PW0000727

S.E.C Registration Number

CENTRAL AZUCARERA DE TARLAC

AND SUBSIDIARY

(Company's Full Name)

SAN MIGUEL, TARLAC CITY

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

Cecile D. Macaalay
Contact Person

(632) 8818-1868
Company Telephone Number

06	30
Month	Day

Fiscal Year

SEC 17-A Annual Report
for the period ended June 30, 2024

01	any
Month	Year

Annual Meeting

Secondary License Type, If Applicable

CFD
Dept. Requiring this Doc

Amended Articles Number/Section

Total Amount of Borrowings

392
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended **June 30, 2024**

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

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

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

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

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

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	238,496,840

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

Yes [**X**] No [ ]

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

12. Check whether the issuer:

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

Yes [**X**] No [ ]

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

Yes [ ] No [**X**]

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

Not applicable

CENTRAL AZUCARERA DE TARLAC

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PART I - BUSINESS AND GENERAL INFORMATION

A. Description of Business

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

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

Products and By-Products

Raw and Refined Sugar

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

The mill's sugar sales and the refinery's tolling fees represent approximately 32% and 11%, respectively, of the Company's total revenues. The raw and refined sugars produced are sold to industrial users through traders. The Company operates within 4 to 5 months while the refinery operates between 5 to 6 months within the crop year.

Alcohol

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

Carbon Dioxide

The slops emanating from the distillery are captured by the carbon dioxide plant to produce liquid carbon dioxide. The plant has a capacity of 30,000 kilos per day and operates for 2 to 5 months of the year. Carbon Dioxide sales account for 1-2% of the Company's total revenues in the last three years and are sold to industrial users.

Industrial Services

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

Industrial Profile

For Crop Year 2023-2024, the global sugar market experienced a slight deficit of 0.200 million metric tons (MMT), as global production, though increasing to 181.263 MMT (a 2.39% rise from the previous year), could not match the surge in global consumption, which grew at a faster pace of 2.79%, reaching 181.463 MMT. This growing consumption was fueled by rising demand in several regions, particularly in emerging economies where sugar consumption is increasing due to population growth and changing diets. The disparity between supply and demand led to a reduction in global end stocks, which declined by 2.88% to 98.644 MMT, further straining the market's ability to maintain buffer supplies.

Several factors contributed to this slight deficit. Weather disruptions in key sugar-producing regions like India and Thailand, which faced erratic rainfall, impacted harvest volumes. Additionally, Brazil, the world's largest sugar producer, continued to divert a significant portion of its sugarcane production toward ethanol production, driven by high energy prices. This shift further tightened global sugar availability, reducing the amount of sugar available for export and increasing pressure on global supplies. As a result, the stock-to-consumption ratio fell to 54.36%, down from 57.54% the previous year, reflecting a tighter global market that could push prices higher.

In the Philippines, these global trends had several significant effects. The slight deficit in global sugar production, combined with the rising demand, led to higher import costs, which placed additional pressure on the country as a net importer of sugar. This increase in international sugar prices made it more expensive for the Philippines to source sugar from global markets, contributing to inflationary pressures and rising domestic sugar prices.

Furthermore, the local sugar industry, already burdened by high input costs such as fertilizers, fuel, and labor, found it difficult to compete in the international market. As global sugar prices increased, Filipino producers faced additional challenges in maintaining profitability

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Below are the latest figures on the world sugar balance provided by the International Sugar Organization:

	World Sugar Balance (Million Metric Tons, Raw Value)			
	2023-24	2022-23	Change	
			in MMT	in Percent
Production	181.263	177.024	4.239	2.39%
Consumption	181.463	176.531	4.932	2.79%
Surplus/(Deficit)	(0.200)	0.493		
Import Demand	68.285	65.380	2.905	4.44%
Export Availability	68.562	65.519	3.043	4.64%
End Stocks	98.644	101.570	(2.926)	-2.88%
Stock/Consumption Ratio, in percent	**54.36%**	**57.54%**		

In August 2024, the Sugar Regulatory Administration (SRA) issued Sugar Order No. 5 (SO 5) as a strategic response to mitigate the impact of the El Niño phenomenon on sugarcane production in the Philippines. El Niño, which causes prolonged drought conditions, poses a significant threat to sugarcane yields, potentially reducing the overall production volume. To counter these adverse effects, SO 5 introduces measures to ensure the stability of the domestic sugar supply, support farmers, and maintain the balance between supply and demand in the local market.

SO 5 builds upon the groundwork laid by previous Sugar Orders, particularly Sugar Order No. 2 (SO 2) and Sugar Order No. 3 (SO 3). SO 2, which allows traders to purchase 300,000 metric tons (MT) of locally produced sugar at a premium price, aims to incentivize domestic trade and ensure that farmers receive fair compensation even during challenging crop seasons like those affected by El Niño. By boosting farmgate prices, SO 2 provides much-needed financial relief to farmers facing decreased yields due to drought conditions. At the same time, it encourages traders to prioritize the purchase of locally produced sugar, helping maintain a healthy supply of sugar reserves for domestic consumption.
In tandem with SO 2, SO 3, which authorized the export of 25,300 MT of raw sugar to the United States, plays a vital role in managing the domestic sugar inventory. By exporting surplus sugar, SO 3 helps prevent oversupply in the local market, which could lead to a decline in prices. This strategic export move ensures that domestic inventories remain manageable, while also fulfilling the country's international trade commitments.

The combination of these measures—SO 5's climate-responsive strategies, SO 2's support for local farmers and traders, and SO 3's management of domestic inventories—creates a comprehensive framework for stabilizing the sugar industry amidst environmental and market challenges. With the inclusion of SO 5, the SRA aims to protect the industry from the worst effects of El Niño, ensuring that production losses are minimized and local farmers remain financially stable. Furthermore, by offering traders incentives such as priority in future import allocations, the SRA keeps them actively engaged in the domestic market, strengthening the entire supply chain.

The policies enacted under these Sugar Orders provide a robust response to the dual challenges of climate change and market fluctuations, helping to secure the resilience of the Philippine sugar industry for both farmers and consumers.

Overall, the global sugar market conditions in Crop Year 2023-2024 created significant challenges for the Philippines, necessitating both policy interventions and market adjustments to manage the effects of higher sugar prices and to secure adequate supplies for the domestic market.

As of August 25, 2024, the Philippines milled a total of 21,490,581 tons of cane, marking a 5.04% increase of 1,031,822 tons compared to the same period in the previous year. The recovery rate improved slightly, reaching 1.80 bags of raw sugar per ton of cane milled, up from 1.77 in the previous year. Consequently, the country's raw sugar production totaled 1,922,586 metric tons, representing a 6.84% increase of 123,120 metric tons from the previous season.

Below are the tons cane milled for CY2023-2024.

CANE TONNAGE - PHILIPPINES - CY 2023-24 & CY 2022-23						
MILLS	TONS CANE MILLED				% SHARE IN TOTAL	
	2023-24	2022-23	GROWTH	%	2023-24	2022-23
LUZON						
Cagayan	155,050	145,252	9,798	6.75%	0.72%	0.71%
Bicol	90,271	98,794	(8,524)	-8.63%	0.42%	0.48%
Batangas	655,814	883,418	(227,605)	-25.76%	3.05%	4.32%
Tarlac	418,533	339,142	79,391	23.41%	1.95%	1.66%
VISAYAS						
Panay	1,435,598	1,516,441	-80,843	-5.33%	6.68%	7.41%
Eastern Visayas	230,806	245,444	-14,638	-5.96%	1.07%	1.20%
Negros	13,874,189	13,317,085	557,104	4.18%	64.56%	65.09%
MINDANAO	4,630,321	3,913,183	717,138	18.33%	21.55%	19.13%
Total	**21,490,581**	**20,458,759**	**1,031,822**	**5.04%**	**100.00%**	**100.00%**

The cane tonnage data for Crop Years 2023-24 and 2022-23 highlights significant regional variations in sugarcane milled across the Philippines. In Luzon, Central Azucarera de Tarlac stands out with a notable 23.41% increase in cane milled, rising from 339,142 tons in 2022-23 to 418,533 tons in 2023-24. This growth has improved Tarlac's share of the national total from 1.66% to 1.95%, reflecting the mill's strong recovery and operational improvements during this period. In contrast, other regions in Luzon, such as Batangas and Bicol, faced sharp declines, while Cagayan posted modest gains.

In the Visayas, Negros continues to dominate as the largest sugar-producing region, accounting for 64.56% of the total production, with a 4.18% growth. Meanwhile, Mindanao recorded the highest percentage growth, increasing its output by 18.33%, contributing 21.55% to the total. However, regions like Panay and Eastern Visayas saw declines in cane milled, highlighting the mixed performance of sugar mills across the country.

Despite the challenges in some areas, the impressive performance of Central Azucarera de Tarlac and mills in Negros and Mindanao helped drive the overall growth in cane production for the Philippines. These results underscore the resilience of some mills, while also highlighting the ongoing challenges in regions struggling with declines in cane output.

Transactions With and/or Dependence on Related Parties

The Company's transactions with related parties are disclosed in Note 23 (pages 41-44) of the Company's audited financial statements. In addition, the Company's operations are not dependent on its related parties. The Company provides working capital support to its related parties.

Research and Development Spend

CAT spends approximately 0.04 - 0.10% for product research and development over the last three (3) years. The Company adheres to its core product, sugar, and finds no need to further conduct product research and development. However, it continuously adopts new production technology to which spending is through capital expenditure amounting to ₱80-100M annually.

Government Regulations

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

Cost and effects of compliance with environmental laws

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

To date, CAT has incurred between ₱4.0-8.0M annually to maintain its environs safe.

Employee

As of June 30, 2024, following is the employee details:

	Exec./Mgrl./Supv.		Rank/File		Retainer/	Total
	Perm.	Prob.	Perm.	Prob.	Consultant	
CAT- TARLAC	96	12	203	4	18	333
CAT- MAKATI	6		3		3	12
LLC	4	2	2		1	9
TOTAL	**106**	**14**	**208**	**4**	**22**	**354**

Major Risk in the Business of CAT

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

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

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

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

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

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

B. Properties

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

Areas of reference on its existing use	Area in sq.meters	% against total land area
Industrial	593,495	43.43%
Not used in business and operation	750,538	54.92%
Held for sale and development (thru LLC)	22,626	1.66%
Total	**1,366,659**	**100.00%**

Factory Plants/Buildings Used In Business Operations

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

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

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

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

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

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

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

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

C. Legal Proceedings

The Company is currently not under any legal proceedings.

D. Submission of Matters to a Vote of Security Holders

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

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PART II – SECURITIES OF THE REGISTRANT

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

Market Information

Central Azucarera de Tarlac is a Company whose common shares are listed in the Philippine Stock Exchange since April 1977. The following tables list the Company's Stock Price for the 3-year period from FY 2022-2024 and its last trading date.

Market Information				
Year	**Quarter**	**Period**	**High**	**Low**
2024-2025	1Q	July - September	12.78	10.00
2023-2024	1Q	July - September	10.50	8.80
	2Q	October - December	12.50	7.00
	3Q	January - March	22.00	10.54
	4Q	April - June	22.40	10.54
2022 - 2023	1Q	July - September	11.48	9.13
	2Q	October - December	10.66	8.00
	3Q	January - March	11.50	9.50
	4Q	April - June	11.00	9.01
2021 - 2022	1Q	July - September	14.90	12.94
	2Q	October - December	14.40	13.00
	3Q	January - March	13.78	12.08
	4Q	April - June	13.54	10.00

Market Information (Last Trading Date)	
Date	October 11, 2024
Open	10.22
High	10.22
Low	10.22
Close	10.22
Volume	100

Holders of Security

The following table enumerates the top 20 shareholders of the Company as of June 30, 2024.

Name of Stockholder	Citizenship	Amount Subscribed (Php)	No. of Shares Held	% Total Outstanding
1 PCD NOMINEE CORPORATION (FILIPINO)	Filipino	261,545,108	261,545,108	92.57%
2 PCD NOMINEE CORPORATION (FOREIGN)	Others	8,596,847	8,596,847	3.04%
3 ROMULO, MARILES C.	Filipino	441,240	441,240	0.16%
4 OLLER, MA. MERCE FORMENTI	Spanish	430,880	430,880	0.15%
5 SANTIAGO, O' MARINA SOLDEVILLA	Spanish	369,040	369,040	0.13%
6 SENCHERMES, JUAN GALOBART	Spanish	326,160	326,160	0.12%
7 ALCANTARA, VALERIO	Filipino	280,160	280,160	0.10%
8 DELA RIVA, CARMEN GALOBART	Spanish	277,440	277,440	0.10%
9 IRAGORRI, EDUARDO GALLARZA	Spanish	272,560	272,560	0.10%
10 MENDOZA, NESTOR C.	Filipino	250,960	250,960	0.09%
11 MORTON, CHARLES V.	American	243,440	243,440	0.09%
12 CHUA, WILLINGTON	Filipino	233,100	233,100	0.08%
13 CHEE, LIM BENG	Chinese	231,840	231,840	0.08%
14 RECTOR DEL SEMINARIO MAYOR DE SAN CARLOS	Filipino	221,480	221,480	0.08%
15 FORD, THOMAS J.	American	210,320	210,320	0.07%
16 MARTIN, FRANCISCO LON	Filipino	204,400	204,400	0.07%
17 GUTIERRES, TERESA MARTINEZ VDA DE	Spanish	198,160	198,160	0.07%
18 HEIRS OF MA. VICTORIA MARFA SATRUSTEGUI	Spanish	178,720	178,720	0.06%
19 SATRUSTEGUI, MA. ISABEL MARFA	Spanish	178,720	178,720	0.06%
20 GUTIERREZ, JESUS MOLINA	Filipino	163,000	163,000	0.06%
TOTAL:		**274,853,575**	**274,853,575**	**97.28%**

The following table lists the security ownership of certain record and beneficial owners the Company owning more than 5% of its Common Shares as of June 30, 2024.

Title of Class	Name	Number of Shares Held	Name of Beneficial Ownership	Citizenship	%
Common Shares	PCD Nominee Corporation*	270,141,955	PCD Nominee Corporation	Various	113.3%
**Beneficial ownership through PCD Nominee Corporation*					
Common Shares	CAT Resource & Asset Holdings Inc.	201,718,140	Martin P. Lorenzo 102,876,250 shares	Filipino	84.6%
			Fernando C. Cojuangco 98,841,890 shares	Filipino	

The following table identifies the shareholdings of Directors and Officers of the Company as of June 30, 2024.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	%
Common	Martin Ignacio P. Lorenzo	102,876,250	Indirect	Filipino	43%
		200	Indirect	Filipino	0%
Common	Fernando C. Cojuangco	98,841,890	Indirect	Filipino	41%
		200	Indirect	Filipino	0%
Common	Martin Diego L. Lorenzo, Jr.	500	Indirect	Filipino	0%
Common	Mateo Rafael L. Lorenzo	700	Indirect	Filipino	0%
Common	Pedro Francisco C. Cojuangco	500	Indirect	Filipino	0%
Common	Fernan Victor P. Lukban	200	Indirect	Filipino	0%
Common	Renato B. Padilla	10	Direct	Filipino	0%
Common	Benjamin I. Espiritu	10	Direct	Filipino	0%
Common	Cecile D. Macaalay	5000	Indirect	Filipino	0%
Common	Janette L. Peña	0	-	Filipino	0%
Common	Addison B. Castro	0	-	Filipino	0%
Total		**201,725,460**			**85%**

Dividends

2023 – 2024 - ₱ 6.44 per share – February 7, 2024
2022 – 2023 - No dividends declared
2021 – 2022 - No dividends declared
2020 – 2021 - ₱ 1.81 per share – November 10, 2020
2019 – 2020 - No dividends declared
2018 – 2019 - No dividends declared
2017 – 2018 - ₱ 0.18 per share – June 28, 2018

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

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

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B. Description of Registrant's Securities

As of June 30, 2024, the Company's Authorized Capital Stock remains at ₱400,000,000 divided into 400,000,000 Common Shares with a par value of ₱1.00 per share. As of the same date, 238,496,840 shares are outstanding and are held by 392 stockholders.

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

On March 15, 2020, the Board of Trustees of Luisita Trust Fund approved the terms of the Agreement (the Agreement) between Luisita Trust Fund and the Parent Company which novates the terms of payment of the loan agreement dated October 15, 2015. In the said Agreement, the Fund shall dispose its CAT shares equivalent to 44,041,920 shares with a total value of ₱369.1 million in favor of the Company. The transaction shall constitute full, complete and final payment of LTF's outstanding obligation under the loan agreement.

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PART III - FINANCIAL INFORMATION

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

Executive Summary

Central Azucarera de Tarlac (CAT) achieved solid financial results in FY 2024, with substantial improvements across key financial metrics compared to previous years. The company ended the year with an EBITDA of ₱2.5 billion, driven primarily by ₱643.0 million from its core sugar milling operations. Net income rose to ₱1.7 billion, an impressive 899% increase from FY 2023's ₱168.8 million, reflecting strong operational performance and strategic decisions.

Total revenue for FY 2024 reached ₱5.3 billion, a 256% increase from the previous year. The company's core product lines showed significant growth, with sugar revenue increasing by 48%, tolling revenue by 13%, and carbon dioxide revenue by 155%. CAT processed 418,533 tons of cane (TC), up by 79,391 TC compared to FY 2023, due to enhanced production capacity and higher market demand.

Gross profit rose to ₱3.0 billion, a 738% improvement year-over-year, driven by both higher revenue and operational efficiency. Operating profit before interest and taxes (EBIT) reached ₱2.7 billion, reflecting a 1059% increase from FY 2023. Additionally, land holdings contributed positively to overall profitability, supporting the company's financial stability.

Despite the strong performance, CAT faced challenges, including interest expenses amounting to ₱127.0 million. The company also deferred inventory sales of approximately ₱300.0 million to preserve margins, resulting in an EBITDA margin of 31%.

Looking ahead, CAT is well-positioned for continued growth, focusing on its core business while driving operational improvements. With a solid financial foundation, the company is set to achieve sustainable profitability and create long-term value for shareholders.

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The following table is the Consolidated Statement of Income of the Company and its subsidiary, Luisita Land Corporation ("LLC"), for the fiscal years ending June 30, 2024, 2023 & 2022.

(In Million Pesos except for Volume, Price & EPS)	FY 2024		FY 2023		FY 2022	
	418,533 TC		339,142 TC		352,374 TC	
	AMT	%	AMT	%	AMT	%
VOLUME AND PRICE MATRIX	Vol	P	Vol	P	Vol	P
Raw Sugar Equivalent	280,556	2,448	159,491	2,917	247,980	1,955
Tolling of Refined Sugar	549,573	320	484,234	320	533,773	244
Alcohol	3,288,000	76	3,804,500	70	6,184,825	60
Carbon Dioxide	1,209,140	10	616,890	8	1,727,060	9
REVENUE	5,286.08	100%	1,486.76	100%	1,435.65	100%
Sugar	686.86	13%	465.28	9%	484.85	9%
Tolling of Refined Sugar	175.86	3%	154.95	3%	130.06	2%
Alcohol	250.47	5%	266.15	5%	371.55	7%
Molasses	.95	0%	27.25	1%	63.57	1%
Carbon Dioxide	12.58	0%	4.94	0%	15.61	0%
Service Income	506.99	10%	517.22	10%	322.67	6%
Industrial services	52.37	1%	50.98	1%	47.34	1%
Real estate sale	3,600.00	68%	.00	0%	.00	0%
COST OF GOODS SOLD AND SERVICES	2,252.80	43%	1,124.60	76%	1,130.05	79%
Costs of goods sold and services	1,127.66	21%	993.45	67%	1,010.97	70%
Costs of tolling services	112.20	2%	101.58	7%	93.18	6%
Cost of industrial services	31.42	1%	29.56	2%	25.89	0%
Cost of real estate	981.52	19%	.00	0%	.00	0%
GROSS PROFIT	3,033.28	57%	362.16	24%	305.60	21%
OPERATING EXPENSES	354.51	7%	131.02	9%	120.80	8%
OPERATING PROFIT BEFORE INTEREST AND TAXES	2,678.77	51%	231.14	16%	184.80	13%
Interest expense and bank charges	(127.02)	-2%	(133.59)	-9%	(110.07)	-8%
Interest income	27.50	1%	4.79	0%	4.73	0%
Gain on fair value change of investment property	292.97	43%	94.15	20%	19.58	4%
Impairment of goodwill	(502.42)	-99%	.00	0%	.00	0%
Others - net	(5.30)	0%	1.65	0%	1.42	0%
INCOME BEFORE TAX	2,364.51	45%	198.14	13%	100.46	7%
PROVISION FOR INCOME TAX	678.54	13%	29.33	2%	20.47	1%
NET INCOME	1,685.97	32%	168.80	11%	80.00	6%
EBITDA	2,545.87	48%	409.82	28%	292.60	20%
EPS	P7.07		P0.71		P0.29	

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<u>Plan of Operation</u>

Outlook for FY 2024-2025

The global sugar market outlook for 2024-25 suggests a tightening scenario, driven by increasing consumption and widening deficits. Production is expected to grow by 2.54%, reaching 179.287 million tons, a rise of 4.448 million tons from the previous year. However, consumption is projected to outpace production, increasing by 3.34% to 182.867 million tons, reflecting rising demand across both developed and emerging markets.

As a result, the global sugar market deficit is expected to worsen, expanding to 3.580 million tons in 2024-25, compared to a 2.118 million-ton shortfall in 2023-24. This growing imbalance highlights a supply-demand gap that could put upward pressure on prices. At the same time, import demand is forecasted to increase by 1.97%, rising to 65.537 million tons, as more countries will seek additional sugar to meet internal demands. Export availability, however, is set to grow at a faster pace, increasing by 4.66% to 64.468 million tons, indicating stronger output from key sugar-exporting countries.

Global end stocks, a critical buffer for supply shocks, are expected to decline by 6.00%, falling to 96.133 million tons. This reduction in sugar reserves, combined with the widening deficit, may heighten the risk of supply constraints. The stock-to-consumption ratio is projected to drop from 57.79% in 2023-24 to 52.57% in 2024-25, signaling a tighter market with fewer reserves available to meet global consumption needs.

The latest World Sugar Balance estimate for the 2024-25 calendar year is as follows:

	World Sugar Balance (Million tons, raw value)			
	2024-25	2023-24	Change	
			in mln t	in percent
Production	179.287	174.839	4.448	2.54%
Consumption	182.867	176.957	5.910	3.34%
Surplus/(Deficit)	(3.580)	(2.118)		
Import Demand	65.537	64.273	1.264	1.97%
Export Availability	64.468	61.599	2.869	4.66%
End Stocks	96.133	102.266	(6.133)	-6.00%
Stock/Consumption Ratio, in percent	**52.57%**	**57.79%**		

Overall, the sugar market is likely to face increasing pressures due to rising consumption, declining stocks, and a growing deficit. This tightening of supply could lead to price increases, making it a challenging environment for sugar importers while offering potential opportunities for exporters to capitalize on higher demand.

For the 2024-25 crop year, the Sugar Regulatory Administration (SRA) forecasts sugar production at 1.780 million tons (raw value), marking a 7.4% decline from the current year's 1.923 million tons.

Demand is projected to range between 2.20 million to 2.40 million tons, signaling another year of production shortfall. To address this, the SRA has designated the entire domestic sugar output as 'B' or domestic market sugar, per Sugar Order No. 1 s. 2024-25. This move prioritizes local supply to stabilize prices and reduce reliance on imports, emphasizing the need for government support and reforms to boost production efficiency and meet growing demand.

Sugar Classes	Production MMT	% Allocation
"A" or U.S. Market Sugar	-	0%
"B" or Domestic Sugar Market	1.780	100%
"D" or World Sugar Market	-	0%
	1.780	**100%**

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Management Discussion and Analysis

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

Revenue	FY 2024	FY 2023	FY 2022
Revenue (in millions)	5,286.08	1,486.76	1,435.65
% Growth	255.5%	3.6%	4.9%

EBITDA	FY 2024	FY 2023	FY 2022
EBITDA (in millions)	2,545.9	409.8	292.6
% Growth	521%	40%	40%
EBITDA Margin	48%	28%	20%

Net Income	FY 2024	FY 2023	FY 2022
Net income (in millions)	1,685.97	168.80	80.00
% Growth	899%	111%	385%
Net Income Margin	32%	11%	6%

Earnings per share	FY 2024	FY 2023	FY 2022
Earnings per share	7.07	0.71	0.29

Milling Recovery	FY 2024	FY 2023	FY 2022
Milling recovery (Lkg/TC)	1.579	1.607	1.366

FY 2024 Review of Operations

Revenues

REVENUES In Million Pesos	2024	2023	2022	Growth %	
				2024 vs 2023	2023 vs 2022
Sugar	686.9	465.3	484.8	48%	-4%
Tolling of Refined Sugar	175.9	155.0	130.1	13%	19%
Molasses	.9	27.2	63.6	-97%	-57%
Alcohol	250.5	266.1	371.5	-6%	-28%
Carbon Dioxide	12.6	4.9	15.6	155%	-68%
Service Income - Milling Fee	507.0	517.2	322.7	-2%	60%
Industrial services	52.4	51.0	47.3	3%	8%
Real estate sale	3,600.0	.0	.0	0%	0%
TOTAL	**5,286.1**	**1,486.8**	**1,435.6**	**256%**	**4%**

In the Fiscal Year 2023-2024, gross revenues from the sale of products and services amounted to ₱5,286.1 million, marking an increase of ₱3,799.3 million or 256% in comparison to the previous year's total of ₱1,486.8 million. In relation to the core business of the Company, the sugarcane as raw materials grew by an outstanding 23% or 79,391 tons, paving the way for the increase in sales of raw sugar, tolling services and carbon dioxide. Additionally, the Subsidiary successfully completed the sale of a parcel of land to another developer. This transaction not only generated additional revenue but also strategically positioned the Company for future growth and development opportunities in the real estate sector.

- Despite the decline in sugar price of ₱469 per bag, raw sugar revenues increased by ₱221.8 million or 48%, as the volume of bags sold rose by 121,065 LKG.
- Tolling revenue saw a remarkable growth of 13% or ₱21.0M, driven by a significant increase in the volume of raw sugar being refined from 484,234 bags to 595,573 bags this current fiscal year.
- While the selling price of alcohol is increased by ₱6 per liter or 9%, this did not negate the overall drop in alcohol revenues by ₱15.6M or 6%. A significant volume of alcohol inventory remains unsold as of the reporting period.
- A steady revenue growth in the water and locator fees of the Subsidiary posted an increase of 3%.

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Cost of Goods Sold & Milling Services

Cost of goods sold significantly amplified to ₱2,252.8M from last year's ₱1,124.6M or 100%. The following table summarizes the breakdown of cost of goods sold:

COST OF GOODS SOLD AND MILLING SERVICES *In Million Pesos*	2024	2023	2022	Growth %	
				2024 vs 2023	2023 vs 2022
Salaries, wages bonuses and other benefits	90.3	87.0	83.0	4%	5%
Repairs & Maintenance	66.8	57.9	31.0	15%	87%
Inventory cost,spare parts and supplies	787.7	674.3	721.5	17%	-7%
Depreciation and amortization	67.1	70.2	74.3	-4%	-6%
Freight and transportation	42.4	35.5	32.4	19%	10%
Security and outside services	47.9	42.5	38.2	13%	11%
Power and steam	5.6	6.7	4.2	-15%	58%
Insurance	5.2	4.9	4.6	6%	7%
Taxes and licenses	4.7	5.5	7.3	-14%	-25%
Others	9.8	9.1	14.5	8%	-37%
TOTAL	**1,127.7**	**993.5**	**1,011.0**	**14%**	**-2%**

- Repairs and maintenance grew by 15% from last year's ₱57.9M due to scheduled repairs program implemented this current reporting period to ensure equipment and facilities remain at optimal condition.
- The increase in the cost of goods sold, rising from ₱674.3 million to ₱787.7 million—a difference of ₱113.5 million or 17%—is primarily driven by the costs associated with inventory, spare parts, and supplies.
- Freight & transportation rose by ₱ 6.9M, reflecting a 19% increase driven by higher volume of cane milled. This uptick is closely linked to the trucking and hauling subsidies extended to planters, which aim to facilitate the transportation of sugar cane from farms to the mill.
- Expenditures on security and outside services increased by ₱5.5M or 13% due to a comprehensive review and rationalization of security requirements across the Company's facilities.

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Cost of Tolling Services

Cost of tolling moderately decreased by ₱10.6M or 10% this year from ₱101.6M to ₱112.2M. The table summarizes the breakdown of cost of tolling:

COST OF TOLLING SERVICES *In Million Pesos*	2024	2023	2022	Growth %	
				2024 vs 2023	2023 vs 2022
Salaries, wages bonuses and other benefits	12.8	11.4	10.9	12%	4%
Repairs & Maintenance	11.7	10.5	9.6	11%	9%
Inventory cost,spare parts and supplies	16.6	8.8	10.5	88%	-16%
Depreciation and amortization	3.8	4.6	6.2	-17%	-25%
Freight and transportation	9.0	5.0	5.3	79%	-6%
Security and outside services	2.8	4.2	3.2	-34%	0%
Power and steam	50.4	52.3	43.2	-4%	21%
Insurance	.6	.5	.5	11%	7%
Taxes and licenses	3.4	3.5	3.1	-3%	14%
Others	1.2	.7	.7	67%	-5%
TOTAL	**112.2**	**101.6**	**93.2**	**10%**	**9%**

- Spare parts and supplies increased by ₱7.7M or 88% from ₱8.8M to ₱16.6M due to the higher consumption of chemicals used in the refining process.
- Handling and movement of refined sugar to different warehouses to support the operations brought the freight and transportation account to increase by ₱3.9M or 79%, from last year's total of ₱5.0M.
- Power and steam consumption went down from ₱52.3M to ₱50.4M due to the efficient run of the refinery operations and the consistent and timely delivery of raw inputs.

Cost of Industrial Services

Cost of industrial services slightly rose by ₱1.8M or 6% from last year's ₱29.6M to ₱31.4M. The table below summarizes the breakdown of operating expenses.

COST OF INDUSTRIAL SERVICES *In Million Pesos*	2024	2023	2022	Growth %	
				2024 vs 2023	2023 vs 2022
Salaries, wages bonuses and other benefits	.5	.3	.3	62%	2%
Service Cost	.0	.0	.2	-100%	-83%
Repairs & Maintenance	8.6	.7	1.8	1177%	-63%
Materials	1.3	.8	1.4	60%	-40%
Depreciation and amortization	2.4	2.9	3.2	-17%	-10%
Security and outside services	6.1	4.1	4.3	47%	-4%
Retirement	1.5	6.0	5.2	-74%	15%
Utilities	9.8	12.9	8.2	-24%	58%
Professional fee	.4	1.1	.2	-62%	412%
Taxes and licenses	.2	.3	.3	-40%	1%
Others	.5	.3	.8	48%	-54%
TOTAL	**31.4**	**29.6**	**25.9**	**6%**	**14%**

- Repairs and maintenance went up from ₱4.8M to ₱2.7M or 77% due to scheduled maintenance work in the industrial zone and in the water distribution channels.
- Security services increased to ₱6.1M from last year's ₱4.1M or 47% due to additional security postings and requirement along the managed property.
- Retirement expense dropped by ₱4.4M or 74% due to programmed retirement of key employees last year.
- Utilities expense decreased from ₱12.9M to ₱9.8M or ₱3.1M due to the efficient management of the facilities and proper charging of billings to the consumers.

Operating Expenses

Operating expenses grew by ₱223.5M or 171% from last year's ₱131.0M to ₱354.5M. The table below summarizes the breakdown of operating expenses:

OPERATING EXPENSES *In Million Pesos*	2024	2023	2022	Growth %	
				2024 vs 2023	2023 vs 2022
Salaries, wages bonuses and other benefits	32.9	26.0	30.3	27%	-14%
Repairs & Maintenance	4.8	2.7	3.5	73%	-21%
Management fees and bonuses	.2	.1	.2	120%	-54%
Taxes and licenses	138.5	26.5	14.5	422%	83%
Depreciation and amortization	8.4	5.2	9.2	64%	-44%
Transportation and travel	12.2	8.7	8.6	41%	2%
Security and outside services	9.4	6.8	5.8	38%	18%
Rentals	5.7	3.3	3.9	77%	-17%
Light and water	2.4	2.5	2.0	-3%	27%
Entertainment, amusement and recreation	79.9	14.2	2.9	464%	393%
Professional fees	49.0	28.4	30.1	72%	-6%
Dues and advertisements	1.1	1.5	1.4	-28%	3%
Postage, telephone and telegram	.2	.4	.3	-46%	29%
Provision for inventory obsolescence	.6	.0	.0	0%	0%
Bank Charges	.0	.2	.0	-90%	300%
Provision for doubtful accounts	2.5	.0	1.0	0%	-100%
Others	6.5	4.5	7.0	44%	-35%
TOTAL	**354.5**	**131.0**	**120.8**	**171%**	**8%**

- Salaries and wages went up by 27% from last year's ₱26.0M to P32.9M to the hiring of additional manpower in the support service departments.
- Repairs and maintenance increased from ₱2.7M to ₱4.8M due to the improvements made in the amenities.
- Taxes and licenses grew by ₱111.9M or 422% due DST payments related to short-term loan renewal, increase in local business tax, settlement of tax liabilities, and one-time tax payments from the sale of a real property of the Subsidiary.
- Entertainment, amusement and recreation account increased to ₱79.9M from last year's ₱14.2M or ₱65.7M as a result of the business development, networking efforts and marketing strategies implemented by the Company during the reporting period.

Balance Sheet Accounts

The table below presents the Balance Sheet Statements of the Company as of fiscal years dated June 30, 2024, 2023 and 2022.

(In Million Pesos)	FY 2024		FY 2023		FY 2022		GROWTH	
	AMT	%	AMT	%	AMT	%	AMT	%
ASSETS								
Current Assets								
Cash and cash equivalents	865.89	13%	124.97	2%	169.77	3%	740.93	593%
Receivables	2,009.81	31%	1,428.49	23%	1,341.41	22%	581.32	41%
Inventories	336.88	5%	349.71	6%	243.02	4%	-12.82	-4%
Real estate held for sale and development	10.21	0%	988.59	16%	988.49	16%	-978.39	-99%
Other current assets	282.96	4%	350.12	6%	309.87	5%	-67.16	-19%
	3,505.75	**54%**	**3,241.88**	**53%**	**3,052.57**	**50%**	**263.88**	**8%**
Non-current Assets								
AFS financial assets	211.19	3%	179.36	3%	147.16	2%	31.83	18%
Property, plant and equipment								
Land- at revalued amount	979.27	15%	718.13	12%	1,044.98	17%	261.14	36%
Property and equipment- at cost	456.95	7%	430.01	7%	452.63	7%	26.94	6%
Investment property	1,164.05	18%	871.08	14%	456.84	7%	292.97	34%
Deferred income tax assets	.96	0%	.85	0%	.00	0%	.11	13%
Goodwill	.00	0%	502.42	8%	502.42	8%	-502.42	-100%
Other non-current assets	207.37	3%	186.48	3%	196.79	3%	20.90	11%
Total Non Current Assets	**3,019.79**	**46%**	**2,888.32**	**47%**	**2,800.81**	**46%**	**131.48**	**5%**
TOTAL ASSETS	**6,525.55**	**100%**	**6,130.19**	**100%**	**5,853.39**	**95%**	**395.35**	**6%**
LIABILITIES AND EQUITY								
Current Liabilities								
Trade and other liabilities	589.08	9%	680.38	11%	453.47	8%	-91.30	-13%
Short-term notes payable	785.00	12%	898.08	15%	1,000.80	17%	-113.08	-13%
Current portion of notes payable	135.63	2%	134.81	2%	105.87	2%	.82	1%
Deposits	21.53	0%	94.76	2%	17.61	0%	-73.23	-77%
Income tax payable	407.86	6%	.00	0%	.00	0%	407.86	0%
Other current liabilities	17.75	0%	19.10	0%	19.23	0%	-1.34	-7%
Total Current Liabilities	**1,956.86**	**30%**	**1,827.13**	**30%**	**1,596.98**	**27%**	**129.73**	**7%**
Non-current liabilites								
Notes payable- net of current portion	389.44	6%	525.07	9%	659.89	11%	-135.63	-26%
Retirement liability	8.14	0%	23.73	0%	20.93	0%	-15.59	-66%
Deferred tax liability - net	272.86	4%	256.77	4%	338.07	6%	16.08	6%
Other noncurrent liabilities	26.40	0%	10.43	0%	20.01	0%	15.98	153%
Total Non Current Liabilities	**696.84**	**11%**	**816.00**	**13%**	**1,038.89**	**18%**	**-119.16**	**-15%**
Equity								
Capital stock	282.55	4%	282.55	5%	282.55	5%	.00	0%
Retained earnings	2,612.76	40%	2,462.72	40%	2,293.91	39%	150.05	6%
Revaluation increment	1,245.52	19%	1,049.67	17%	975.01	17%	195.85	19%
Remeasurement gain/(loss) on defined benefit liability	-56.81	-1%	-68.64	-1%	-67.35	-1%	11.83	-17%
Unrealized cumulative gain on AFS financial assets	156.91	2%	129.85	2%	102.48	2%	27.06	21%
Less cost of 44,049,120 shares of stock in treasury	-369.08	-6%	-369.08	-6%	-369.08	-6%	.00	0%
Total Equity	**3,871.85**	**59%**	**3,487.06**	**57%**	**3,217.52**	**55%**	**384.79**	**11%**
TOTAL LIABILITIES AND EQUITY	**6,525.55**	**100%**	**6,130.19**	**100%**	**5,853.39**	**100%**	**395.35**	**6%**

Cash

The increase in cash by ₱740.9M or 593% is due from net cash provided by operating activities of ₱3,229.8M, net cash used in investing activities of ₱629.9M and net cash used in financing activities by ₱1,858.9M.

Receivables

The increment in receivables by ₱581.3M or 41% from ₱1,052.7.4M to ₱1,341.1M is due to the advances made to the affiliated companies.

Real estate held for sale and development

The reduction in real estate inventory by ₱978.4 or from last year's balance of ₱988.6M is brought about by the sale of the Subsidiary's land to another developer.

Other current assets

The drop of ₱67.2M or 19% in other current assets is a due to the reduction of the advances made to suppliers of goods and services.

Property, Plant and Equipment and Investment Property

The adjustment in the fair value of the land within the vicinity of Tarlac caused the valuation of the land in PPE account to increase by ₱261.1M of 36%, and in Investment Property account by P292.0M or 34%.

Trade and other payables

Trade and other payables decreased by ₱91.3M or 13% from ₱680.4M to ₱589.1M due to strategic settlement of obligations and trade payables.

Short-term and long-term payables

Settlement of notes payable from a commercial bank caused these accounts to drop by ₱113.1M or 13% in short-term notes, while P135.6M or 26% in long-term payables.

Income tax payable

The recognition of income tax payable as of the balance sheet date by ₱407.9M as compared to nil last year is a result of the profitable sugar operations and the sale of the land of the Subsidiary.

Total Stockholders' Equity

The net increase in Stockholders' Equity of ₱395.3M or 6% is brought about by the net increase in retained earnings of ₱150.0M, revaluation increment of ₱195.8M unrealized cumulative gain on AFS financial assets of ₱27.0M, and remeasurement gain on defined benefit liability by ₱11.8M.

FY 2023 Review of Operations

Revenues

In the Fiscal Year 2022-2023, gross revenues from the sale of products and services amounted to P1,486.8 million, marking an increase of P51.2 million in comparison to the previous year's total of P1,435.6 million. Despite a notable drop in tonnage, which decreased from 352,374 tons to 339,141 tons of cane for the year, the boost in sugar prices was the primary factor contributing to the increase in service income, specifically from milling fees.

- Sugar sales decreased by 4%, resulting in a decrease of P19.5 million. This decline can be attributed to both lower sugar cane tonnage and an unsold inventory of 65,000 bags equivalent of raw sugar, which is being held for strategic pricing purposes.
- The tolling fee increased by 19%, amounting to a total of P24.9 million, despite a decrease in cane supply. This increase was primarily driven by higher tolling rates, which rose from P244 per bag to P320 per bag.
- Molasses sales declined due to the limited volume available for sale.
- Alcohol sales experienced a significant decrease of 28%, resulting in a loss of P105 million. This decline was primarily due to low alcohol production, as there was no additional sourcing of molasses to increase alcohol production.
- The decline in CO_2 sales is due to reduced alcohol production, as CO_2 is a byproduct of the alcohol production process.
- A steady revenue growth in the water and locator fees of a subsidiary company posted an increase of 8%.

Cost of Goods Sold & Milling Services

Cost of goods sold reduced to ₱1,011.0M from last year's ₱1,061.3M or 5%.

- Repairs and maintenance dipped by 34% from last year's ₱47.1M due to managed and improved repair & maintenance program and lesser equipment downtime.
- Depreciation went down due to attainment of full depreciable life of the assets and steady CAPEX acquisition.
- Freight & transportation is reduced by ₱ 6.7M or 17% percent due to lower volume of cane milled associated with trucking and hauling subsidies provided to planters.
- Security and outside services dropped by P5.9M or 13% due to the rationalization of security requirements in the Company's facilities.
- Power and steam consumed in the production consequently went down by P10.3M attributable to shorter milling season.
- Taxes and licenses decreased by P2.0M or 22% as a result of lower allocation of Input tax to VAT exempt sales.

Cost of Tolling Services

Cost of tolling moderately decreased by ₱2.3M or 2% this year from ₱95.5MM to ₱93.2M.

- Spare parts and supplies increased due to high prices of chemicals used in refining.
- Fully depreciated assets and stable spending in CAPEX brought down the depreciation expense by ₱.6M this year as compared to last year's total of ₱6.8M.

- Power and steam account went down by ₱2.7M from last year's total of ₱45.9M as a function of lower power consumption in the Refinery Operations brought by lesser volume of sugar available for refinement.
- Efficient handling and movement of refined sugar caused the freight and transportation account to drop, totaling the expenditure to ₱5.3M this year.

<u>Cost of Industrial Services</u>

Cost of industrial services rose by ₱2.7M or 12% from last year's ₱23.1M to ₱25.9M.

- Service cost dropped by ₱1.6M from last year's ₱6.2M as the manpower billing from the service provider stabilizes.
- Repairs and maintenance went up from ₱1.1M to ₱1.8M or 66% due to dredging of LIP Ungot & Bojo creek.
- Materials is slightly down by ₱.8M from last year's total of ₱2.2M as a result of less applicants for water service connections in Bantog and Asturias.
- Depreciation increased by ₱1.0M or 46% corresponding to the acquisition of assets for the expansion of water concessionaire's operation.
- Utilities grew by 53% ₱2.8M due to the increase in power rate brought by the high fuel prices.

<u>Operating Expenses</u>

Operating expenses grew by ₱11.3M or 10% from last year's ₱109.5M to ₱120.8M.

- Salaries and wages went down by 7% from last year's ₱32.7M due to the retirement of direct hired employees
- Taxes and licenses increased by ₱5.8M or 67% due DST payments related to short-term loan renewal.
- Transportation and travel up by 23% or ₱1.6M mainly because of the consistent fuel price hike.
- Security and outside services slightly dropped by ₱1.1M or 17% due to the rationalization of security requirements in the Company's facilities.
- Entertainment, amusement and recreation grew by ₱1.9M as the company streamlined non-operating costs to preserve profitability margin.
- Professional fees went up by 15% from last year's P26.3M due payments to legal services related to clean up of Lot tittles.

Balance Sheet Accounts

Cash

The increase in cash by ₱62.35M or 58% is due from net cash provided by operating activities of ₱201.7M, net cash from investing activities of ₱53.1M and net cash used in financing activities by ₱192.6M.

Receivables

The increment in receivables by ₱288.7M or 27% from ₱1,052.7.4M to ₱1,341.1M is due to the advances made to affiliated companies.

Inventories

The reduction in Inventory of 24% or from last year's balance of ₱321.23M is brought about by the unloading of inventory for alcohol sales.

Other current assets

The significant drop of ₱461.0M or 60% in other current assets is a result of the reclassification of refundable deposits account to due from related party, this amount refers to the deposit made by the company to CRAHI as consideration for the grant of exclusivity to acquire parcels of land.

Other non-current assets

Other non-current assets grew by ₱33.4M or 20% from ₱163.3M to ₱196.7M as there are additional advances to supplier for the cost incurred in land preparation, planting and harvesting.

Trade and other payables

Trade and other payables significantly decreased by ₱146.2M or 24% from ₱599.7M to ₱453.7M due to strategic settlement of obligations.

Other non-current liabilities

Other non-current liabilities upturn of ₱11.7M or 124 % from last year's balance of ₱8.9M is due to the additional lease facility acquired from the bank for the acquisition of new equipment.

Total Stockholders' Equity

The net increase in Stockholders' Equity of ₱110.6M or 4% is brought about by the reported consolidated net income of ₱80.0M, revaluation increment of ₱36.1M and unrealized cumulative gain on AFS financial assets of ₱1.1M

FY 2022 Review of Operations

Revenues

For the Fiscal Year 2021-2022, the gross revenues from the sale of products and services amounted to ₱1,435.6M, higher by ₱67.0M as compared to last year's ₱1,368.6M. While there is a significant drop in tonnage experienced this year from 466,737 down to 352,374 tons cane, the high sugar composite price, as well as the higher recovery rate of 1.61LKgTC, an improvement of 18% from last year's plays an integral part to the increase in sugar revenue.

- Sugar sales grew by ₱75.0M from last year's ₱409.8 due to the favorable increase in sugar composite price.
- Lower volume of raw sugar available for refining triggered the reduction in tolling revenues by 8% from 582,643 bags down to 533,773 bags.
- Molasses sales went down as the company opted to convert most of its molasses into alcohol.
- Alcohol sales showed an increment of ₱29.5M driven by the increased in volume from current's year production plus inventory carry-over from last year.
- Sustained volume in carbon dioxide sales over the past three years is due to the sale of food-grade, ISO-certified CO_2 to the beverage market.
- A steady revenue growth in the water and locator fees of a subsidiary company posted an increase of 12%.

Cost of Goods Sold & Milling Services

Cost of goods sold reduced to ₱1,011.0M from last year's ₱1,061.3M or 5%.

- Repairs and maintenance dipped by 34% from last year's ₱47.1M due to managed and improved repair & maintenance program and lesser equipment downtime.
- Depreciation went down due to attainment of full depreciable life of the assets and steady CAPEX acquisition.
- Freight & transportation is reduced by ₱ 6.7M or 17% percent due to lower volume of cane milled associated with trucking and hauling subsidies provided to planters.
- Security and outside services dropped by P5.9M or 13% due to the rationalization of security requirements in the Company's facilities.
- Power and steam consumed in the production consequently went down by P10.3M attributable to shorter milling season.
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Cost of tolling moderately decreased by ₱2.3M or 2% this year from ₱95.5MM to ₱93.2M.

- Spare parts and supplies increased due to high prices of chemicals used in refining.
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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.

LIQUIDITTY AND SOLVENCY RATIO	FY 2024	FY 2023
Current Ratio	1.79	1.77
Asset-to-Equity Ratio	1.69	1.76
Debt-to-equity Ratio	0.51	0.67
Debt service coverage Ratio	2.43	0.35

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

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

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

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

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

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

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

Changes in and Disagreements with Accountants On Accounting and Financial Disclosures

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

The consolidated fees, net of VAT billed for the last two fiscal years by the Company's external auditor for the Company's annual financial statements audit were ₱1,370,400 for FYs 2024 and 2023.

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

PART IV - MANAGEMENT AND CERTAIN SECURITY HOLDERS

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

Directors, Independent Directors and Executive Officers

The following are the Directors, Independent Directors and Corporate Officers of the registrant. The Directors were elected during the Annual Meeting of Stockholders held on January 30, 2024 to hold office for one (1) year and until their successors are elected and qualified.

Name	Position	Membership in the Corporate Governance Committee
Martin Ignacio P. Lorenzo	Chairman of the Board & CEO	Chairman of Executive Committee
Fernando Ignacio C. Cojuangco	President & COO	Member of Executive Committee
Martin Diego L. Lorenzo, Jr.	Director	
Mateo Rafael L. Lorenzo	Director	Member of Audit Committee
Pedro Francisco C. Cojuangco	Director	
Fernan Victor P. Lukban	Treasurer	Member of Executive Committee Member of Audit Committee Member of Corporate Governance Committee
Renato B. Padilla	Independent Director	Chairman of Corporate Governance Committee
Benjamin I. Espiritu	Independent Director	Chairman of Audit Committee Member of Corporate Governance Committee
Cecile D. Macaalay	Chief Finance Officer	
Janette L. Peña	Corporate Secretary	
Addison B. Castro	Asst. Corp. Secretary	

Martin Ignacio P. Lorenzo, age 59, Filipino, is currently the Chairman & Chief Executive Officer of CAT. Concurrently, he is also the Chairman and Chief Operating Officer of CAT Resource & Asset Holdings Inc. He holds the same position in the investment holding company of CAT, First Lucky Holdings Corporation, and its subsidiaries, namely, Restaurants Concepts Group, Inc., Amang Rodriguez Holdings, Inc. Cocosorbetero Holdings, Inc., Hospitality School Management Group, Inc. Mr. Lorenzo is likewise the Chairman and Chief Executive Officer of Marlor Investments Corporation and holds the same position in its subsidiaries: Blue Mountains Corporation and LAC-DC. He is also the Chairman and President of First Lucky Property Corporation. He currently holds position in other investment companies, namely, St. Tropez Holdings Corporation and Sierra Madre Capital. He is a Director in Familia Lorenzo Foundation, Incorporated. Mr. Lorenzo has over 20 years of extensive experience in investments and operations in various industries including agriculture, manufacturing and food retail. He obtained his BS Management Engineering degree at Ateneo de Manila University in 1986. He obtained his Master's in Business Administration in Wharton Graduate School, University of Pennsylvania, in 1990.

Fernando C. Cojuangco, age 62, Filipino, is currently the President and Chief Operating Officer of the Company. He holds the same position in CAT Resource & Asset Holdings Inc.

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

Fernan Victor P. Lukban, age 63, Filipino, is the Treasurer of the Company. He is one of the top Strategy and Family Business consultants in the Philippines. He is a founding fellow at the Institute of Corporate Directors in Manila and is also an International Fellow of the Australian Institute of Company Directors. He holds undergraduate degrees in Engineering from De La Salle University and graduate degrees in Industrial Economics from the Center for Research & Communication, now University of Asia & the Pacific, Manila. He also has a Master's degree in Business Administration from IESE, Barcelona, Spain.

Martin Diego L. Lorenzo, Jr. age 34, Filipino, is a Director of the Company. He is the Co-Founder and CEO of Pickup Coffee, leading grab-and-go coffee chain in the country. He is also a director in First Lucky Holdings Corporation and its subsidiaries, namely, RestaurantConcepts Group, Inc. and Meatworld International Inc. He holds the same position in Pickup Ventures Pte Ltd, a holding company incorporated in Singapore. He is a graduate of BS Management Engineering at Ateneo de Manila University in 2012 and Masters in Business Administration in Wharton Graduate School in 2018.

Mateo Rafael L. Lorenzo, age 32, Filipino, is a Director of the Company. He is the Managing Director of Green Future Innovations, Inc, a bioethanol and co-generation plant and an affiliate of the Company. He is also a Director of First Lucky Holdings, Inc. and its subsidiaries namely, First Green Renewable Holdings, Inc. First Lucky Education Holdings, Corp., Meatworld International Inc., RestaurantConcepts Group, Inc., Focus Athletics, Inc., Tarlac Distillery Corp., and Courxera Holdings Corp. He obtained his BS Management Engineering at Ateneo de Manila University in 2014 and finished his Master's Degree in Business Administration from Wharton Graduate School in 2021.

Pedro Francisco B. Cojuangco, age 32, Filipino, is a Director of the Company. He is part of the management team of Central Luzon Cane Growers and Tarlac Distillery Corporation as the head of operations. He holds various directorship positions in North Star Estate Holdings, Inc. North Star Agro Energy Holdings Inc., Asturias Land and Asset Holdings Inc and Farm Central Builder Holdings, Inc. He is also a Director in CAT Realty Corporation, Luisita Marketing Corp., and Mercanto Trading Corporation. He studied Political Science in Corpus Cristi College in Vancouver, Canada.

Renato B. Padilla, age 78, Filipino, is an Independent Director of the Company. He is a lawyer by profession and is currently the General Manager of the Philippine International Convention Center (PICC) in Manila. He was formerly an Undersecretary of the Department of Agrarian Reform from 1989-1995.

Benjamin I. Espiritu Ph. D, age 71, Filipino, is an Independent Director of the Company. He is a practicing Certified Public Accountant, President & CEO of Change Management

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

Cecile D. Macaalay, age 56, Filipino, is the Chief Finance Officer of the Company. She is a practicing Certified Public Accountant. She is also the Chief Finance Officer of First Lucky Holdings Corporation and the Director of its subsidiaries such as Restaurant Concepts Group, Inc., LAC -DC and Cocosorbetero Holdings, Inc. She is also the Treasurer of CAT Resource & Asset Holdings, Inc. and Assistant Treasurer of Amang Rodriguez Holdings, Inc.. She obtained her Bachelor of Science Degree in Business Administration and Accountancy at University of the Philippines in 1990.

Janette L. Peñ**a**, age 64, Filipino, is the current Corporate Secretary the Company. She is also the Corporate Secretary of CAT Resource & Asset Holdings Inc. and First Lucky Holdings Corp. Ms. Peña is an Independent Director of The Manufacturer's Life Insurance Co. (Phils), Inc. Manulife Financial Plans, Inc., Manulife Chinabank Life Assurance Corporation, China Oceans Philippines, Inc., and Corporate Secretary for Macondray Philippines Co., Inc., other subsidiaries, among others. Ms. Peña graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics (Cum laude). She received her Bachelor of Laws from the University of the Philippines College of Law (Cum laude) and ranked first in the 1985 Philippine Bar Exams. She completed her Master of Laws in Harvard Law School.

Addison B. Castro, age 61, Filipino, is the Assistant Corporate Secretary of the Company. Atty. Castro is a practicing lawyer and a Principal Partner of Gatchalian Castro & Mawis Law Offices. He is a professor of the Lyceum of the Philippines University, College of Law since 2008. He graduated with a degree of Bachelor of Science in Applied Economics at the De La Salle University in 1983. He obtained his Bachelor of Laws degree from the Ateneo de Manila University in 1988.

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Family Relationships

Mr. Martin Ignacio P. Lorenzo is the father of Mr. Martin Diego L. Lorenzo Jr. and Mateo Rafael L. Lorenzo, while Mr. Pedro Francisco B. Cojuangco is the son of Mr. Fernando C. Cojuangco.

Identification of Significant Personnel

Mr. Noel M. Payongayong, VP – Operations and Resident Manager and Mr. Kevin Patrick Peñalba, General Manager are some of the key personnel who are expected to make significant contribution to the business of the registrant.

Involvement in Certain Legal Proceedings

None of the directors and officers was involved during the past five years in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceeding or being subject to a pending criminal proceeding, or being subject to any order, judgment or decree of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; nor being found in a civil action to have violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated. As of the years ended June 30, 2022 and June 30, 2021, the Company is not involved in any litigation it considers material.

B. Executive Compensation

The following table summarizes the compensation of key management personnel of the Company for the fiscal years June 30, 2024, 2023 and 2022.

FY 2023-2024						
Name	**Position**	**Salary & Professional fees**	**Bonus**	**Transportation**	**Per Diem**	**Total**
July 1, 2022 - June 30, 2023						
Martin Ignacio P. Lorenzo	Chairman of the Board & CEO					
Fernando Ignacio C. Cojuangco	President & COO					
Cecile D. Macaalay	Chief Finance Officer	₱17,327,809	₱1,455,562	₱1,609,066	₱242,500	₱20,634,937
Noel M. Payongayong	VP for Operations & Resident Manager					
All Other Officers & Directors as a group						
TOTAL		**₱17,327,809**	**₱1,455,562**	**₱1,609,066**	**₱242,500**	**₱20,634,937**

FY 2022-2023						
Name	**Position**	**Salary & Professional fees**	**Bonus**	**Transportation**	**Per Diem**	**Total**
July 1, 2022 - June 30, 2023						
Martin Ignacio P. Lorenzo	Chairman of the Board & CEO					
Fernando Ignacio C. Cojuangco	President & COO					
Cecile D. Macaalay	Chief Finance Officer	₱16,762,149	₱1,621,999	₱1,622,136	₱110,000	₱20,116,284
Noel M. Payongayong	VP for Operations & Resident Manager					
All Other Officers & Directors as a group						
TOTAL		**₱16,762,149**	**₱1,621,999**	**₱1,622,136**	**₱110,000**	**₱20,116,284**

FY 2021-2022						
Name	Position	Salary & Professional fees	Bonus	Transportation	Per Diem	Total
July 1, 2021 - June 30, 2022						
Martin Ignacio P. Lorenzo	Chairman of the Board & CEO					
Fernando Ignacio C. Cojuangco	President & COO					
Marco P Lorenzo	Director	₱18,057,440	₱1,607,130	₱1,788,299	₱240,000	₱21,692,869
Cecile D. Macaalay	Chief Finance Officer					
Marcelo P. Karaan II	VP for Human Resources					
All Other Officers & Directors as a group						
TOTAL		**₱18,057,440**	**₱1,607,130**	**₱1,788,299**	**₱240,000**	**₱21,692,869**

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

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

Security Ownership of Certain Record and Beneficial Owners

The following table identifies the security ownership of certain record and beneficial owners the Company owning more than 5% of its Common Shares as of June 30, 2024.

Title of Class	Name	Number of Shares Held	Name of Beneficial Ownership	Citizenship	%
Common Shares	PCD Nominee Corporation*	225,831,185	PCD Nominee Corporation	Various	94.7%
**Beneficial ownership through PCD Nominee Corporation*					
Common Shares	CAT Resource & Asset Holdings Inc.	201,718,140	Martin P. Lorenzo 102,876,250 shares	Filipino	84.6%
			Fernando C. Cojuangco 98,841,890 shares	Filipino	

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Security Ownership of Management

The following table identifies the security ownership of Management as of June 30, 2022.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	%
Common	Martin Ignacio P. Lorenzo	102,876,250	Indirect	Filipino	43%
		200	Indirect	Filipino	0%
Common	Fernando C. Cojuangco	98,841,890	Indirect	Filipino	41%
		200	Indirect	Filipino	0%
Common	Martin Diego L. Lorenzo, Jr.	500	Indirect	Filipino	0%
Common	Mateo Rafael L. Lorenzo	700	Indirect	Filipino	0%
Common	Pedro Francisco C. Cojuangco	500	Indirect	Filipino	0%
Common	Fernan Victor P. Lukban	200	Indirect	Filipino	0%
Common	Cecile D. Macaalay	5,000	Direct	Filipino	0%
Total		**201,725,440**			**85%**

PART V - CORPORATE GOVERNANCE

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

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

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

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

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

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on 1 0 OCT 2024 2024:

By:

MARTIN P. LORENZO
Chairman of the Board and CEO

FERNANDO C. COJUANGCO
President and COO

JANETTE L. PEÑA
Secretary

CECILE D. MACAALAY
Chief Finance Officer

LORA MAY M. CADA
Finance Manager

SUBSCRIBED AND SWORN to before me this day of 1 0 OCT 2024 2024 affiant (s) exhibiting to me their PASSPORT ID's as follows:

NAME	ID No	EXPIRING ON
Martin Ignacio P. Lorenzo	P2692974B	Jul. 31, 2029
Fernando C. Cojuangco	P7443057B	Aug. 19, 2031
Janette L. Pena	P5811162A	Jan. 28, 2028
Cecile D. Macaalay	P8266279B	Nov. 23, 2031
Lora May M. Cada	P7254581A	May 21, 2028

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Book No. I
Series of 2024

WILLIAM KYLE C. SANTOS
NOTARY PUBLIC
ROLL NO. 79548
MAKATI CITY, PHILIPPINES

ATTY. WILLIAM KYLE C. SANTOS
Notary Public
Appointment No. M-180 / Until December 31, 2024
5th Floor Jose Cojuangco & Sons Bldg.
119 Dela Rosa St., corner C. Palanca St.
Legaspi Village, Makati City
PTR No. 9572583/01.06.2023/Makati City
IBP No. 293711/01.10.2023/PPLM
Roll No. 79548

BUREAU OF INTERNAL REVENUE
LT-DOCUMENT PROCESSING
& QUALITY ASSURANCE DIVISION
RECEIVED
OCT 18 2024

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	0	0	0	0	0	7	2	7

COMPANY NAME

CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY

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

SAN MIGUEL, TARLAC CITY

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	8818-6270	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
392	Last Tuesday of January	06/30

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Cecile D. Macaalay	cdmacaalay@icloud.com	8818-6270	N/A

CONTACT PERSON's ADDRESS

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

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

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

Central Azucarera de Tarlac, Inc.

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **CENTRAL AZUCARERA DE TARLAC, INC.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended June 30, 2024 and 2023 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

SUBSCRIBED AND SWORN to before me this day of 10 OCT 2024 2024 affiant(s) exhibiting to me their PASSPORT ID's as follows:

NAME	ID No	EXPIRING ON
Martin Ignacio P. Lorenzo	P2692974B	Jul. 31, 2029
Fernando C. Cojuangco	P7443057B	Aug. 19, 2031
Cecile D. Macaalay	P8266279B	Nov. 23, 2031

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Book No. II
Series of 2024

WILLIAM KYLE C. SANTOS
NOTARY PUBLIC
ROLL NO. 79548
MAKATI CITY, PHILIPPINES

ATTY. WILLIAM KYLE C. SANTOS
Notary Public
Appointment No. M-180 / Until December 31, 2024
5th Floor Jose Cojuangco & Sons Bldg.
119 Dela Rosa St., corner C. Palanca St.
Legaspi Village, Makati City
PTR No. 9572583/01.06.2023/Makati City
IBP No. 293711/01.10.2023/PPLM
Roll No. 79548

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Building a better working world

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Fax: (632) 8819 0872
ey.com/ph

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Central Azucarera de Tarlac, Inc. and its subsidiary (the Group), which comprise the consolidated balance sheets as at June 30, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended June 30, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated balance sheets of the Group as at June 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended June 30, 2024 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Valuation of Land

The Group carries land in its consolidated balance sheet as property, plant and equipment and investment property and accounts for these using the revaluation and fair value model, respectively. Land represents 32.85% of the total consolidated assets of the Group as at June 30, 2024. The determination of the revalued amount and fair value of these parcels of land involves significant management judgments and estimations. The valuation also requires the assistance of the external appraiser whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors. Thus, we considered the valuation of land as a key audit matter.

The disclosures relating to land are included in Note 13 to the consolidated financial statements.

Audit Response

We evaluated the competence and objectivity of the external appraiser by considering its qualifications, experience and reporting responsibilities. We reviewed the methodology and assumptions used in the valuation of land. We assessed the methodology adopted by referencing common valuation models and independently comparing the relevant information in the valuation to external factors, such as sales and listings of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price.

Ownership of Sugar Inventories

The Group's sugar inventories amounted to ₱188.7 million as at June 30, 2024. Ownership of sugar inventories is evidenced by sugar quedans, a warehouse receipt document representing rights over a specified quantity of sugar in a warehouse or sugar central which is unique to the Philippine sugar industry. Accordingly, the Group's physical possession of sugar inventories may not necessarily indicate ownership. We considered establishing ownership of sugar inventory as a key audit matter because it includes accounting for quedans, a negotiable instrument representing sugar ownership, and sugar delivery orders. Count procedures require the determination of sugar inventory accountabilities to third parties.

The disclosures relating to inventories are included in Note 7 to the consolidated financial statements.

Audit Response

We obtained understanding of the Group's accounting over the quedanning system. We observed the conduct of inventory count procedures of the Group. We traced the results of the test counts to the inventory compilation. We inspected the reconciliation of the physical inventory compilation and the quedan accountability report and tested reconciling items. We obtained the corresponding quedans and traced the quantity and owner to the quedan accountability report.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended June 30, 2024, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended June 30, 2024 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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The engagement partner on the audit resulting in this independent auditor's report is Genghis O. Grospe.

SYCIP GORRES VELAYO & CO.

Genghis O. Grospe

Genghis O. Grospe
Partner
CPA Certificate No. 121500
Tax Identification No. 255-541-291
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-139-2024, March 8, 2024, valid until March 7, 2027
PTR No. 10079943, January 5, 2024, Makati City

October 8, 2024

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CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	June 30	
	2024	2023
ASSETS		
Current Assets		
Cash (Note 5)	**₱865,891,881**	₱124,965,229
Receivables (Note 6)	**2,009,809,873**	1,428,489,413
Inventories (Note 7)	**336,883,771**	349,705,333
Real estate held for sale and development (Note 8)	**10,205,657**	988,592,535
Other current assets (Note 9)	**282,961,819**	350,123,383
Total Current Assets	**3,505,753,001**	3,241,875,893
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Note 11)	**211,190,112**	179,355,612
Property, plant and equipment:		
Land - at revalued amount (Note 13)	**979,266,750**	718,128,950
Property, plant and equipment - at cost (Note 12)	**456,948,670**	430,008,904
Goodwill (Note 10)	–	502,418,570
Investment property (Note 13)	**1,164,053,340**	871,079,190
Deferred income tax assets - net (Note 24)	**961,244**	849,428
Other noncurrent assets (Note 14)	**207,372,780**	186,476,830
Total Noncurrent Assets	**3,019,792,896**	2,888,317,484
TOTAL ASSETS	**₱6,525,545,897**	₱6,130,193,377
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 15)	**₱589,080,463**	₱680,382,527
Income tax payable	**407,862,712**	–
Short-term notes payable (Note 16)	**784,999,999**	898,080,030
Current portion of notes payable (Note 16)	**135,634,521**	134,811,646
Other current liabilities (Note 25)	**39,281,628**	113,857,291
Total Current Liabilities	**1,956,859,323**	1,827,131,494
Noncurrent Liabilities		
Notes payable - net of current portion (Note 16)	**389,435,800**	525,070,321
Deferred income tax liabilities - net (Note 24)	**272,856,200**	256,771,889
Retirement benefit obligation (Note 22)	**8,140,180**	23,729,383
Other noncurrent liabilities (Note 25)	**26,404,951**	10,426,108
Total Noncurrent Liabilities	**696,837,131**	815,997,701
Total Liabilities	**2,653,696,454**	2,643,129,195
Equity		
Capital stock (Note 26)	**282,545,960**	282,545,960
Retained earnings (Note 26)	**2,612,762,800**	2,462,716,378
Revaluation increment (Note 13)	**1,245,522,753**	1,049,669,403
Remeasurement losses on retirement plan (Note 22)	**(56,810,489)**	(68,636,653)
Unrealized cumulative gains on financial assets at FVOCI (Note 11)	**156,906,909**	129,847,584
	4,240,927,933	3,856,142,672
Treasury stock (Note 26)	**(369,078,490)**	(369,078,490)
Total Equity	**3,871,849,443**	3,487,064,182
TOTAL LIABILITIES AND EQUITY	**₱6,525,545,897**	₱6,130,193,377

See accompanying Notes to Consolidated Financial Statements.

CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended June 30		
	2024	2023	2022
REVENUES			
Real estate sale (Note 8)	**₱3,600,000,000**	₱–	₱–
Sale of sugar and by-products	**950,853,739**	764,213,381	935,579,039
Milling income	**506,993,741**	517,215,855	322,671,201
Tolling fees	**175,863,314**	154,351,943	130,060,034
Industrial services	**52,368,606**	50,977,564	47,339,649
	5,286,079,400	1,486,758,743	1,435,649,923
COST OF GOODS SOLD AND SERVICES			
Cost of goods sold and milling and tolling services (Note 17)	**1,239,861,838**	1,095,032,420	1,104,154,251
Cost of real estate sale (Note 8)	**981,516,357**	–	–
Cost of industrial services (Note 18)	**31,419,767**	29,564,512	25,894,544
	2,252,797,962	1,124,596,932	1,130,048,795
GROSS INCOME	**3,033,281,438**	362,161,811	305,601,128
OPERATING EXPENSES (Note 19)	**(352,177,563)**	(131,020,315)	(120,798,499)
OTHER INCOME (EXPENSE)			
Fair value gains on investment property (Note 13)	**292,974,150**	94,149,020	19,578,740
Interest income (Notes 5, 6, 14 and 23)	**27,502,335**	5,404,691	4,728,673
Impairment of goodwill (Note 10)	**(502,418,570)**	–	–
Interest expense (Notes 16, 25 and 29)	**(127,021,916)**	(133,590,661)	(110,068,849)
Other income (expense) - net (Note 21)	**(7,631,845)**	1,030,581	1,422,759
INCOME BEFORE INCOME TAX	**2,364,508,029**	198,135,127	100,463,952
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 24)			
Current	**736,571,142**	33,417,894	10,057,412
Deferred	**(58,029,185)**	(4,087,339)	10,411,022
	678,541,957	29,330,555	20,468,434
NET INCOME	**₱1,685,966,072**	₱168,804,572	₱79,995,518
Basic/diluted earnings per share (Note 26)	**₱7.069**	₱0.708	₱0.335

See accompanying Notes to Consolidated Financial Statements.

CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended June 30		
	2024	2023	2022
NET INCOME	**₱1,685,966,072**	₱168,804,572	₱79,995,518
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss - net of income tax effect:			
Revaluation increase on land under property, plant and equipment (Note 13)	**195,853,350**	74,658,232	36,144,416
Unrealized gains on financial assets at FVOCI (Note 11)	**27,059,325**	27,368,667	1,153,290
Remeasurement gains (losses) on retirement plan (Note 22)	**11,826,164**	(1,285,381)	(6,609,690)
	234,738,839	100,741,518	30,688,016
TOTAL COMPREHENSIVE INCOME	**₱1,920,704,911**	₱269,546,090	₱110,683,534

See accompanying Notes to Consolidated Financial Statements.

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CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED JUNE 30, 2024

	Capital Stock (Note 26)	Retained Earnings (Note 26) Unappropriated	Appropriated	Total	Revaluation Increment (Note 13)	Remeasurement Gains (Losses) on Retirement Plan (Note 22)	Unrealized Cumulative Gains on Financial Assets at FVOCI (Note 11)	Treasury Stock (Note 26)	Total Equity
Balances at July 1, 2021	₱282,545,960	₱713,916,288	₱1,500,000,000	₱2,213,916,288	₱938,866,755	(₱60,741,582)	₱101,325,627	(₱369,078,490)	₱3,106,834,558
Total comprehensive income (loss)	–	79,995,518	–	79,995,518	36,144,416	(6,609,690)	1,153,290	–	110,683,534
Balances at June 30, 2022	282,545,960	793,911,806	1,500,000,000	2,293,911,806	975,011,171	(67,351,272)	102,478,917	(369,078,490)	3,217,518,092
Total comprehensive income (loss)	–	168,804,572	–	168,804,572	74,658,232	(1,285,381)	27,368,667	–	269,546,090
Balances at June 30, 2023	282,545,960	962,716,378	1,500,000,000	2,462,716,378	1,049,669,403	(68,636,653)	129,847,584	(369,078,490)	3,487,064,182
Total comprehensive income	–	1,685,966,072	–	1,685,966,072	195,853,350	11,826,164	27,059,325	–	1,920,704,911
Dividend declaration (Note 26)	–	(1,535,919,650)	–	(1,535,919,650)	–	–	–	–	(1,535,919,650)
Reversal of appropriation (Note 26)	–	1,500,000,000	(1,500,000,000)	–	–	–	–	–	–
Balances at June 30, 2024	**₱282,545,960**	**₱2,612,762,800**	**₱–**	**₱2,612,762,800**	**₱1,245,522,753**	**(₱56,810,489)**	**₱156,906,909**	**(₱369,078,490)**	**₱3,871,849,443**

See accompanying Notes to Consolidated Financial Statements.

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CENTRAL AZUCARERA DE TARLAC, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended June 30		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,364,508,029**	₱198,135,127	₱100,463,952
Adjustments for:			
Impairment of goodwill (Note 10)	**502,418,570**	–	–
Interest expense (Notes 16 and 25)	**127,021,916**	133,590,661	110,068,849
Depreciation and amortization (Notes 12, 17, 18, 19 and 20)	**81,844,399**	82,878,507	92,956,760
Net retirement loss (Notes 20, 21 and 22)	**5,789,085**	5,561,461	4,906,218
Provision for estimated credit losses (ECL) (Notes 3, 6 and 19)	**2,540,352**	–	1,004,436
Provision for (reversal of) inventory obsolescence (Notes 3 and 7)	**601,016**	(124,620)	1,537,840
Fair value gains on investment property (Note 13)	**(292,974,150)**	(94,149,020)	(19,578,740)
Interest income (Notes 5, 6, 14 and 23)	**(27,502,335)**	(5,404,691)	(4,728,673)
Reversal of provision for ECL (Notes 3, 6 and 21)	**(2,331,249)**	(10,243)	(1,780)
Net unrealized foreign exchange gains	**(34,811)**	(25,437)	(125,148)
Provision for inventory writedown (Notes 3 and 7)	–	25,056,480	–
Operating income before working capital changes	**2,761,880,822**	345,508,225	286,503,714
Decrease (increase) in:			
Receivables	**(19,719,915)**	(30,018,490)	51,140,133
Inventories	**12,220,546**	(131,615,918)	76,675,473
Real estate held for sale and development	**978,386,878**	(98,162)	–
Other current assets	**(161,546,866)**	(73,670,622)	(42,044,220)
Increase (decrease) in:			
Trade and other payables	**(168,225,417)**	235,596,193	(144,823,170)
Deposits	**(73,233,771)**	77,148,981	1,537,728
Net cash generated from operations	**3,329,762,277**	422,850,207	228,989,658
Income taxes paid	**(100,000,000)**	–	–
Net cash provided by operating activities	**3,229,762,277**	422,850,207	228,989,658
CASH FLOWS FROM INVESTING ACTIVITIES			
Net changes in accounts with related parties (Note 23)	**(553,543,848)**	(57,583,522)	162,497,014
Additions to property, plant and equipment (Note 12)	**(74,791,836)**	(52,461,154)	(97,261,288)
Decrease (increase) in other noncurrent assets	**(20,895,950)**	9,269,336	(33,496,640)
Interest received	**19,329,534**	133,868	165,458
Net cash flows from (used in) investing activities	**(629,902,100)**	(100,641,472)	31,904,544
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Dividends (Notes 26 and 29)	**(1,458,696,472)**	–	(1,187,076)
Notes payable (Note 29)	**(247,891,677)**	(208,727,571)	(92,450,091)
Interest (Note 29)	**(121,339,046)**	(126,716,739)	(111,001,775)
Lease liabilities (Note 29)	**(20,149,381)**	(14,735,309)	(13,934,529)
Transaction costs (Note 29)	**(3,938,354)**	(9,747,922)	(5,093,308)
Increase (decrease) in other noncurrent liabilities	**(6,953,406)**	(7,115,261)	25,000,479
Net cash flows used in financing activities	**(1,858,968,336)**	(367,042,802)	(198,666,300)
NET INCREASE (DECREASE) IN CASH	**740,891,841**	(44,834,067)	62,227,902
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**34,811**	25,437	125,148
CASH AT BEGINNING OF YEAR	**124,965,229**	169,773,859	107,420,809
CASH AT END OF YEAR (Note 5)	**₱865,891,881**	₱124,965,229	₱169,773,859

See accompanying Notes to Consolidated Financial Statements.

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 June 30, 2024 and 2023, 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 services to locators in LIP, LBP and residents of Las Haciendas de Luisita (LHDL), Brgy. Bantog, Brgy. Asturias and Brgy. Mapalacsiao. In September 2018, the properties management responsibility to 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.

Authorization for the Issuance of the Consolidated Financial Statements
The consolidated financial statements as at and for each of the three years in the period ended June 30, 2024 were authorized for issue in accordance with a resolution by the Board of Directors (BOD) on October 8, 2024.

2. Basis of Preparation, Statement of Compliance, Basis of Consolidation and Material Accounting Policy Information

Basis of Preparation
The consolidated financial statements have been prepared using the 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 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, 2023. 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:

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

Material Accounting Policy Information

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 equivalents 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.

Fair Value Measurement
The Group measures financial instruments such as financial assets at FVOCI and nonfinancial assets such as land carried at revalued amount and investment property at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 27. Fair values are determined based on an annual evaluation performed by an accredited external appraiser applying a valuation model approved by the International Valuation Standards Committee.

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

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

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

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

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

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

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

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

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

For assets and liabilities that are recognized at fair value 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 Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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 at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortized cost
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, 2024 and 2023 consist of "Cash", "Receivables", long-term receivables and deferred charges 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 both of the following conditions are met:

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

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (OCI) 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 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, 2024 and 2023 consist of listed and unlisted 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 at June 30, 2024 and 2023.

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 (excluding customer's advances)", "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 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, 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, amortization and impairment in value, if any. Land is carried at revalued amount, which is the fair value at the date of the revaluation. Valuations are performed annually which management believes is sufficient enough to ensure that the fair value of revalued assets does not differ materially from its carrying amount.

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

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

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

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

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

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

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

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

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

Investment Property

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

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

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

Leases

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

Right-of-use (ROU) Assets

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

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

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

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

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate 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.

Deferred Charges
Deferred charges are recognized when the Group incurs expenditures for its locators and homeowners.

Impairment of Nonfinancial Assets
Property, Plant and Equipment 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 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.

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.

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.

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.

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 distribution services and locator fees are recognized over time based on output as the services are rendered.

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

Other Income (Expense)
This includes revenue and expenses recognized when earned or incurred from sources other than the normal business operations of the Group.

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

Cost of Real Estate Sale
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.

Cost of Industrial Services
These are costs directly related to water distribution services are recognized when incurred.

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 to the extent that it is probable that taxable profit will be available against which the deductible temporary differences 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 rescurces embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

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

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

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to June 30, 2024
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, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after July 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of Exchangeability*

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 consolidated financial statements in conformity with 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.

a. *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.

b. *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.

c. *Recognition of Revenue as the Group Satisfies the Performance Obligation*
The Group recognizes its revenue for all revenue streams at a point in time, when the goods are sold and delivered and the quedans are endorsed.

d. *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 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 certain trade receivables, a provision matrix is established.

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

The assessment of the correlation between historical observed rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast economic conditions may also not be representative of 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, Philippine Stock Exchange index 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, 2024 and 2023, the allowance for ECL on receivables amounted to ₱23.2 million and ₱23.0 million, respectively. The carrying amounts of receivables and long-term receivables as at June 30, 2024 and 2023 amounted to ₱2.2 billion and ₱1.6 billion, respectively (see Notes 6 and 14).

Allowance for Inventory Obsolescence and Writedown
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 and reversal of inventory obsolescence amounted to ₱0.6 million and ₱0.1 million in 2024 and 2023, respectively. Provision for inventory writedown amounted to nil and ₱25.1 million in 2024 and 2023, respectively (see Note 7).

The allowance for inventory obsolescence as at June 30, 2024 and 2023 amounted to ₱7.8 million and ₱7.2 million, respectively. The carrying amounts of inventories as at June 30, 2024 and 2023 amounted to ₱336.9 million and ₱349.7 million, respectively (see Note 7).

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, 2024 and 2023.

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, 2024 and 2023 amounted to ₱979.3 million and ₱718.1 million, respectively (see Note 13). The fair value of land under investment property amounted to ₱1.2 billion and ₱871.1 million as at June 30, 2024 and 2023, respectively (see Note 13).

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

The carrying values of property, plant and equipment carried at cost as at June 30, 2024 and 2023 amounted to ₱456.9 million and ₱430.0 million, respectively (see Note 12).

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

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

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

There were no provisions for impairment losses recognized in 2024 and 2023. The carrying amounts of property, plant and equipment carried at cost and advances are ₱734.3 million and ₱766.2 million as at June 30, 2024 and 2023, respectively (see Notes 9, 12 and 14).

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

During the year ended June 30, 2024, the Group recognized impairment of goodwill amounting to ₱502.4 million. No impairment was recognized in 2023. The carrying amount of goodwill as at June 30, 2024 and 2023 amounted to nil and ₱502.4 million, respectively (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, 2024 and 2023 amounted to ₱32.4 million and ₱37.9 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 expense recognized in 2024 and 2023 amounted to ₱5.7 million and ₱5.5 million, respectively. The carrying amounts of the Group's retirement plan obligation amounted to ₱8.1 million and ₱23.7 million as at June 30, 2024 and 2023, 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.

2024

	Sugar and by-products	Real Estate and Industrial Services	Eliminations	Total
Revenues	**₱1,633,710,794**	**₱3,652,368,606**	**₱–**	**₱5,286,079,400**
Cost of goods sold and services	**1,239,861,838**	**748,982,701**	**263,953,423**	**2,252,797,962**
Gross income	**393,848,956**	**2,903,385,905**	**(263,953,423)**	**3,033,281,438**
Interest income	**16,173,477**	**11,328,858**	**–**	**27,502,335**
Operating expenses	**(128,557,777)**	**(223,619,786)**	**–**	**(352,177,563)**
Interest expense	**(124,743,957)**	**(2,277,959)**	**–**	**(127,021,916)**
Fair value gain on investment property	**292,974,150**	**–**	**–**	**292,974,150**
Impairment of goodwill	**–**	**–**	**(502,418,570)**	**(502,418,570)**
Other income (expense) - net	**5,319,694**	**(12,951,539)**	**–**	**(7,631,845)**
Segment income before income tax	**₱455,014,543**	**₱2,675,865,479**	**(₱766,371,993)**	**₱2,364,508,029**
Segment assets	**₱5,762,077,866**	**₱1,661,463,451**	**(₱897,995,420)**	**₱6,525,545,897**
Segment liabilities	**₱2,886,226,735**	**₱530,465,138**	**(₱762,995,419)**	**₱2,653,696,454**

2023

	Sugar and by-products	Real Estate and Industrial Services	Eliminations	Total
Revenues	₱1,435,781,179	₱50,977,564	₱–	₱1,486,758,743
Cost of goods sold and services	1,095,032,420	29,564,512	–	1,124,596,932
Gross income	340,748,759	21,413,052	–	362,161,811
Interest income	4,605,834	798,857	–	5,404,691
Operating expenses	(115,892,365)	(15,127,950)	–	(131,020,315)
Interest expense	(132,587,030)	(1,003,631)	–	(133,590,661)
Fair value gain on investment property	94,149,020	–	–	94,149,020
Other income (expense) - net	(610,092)	1,640,673	–	1,030,581
Segment income before income tax	₱190,414,126	₱7,721,001	₱–	₱198,135,127
Segment assets	₱6,215,640,513	₱845,573,583	(₱931,020,719)	₱6,130,193,377
Segment liabilities	₱2,451,866,382	₱1,687,667,168	(₱1,496,404,355)	₱2,643,129,195

2022

	Sugar and by-products	Real Estate and Industrial Services	Eliminations	Total
Revenues	₱1,388,310,274	₱47,339,649	₱–	₱1,435,649,923
Cost of goods sold and services	1,104,154,251	25,894,544	–	1,130,048,795
Gross income	284,156,023	21,445,105	–	305,601,128
Interest income	3,459,693	1,268,980	–	4,728,673
Operating expenses	(101,801,932)	(18,996,567)	–	(120,798,499)
Interest expense	(108,766,480)	(1,302,369)	–	(110,068,849)
Fair value gain on investment property	19,578,740	–	–	19,578,740
Other income - net	700,982	721,777	–	1,422,759
Segment income before income tax	₱97,327,026	₱3,136,926	₱–	₱100,463,952
Segment assets	₱6,025,766,447	₱846,335,789	(₱1,018,715,372)	₱5,853,386,864
Segment liabilities	₱2,525,955,592	₱1,694,012,188	(₱1,584,099,008)	₱2,635,868,772

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