Net cash provided by (used in) operating activities	30,283.12	88,787.92	-501,270.78
CASH FLOWS FROM INVESTING ACTIVITIES			
Net disposals of (additions to) property, plant and equipment	-30,051.77	-38,307.18	-44,327.46
Decrease (increase) in other noncurrent assets	-112.66	-14,537.63	-3,526.79
Interest received	97.96	1,931.56	778.22
Net cash provided by (used in) investing activities	-30,066.47	-50,913.25	-47,076.02
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Interest	-51,650.48	-29,905.76	-29,670.86
Dividends		-431,679.28	
Increase(decrease) in non current liabilities	-2,004.52	-3,758.06	-2,353.98
Notes payable	-46,250.00	-520.36	
Proceeds from availment of short-term notes payable	16,828.77	925,000.00	
Net cash provided by (used) in financing activities	-83,076.23	459,136.53	-32,024.83
NET INCREASE (DECREASE) IN CASH	-82,859.57	497,011.20	-580,371.63
CASH AT BEGINNING OF YEAR	169,773.86	107,420.81	213,611.50
CASH AT END OF YEAR	86,914.29	604,432.01	-366,760.13

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:

<u>Category</u>	<u>Number of years</u>
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.

Equity

Capital Stock

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

Retained Earnings

Retained earnings include cumulative profits and are reduced by dividends. Retained earnings also include effect of changes in accounting policies as may be required by the standards' transitional provisions.

Revaluation Increment

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

Treasury 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.

Revenue Recognition

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

Sale of Sugar

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

Milling Income

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

Sale of By-Products

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

Tolling Fee

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

Industrial Services

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

Sale of Real Estate

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

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

Other Income

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

Expenses

Cost of Goods Sold and Milling and Tolling Services

These are the direct and allocated indirect costs that are incurred upon processing of the Group's products and rendering of the Group's milling and tolling services. These are recognized when the related goods are sold, and the related services are rendered.

Cost of Industrial Services

Costs that are directly related to water and wastewater treatment services and are recognized when incurred.

Cost of Real Estate Sales

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

as cost of sales while the portion allocable to the unsold area being recognized as part of real estate.

Operating Expenses

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

Income Taxes

Current Income Tax

Current income tax 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.

-

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, 2022

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, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting*

Standards, Subsidiary as a First-time Adopter

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for Derecognition of Financial Liabilities*
- Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

Effective Beginning on or After July 1, 2023

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

Effective Beginning on or after July 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

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, 2022 and 2021, the allowance for ECL on receivables amounted to ₱23.0 million and ₱22.0 million, respectively. The carrying amounts of receivables and long-term receivables as at September 30, 2022 and June 30, 2022 amounted to ₱1.5 billion.

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 and nil in 2022 and 2021. No reversal of inventory obsolescence was made in 2022 and 2021 and 2020. The carrying amounts of inventories as at December 31, 2022 and June 30, 2022 amounted to ₱285.2 million and ₱243.0 million, respectively (see Note 7). The allowance for inventory obsolescence as at December 31, 2022 and June 30, 2022 amounted to ₱7.4 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 2022 and 2021. The carrying amounts of real estate as at December 31, 2022 and June 30, 2022 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, 2022 and 2021.

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, 2022 and 2021 amounted to ₱1.0 billion and ₱996.8 million, respectively. The fair value of land under investment property amounted to ₱456.8 million and ₱437.3 million as at June 30, 2022 and 2021, respectively.

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 December 31, 2022 and June 30, 2022 amounted to ₱438.7 million and ₱452.6 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 2022 and 2021. The fair values of land under property plant and equipment as at June 30, 2022 and 2021 amounted to ₱1.0 billion and ₱996.8 million, respectively (see Note 13).

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, 2022 and 2021 amounted to ₱502.4 million. No impairment was recognized in 2022 and 2021 (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, 2022 and 2021 amounted to ₱33.0 million and ₱31.6 million, respectively (see Note 24).

Retirement Plan

The determination of the obligation and cost for retirement is dependent on the selection of certain assumptions determined by management and used by actuaries in calculating such amounts. These include discount rate, turnover rate, mortality rate, salary increase rate and future retirement benefits increase. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligation. The assumptions used are disclosed in Note 22.

Retirement loss recognized in 2022 and 2021 amounted to ₱5.1 million and ₱7.6 million, respectively. The carrying amounts of the Group's retirement plan obligation amounted to ₱20.9 million and ₱7.2 million as at June 30, 2022 and 2021, respectively (see Note 22).

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.

	Sugar and by products	Real Estate	Eliminations	Total
Revenues	190,483.04	25,730.00		216,213.04
Cost of goods sold and services	167,408.13	15,675.04		183,083.17
Gross income	23,074.91	10,054.96	.00	33,129.87
Operating expenses	64,682.25	6,777.25		71,459.50
Other income (expenses)				
Interest expense	-51,259.94	-390.55	.00	-51,650.48
Interest income	49.49	48.48	.00	97.96
Other income - net	3,122.00	1,735.71		4,857.70
Segment income before income tax	-89,695.78	4,671.34	.00	-85,024.44
Segment assets	6,086,836.53	834,822.62	-1,003,045.22	5,918,613.93
Segment liabilities	2,676,721.46	1,677,827.68	-1,568,428.86	2,786,120.28

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

5. Cash

	As of December 31, 2022	As of June 30, 2022
Cash on hand and in banks	85,613.69	168,346.15
Cash equivalents	1,300.60	1,427.71
	86,914.29	169,773.86

Cash in banks earn interest at the respective bank deposit rates. Interest rates range from 0.05% to 2.10% per annum in 2022 and 2021, respectively.

Interest income earned from cash in banks amounted to ₱0.03 million and ₱.2 million in September 30, 2022 and June 30, 2021 respectively.

6. Receivables

	As of December 31, 2022	As of June 30, 2022
Trade:		
Non-affiliates	41,949.57	23,930.73
Affiliates		
Nontrade:		
Due from related parties	1,238,590.12	1,227,945.34
Notes receivable	1,908.95	2,058.95
Planters' receivable	16,658.48	17,827.22
Current portion of long-term receivables	16,519.85	16,519.85

Advances to:		
Directors, officers and employees	31,211.23	6,029.53
Luisita Golf and Country Club, Inc. (LGCCI)	23,512.47	25,709.49
Others	19,287.77	44,400.69
	1,389,638.44	1,364,421.79
Less allowance for doubtful accounts - nontrade	23,009.48	23,009.48
	1,366,628.96	1,341,412.31

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

Notes receivable pertains to the loan agreement entered into in 2019 that are subject to 6.5% interest per annum.

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

Movements in the allowance for ECL are summarized below:

2022

	Trade	Non Trade	Total
Balance at beginning of year	2,997.30	19,009.52	22,006.82
Provisions	1,004.44	.00	1,004.44
Reversals/write off	-1.78	.00	-1.78
Balance	3,999.96	19,009.52	23,009.48

7. Inventories

	As of December 31, 2022	As of June 30, 2022
At cost:		
Alcohol	92,045.93	179,337.46
Molasses	10,824.71	2,013.93
At NRV:		
Spare parts and supplies	52,864.67	60,864.39
Raw sugar	129,526.30	805.49
	285,261.61	243,021.28

8. Real Estate Held for Sale and Development

	As of December 31, 2022	As of June 30, 2022
Land held for development	981,516.36	981,516.36
Land available for sale	6,978.02	6,978.02
	988,494.38	988,494.37

Land held for development 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 December 31, 2022	As of June 30, 2022
Advances to suppliers - net of allowance	350,730.83	266,974.73
CWT	39,386.55	36,325.94
Prepaid tax	673.55	1,316.05
Prepaid insurance	2,836.63	1,535.37
Input tax	3,903.54	655.91
Others	6,740.90	3,062.67
	404,272.00	309,870.66

10. Goodwill - net

The Group performed its impairment review of goodwill as at June 30, 2022 and 2021. 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, 2022 and 2021 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% and 3.5% growth rate as at June 30, 2022 and 2021, respectively. Discount rate applied to the cash flow projections in determining value in use is 10.4% and 7.8% as at June 30, 2022 and 2021, 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	2022	2021
Discount rates	31.90%	9.82%
Selling price	-56.53%	-25.97%

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 December 31, 2022	As of June 30, 2022
Proprietary shares	146,500.00	146,500.00
Investment in shares of stock:		
Listed	495.18	495.18
Unlisted	162.00	162.00
	147,157.18	147,157.18

The movements in financial assets at FVOCI are as follows:

	As of December 31, 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 December 31, 2022	As of June 30, 2022
Balances at beginning of year	102,478.92	101,325.63
Unrealized losses on financial assets at FVOCI		1,153.29
	102,478.92	102,478.92

12. Property, Plant and Equipment - at cost

December 31, 2022

	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	13,767.65	1,607.14	459.20	14.60	1,222.43	487.00	250.87	.00	18,669.35	.00	.00	36,478.23
Retirement and write-off	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Reclassifications	.00	-419.69	.00	.00	.00	-65.97	-23.21	.00	-5,914.52	.00	.00	-6,423.40
Balances at end of year	811,588.87	208,453.83	37,024.82	161,498.97	53,984.46	25,775.05	5,890.18	8,245.13	22,809.89	8,700.00	36,159.88	1,380,131.08
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	25,085.75	8,609.38	942.53	4,886.73	1,575.28	1,183.65	112.38	.00	.00	1,273.89	2,481.97	46,151.58
Retirement and write-off	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Reclassifications	.00	-1,397.22	.00	.00	-778.91	-32.37	-3.87	.00	.00	.00	.00	-2,212.37
Balances at end of year	639,270.89	98,768.01	17,216.65	102,715.48	45,764.96	20,911.38	2,947.96	8,245.11	.00	1,708.89	3,839.88	941,389.18
Net book values	172,317.98	109,685.82	19,808.17	58,783.50	8,219.50	4,863.67	2,942.23	.02	22,809.89	6,991.11	32,320.01	438,741.90

June 30, 2022

	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	776,790.65	198,570.45	34,037.14	158,069.63	54,020.65	23,400.00	5,659.28	8,245.13	5,086.66	.00	.00	1,263,879.57
Additions	2,668.71	15,432.94	529.94	1,865.02	754.87	1,971.35	6.81	.00	52,439.08	8,700.00	36,159.89	120,528.60
Retirement and write-off	-143.00	-31,974.56	.00	-180.00	-2,013.48	-17.32	-3.56	.00	.00	.00	.00	-34,331.92
Reclassifications	18,504.86	25,237.55	1,998.54	1,729.73	.00	.00	.00	.00	-47,470.68	.00	.00	.00
Balances at end 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
Accumulated depreciation and amortization:												
Balances at beginning of year	565,841.57	82,579.66	14,466.31	87,375.74	37,516.23	16,938.22	2,595.00	8,245.11	.00	.00	.00	815,557.84
Depreciation and amortization	51,479.30	16,653.50	1,807.81	10,661.56	7,464.27	2,838.74	258.67	.00	.00	435.00	1,357.91	92,956.76
Retirement and write-off	-143.00	-7,677.31	.00	-180.00	-7.01	-16.87	-3.56	.00	.00	.00	.00	-8,027.75
Reclassifications	-2,992.74	.00	.00	-28.57	-4.90	.00	-10.66	.00	.00	.00	.00	-3,036.86
Balances at end 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
Net book values	183,636.09	115,710.53	20,291.50	63,655.63	7,793.44	5,593.93	2,823.09	.02	10,055.05	8,265.00	34,801.98	452,626.26

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

Property, Plant and Equipment

Land at revalued amount recognized under property, plant and equipment as at September 30, 2022 and June 30, 2022 amounted to ₱1.0 billion.

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

	December 31, 2022	June 30, 2022
At beginning of year	975,011.17	938,866.76
Change in tax rate due to CREATE		36,144.42
	975,011.17	975,011.17

Attributable to:

	December 31, 2022	June 30, 2022
Property, plant and equipment	975,011.17	777,677.53
Property, plant and equipment reclassified to investment property		197,333.64
	975,011.17	975,011.17

The value of land recognized under property, plant and equipment if carried at cost as at December 31, 2022 and June 30, 2022 is ₱8.1 million.

Investment Property

The fair value recognized under investment property as at December 31, 2022 and June 30, 2022 amounted to ₱456.8 million.

The value of land recognized under investment properties if carried at cost as at December 31 and June 30, 2022 is ₱1.8 million. The Group has no restrictions on the realizability of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. The Group has neither earned rental income nor incurred direct operating expenses from its investment property.

14. Other Noncurrent Assets

	As of December 31, 2022	As of June 30, 2022
Long-term receivables	157,522.74	157,522.74
Recoverable and other deposits	39,588.18	39,517.53
Others	15,267.75	15,225.75
	212,378.67	212,266.02
Less: current portion	16,519.85	16,519.85
	195,858,825	195,746,166

In 2021, the Group and one of its suppliers agreed that the Group will be reimbursed for the amount advanced to the supplier for costs to be incurred for future land preparation, planting and harvesting. In 2022, the total amount of reimbursement of ₱168.4 million will be made by the supplier in 3 equal amounts over a period of 3 years was renegotiated for a reimbursement in 10 equal amounts over a period of 10 years. The remeasurement of these long-term receivables resulted to the recognition of ₱7.7 million loss. Current portion that is expected to be collected within the next 12 months is included under the "Receivables" account (see Note 6).

15. Trade and Other Payables

	As of December 31, 2022	As of June 30, 2022
Trade payables	264,657.86	141,897.16
Accruals:		
Interest and penalties	12,407.79	10,202.37
Spare parts, supplies and inventory cost	280,058.89	230,279.99
Taxes	1,661.95	1,366.55
Professional fees	8,752.41	7,196.72
Salaries, wages and other benefits	6,167.06	5,070.90
Others	14,934.39	12,279.88

Advances from related parties	26,622.93	17,622.93
Dividends payable	23,874.58	23,874.58
Estimated liability for cash surrender value	829.59	1,213.13
Customers' advances	1,570.17	1,565.19
Other payables	1,068.30	896.90
	642,605.92	453,466.31

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

16. Notes Payable

	As of December 31, 2022	As of June 30, 2022
Working capital facilities	998,000.00	981,500.00
Promissory notes	19,628.15	19,299.37
	1,017,628.15	1,000,799.37

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 ₱981.5 million, as at December 31, 2022 and June 30, 2022 at 7.25% interest rate per annum.

Promissory Notes

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

Total interest expense incurred for all short-term notes amounted to ₱51.65 million and ₱47.47 million in December 31, 2022 and 2021 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 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.

The Group recognized interest expense amounting to ₱10.7 million and ₱43.6 million in September 30, 2022 and June 30, 2022 respectively.

17. Cost of Goods Sold

	Six Months Ended December 31		
	2022	2021	2020
Salaries, wages bonuses and other benefits	38,898.41	39,716.20	35,892.37
Repairs & Maintenance	9,607.48	38,759.37	36,499.70
Inventory cost, spare parts and supplies	9,302.75	104,141.88	162,771.03
Depreciation and amortization	37,364.57	36,378.32	54,515.73
Freight and transportation	7,375.66	8,547.47	3,941.04
Security and outside services	20,906.00	25,122.77	22,268.76
Power and steam	4,565.04	4,054.89	4,818.79
Insurance	2,590.55	2,198.88	2,636.52
Taxes and licenses	2,529.51	2,793.89	1,804.86
Others	2,819.99	3,150.34	3,085.23
	135,959.95	264,864.01	328,234.04

18. Cost of Tolling Services

	Six Months Ended December 31		
	2022	2021	2020
Salaries, wages bonuses and other benefits	4,830.29	4,869.59	4,354.92
Repairs & Maintenance	5,554.37	5,643.50	5,033.93
Spare parts and supplies	4,809.82	4,811.92	688.38
Depreciation and amortization	2,714.38	3,025.88	3,546.25
Freight and transportation	1,227.64	1,828.00	828.60
Security and outside services	228.24	868.38	652.08
Power and steam	10,388.87	10,650.36	11,004.39
Insurance	209.44	222.80	311.13
Taxes and licenses	1,416.18	1,351.83	1,392.50
Others	68.94	83.09	39.88
	31,448.18	33,355.34	27,852.05

19. **Cost of Industrial Services**

	Six Months Ended December 31		
	2022	2021	2020
Salaries, wages bonuses and other benefits	161.82	200.23	147.92
Repairs & Maintenance	671.99	1,222.08	477.38
Materials	504.42	600.87	459.29
Depreciation and amortization	1,435.12	1,638.65	1,120.80
Security and outside services	2,025.65	2,088.86	1,845.22
Service Cost	2,701.75	2,209.62	2,641.22
Professional fee	297.13	20.00	150.00
Freight & transportation	174.63	62.32	33.39
Power and steam	6,873.81	3,295.55	2,447.67
Insurance	26.09	4.89	4.89
Taxes and licenses	208.14	204.08	218.14
Others	594.50	708.60	362.37
	15,675.04	12,255.75	9,908.28

20. **Operating Expenses**

	Six Months Ended December 31		
	2022	2021	2020
Salaries, wages bonuses and other benefits	12,212.40	16,374.76	18,323.70
Repairs & Maintenance	1,649.99	1,898.05	2,276.41
Management fees and bonuses	70.00	100.00	70.00
Taxes and licenses	19,448.93	6,582.60	29,803.23
Depreciation and amortization	2,422.06	4,314.65	4,437.91
Transportation and travel	4,513.19	4,351.82	3,587.88
Security and outside services	3,997.39	2,873.71	3,312.25
Rentals	1,952.65	1,952.65	3,339.81
Light and water	775.86	456.17	242.82
Entertainment, amusement and recreation	9,693.77	1,036.78	151.59
Professional fees	11,547.66	11,122.77	11,027.27
Dues and advertisements	183.49	160.29	942.18
Postage, telephone and telegram	151.02	120.21	131.16
Others	2,046.38	2,465.29	2,200.73
	71,459.50	54,252.98	80,435.53

21. Nature of Expenses

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

	Six Months Ended December 31		
	2022	2021	2020
Cost of goods sold (see Note 17)	37,364.57	36,378.32	54,515.73
Cost of tolling services (see Note 18)	2,714.38	3,025.88	3,546.25
Cost of industrial services (see Note 19)	1,435.12	1,638.65	1,120.80
Operating expenses (see Note 20)	2,422.06	4,314.65	4,437.91
	43,936.13	45,357.50	63,620.69

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

	Six Months Ended December 31		
	2022	2021	2020
Cost of goods sold			
Salaries, wages, bonuses and other benefits	38,898.41	39,716.20	35,892.37
Cost of tolling services			
Salaries, wages, bonuses and other benefits	4,830.29	4,869.59	4,354.92
Cost of industrial services			
Salaries, wages, bonuses and other benefits	161.82	200.23	147.92
Operating expenses			
Salaries, wages, bonuses and other benefits	12,212.40	16,374.76	18,323.70
	56,102.93	61,160.78	58,718.91

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, 2022.

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.

Transactions with Related Parties

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

SHAREHOLDERS	Outstanding Receivables (Payables)
FIRST LUCKY HOLDINGS CORP	-12,942.69
CAT RESOURCE AND ASSETS HOLDINGS INC	995,560.98
TARLAC DISTILLERY CORPORATION	127,419.49
CAT FOUNDATION INC.	1,000.00
LUISITA TRUST FUND (LTF)	11,331.80
LUISITA GOLF AND COUNTRY CLUB	23,512.47
NORTH STAR ESTATE HOLDINGS INC.	40.18
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
GREEN FUTURE INNOVATIONS, INC.	-2,870.57

24. Agreements

Milling Agreements

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 December 31, 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 December 31, 2022	As of June 30, 2022
Unappropriated	708,887.36	793,911.81
Appropriated	1,500,000.00	1,500,000.00
	2,208,887.36	2,293,911.81

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:

	December 31, 2022	June 30, 2022
Net Income	-85,024.44	79,995.52
Weighted average number of shares		
Issued	282,545.96	282,545.96
Less treasury shares	44,049.12	44,049.12
	238,496.84	238,496.84
Basic/diluted earnings per share	-P0.357	P0.335

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:

2022				
Fair Value Measurement Using				
	Quoted Prices in Active Markets	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Asset Measured At Fair Value				
Property, plant and equipment				
Land			1,044,982.96	1,044,982.96
Investment Property			456,842.82	456,842.82
Financial asset at FVOCI	146,995.18			146,995.18
	146,995.18	.00	1,501,825.78	1,648,820.96
2021				
Fair Value Measurement Using				
	Quoted Prices in Active Markets	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Asset Measured At Fair Value				
Property, plant and equipment				
Land			996,790.40	996,790.40
Investment Property			437,264.08	437,264.08
AFS Financial assets - quoted	145,638.37			145,638.37
	145,638.37	.00	1,434,054.48	1,579,692.85

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.	P 900 to P 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.

Long-term Receivables

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% and 1.60% to 2.34% as of June 30, 2022 and 2021, respectively (Level 3; see Note 2).

Notes Payable

The fair value of notes payable amounting to ₱717.3 million (carrying value of ₱765.8 million) and ₱918.6 million (carrying value of ₱865.0 million) is based on the discounted value of future cash flows using applicable rates plus credit spread for similar types of loans ranging from 4.05% to 6.34% and 3.68% to 6.02% as at June 30, 2022 and 2021, 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:

	December 31, 2022			
	<u>Within 30 Days</u>	<u>Within 1 Year</u>	<u>Above 1 Year</u>	<u>Total</u>
Trade payable and other payables	25,897.33	616,708.59	.00	642,605.92
Short-term notes payable	.00	1,000,799.37	.00	1,000,799.37
Notes payable		134,431.85	585,077.19	719,509.05
Lease Liabilities		12,542.88	8,210.57	20,753.46
	25,897.33	1,764,482.70	593,287.76	2,383,667.79

	June 30, 2022			
	<u>Within 30 Days</u>	<u>Within 1 Year</u>	<u>Above 1 Year</u>	<u>Total</u>
Trade payable and other payables	17,808.68	424,088.70	.00	441,897.38
Short-term notes payable		1,001,571.35		1,001,571.35
Notes payable		157,321.94	918,669.37	1,075,991.31
Lease Liabilities		12,542.88	17,260.80	29,803.68
	17,808.68	1,595,524.87	935,930.17	2,549,263.72

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:

	December 31, 2022			Total
	Within 30 Days	Within 1 Year	Above 1 Year	
Cash and cash equivalents	86,914.29			86,914.29
Receivables:				
Trade	.00	41,949.57	.00	41,949.57
Planter's receivables	.00	16,658.48	.00	16,658.48
Notes receivable from planters	.00	.00	1,908.95	1,908.95
Due from related parties	182.87	1,238,407.25	.00	1,238,590.12
Advances	.00	54,723.70	.00	54,723.70
Current portion- long-term receiv	.00	16,519.85	.00	16,519.85
Others	.00	19,287.77	.00	19,287.77
Financial assets at FVOCI	.00	147,157.18	.00	147,157.18
	87,097.16	1,534,703.81	1,908.95	1,623,709.91

	June 30, 2022			Total
	Within 30 Days	Within 1 Year	Above 1 Year	
Cash and cash equivalents	169,773.86			169,773.86
Receivables:				
Trade		23,930.73	-	23,930.73
Planter's receivables		17,827.22	-	17,827.22
Notes receivable from planters	-	-	2,058.95	2,058.95
Due from related parties	181.30	1,227,764.04	-	1,227,945.34
Advances	-	25,709.49	-	25,709.49
Current portion- long-term rece	-	16,519.85	141,002.89	157,522.74
Others	-	52,489.16	-	52,489.16
Financial assets at FVOCI	-	147,157.18	-	147,157.18
	169,955.16	1,511,397.67	143,061.84	1,824,414.66

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:

	December 31, 2022	June 30, 2022
Cash and cash equivalents	86,914.29	169,773.86
Receivables:	1,366,628.96	1,341,412.31
Financial assets at FVOCI	147,157.18	147,157.18
Noncurrent portion of long-term receivable	141,002.89	141,002.89
	1,741,703.32	1,799,346.24

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:

	December 31, 2022					
	Total	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired
			30 Days	90 Days	More than 150 Days	
Trade	41,382.88	7,429.29			29,953.64	3,999.96
Planter's receivables	16,658.48		11,154.21			5,504.27
Due from related parties	1,238,590.12	6,015.48			1,232,228.48	346.17
Advances	54,723.70	2,802.98			38,761.63	13,159.09
Long-term receivables	157,522.74	157,522.74				.00
Others	19,287.77	19,287.77				.00
	1,528,165.70	193,058.27	11,154.21	.00	1,300,943.75	23,009.48

	June 30, 2022					
	Total	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired
			30 Days	90 Days	More than 150 Days	
Trade	23,930.73	3,901.79	220.52	77.10	15,731.37	3,999.96
Planter's receivables	17,827.21	7,910.30	3,233.66	1,178.98	.00	5,504.27
Due from related parties	1,227,945.34	6,029.53	.00	.00	1,221,569.65	346.17
Advances	25,709.49	.00	.00	.00	12,550.40	13,159.09
Long-term receivables	157,522.74	157,522.74	.00	.00	.00	.00
Others	52,489.16	52,489.16	.00	.00	.00	.00
	1,505,424.67	227,853.52	3,454.18	1,256.08	1,249,851.42	23,009.48

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

	December 31, 2022		
	Grade		
	High	Standard	Total
Loans and receivables:			
Cash and cash equivalents	86,914.29	.00	86,914.29
Trade receivables	7,429.29	.00	7,429.29
Planters' Receivable	11,154.21		11,154.21
Long-term receivables	157,522.74	.00	157,522.74
Due from related party	6,015.48	.00	6,015.48
Others	19,287.77	.00	19,287.77
Financial assets at FVOCI			
Proprietary	146,500.00	.00	146,500.00
Listed	495.18	.00	495.18
Unlisted		162.00	162.00
	435,318.96	162.00	435,480.96

	June 30, 2022		
	Grade		
	High	Standard	Total
Loans and receivables:			
Cash and cash equivalents	169,773.86	.00	169,773.86
Trade receivables	3,901.79	.00	3,901.79
Planters' Receivable	7,910.30		7,910.30
Due from related party	6,029.53	.00	6,029.53
Long-term receivables	157,522.74	.00	157,522.74
Others	52,489.16	.00	52,489.16
Financial assets at FVOCI			
Proprietary	146,500.00	.00	146,500.00
Listed	495.18	.00	495.18
Unlisted		162.00	162.00
	544,622.55	162.00	544,784.55

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.

	December 31, 2022	June 30, 2022
Notes Payable	1,017,628.15	1,000,799.37
Short-term notes payable	719,509.05	765,759.05
Trade & other payables	642,605.92	453,466.31
Income tax payable	.00	.00
Deposits	16,378.84	17,612.52
Other liabilities	51,924.50	60,157.70
Total Debt (a)	2,448,046.46	2,297,794.94
Equity	3,132,493.65	3,217,518.09
Total debt and equity (b)	5,580,540.11	5,515,313.03
Gearing ratio (a/b)	0.44	0.42

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.