

#### Investment in a Subsidiary

Subsidiary is an entity over which the Company 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 Company controls an investee if and only if the Company 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 Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company 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.

The Company's investment in subsidiary is accounted for under the cost method of accounting. Under the cost method, investment is recognized at cost. Income from the investment is recognized only to the extent that the investor receives distributions from accumulated profits of the subsidiary arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as reduction of the cost of the investment.

#### 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 parent company 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 parent company balance sheet. Revaluation increase, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the parent company



statement of income, is recognized in the parent company 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 parent company statement of comprehensive income, is recognized in the parent company 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 Company. 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 parent company statement of income.

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

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

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

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

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

#### *Company as a Lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company 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 Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company 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.

#### Impairment of Nonfinancial Assets

##### *Property, Plant and Equipment and Advances*

The Company 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 Company 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 parent company statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company 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.

##### *Investment in a Subsidiary*

The Company performs impairment review on its investments in a subsidiary whenever an impairment indicator exists. This requires an estimation of the value in use of the investee. Estimating the value in use requires the Company to make an estimate of the future cash flows of the investees and to use a suitable discount rate to calculate the present value of those future cash flows. Impairment losses, if any, are recognized in the parent company statement of income.





## 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 Company's capital stocks which are reacquired (treasury stocks) are recognized at cost and deducted from equity. No gain or loss is recognized in the parent company statement of income on the purchase, sale, issue or cancellation of the Company'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 Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

### *Sale of Sugar*

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

### *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.

### *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 Company.





### Expenses

#### *Cost of Goods Sold and Milling and Tolling Services*

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

#### *Operating Expenses*

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

### Income Taxes

#### *Current Income Tax*

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

#### *Deferred Income Tax*

Deferred income tax is provided, using the balance sheet liability method, on all 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. 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.

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

#### *Value-added Tax (VAT)*

Revenue, expenses and assets are recognized net of the amount of VAT, except:

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

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





#### Retirement Cost

The Company 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 parent company 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 parent company 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 OCI in the period in which they arise.

Remeasurements are not reclassified to the parent company 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 Company, nor can they be paid directly to the Company. 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 Company'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 Company incurs in connection with the borrowing of funds.





### Earnings Per Share (EPS)

Earnings per share is computed by dividing the net income attributable to equity holders of the Company 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 Company 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 Company has no dilutive potential common shares outstanding, basic and diluted EPS are the same.

### Provisions

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

### Contingencies

Contingent liabilities are not recognized in the parent company financial statements. These are disclosed in the notes to the parent company financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but are disclosed in the notes to the parent company 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 Company's financial position at the reporting date (adjusting events), are reflected in the parent company financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to parent company financial statements when material.

### New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to June 30, 2024

Pronouncements issued but not yet effective are listed below. The Company does not expect that the future adoption of the said pronouncements will have a significant impact on the parent company 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*

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### 3. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions, that affect the amounts reported in the parent company 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 parent company 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 Company assess to have significant risks arising from judgments and estimations uncertainties.

#### Judgments

In the process of applying the Company'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 parent company 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 Company satisfies the performance obligation.

#### *a. Existence of a Contract*

The Company 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 Company before revenue recognition is to assess the probability that the Company 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 Company 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 Company's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract. Based on management 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 Company Satisfies the Performance Obligation*

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

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

The Company 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 on the week with sugar production after considering in-purchase rate, which represents CPA. Under the CPA, the Company purchases raw sugar from the traders and/or planters. The in-purchase rate is derived by determining the total raw sugar purchases and the total planters' share. Raw production costs are allocated systematically based on the OSA and CPA rates.

*Classification of Property*

The Company determines whether a property is classified as property, plant and equipment or investment property based on the following:

- 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 Company, 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 Company 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 Company's historical observed default rates. The Company 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 Company'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 Company determines impairment for each significant financial asset on an individual basis. Among the items that the Company considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the financial assets. Financial assets included in the specific assessment are the accounts that have been endorsed to the legal department and non-moving financial assets.





- *Inputs, Assumptions and Estimation Techniques in ECL Calculation*

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

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

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

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

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

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

*Incorporation of Forward-looking Information*

The Company 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 Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Company 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 Company 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 ₱20.5 million and ₱20.3 million, respectively. The carrying amounts of receivables and long-term receivables as at June 30, 2024 and 2023 amounted to ₱2.0 billion and ₱1.6 billion, respectively (see Notes 5 and 12).

*Allowance for Inventory Obsolescence and Writedown*

The Company 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 6).

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 6).

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

The Company has property, plant and equipment and investment property that are carried at revalued amount and fair value, respectively. These consists 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 Company 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 11. 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 11). 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 11).

*Estimated Useful Lives of Property, Plant and Equipment*

The Company 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 ₱406.7 million and ₱399.8 million, respectively (see Note 10).

#### *Impairment of Nonfinancial Assets*

The Company assesses whether there are any indicators of impairment for investment in a subsidiary, 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 Company 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 Company is required to make judgments and estimates that can materially affect the 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 ₱684.1 million and ₱734.9 million as at June 30, 2024 and 2023, respectively (see Notes 7, 10 and 12).

#### *Deferred Income Tax Assets*

The Company 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 Company's deferred income tax assets as at June 30, 2024 and 2023 amounted to ₱31.2 million and ₱36.9 million, respectively (see Note 21).

#### *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 Company 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 19.

Retirement expense recognized in 2024 and 2023 amounted to ₱5.7 million and ₱5.5 million, respectively. The carrying amounts of the Company's net retirement plan obligation amounted to ₱8.1 million and ₱23.7 million as at June 30, 2024 and 2023, respectively (see Note 19).



#### 4. Cash

	2024	2023
Cash in banks	₱225,698,226	₱100,121,573
Cash on hand	1,300,600	1,300,600
	<b>₱226,998,826</b>	<b>₱101,422,173</b>

Cash in banks earn interest at the respective bank deposit rates. Interest rates range from 0.05% to 5.05% and 0.05% to 2.10% per annum in 2024 and 2023, respectively.

Interest income earned from cash in banks amounted to ₱8.0 million and ₱0.1 million in 2024 and 2023, respectively.

#### 5. Receivables

	2024	2023
Trade	₱73,965,478	₱42,710,349
Nontrade:		
Due from related parties (see Note 20)	1,670,534,324	1,279,372,009
Planters' receivables	47,179,591	35,670,436
Current portion of long-term receivables (see Note 12)	22,618,655	15,274,674
Advances to Luisita Golf and Country Club, Inc. (LGCCI)	12,078,030	17,746,998
Others	37,480,860	40,880,251
	<b>1,863,856,938</b>	<b>1,431,654,717</b>
Less allowance for ECL	20,465,163	20,256,060
	<b>₱1,843,391,775</b>	<b>₱1,411,398,657</b>

Trade receivables are noninterest-bearing within its credit terms, which is 30 to 60 days.

Certain receivables from related parties are subject to interest at 4% to 5% per annum in 2024 and 2023. Interest income earned from receivables from related parties amounted to ₱4.4 million and ₱2.3 million in 2024 and 2023, respectively (see Note 20).

Planters' receivable pertains to the loan agreement entered into in 2019 that are subject to 6.5% interest per annum and was increased to 9% in 2024. Interest income earned amounted to ₱2.5 million and ₱0.8 million in 2024 and 2023, respectively.

Advances to LGCCI pertain to advances made by the Company to its previous affiliate which are unsecured, non-interest bearing and due upon demand.

Movements in the allowance for ECL are summarized below:

<b>2024</b>	Trade	Nontrade	Total
Balances at beginning of year	₱1,246,536	₱19,009,524	₱20,256,060
Provisions	1,144,722	1,395,630	2,540,352
Reversal	(242,100)	(2,089,149)	(2,331,249)
Balances at end of year	<b>₱2,149,158</b>	<b>₱18,316,005</b>	<b>₱20,465,163</b>





2023	Trade	Nontrade	Total
Balances at beginning of year	₱1,246,536	₱19,009,524	₱20,256,060
Provisions	—	—	—
<b>Balances at end of year</b>	<b>₱1,246,536</b>	<b>₱19,009,524</b>	<b>₱20,256,060</b>

## 6. Inventories

	2024	2023
At cost:		
Alcohol	<b>₱80,207,945</b>	₱95,192,536
Molasses	<b>1,643,927</b>	7,839,838
At NRV:		
Sugar	<b>188,731,647</b>	194,900,214
Spare parts and supplies	<b>66,300,252</b>	51,772,745
	<b>₱336,883,771</b>	₱349,705,333

The following table is a rollforward analysis of the allowance for inventory obsolescence recognized on spare parts and supplies to arrive at NRV:

	2024	2023
Balances at beginning of year	<b>₱7,248,386</b>	₱7,373,006
Provision (see Note 16)	<b>601,016</b>	—
Reversal	—	(124,620)
<b>Balances at end of year</b>	<b>₱7,849,402</b>	₱7,248,386

Provision for inventory writedown on sugar inventories to arrive at NRV amounted to nil and ₱25.1 million in 2024 and 2023, respectively.

## 7. Other Current Assets

	2024	2023
Advances to suppliers for goods and services	<b>₱276,318,859</b>	₱319,798,750
Prepaid tax	<b>2,815,182</b>	1,880,475
Prepaid insurance	<b>1,534,389</b>	1,338,765
Creditable withholding tax	—	5,703,362
Others	<b>1,122,605</b>	2,149,942
	<b>₱281,791,035</b>	₱330,871,294

## 8. Financial Assets at FVOCI

	2024	2023
Proprietary shares	<b>₱210,600,000</b>	₱178,800,000
Investment in shares of stock:		
Listed	<b>428,112</b>	393,612
Unlisted	<b>162,000</b>	162,000
	<b>₱211,190,112</b>	₱179,355,612



The movements in financial assets at FVOCI are as follows:

	2024	2023
Balances at beginning of year	₱179,355,612	₱147,157,180
Changes in the fair value	31,834,500	32,198,432
Balances at end of year	<b>₱211,190,112</b>	<b>₱179,355,612</b>

The fair value of the listed shares of stock and proprietary shares are determined with reference to published price quotations in an active market. Management intends to dispose the financial assets at FVOCI when the need arises.

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

	2024	2023
Balances at beginning of year	₱129,847,584	₱102,478,917
Unrealized gains on financial assets at FVOCI	27,059,325	27,368,667
Balances at end of year	<b>₱156,906,909</b>	<b>₱129,847,584</b>

#### 9. Investment in and Advances to a Subsidiary

	2024	2023
Investment in shares of stock of a subsidiary	₱135,000,000	₱135,000,000
Advances to a subsidiary (see Note 20)	-	1,562,392,712
	<b>₱135,000,000</b>	<b>₱1,697,392,712</b>

As part of the MOA entered into by CRAHI and the Cojuangco Family on July 26, 2014, the Company acquired all the 349,900 outstanding shares of Luisita Land Corporation (LLC) for ₱135.0 million. The MOA includes the Company assuming LLC's liability amounting to ₱1.1 billion to the seller group, for a total consideration of ₱1.3 billion. The advances to LLC amounted to nil and ₱1.6 billion as at June 30, 2024 and 2023, respectively.

LLC was incorporated in and operates within the Philippines and is primarily engaged in the real estate business.





10. Property, Plant and Equipment - at cost

2024

	Machinery and equipment	Agricultural machinery and equipment	Buildings and improvements	Land improvements	Furniture, fixtures and equipment	Transportation equipment	Communication and utility systems	Roads and bridges	Construction in-progress	ROU asset - agricultural equipment (see Note 22)	ROU asset - building (see Note 22)	ROU asset - transportation equipment (see Note 22)	Total
Cost:													
Balances at beginning of year	₱830,034,158	₱210,353,829	₱95,312,151	₱30,717,996	₱24,163,928	₱51,095,396	₱5,890,181	₱8,245,127	₱14,199,223	₱36,159,887	₱-	₱16,500,000	₱1,322,671,876
Additions	1,010,376	450,000	-	-	2,177,145	-	-	-	48,431,884	-	28,922,329	5,070,000	86,061,734
Retirement and write-off	50,596,807	1,001,414	-	422,411	(5,804)	-	-	-	(52,020,632)	-	-	-	(5,804)
Reclassifications	881,641,341	211,805,243	95,312,151	31,140,407	26,335,269	51,095,396	5,890,181	8,245,127	10,610,475	36,159,887	28,922,329	21,570,000	1,408,727,806
Accumulated depreciation and amortization:													
Balances at beginning of year	652,183,729	109,524,169	59,389,648	18,138,249	20,406,497	45,100,703	3,088,196	8,245,111	-	4,301,348	-	2,469,699	922,847,349
Depreciation and amortization (see Notes 15, 16 and 17)	41,862,071	18,005,777	4,919,612	1,894,041	1,694,831	1,774,601	261,653	-	-	3,178,423	1,928,155	3,640,915	79,160,079
Retirement and write-off	694,045,800	127,529,946	64,309,260	20,032,290	22,095,524	46,875,304	3,349,849	8,245,111	-	7,479,771	1,928,155	6,110,614	1,002,001,624
Balances at end of year	₱187,595,541	₱84,275,297	₱31,002,891	₱11,108,117	₱4,239,745	₱4,220,092	₱2,540,332	₱16	₱10,610,475	₱28,680,116	₱26,994,174	₱15,459,386	₱406,726,182

2023

	Machinery and equipment	Agricultural machinery and equipment	Buildings and improvements	Land improvements	Furniture, fixtures and equipment	Transportation equipment	Communication and utility systems	Roads and bridges	Construction in-progress	ROU asset - agricultural equipment (see Note 22)	ROU asset - building (see Note 22)	ROU asset - transportation equipment (see Note 22)	Total
Cost:													
Balances at beginning of year	₱790,704,355	₱207,266,380	₱95,297,551	₱30,258,790	₱23,331,019	₱52,324,289	₱5,662,528	₱8,245,127	₱9,849,443	₱36,159,887	₱-	₱8,700,000	₱1,267,799,369
Additions	14,260,037	3,444,593	14,600	459,206	832,909	34,500	227,653	-	29,062,402	-	-	7,800,000	56,135,900
Retirement and write-off	25,069,766	(357,144)	-	-	(5,804)	(1,263,393)	-	-	(24,712,622)	-	-	-	(1,263,393)
Reclassifications	830,034,158	210,353,829	95,312,151	30,717,996	24,163,928	51,095,396	5,890,181	8,245,127	14,199,223	36,159,887	28,922,329	16,500,000	1,322,671,876
Accumulated depreciation and amortization:													
Balances at beginning of year	607,894,105	91,555,848	53,038,884	16,274,119	18,241,842	44,564,408	2,839,442	8,245,111	-	1,357,912	-	435,000	844,446,671
Depreciation and amortization (see Notes 15, 16 and 17)	43,932,478	18,325,465	6,350,764	1,864,130	2,164,655	1,799,688	248,754	-	-	2,943,436	2,034,699	2,034,699	79,664,069
Retirement and write-off	-	-	-	-	-	(1,263,393)	-	-	-	-	-	-	(1,263,393)
Reclassifications and other adjustments	357,144	(357,144)	-	-	-	-	-	-	-	-	-	-	-
Balances at end of year	₱62,183,727	₱109,524,169	₱35,932,503	₱12,579,747	₱20,406,497	₱45,100,703	₱3,088,196	₱8,245,111	₱14,199,223	₱4,301,348	₱28,922,329	₱2,469,699	₱922,847,347
Net book values	₱177,850,431	₱100,829,660	₱35,932,503	₱12,579,747	₱3,757,431	₱5,994,693	₱2,801,985	₱16	₱14,199,223	₱31,858,539	₱14,030,301	₱14,030,301	₱599,824,529



## 11. Land

### Fair Value of Land

The fair value, categorized as Level 3 in the fair value hierarchy, is based on valuations determined by an independent appraiser, accredited by the Philippine SEC, as at June 30, 2024 and 2023. The valuation models used by the appraiser are in accordance with that recommended by the International Valuation Standards Council and is based on the land's highest and best use.

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

Based on the appraisal reports in 2024 and 2023, the fair value of the Company's land recognized under property, plant and equipment and investment property increased by ₱554.1 million and ₱87.4 million for the years ended June 30, 2024 and 2023, respectively.

### Property, Plant and Equipment

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

	2024	2023
Balances at beginning of year	₱718,128,950	₱1,044,982,955
Changes in fair value of property, plant and equipment	261,137,800	(6,766,655)
Reclassification to investment property	-	(320,087,350)
<b>Balances at end of year</b>	<b>₱979,266,750</b>	<b>₱718,128,950</b>

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

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

	2024	2023
Balances at beginning of year	₱1,049,669,403	₱975,011,171
Changes in fair value of property, plant and equipment	195,853,350	(5,074,991)
Recycled from deferred income tax liability	-	79,733,223
<b>Balances at end of year</b>	<b>₱1,245,522,753</b>	<b>₱1,049,669,403</b>

Attributable to:

	2024	2023
Property, plant and equipment	₱729,256,224	₱533,402,874
Property, plant and equipment reclassified to investment property	516,226,529	516,266,529
<b></b>	<b>₱1,245,522,753</b>	<b>₱1,049,669,403</b>





Deferred income tax liability on revaluation increment as at June 30, 2024 and 2023 amounted to ₱243.1 million and ₱177.8 million (see Note 21). Due to change in management's use of the asset, from "owner-occupied" to "for capital appreciation", which resulted to a reclassification of land from *Property, Plant and Equipment* to *Investment Property*, the related deferred income tax liability amounting to ₱79.7 million was derecognized against revaluation increment in 2023.

The value of land recognized under property, plant and equipment if carried at cost as at June 30, 2024 and 2023 is ₱6.9 million.

#### Investment Property

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

	2024	2023
Balances at beginning of year	₱871,079,190	₱456,842,820
Changes in fair value of investment property	292,974,150	94,149,020
Reclassification from property, plant and equipment	-	320,087,350
<b>Balances at end of year</b>	<b>₱1,164,053,340</b>	<b>₱871,079,190</b>

The value of land recognized under investment property if carried at cost as at June 30, 2024 and 2023 is ₱2.9 million. The Company has no restrictions on the realizability of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. The Company has neither earned rental income nor incurred direct operating expenses from its investment property.

## 12. Other Noncurrent Assets

	2024	2023
Long-term receivables	₱184,789,000	₱142,380,493
Recoverable and other deposits	13,556,030	13,007,065
Others	1,049,700	16,349,179
	<b>199,394,730</b>	<b>171,736,737</b>
Less current portion (see Note 5)	<b>22,618,655</b>	<b>15,274,674</b>
	<b>₱176,776,075</b>	<b>₱156,462,063</b>

In 2021, the Company and one of its suppliers agreed that the Company will be reimbursed for the amount advanced to the supplier for costs to be incurred for future land preparation, planting and harvesting. In 2022, ₱168.4 million that is subject to reimbursement will be paid in 3 equal amounts over a period of 3 years was renegotiated for a reimbursement in 10 equal amounts over a period of 10 years. The remeasurement of these long-term receivables resulted to the recognition of ₱7.7 million loss in 2022.

In 2024, advances to a supplier amounting to ₱57.7 million was incurred and will be paid over a period of 8 years subject to 7.08% interest per annum.

Current portion that is expected to be collected within the next 12 months is included under the "Receivables" account (see Note 5). Interest income earned amounted to ₱1.3 million and ₱1.4 million in 2024 and 2023, respectively.



### 13. Trade and Other Payables

	2024	2023
Trade payables	₱73,772,146	₱138,148,992
Accruals:		
Spare parts, supplies and inventory cost	251,280,617	457,976,402
Professional fees	6,648,000	3,704,000
Salaries, wages and other benefits	6,181,632	3,840,037
Interest and penalties	5,279,116	7,328,374
Taxes	3,355,512	3,539,618
Others	22,694,453	17,027,776
Dividends payable (see Notes 23 and 26)	101,097,757	23,874,579
Advances from related parties (see Note 20)	774,905,378	11,816,959
Customers' advances	1,568,681	1,570,168
Other payables	763,243	1,382,693
	<b>₱1,247,546,535</b>	<b>₱670,209,598</b>

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

### 14. Notes Payable

#### *Working Capital Facilities Agreement (WCFA)*

The Company has an existing WCFA with BDO. Under the WCFA, the Company has an outstanding drawdown of ₱785.0 million and ₱878.0 million as at June 30, 2024 and 2023, at 8.0% to 9.0% and at 6.5% to 8.75% interest rate per annum, respectively.

Total interest expense incurred for short-term notes amounted to ₱79.1 million and ₱76.4 million in 2024 and 2023, respectively.

#### *Long-term Loan*

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

	2024	2023
Bank Loan A - ₱509,724,245 loan, in which the interest rate will be the higher of (i) the seven (7) year benchmark plus margin of 250 bps, divided by 0.99 for the first 2 years and divided by 0.95 for the final 5 years; and (ii) 5% divided 0.99 for the first 2 years and divided by 0.95 for the final 5 years	₱289,355,448	₱363,652,188
Bank Loan B - ₱415,275,755 loan, in which the interest rate will be the higher of (i) the seven (7) year benchmark plus margin of 250 bps, divided by 0.99 for the first 2 years and divided by 0.95 for the final 5 years; and (ii) 5% divided 0.99 for the first 2 years and divided by 0.95 for the final 5 years	₱235,714,873	₱296,229,779
	<b>₱525,070,321</b>	<b>₱659,881,967</b>
Less current portion - net of transaction costs	135,634,521	134,811,646
Noncurrent portion - net of transaction costs	<b>₱389,435,800</b>	<b>₱525,070,321</b>





The facility contains a loan covenant requiring the Company to meet certain financial ratio starting November 15, 2021 (see Note 25). The loan is secured by a collateral which consist of certain parcels of land and financial assets at FVOCI amounting to ₱1.1 billion and ₱194.6 million, respectively, as of June 30, 2024.

The Company recognized interest expense amounting to ₱38.1 million and ₱50.8 million for the years ended June 30, 2024 and 2023, respectively.

#### 15. Cost of Goods Sold and Milling and Tolling Services

	2024	2023
Inventory costs, spare parts, and supplies	<b>₱804,303,584</b>	₱683,085,065
Salaries, wages, bonuses and other benefits (see Note 17)	<b>103,091,468</b>	98,355,533
Repairs and maintenance	<b>78,460,496</b>	68,405,465
Depreciation and amortization (see Notes 10 and 17)	<b>70,962,934</b>	74,799,752
Power and steam	<b>56,059,382</b>	58,979,180
Freight and transportation	<b>51,377,389</b>	40,503,004
Security and outside services	<b>50,674,708</b>	46,644,998
Taxes and licenses	<b>8,133,222</b>	9,011,547
Insurance	<b>5,781,408</b>	5,451,459
Others	<b>11,017,247</b>	9,796,417
	<b>₱1,239,861,838</b>	₱1,095,032,420

#### 16. Operating Expenses

	2024	2023
Professional fees	<b>₱33,066,035</b>	₱27,033,482
Salaries, wages, bonuses and other benefits (see Note 17)	<b>30,738,369</b>	24,239,462
Taxes and licenses	<b>15,626,231</b>	22,753,371
Freight and transportation	<b>11,952,031</b>	8,472,116
Security and janitorial services	<b>8,642,885</b>	5,718,600
Depreciation and amortization (see Notes 10 and 17)	<b>8,197,145</b>	4,864,317
Rentals (see Note 22)	<b>5,746,670</b>	3,254,419
Entertainment, amusement and recreation	<b>5,571,725</b>	13,963,002
Repairs and maintenance	<b>3,495,127</b>	2,004,959
Provision for inventory obsolescence (see Note 6)	<b>601,016</b>	-
Provision for ECL	<b>209,103</b>	-
Others	<b>4,711,440</b>	3,588,637
	<b>₱128,557,777</b>	₱115,892,365



## 17. Nature of Expenses

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

	2024	2023
Cost of goods sold and milling and tolling services (see Note 15)	<b>₱70,962,934</b>	₱74,799,752
Operating expenses (see Note 16)	<b>8,197,145</b>	4,864,317
	<b>₱79,160,079</b>	₱79,664,069

Personnel expenses included in the parent company statements of income are as follows:

	2024	2023
Cost of goods sold and milling and tolling services (see Note 15)		
Salaries, wages, bonuses and other benefits	<b>₱103,091,468</b>	₱98,355,533
Operating expenses (see Note 16)		
Salaries, wages, bonuses and other benefits	<b>30,738,369</b>	24,239,462
Other income - net		
Net retirement expense (see Notes 18 and 19)	<b>5,726,935</b>	5,508,055
	<b>₱139,556,772</b>	₱128,103,050

## 18. Other Income (Expense) - net

	2024	2023
Sale of scraps	<b>₱4,731,500</b>	₱-
Insurance fee	<b>2,947,563</b>	3,213,878
Storage fee	<b>2,036,351</b>	2,914,295
Net retirement expense (see Note 19)	<b>(5,726,935)</b>	(5,508,055)
Others	<b>1,331,215</b>	(1,230,210)
	<b>₱5,319,694</b>	(₱610,092)

## 19. Retirement Plan

The Company maintains a tax-qualified, funded, noncontributory defined benefit retirement plan covering substantially all of its permanent employees. The benefits are based on years of service and compensation during the latest year of employment. The latest retirement valuation was made as at June 30, 2024.

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





2024

	Net Benefit Cost in Profit and Loss			Remeasurements in Other Comprehensive Income					Balance at End of Year	
	Balance at Beginning of Year	Current Service Cost	Net Interest	Subtotal	Benefits Paid	Return on Plan Assets	Demographic Assumptions	Financial Assumptions		Experience Adjustments
Fair Value of Plan Assets	₱19,758,945	₱-	₱1,191,167	₱1,191,167	₱-	₱15,157,246	₱-	₱-	₱-	₱36,107,358
Present Value of Defined Benefit Obligation	(43,488,328)	(4,493,886)	(2,424,216)	(6,918,102)	5,706,239	-	-	1,463,954	(1,011,301)	(44,247,538)
Retirement Benefit Obligation	(₱23,729,383)	(₱4,493,886)	(₱1,233,049)	(₱5,726,935)	₱5,706,239	₱15,157,246	₱-	₱1,463,954	(₱1,011,301)	(₱8,140,180)

2023

	Net Benefit Cost in Profit and Loss			Remeasurements in Other Comprehensive Income					Balance at End of Year	
	Balance at Beginning of Year	Current Service Cost	Net Interest	Subtotal	Benefits Paid	Loss on Plan Assets	Demographic Assumptions	Financial Assumptions		Experience Adjustments
Fair Value of Plan Assets	₱21,589,933	₱-	₱1,394,573	₱1,394,573	₱-	(₱3,225,561)	₱-	₱-	₱-	₱19,758,945
Present Value of Defined Benefit Obligation	(42,515,131)	(4,352,151)	(2,550,477)	(6,902,628)	4,406,362	-	-	(577,274)	2,100,343	(43,488,328)
Retirement Benefit Obligation	(₱20,925,198)	(₱4,352,151)	(₱1,155,904)	(₱5,508,055)	₱4,406,362	(₱3,225,561)	₱-	(₱577,274)	₱2,100,343	(₱23,729,383)



The fair value of the Company's plan asset by each class as at June 30 are as follows:

	2024	2023
<b>Assets:</b>		
Cash and cash equivalents	<b>₱18,773,280</b>	₱168,956
Investments in shares of stock	<b>25,266,200</b>	21,348,780
	<b>44,039,480</b>	21,517,736
<b>Liability:</b>		
Payable to CAT	<b>7,932,122</b>	1,758,791
<b>Net</b>	<b>₱36,107,358</b>	<b>₱19,758,945</b>

Cash equivalents are short-term deposits made for varying periods up to three months and are not subject to significant credit risk and changes in value. Investments in shares of stock consist mainly of the Company's shares which are traded in the PSE with LTF owning 0.97% or 2,318,000 common shares as at June 30, 2024 and 2023.

The principal actuarial assumptions used as at June 30 are as follows:

	2024	2023
Future salary increase rate	<b>5.00%</b>	5.00%
Discount rate	<b>6.79%</b>	6.18%

The discount rate used is a single weighted average rate based on bootstrapped Bloomberg Valuation Rates at various tenors as at June 30, 2024 and 2023. Rates for intermediate durations were interpolated. The rates were then weighted by the expected benefit payments at those durations to arrive at the single weighted average discount rate.

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

	2024	2023
<b>Discount rate</b>		
Increase of 1%	<b>(₱2,170,281)</b>	(₱2,425,102)
Decrease of 1%	<b>2,472,289</b>	2,764,023
<b>Future salary increase rate</b>		
Increase of 1%	<b>₱2,761,049</b>	₱3,053,752
Decrease of 1%	<b>(2,469,004)</b>	(2,729,720)

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





The Company expects to contribute ₱9.2 million to the defined benefit plan in the next fiscal year.

The average duration of the defined benefit obligation as at June 30, 2024 and 2023 is 10.17 years and 10.25 years, respectively.

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

**2024**

Plan Year	Expected Benefit Payments		Total
	Normal Retirement	Other than Normal Retirement	
Less than 1 year	₱2,749,197	₱1,543,004	₱4,292,201
1 year to less than 5 years	33,945,770	3,848,490	37,794,260
5 years to less than 10 years	14,374,587	–	14,374,587
10 years to less than 15 years	15,384,544	–	15,384,544
15 years to less than 20 years	22,586,492	–	22,586,492
20 years and above	94,258,187	–	94,258,187

**2023**

Plan Year	Expected Benefit Payments		Total
	Normal Retirement	Other than Normal Retirement	
Less than 1 year	₱7,122,495	₱1,500,571	₱8,623,066
1 year to less than 5 years	29,902,984	5,310,408	35,213,392
5 years to less than 10 years	18,556,420	–	18,556,420
10 years to less than 15 years	16,157,918	–	16,157,918
15 years to less than 20 years	20,670,429	–	20,670,429
20 years and above	86,884,795	–	86,884,795

**20. Related Party Transactions**

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



Transactions with Related Parties

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

		Year	Transactions	Outstanding Receivables (Payables)	Terms	Conditions
<b>Shareholders</b>						
Receivables	(a)	2024 2023	₱— ₱—	₱40,178 ₱40,178	To be received in cash; non-interest bearing; due and demandable	Unsecured; no impairment
Payables	(b)	2024 2023	92,999 20,000	(9,828,194) (9,735,195)	To be settled in cash; non-interest bearing; due and demandable	Unsecured
<b>CRAHI</b>						
Notes receivables	(c)	2024 2023	2,324,699 2,329,171	79,681,285 77,356,586	To be received in cash; 4% per annum; due and demandable	Unsecured; no impairment
Advances	(c)	2024 2023	68,638,347 18,643,730	502,101,711 433,463,364	To be received in cash; non-interest bearing; due and demandable	Unsecured; with impairment
Deposits	(d)	2024 2023	— —	493,000,000 493,000,000	Non-interest bearing; due and demandable	Unsecured; no impairment
<b>Subsidiary</b>						
Advances to subsidiary	(e)	2024 2023	— 4,355,347	— 1,562,392,712	To be received in cash; non-interest bearing; due and demandable	Unsecured; no impairment
Advances from subsidiary	(e)	2024 2023	(762,995,420) —	(762,995,420) —	To be settled in cash; non-interest bearing; due and demandable	Unsecured
<b>Trust Fund</b>						
Receivables	(f)	2024 2023	1,188,830 —	8,920,219 7,731,389	To be received in cash; non-interest bearing; due and demandable	Unsecured; with impairment
<b>Common Control</b>						
Green Future Innovations, Inc. (GFII)	(g)	2024 2023	203,893,527 —	220,318,316 16,424,789	To be received in cash; non-interest bearing; due within one year	Unsecured; with impairment
Tarlac Distillery Corporation (TADISCO)	(h)	2024 2023	4,224,571 —	141,176,276 142,436,037	To be received in cash; non-interest bearing; due and demandable	Unsecured; with impairment
First Green Renewable Holdings, Inc. (FGRHI)	(i)	2024 2023	— —	83,508,050 83,508,050	To be received in cash; non-interest bearing; due and demandable	Unsecured; with impairment
StarBreaker Corp. (SBC) Trade receivable	(j)	2024 2023	4,441,518 —	— —	To be received in cash; non-interest bearing; due and demandable	Unsecured with impairment
Notes receivable	(k)	2024 2023	76,204,740 —	76,202,740 —	To be received in cash; 5% per annum; due within one year	Unsecured; no impairment
Tarraco Group Incorporated (TGI)	(k)	2024 2023	22,533,425 —	22,533,425 —	To be received in cash; 5% per annum; due within one year	Unsecured; no impairment
Meatworld International, Inc. (MII)	(k)	2024 2023	20,394,521 —	20,394,521 —	To be received in cash; 5% per annum; due within one year	Unsecured; no impairment

(Forward)





		Year	Transactions	Outstanding Receivables (Payables)	Terms	Conditions
Buena Vista Corporate Assets (BVCAHI)	(l)	2024	₱3,430	₱14,115,606	To be received in cash;	Unsecured;
		2023	₱-	₱14,112,176	non-interest bearing; due and demandable	with impairment
Blue Mountains Corporation (BMC)	(l)	2024	-	5,772,500	To be received in cash;	Unsecured;
		2023	-	5,772,500	non-interest bearing; due and demandable	no impairment
First Lucky Agro- Industrial Corporation (FLAIC)	(m)	2024	-	(2,081,764)	To be settled in cash;	Unsecured
		2023	-	(2,081,764)	non-interest bearing; due and demandable	
CAT Foundation	(n)	2024	-	-	To be received in cash; non-	Unsecured;
		2023	130,770	1,130,770	interest bearing; due and demandable	no impairment
<b>Directors, Officers and Employees Receivables</b>	(o)	2024	-	2,769,497	To be received in cash;	Unsecured;
		2022	-	4,396,170	non-interest bearing; due and demandable	with impairment
<b>Total advances to subsidiary (see Note 9)</b>		2024	-	₱-		
		2023	-	₱1,562,392,712		
<b>Total due from related parties (see Note 5)</b>		2024	-	₱1,670,534,324		
		2023	-	₱1,279,372,009		
<b>Total due to related parties (see Note 13)</b>		2024	-	(₱774,905,378)		
		2023	-	(₱11,816,959)		

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

- a. Pertains to advances made by the Company to North Star Estate Holdings, Inc. for working capital requirements.
- b. Pertains to payments made by shareholders on behalf of the Company.
- c. Pertains to cash advances given to CRAHI for its liquidity requirements and for settlement of promissory note due to previous shareholders. Interest income earned amounted to ₱2.3 million in 2024 and 2023.
- d. Pertains to the refundable deposits given to CRAHI as consideration for the grant of exclusivity to acquire parcels of land owned by CRAHI within 180 days, subject to extension as agreed by both parties.

In 2022, the grant of exclusivity was not exercised and eventually expired, thus, the deposits became due and demandable.

- e. Pertains to the liabilities of LLC assumed by the Company during the acquisition period. Interest is imputed on the advances and is generally computed on the monthly outstanding balance at an annual rate of 4.0%. The Company and LLC agreed to execute a waiver on the imposition of interest on the outstanding balance starting July 1, 2017. In 2024, LLC settled these advances. Also in 2024, LLC provided cash to the Company to fund its dividend declaration.



- f. Pertains to cash paid for the payment of retirement benefits to CAT employees covered under the retirement plan administered by LTF .
- g. Pertains to sale of molasses and alcohol and cash advances given to GFII for working capital.
- h. Pertains to sale of alcohol, rent income and cash advances given to TADISCO for working capital.
- i. Pertains to cash advances given to FGRHI for working capital.
- j. Pertains to sale of refined sugar to SBC.
- k. Pertains to short-term promissory notes subject to 5% interest per annum given to SBC, MII and TGI for working capital. Total interest income earned from the promissory notes amounted to ₱2.1 million in 2024.
- l. Pertains to cash advances given to BVCAHI and BMC for working capital.
- m. Pertains to purchase of agricultural products from FLAIC.
- n. Pertains to cash advances made to the CAT Foundation.
- o. These receivables represent loans and cash advances made by the Company for business expenses that are anticipated to be incurred by employees, directors, or officers on behalf of the Company.

Compensation of Key Management Personnel

Short-term employee benefits of key management personnel amounted to ₱20.4 million and ₱20.0 million for the years ended June 30, 2024 and 2023, respectively.

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**21. Income Taxes**

The provision for current income tax represents RCIT in 2024 and 2023, respectively.

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

	2024	2023
<i>Recognized in profit or loss</i>		
<i>Deferred income tax assets:</i>		
Lease liabilities	<b>₱10,011,256</b>	₱5,751,854
Allowance for inventory obsolescence and writedown	<b>1,962,351</b>	8,076,217
Allowance for ECL	<b>1,838,739</b>	1,786,463
	<b>13,812,346</b>	15,614,534
<i>Deferred income tax liabilities:</i>		
ROU assets	<b>(17,783,419)</b>	(11,472,210)
Retirement benefit	<b>(15,332,090)</b>	(15,337,264)
Unrealized foreign exchange gains - net	<b>(8,703)</b>	(6,359)
Others	<b>(151,928)</b>	(151,928)
	<b>(33,276,140)</b>	(26,967,761)

(Forward)





	2024	2023
<i>Deferred income tax asset on retirement benefit recognized in other comprehensive income</i>	<b>₱17,367,133</b>	₱21,269,608
<i>Deferred income tax liabilities recognized in other comprehensive income</i>		
Revaluation increment on land under property, plant and equipment	<b>(243,085,408)</b>	(177,800,958)
Unrealized cumulative gains on financial assets at FVOCI	<b>(27,674,131)</b>	(22,898,956)
	<b>(270,759,539)</b>	(200,699,914)
<b>Net deferred income tax liabilities</b>	<b>(₱272,856,200)</b>	(₱190,783,533)

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

	2024	2023
Income tax at statutory tax rate	<b>₱113,753,636</b>	₱47,603,532
Income tax effects of:		
Net nondeductible expenses	<b>3,128,063</b>	3,161,106
Gains on fair value change of investment property	<b>(73,243,538)</b>	(23,537,255)
Interest income already subjected to final tax	<b>(2,000,169)</b>	(26,503)
	<b>₱41,637,992</b>	₱27,200,880

## 22. Agreements

### Milling Agreements

The Company's milling agreements with various planters provide for a 67.0%, 2.0% and 31.0% sharing among the planters, planters' association and the Company, respectively, of sugar and molasses produced every crop year. As a consequence of the milling agreements and tolling contracts (for refined sugar) with planters and traders, the Company holds the sugar stock of the planters and traders for safekeeping. The following table summarizes the sugar obligations of the Company:

	2024	2023
Refined sugar - planters (Lkg)	<b>60,448</b>	42,640
Refined sugar - traders (Lkg)	<b>30,170</b>	16,758
<b>Total</b>	<b>90,618</b>	59,398

### Lease Agreement

#### *Office Space*

In previous years, the Company transferred its main office and entered into a lease agreement with Celestite, Inc., commencing on December 1, 2014 ("Initial Lease Term"), extendible at the option of the lessee for an additional period of three years ("extended Lease Term") subject to mutually acceptable rates, terms, and conditions. The Company paid advance rental and security deposit amounting to ₱0.9 million and ₱0.8 million, respectively.



The lease agreement did not qualify as a lease following the requirements of PFRS 16 as there is no identified asset in the agreement until March 2024. This changed with the contract renewal, which incorporated an amendment that identified an asset and a mutual agreement between the lessor and the lessee for the renewal of the lease term. The Company paid an additional advance rental and security deposit amounting to ₱0.7 million and ₱0.6 million, respectively.

Rent expense recognized related to this lease agreement amounted to ₱5.7 million and ₱3.3 million in 2024 and 2023, respectively.

*Transportation and Agricultural Equipment*

The Company has the following lease agreements:

- a. In December 2021, the Company entered into a lease agreement with RCBC Leasing for the lease of three (3) units of Holland TS6.120 \$WD Tractors for a monthly rental payment of ₱234,802. In December 2022, the monthly rental payment decreased to ₱234,597 with adjusted last month payment of ₱303,830 as a result of adjustment of interest rate.
- b. In January 2022, the Company entered into a lease agreement with RCBC Leasing for the lease of three (3) units of 2014 John Deere Sugarcane Harvesters for a monthly rental of ₱575,304. In December 2023, the monthly rental decreased to ₱574,802 with adjusted last month payment of ₱744,436 as a result of adjustment of interest rate.
- c. In March 2022, the Company entered into a lease agreement with RCBC Leasing for the lease of twenty (20) units of 2022 Club Car Tempo 2-seater Golf Carts for a monthly rental of ₱235,133.
- d. In April 2023, the Company entered into a lease agreement with RCBC Leasing for the lease of twenty (20) units of 2023 Club Car Tempo 2-seater Golf Carts for a monthly rental of ₱210,809.
- e. In February 2024, the Company entered into a lease agreement with RCBC Leasing for the lease of thirteen (13) units of Club Car Tempo 2-seater electric Golf Carts for a monthly rental of ₱137,026.

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

*Office Space and Parking Area*

In March 2024, the Company entered into a lease agreement with Celestite, Inc. for the lease of its main office and parking area at a monthly rental of ₱541,786 and is subject to 10% annual escalation.

Shown below is the carrying amount and movement of the lease liabilities recognized on transportation and agricultural equipment and office space and parking area as at and for the years ended June 30, 2024 and 2023, respectively.

	2024	2023
Balances at beginning of year	₱23,007,414	₱26,982,136
Additions	33,992,329	7,800,000
Accretion of interest	3,194,661	2,960,587
Lease payments	(20,149,381)	(14,735,309)
Balances at end of year	40,045,023	23,007,414
Less current portion of lease liabilities	13,803,903	12,841,307
Lease liabilities - noncurrent	₱26,241,120	₱10,166,107





The following are the amounts recognized in the parent company statements of income for the years ended June 30, 2024 and 2023, respectively:

	2024	2023
Amortization of ROU assets	<b>₱8,747,493</b>	₱4,978,135
Accretion of interest on lease liabilities	<b>3,194,661</b>	2,960,587
	<b>₱11,942,154</b>	₱7,938,722

## 23. Equity

### Capital Stock

The Company's shares of stock were listed in the PSE on April 12, 1977. The authorized capital stock of the Company at that time is 40,000,000 shares at ₱10 par value. In 2016, the Company executed a 10 for 1 stock split decreasing the par value to ₱1 per share. As at June 30, 2024 and 2023, the authorized capital stock is 400,000,000 shares and the issued shares is 282,545,960 shares. There was no active trading on the Company's outstanding shares in the PSE until the Philippine SEC issued an order on January 29, 2014 lifting the order of suspension made in 2010 in relation to the registration of and permit to sell the said securities.

The total number of shareholders are 392 and 393 as at June 30, 2024 and 2023, respectively.

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

### Retained Earnings

The balance of retained earnings as at June 30 is as follows:

	2024	2023
Unappropriated	<b>₱1,617,440,669</b>	₱1,239,983,768
Appropriated	-	1,500,000,000
Total	<b>₱1,617,440,669</b>	₱2,739,983,768

On June 30, 2020, the BOD approved the appropriation of its retained earnings amounting to ₱2.0 billion to fund a variety of projects. Portion of this appropriation amounting to ₱500.0 million was reversed on June 30, 2021 to consider the current development of the projects. On February 7, 2024, the BOD approved the reversal of the rest of the appropriation following the status of the related projects this appropriation is intended for.

On February 7, 2024, the BOD declared dividends amounting to ₱1,535.9 million at ₱6.44 per share out of the Company's unappropriated retained earnings to stockholders of record as at February 22, 2024. Dividends amounting to ₱1,458.7 million was paid in the current year (see Note 26). As at June 30, 2024, and 2023, dividends payable related to the dividend declarations in 2024 and 2020 were recognized under the "Trade and other payables" account and amounted to ₱101.1 million and ₱23.9 million, respectively (see Note 13).

In accordance with the Revised SRC Rule 68 Annex D, as further revised by SEC Memorandum Circular No. 16 Annex A, the Parent Company's unappropriated retained earnings available for dividend declaration amounted to ₱406.19 million as at June 30, 2024. On October 8, 2024, the BOD approved to appropriate ₱200.0 million of its retained earnings for the funding of its capital expenditures within the next three years intended to enhance its production.



Basic/Diluted Earnings Per Share

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

	2024	2023
Net income (a)	<b>₱413,376,551</b>	₱163,213,246
Weighted average number of shares (b):		
Issued shares	<b>282,545,960</b>	282,545,960
Less treasury stocks	<b>44,041,920</b>	44,041,920
	<b>238,504,040</b>	238,504,040
Basic/diluted earnings per share (a/b)	<b>₱1.733</b>	₱0.684

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

**24. Fair Value Measurement and Financial Instruments**

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

**2024**

	Fair Value Measurement Using			Total
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Land classified as property, plant and equipment	P-	P-	₱979,266,750	₱979,266,750
Investment property	-	-	1,164,053,340	1,164,053,340
Financial assets at FVOCI - quoted	211,028,112	-	-	211,028,112
	<b>₱211,028,112</b>	<b>P-</b>	<b>₱2,143,320,090</b>	<b>₱2,354,348,202</b>

**2023**

	Fair Value Measurement Using			Total
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Land classified as property, plant and equipment	P-	P-	₱718,128,950	₱718,128,950
Investment property	-	-	871,079,190	871,079,190
Financial assets at FVOCI - quoted	179,193,612	-	-	179,193,612
	<b>₱179,193,612</b>	<b>P-</b>	<b>₱1,589,208,140</b>	<b>₱1,768,401,752</b>





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

- *Sale/asking price per sq.m.* This pertains to the sale/asking price per square meter based on the listing prices of comparable properties.
- *Conditions on sale of comparable properties.* This pertains to the effect of restrictions or conditions that are present in contracts of sale relating to the comparable properties.
- *Physical adjustments.* These pertain to adjustments relating to the superiority or inferiority of the Company's land as regards to location, shape, topography, size, zoning, amenities, and easement for access and utility lines.

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

Unobservable Inputs	Amount or Percentage of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Sale/asking price per sq. m.	₱1,150 to ₱1,650	The higher the value, the higher the fair value
Conditions on sale of comparable properties	30.0%	The more onerous the conditions in contract of sale of comparable properties, the higher the fair value
Physical adjustments	75.0%	The superiority of the quality of the Company's land, the higher the fair value

Fair value of all other assets and liabilities approximates their carrying values as at reporting date are disclosed in their respective notes.

Below are the descriptions of the Company's financial instruments that are carried in the parent company financial statements as at June 30, 2024 and 2023.

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

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

Long-term Receivable

The carrying value of long-term receivables approximates its fair value based on the discounted value of future cash flows using applicable rates ranging from 1.93% to 7.08% as at June 30, 2024 and 2023 (Level 3; see Note 2).

Notes Payable

The fair value of notes payable amounting to ₱364.5 million (carrying value of ₱525.1 million) and ₱496.0 million (carrying value of ₱659.9 million) is based on the discounted value of future cash flows using applicable rates plus credit spread for similar types of loans ranging from 8.58% to 9.30% and 9.09% to 9.20% as at June 30, 2024 and 2023, respectively (Level 3; see Note 2).



### Financial Assets at FVOCI

The fair value of the listed shares of stock are determined in reference to quoted market bid prices at the close of business on the reporting date since these are mostly actively traded in organized financial market (Level 1; see Note 2).

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

## 25. Financial Risk Management Objectives and Policies

The Company's principal financial instruments include cash, receivables, financial assets at FVOCI, long-term receivables and deferred charges lodged under "Other noncurrent assets" account, short-term notes payable, notes payable and lease liabilities lodged under "Other current liabilities" and "Other noncurrent liabilities" account. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as trade and other payables, which arise directly from its operations.

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

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations on time or at reasonable prices. The Company uses cash flow approach in managing its liquidity, in this way, funding requirements under normal economic condition are met. In addition, the Company has an existing line of credit with BDO through its WCFA which allows the Company access to funds for liquidity purposes.

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

### 2024

	Within 30 Days	Within 1 Year	More than 1 Year	Total
Trade and other payables*	₱3,258,373	₱1,233,403,320	₱-	₱1,236,661,693
Short-term notes payable	-	814,933,555	-	814,933,555
Long-term loan	-	166,063,494	425,915,245	591,978,739
Lease liabilities	-	18,956,493	28,513,056	47,469,549
	₱3,258,373	₱2,233,356,862	₱454,428,301	₱2,691,043,536

\*Excluding statutory liabilities

### 2023

	Within 30 Days	Within 1 Year	More than 1 Year	Total
Trade and other payables*	₱2,877,327	₱656,464,279	₱-	₱659,341,606
Short-term notes payable	-	877,999,999	-	877,999,999
Long-term loan	-	138,750,000	531,875,000	670,625,000
Lease liabilities	-	15,072,590	10,933,894	26,006,484
	₱2,877,327	₱1,688,286,868	₱542,808,894	₱2,233,973,089

\*Excluding statutory liabilities





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

**2024**

	Within 30 days	Within 1 Year	More than 1 Year	Total
Cash	₱226,998,826	₱-	₱-	₱226,998,826
Receivables:				
Trade	-	73,965,478	-	73,965,478
Due from related parties	-	1,670,534,324	-	1,670,534,324
Long-term receivables	-	27,812,659	180,400,169	208,212,828
Planters' receivables	-	47,179,591	-	47,179,591
Advances	-	12,078,030	-	12,078,030
Others	-	37,480,860	-	37,480,860
Financial assets at FVOCI	-	211,190,112	-	211,190,112
	<b>₱226,998,826</b>	<b>₱2,080,241,054</b>	<b>₱180,400,169</b>	<b>₱2,487,640,049</b>

**2023**

	Within 30 days	Within 1 Year	More than 1 Year	Total
Cash	₱101,422,173	₱-	₱-	₱101,422,173
Receivables:				
Trade	-	42,710,349	-	42,710,349
Due from related parties	-	1,279,372,009	-	1,279,372,009
Long-term receivables	-	16,519,849	132,158,794	148,678,643
Planters' receivables	-	35,670,436	-	35,670,436
Advances	-	17,746,998	-	17,746,998
Others	-	40,880,251	-	40,880,251
Financial assets at FVOCI	-	179,355,612	-	179,355,612
	<b>₱101,422,173</b>	<b>₱1,612,255,504</b>	<b>₱132,158,794</b>	<b>₱1,845,836,471</b>

**Credit Risk**

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

With respect to credit risk arising from other financial assets of the Company, which comprise cash in banks, receivables, financial assets at FVOCI and noncurrent portion of long-term receivables, exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as stated below:

	2024	2023
Cash in banks	₱225,698,226	₱100,121,573
Receivables	1,843,391,775	1,411,398,657
Financial assets at FVOCI	211,190,112	179,355,612
Noncurrent portion of long-term receivables	162,170,345	127,105,819
Total credit risk exposure	<b>₱2,442,450,458</b>	<b>₱1,817,981,661</b>

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



The Company's cash and investment in shares of stock recognized as financial assets at FVOCI are neither past due nor impaired. The analysis of receivables is as follows:

**2024**

	Total	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired
			1-30 Days	90 Days	More than 150 Days	
Trade	₱73,965,478	₱48,063,997	₱10,236,814	₱8,354,754	₱5,160,755	₱2,149,158
Due from related parties	1,670,534,324	1,270,095	—	—	1,667,561,532	1,702,697
Planters' receivables	47,179,591	34,492,615	—	12,988	8,212,477	4,461,511
Advances	12,078,030	—	—	—	12,078,030	—
Long-term receivables	184,789,000	184,789,000	—	—	—	—
Others	37,480,860	18,138,054	—	—	7,191,009	12,151,797
	<b>₱2,026,027,283</b>	<b>₱310,506,084</b>	<b>₱—</b>	<b>₱12,988</b>	<b>₱1,695,043,048</b>	<b>₱20,465,163</b>

**2023**

	Total	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired
			1-30 Days	90 Days	More than 150 Days	
Trade	₱42,710,349	₱23,898,153	₱4,452,080	₱2,430,783	₱10,682,797	₱1,246,536
Due from related parties	1,279,372,009	4,396,170	—	—	1,274,629,673	346,166
Planters' receivables	35,670,436	9,163,879	14,788,050	6,214,238	—	5,504,269
Advances	17,746,998	—	—	—	4,587,909	13,159,089
Long-term receivables	142,380,493	142,380,493	—	—	—	—
Others	40,880,251	40,880,251	—	—	—	—
	<b>₱1,558,760,536</b>	<b>₱238,284,606</b>	<b>₱14,788,050</b>	<b>₱6,214,238</b>	<b>₱1,279,217,582</b>	<b>₱20,256,060</b>

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**2024**

	Current	Days past due			Credit-Impaired	Total
		30 Days	90 Days	150 Days		
Expected credit loss rate	0.09%	0.26%	1.12%	15.98%	100.00%	2.91%
Estimated total gross carrying amount at default	₱48,105,895	₱10,263,965	₱8,449,085	₱6,142,097	₱1,004,436	₱73,965,478
Expected credit loss	41,899	27,151	94,330	981,342	1,004,436	2,149,158

**2023**

	Current	Days past due			Credit-Impaired	Total
		30 Days	90 Days	150 Days		
Expected credit loss rate	0.10%	0.35%	2.20%	2.36%	100.00%	2.92%
Estimated total gross carrying amount at default	₱23,922,455	₱4,467,828	₱2,485,495	₱10,941,166	₱893,405	₱42,710,349
Expected credit loss	24,301	15,748	54,713	258,369	893,405	1,246,536





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

**2024**

	Grade		Total
	High	Standard	
<b>Loans and receivables:</b>			
Cash	₱226,998,826	₱—	₱226,998,826
Trade receivables	71,816,320	—	71,816,320
Planter's receivable	34,492,615	—	34,492,615
Due from related parties	1,270,095	—	1,270,095
Long-term receivables	184,789,000	—	184,789,000
Others	18,138,054	—	18,138,054
<b>Financial assets at FVOCI:</b>			
Proprietary	210,600,000	—	210,600,000
Listed	428,112	—	428,112
Unlisted	—	162,000	162,000
	<b>₱748,533,022</b>	<b>₱162,000</b>	<b>₱748,695,022</b>

**2023**

	Grade		Total
	High	Standard	
<b>Loans and receivables:</b>			
Cash	₱101,422,173	₱—	₱101,422,173
Trade receivables	41,463,813	—	41,463,813
Planter's receivable	9,163,879	—	9,163,879
Due from related parties	4,396,170	—	4,396,170
Long-term receivables	142,380,493	—	142,380,493
Others	40,880,251	—	40,880,251
<b>Financial assets at FVOCI:</b>			
Proprietary	178,800,000	—	178,800,000
Listed	393,612	—	393,612
Unlisted	—	162,000	162,000
	<b>₱518,900,391</b>	<b>₱162,000</b>	<b>₱519,062,391</b>

**Credit Quality of Financial Assets**

The credit quality of financial assets is managed by the Company using high grade and standard grade as internal credit ratings.

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

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

**Interest Rate Risk**

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



The following table sets forth the estimated change in the Company's income before income tax through the impact on floating rate borrowings due to parallel changes in the interest rate:

	2024	2023
Increase (decrease) in income before income tax at 30 basis points:		
Increase in basis points	(₱942,010)	(₱2,081,756)
Decrease in basis points	942,010	2,081,756

### Capital Management

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

	2024	2023
Short-term notes payable	₱784,999,999	₱877,999,999
Notes payable	525,070,321	659,881,967
Trade and other payables	1,247,546,535	670,209,598
Income tax payable	3,618,477	-
Other liabilities	52,135,203	52,991,285
Total debt (a)	2,613,370,535	2,261,082,849
Equity	2,875,851,131	3,763,774,131
Total debt and equity (b)	₱5,489,227,666	₱6,024,856,980
Gearing ratio (a/b)	0.48	0.38

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

## 26. Note to Statements of Cash Flows

Changes in liabilities arising from financing activities are as follows:

### 2024

	July 1, 2023	Net cash flows	Interest expense	Amortization	Dividend declaration	Reclassification	June 30, 2024
Promissory Note	₱877,999,999	(₱93,000,000)	₱-	₱-	₱-	₱-	₱784,999,999
Current interest-bearing loans and borrowings	134,811,646	(134,811,646)	-	-	-	135,634,521	135,634,521
Non-current interest-bearing loans and borrowings	525,070,321	-	-	-	-	(135,634,521)	389,435,800
Interest on loans and borrowings	7,328,374	(119,280,962)	113,293,350	3,938,354	-	-	5,279,116
Dividends payable	23,874,579	(1,458,696,472)	-	-	1,535,919,650	-	101,097,757
Lease liabilities	23,007,414	(20,149,381)	3,194,661	-	-	33,992,329	40,045,023
Total liabilities from financing activities	₱1,592,092,333	(₱1,825,938,461)	₱116,488,011	₱3,938,354	₱1,535,919,650	₱33,992,329	₱1,456,492,216





2023

	July 1, 2022	Net cash flows	Interest expense	Amortization	Dividend declaration	Reclassification	June 30, 2023
Promissory Note	₱981,499,999	(₱103,500,000)	₱-	₱-	₱-	₱-	₱877,999,999
Current interest-bearing loans and borrowings	105,872,300	(105,872,300)	-	-	-	134,811,646	134,811,646
Non-current interest-bearing loans and borrowings	659,886,967	-	-	-	-	(134,811,646)	525,070,321
Interest on loans and borrowings	10,202,374	(125,713,107)	113,091,184	9,747,923	-	-	7,328,374
Dividends payable	23,874,579	-	-	-	-	-	23,874,579
Lease liabilities	26,982,136	(14,735,309)	2,960,587	-	-	7,800,000	23,007,414
Total liabilities from financing activities	₱1,808,318,355	(₱349,820,716)	₱116,051,771	₱9,747,923	₱-	₱7,800,000	₱1,592,092,333

## 27. Supplementary Tax Information Required under Revenue Regulations (RR) 15-2010

On November 15, 2010, the Bureau of Internal Revenue (BIR) issued RR No. 15-2010 to amend certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of the parent company financial statements accompanying the tax return.

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on taxes and license fees paid or accrued during the taxable year:

### Value-added Tax (VAT)

The National Internal Revenue Code of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT.

Details of the Company's net sales/receipts, output VAT and input VAT accounts are as follows:

#### a. Sales/Receipts and Output VAT declared in the Company's VAT returns filed for the period:

	Net Sales/Receipts	Output VAT
Taxable sale of goods	₱1,153,625,736	₱138,435,088
Exempt sales	945,000	-
	₱1,154,570,736	₱138,435,088

Exempt sales pertain to the sale of raw sugar and molasses based on the provisions of the National Internal Revenue Code Section 109.

#### b. Details of the input VAT for 2024 are as follows:

Beginning balance	₱-
Current year's domestic purchases/payments for:	
Goods for resale/manufacture or further processing	
Importation	3,589,495
Presumptive	9,063,891
Goods other than for resale of manufacture	29,100,535
Services included under cost of goods sold	12,437,095
Advance payment of vat	29,246,448
Input VAT allocated to exempt sales	(59,595)
	83,377,869
Claimed against output VAT	(83,377,869)
Balances at June 30, 2024	₱-



Taxes and Licenses

This includes all other taxes, local and national, including real estate taxes, licenses and permit fees included under the “Taxes and licenses” account both under the “Cost of goods sold and milling and tolling services” and “Operating expenses” sections in the 2024 parent company statement of income.

Details consist of the following:

***Included under Cost of Goods Sold and Milling  
and Tolling Services:***

License and permits fees	₱5,809,000
Input VAT allocated to exempt sales	59,595
Real estate taxes	1,275,147
Documentary stamp taxes	681,401
Others	308,079
	<hr/>
	8,133,222

***Included under Operating Expenses:***

Documentary stamp taxes	6,485,968
Real estate taxes	591,305
License and permits fees	458,089
Others	8,090,869
	<hr/>
	15,626,231
	<hr/>
	₱23,759,453

Withholding Taxes

Details of withholding taxes for the year are as follows:

Withholding taxes on compensation	₱2,728,310
Expanded withholding taxes	22,139,029
	<hr/>
	₱24,867,339

Tax Assessments and Cases

The Company has no pending tax assessments with the BIR and no tax cases under preliminary investigation, litigation, and/or prosecution in courts or bodies outside the BIR.





**CENTRAL AZUCARERA DE TARLAC, INC.  
INDEX TO FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE**

**SUPPLEMENTARY SCHEDULES**

Reconciliation of Retained Earnings Available for Dividend Declaration

Conglomerate Map

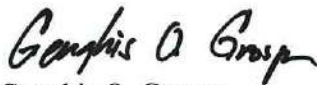
Financial Soundness Indicators

## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

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

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of Central Azucarera de Tarlac, Inc. as at and for the years ended June 30, 2024 and 2023 and have issued our report thereon dated October 8, 2024. Our audits were made for the purpose of forming an opinion on the parent company financial statements taken as a whole. The schedules listed in the Index to the Parent Company Financial Statements and Supplementary Schedules are the responsibility of the Company's management. The schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic parent company financial statements. These schedule has been subjected to the auditing procedures applied in the audit of the basic parent company financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



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



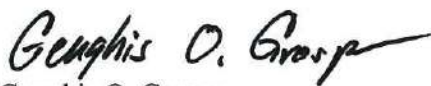


## **INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

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

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of Central Azucarera de Tarlac, Inc. as at June 30, 2024 and 2023, and for the years then ended, and have issued our report thereon dated October 8, 2024. Our audits were made for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic parent company financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the parent company financial statements as at June 30, 2024 and 2023, and for the years then ended and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



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



**Reconciliation of Retained Earnings Available for Dividend Declaration**

For the reporting period ended June 30, 2024

**CENTRAL AZUCARERA DE TARLAC, INC.  
San Miguel, Tarlac City**

<b>Unappropriated Retained Earnings, beginning of reporting period (July 1, 2023)</b>		<b>₱321,702,411</b>
<b>Add: Category A: Items that are directly credited to Unappropriated Retained Earnings</b>		
Reversal of Retained Earnings Appropriation/s	1,500,000,000	
Effect of restatements or prior-period adjustments	-	
Others	-	1,500,000,000
		<hr/>
<b>Less: Category B: Items that are directly debited to Unappropriated Retained Earnings</b>		
Dividend declaration during the reporting period	(1,535,919,650)	
Retained Earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others	-	(1,535,919,650)
		<hr/>
<b>Unappropriated Retained Earnings, as adjusted</b>		<b>285,782,761</b>
<b>Add/Less: Net Income (loss) for the current year</b>		<b>413,376,551</b>
		<hr/>
<b>Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-	
Unrealized fair value gain of Investment Property	(292,974,150)	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total		(292,974,150)
		<hr/>
<b>Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-	
Realized fair value gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total		-
		<hr/>



**Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)**

Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents

Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVTPL

Reversal of previously recorded fair value gain of Investment Property

Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded

—

—

—

—

Sub-total

—

**Adjusted Net Income/Loss:**

**406,185,162**

**Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)**

Depreciation on revaluation increment (after tax)

—

Sub-total

—

**Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP**

Amortization of the effect of reporting relief

Total amount of reporting relief granted during the year

Others

—

—

—

Sub-total

—

**Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends Distribution**

Net movement of treasury shares (except for reacquisition of redeemable shares)

Net movement of deferred tax asset not considered in the reconciling items under the previous categories

Net movement in deferred tax asset and deferred tax liabilities related to Same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable

Adjustment due to deviation from PFRS/GAAP - gain (loss)

Others

—

—

—

—

—

Sub-total

—

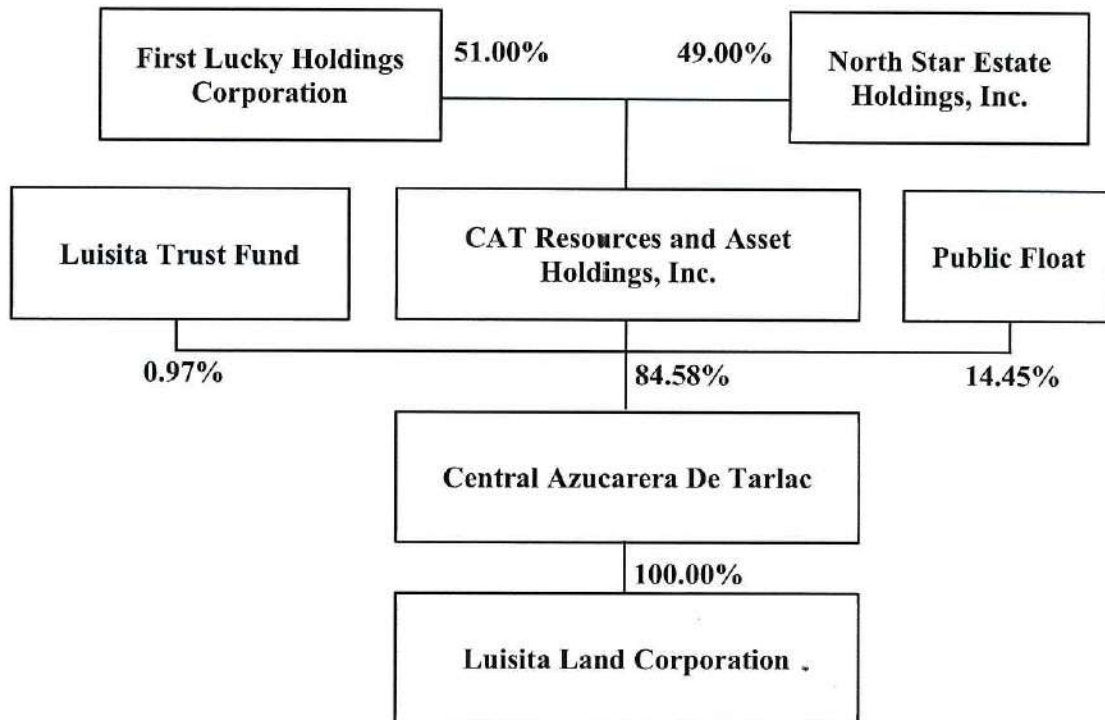
**Total Retained Earnings, end of the reporting period available for dividend**

**P406,185,162**

**CENTRAL AZUCARERA DE TARLAC, INC.**

**CONGLOMERATE MAP**

**AS AT JUNE 30, 2024**





**CENTRAL AZUCARERA DE TARLAC, INC.****FINANCIAL SOUNDNESS INDICATORS**

AS AT JUNE 30, 2024

	<b>FORMULA</b>	<b>2024</b>	<b>2023</b>
<b>LIQUIDITY RATIOS</b>			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	<b>1.23</b>	1.29
Acid test ratio	$\frac{\text{Cash} + \text{Accounts receivable}}{\text{Current liabilities}}$	<b>0.95</b>	0.89
<b>SOLVENCY RATIOS</b>			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	<b>1.00</b>	0.65
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	<b>2.00</b>	1.65
Net debt to equity ratio	$\frac{\text{Total liabilities} - \text{Cash}}{\text{Total equity}}$	<b>0.92</b>	0.62
Interest coverage ratio	$\frac{\text{Earnings before interest and tax}}{\text{Interest expense}}$	<b>4.65</b>	2.44
<b>PROFITABILITY RATIOS</b>			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	<b>0.16</b>	0.16
Return on equity	$\frac{\text{Net income after tax}}{\text{Total equity}}$	<b>0.14</b>	0.04

## Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

### Contextual Information

Company Details	
Name of Organization	Central Azucarera de Tarlac, Inc.
Location of Headquarters	San Miguel, Tarlac City, Tarlac
Location of Operations	San Miguel, Tarlac City, Tarlac
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Central Azucarera de Tarlac, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	Central Azucarera de Tarlac ("CAT") is engaged in the business of manufacturing sugar and its by-products
Reporting Period	July 1, 2023 to June 30, 2024
Highest Ranking Person responsible for this report	Atty. Adison B. Castro, Compliance Officer Engr. Noel M. Payongayong PME, VP Operation/Resident Manager

*\*If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

### Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. <sup>1</sup>
<p>A focus group was created to determine the materiality of data covered by the scope of this Sustainability Report. The focus group composed of representatives from different departments of the Company evaluated impacts of the company's operations to the economy, society and environment towards sustainable development.</p> <p>The following were considered to be the material indicators for their significant economic, environmental, and social impacts of the Company:</p> <ul style="list-style-type: none"><li>• Economic performance</li><li>• Compliance with laws, rules and regulations, and policies of the government</li><li>• Procurement practices</li><li>• Consumption and conservation of energy, water and other raw materials</li><li>• Management of impact to the environment</li><li>• Management of labor</li><li>• Relationship with the community</li></ul>

<sup>1</sup> See [GRI 102-46](#) (2016) for more guidance.



**ECONOMIC**

**Economic Performance**

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	5,286,079,400	PhP
Direct economic value distributed:		
a. Operating costs	2,252,797,962	PhP
b. Employee wages and benefits	136,527,930	PhP
c. Payments to suppliers, other operating costs	568,129,487	PhP
d. Dividends given to stockholders and interest payments to loan providers	1,662,941,566	PhP
e. Taxes given to government	490,559,760	PhP
f. Investments to community (e.g. donations, CSR)	1,000,000	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company's operations directly impact the economy of its, employees, planters, suppliers, community, and the government. Part of the gross revenue is allotted for the salaries and wages of the Company's employees, payment to the services rendered and/or products provided by suppliers, taxes due to the government.	Employees, suppliers, planters, community, and the government.	The Company ensures compliance with laws, rules and regulations, and policies in relation to the proper treatment of labor, including payment of salaries and wages, faithful compliance with obligations contractual relations with planters, suppliers, and payment of correct taxes.
What are the Risk/s and Opportunities Identified?	Which stakeholders are affected?	Management Approach
Change or amendment in laws, rules and regulations and policies of the government, including its agencies.	Employees, planters suppliers, community, and the government.	The Company ensures compliance with the laws rules and regulations and policies of the government, including its agencies, are properly observed by the Company.  The Management conducts weekly meetings during the milling season to

		discuss business operations, including risks and opportunities.
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[Climate-related risks and opportunities<sup>2</sup>](#)

<b>Governance</b>	
Disclose the organization’s governance around climate-related risks and opportunities	
a) Describe the board’s oversight of climate-related risks and opportunities	The Board exercises its oversight function in the operations of the Company including identification of climate related risks and opportunities.
b) Describe management’s role in assessing and managing climate-related risks and opportunities	The Management conducts weekly meetings, where they identify and assess risks and opportunities, including climate related, through the report of department heads/units. A dedicated team regularly monitors weather conditions, more particularly rainfall, to determine or predict the yield of planted sugar canes.

<b>Strategy</b>	
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	Being agriculturally dependent, the Company’s business relies on the volume of planted and harvested sugar cane. The productivity of sugarcane and sugar is strongly influenced by climatic conditions from planting to harvesting.
b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.	No sufficient data available to determine climate related risks and opportunities.
c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	No sufficient data available to determine resilience of the organization’s strategy.

<sup>2</sup> Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.



<b>Risk Management</b>	
Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks	Each department/unit head is tasked to report risks identified by his/her department/unit, including climate change related risks.
b) Describe the organization's processes for managing climate-related risks	No sufficient data available to determine processes for managing climate-related risks.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	

<b>Metrics and Targets</b>	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Describe the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	No data available.
b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	No data available.

### **Procurement Practices**

#### Proportion of spending on local suppliers

<b>Disclosure</b>			<b>Quantity</b>	<b>Units</b>
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers:				
Purchase Requisition	Fabrication	7,324,182.16	Per PR =	%
	Indent	66,804,992.03		
	Local	397,709,191.99		
	TOTAL	471,838,366.18		
Purchase Order	Fabrication	7,062,864.00	Per PO =	%
	Indent	59,446,074.66		
	Local	366,940,344.21		
	TOTAL	433,449,282.87		

Material Receipt	Fabrication	4,655,135.22		%
	Indent	24,969,501.31		
	Local	173,214,426.47		
	TOTAL	202,839,063.01 (Actual Delivery)		

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company sources its supply of sugar cane from local sugar cane farmers/planters, which are mostly located within the province of Tarlac. The Company also engages services of local suppliers for repairs, construction, procurement of supplies etc. The operations of the Company provide livelihood to the community.	Suppliers, particularly the farmers/planters.	The Company ensures compliance with its internal mechanism of procuring services and/or products.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company has encountered low supply of sugar cane, which can be attributed to both natural causes and to man-made causes. Some farmers shifted into planting other crops which can be harvested quickly compared to sugar cane.	Suppliers, particularly the farmers/planters.	The Company constantly monitors procurement of supplies and services from local suppliers. It also provides assistance to local farmers/planters in the planting and harvesting of sugar cane.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Procurement of sugarcane planted and harvested within the province ensures that the sugarcanes are at their peak condition for processing and the farmers/planters are adequately compensated.	Suppliers, particularly the farmers/planters.	The Company prioritizes procurement of supplies and services within the province.

## **Anti-corruption**

### Training on Anti-corruption Policies and Procedures

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	No available data	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	No available data	%
Percentage of directors and management that have received anti-corruption training	No available data	%
Percentage of employees that have received anti-corruption training	No available data	%

### Incidents of Corruption

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Number of incidents in which directors were removed or disciplined for corruption	none	#
Number of incidents in which employees were dismissed or disciplined for corruption	none	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	none	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>Anti-corruption policies and practices enables the Company to protect itself, employees, and suppliers.</p> <p>The Company has a procurement team, which sets the guidelines in the procurement of supplies and/or services.</p>	Employees, Suppliers	The Company ensures compliance with laws, rules, and regulations relative to anti-corruption or anti-bribery. Further, the Company discourages/prohibits employees from receiving gifts from third-parties by reason of their employment.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No sufficient available data to determine the risks and the affected stakeholders.		The Company has put in place policies on Conflict of Interest, which prohibits employees, officers and directors to engage in personal or business interest that is antagonistic to that of the



		<p>corporation or stands to acquire or gain financial advantage at the expense of the corporation. The Company has a policy on whistleblowing which provides for formal procedure for anyone to raise his/her concerns regarding an illicit or unethical event inside the Company.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>No sufficient available data to determine opportunities in managing incidents of corruption.</p>		

## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources – purchased and generated)	<b>342,716.57</b>	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	0	GJ
Energy consumption (electricity – purchased and generated) Generated 8,803,144.80 kwh Renewable Purchased 6,780,935.00 kwh Non Renewable	<b>15,584,079.80</b>	kWh

#### Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	Not applicable	GJ
Energy reduction (LPG)	Not applicable	GJ
Energy reduction (diesel)	Not applicable	GJ
Energy reduction (electricity)	No sufficient data can be provided.	kWh

#### Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
<ul style="list-style-type: none"> <li>• renewable</li> </ul>	83,604.04	Tons
<ul style="list-style-type: none"> <li>• non-renewable</li> </ul>	No available data	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services		%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company recognizes that its energy consumption produces an impact to the environment, particularly the emission of pollutants. The Company has shifted to using renewable materials in producing energy for the operations of its plant.	Community.	The Company utilizes its own energy, which is a by-product in the processing of sugar cane to minimize consumption of other forms of energy. The materials used in the operations are renewable.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company's reference in using renewable energy significantly decreased risk of producing carbon footprint.	Community	The Company ensures compliance with environmental laws, rules and regulations, and policies to minimize or control its environmental impact.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company continues to study means on how to further conserve energy and utilize the use of biomass in producing energy.	Community.	The Company ensures that steps towards utilizing renewable energy is compliant with environmental laws, rules and regulations, and policies to minimize or control its environmental impact.

Water consumption within the organization

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Water withdrawal	20,845,747.95	Cubic meters
Deepwell      1,065,641.65		
Surface      19,780,106.30		
Water consumption	19,122,130.73	Cubic meters
Deepwell      1,065,641.65		
Surface      18,056,489.08		
Water recycled and reused	18,626,803.65	Cubic meters
Deepwell      570,314.57		
Surface      18,056,489.08		
Condensate		



<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company's operations heavily rely on water supply as the processing from sugar cane involves water consumption	Community	The Company ensures that water withdrawal and consumption is monitored and that proper conservation for recycling and re-using water is in place.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company recognizes the risk of possible water shortage due to increasing competition from non-agricultural and water demands from the energy and industry sectors.	Community	The Company ensures that water withdrawal and consumption is monitored and that proper conservation and management of water are in pace such as recycling/reusing.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company manages water risks by identifying protocols in water usage, and improving means in water recycling and/or reusing.	Community	The Company ensures that water withdrawal and consumption is monitored and that proper conservation and management of water are in pace such as recycling/reusing.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable	
Habitats protected or restored	Not applicable	ha
IUCN <sup>3</sup> Red List species and national conservation list species with habitats in areas affected by operations	Not applicable	

<sup>3</sup> International Union for Conservation of Nature

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company does not own, lease, or manage sites near or adjacent to protected areas and areas of high biodiversity value outside protected areas.		
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company does not own, lease, or manage sites near or adjacent to protected areas and areas of high biodiversity value outside protected areas.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company does not own, lease, or manage sites near or adjacent to protected areas and areas of high biodiversity value outside protected areas.		

## Environmental impact management

### Air Emissions

#### GHG

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Direct (Scope 1) GHG Emissions	n/a	Tonnes CO <sub>2</sub> e
Energy indirect (Scope 2) GHG Emissions	n/a	Tonnes CO <sub>2</sub> e
Emissions of ozone-depleting substances (ODS)	n/a	Tonnes

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company does not emit GHG or ODS since it uses biomass fuel energy.		The Company ensures compliance with relevant environmental laws, rules and regulations, and policies. Safety measures are undertaken to produce minimal impact on the environment. The Company decided to stop the use of bunker fuels or other fuels that emit GHG and ODS and has shifted to biomass fuel energy production from plants and animals.

<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company does not emit GHG or ODS since it uses biomass fuel energy. Thus, GHG or ODS risks are not applicable.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company does not emit GHG or ODS since it uses biomass fuel energy. Thus, GHG or ODS opportunities are not applicable.		

Air pollutants

Disclosure	Average	Units
NO <sub>x</sub> BGW    RLY    RK1    RK2  9.46    12.72	undetermined	Kg
SO <sub>x</sub> BGW    RLY    RK1    RK2  6.26    3.55	50.6	Kg
Persistent organic pollutants (POPs)	n/a	kg
Volatile organic compounds (VOCs)	n/a	kg
Hazardous air pollutants (HAPs)	n/a	kg
Particulate matter (PM)	78,441.90	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company's level of recorded air pollutants is compliant with environmental laws. However, air pollution may impact the health of its employees and the community.	Employees and Community	The Company shall ensure compliance with environmental laws, rules and regulations and shall strictly monitor its operations to ensure air pollutants are maintained at a minimum level.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Air pollutants may pose minimal health risk to the employees and members of the community.	Employees and Community	The Company shall ensure compliance with environmental laws, rules and regulations and shall strictly monitor its



		operations to ensure air pollutants are maintained at a minimum level.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No sufficient data is available to accurately define opportunities brought by the Company's operations.		

## **Solid and Hazardous Wastes**

### *Solid Waste*

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total solid waste generated		kg
Reusable (Biodegradable, Filter Cake, Boiler Ash)	6,134,066.00	kg
Recyclable – Bagasse	125,224,981	kg
Composted – Organic/Compost Prod. (Including Purchased)	3,447,430.00	kg
Incinerated	n/a	kg
Residuals/Landfilled (Garbage)	29,880.00	kg

### *Hazardous Waste*

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total weight of hazardous waste generated	687	kg
Total weight of hazardous waste transported	None	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company's solid wastes such as sugar cane press mud are turned into fertilizer and feed supplements.  The Company's hazardous wastes may have a great impact on the environment.	Community	The Company ensures compliance with environmental laws, rules and regulations, and policies in managing solid wastes and hazardous wastes. The Company has devised ways for the safe recycle/reuse of the solid wastes.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Hazardous wastes may pose minimal health risk to the	Employees and community.	The Company ensures compliance with environmental laws, rules and regulations,

employees and members of the community.		and policies in managing solid wastes and hazardous wastes.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company conducts study and experiment on other uses of solid waste.	Suppliers and community	The Company conducts study and experiment on compost tea brewer assoil conditioner to bring back nutrients to the soil. This approach may help increase the yield or produce of farmers/planters.

### Effluents

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total volume of water discharges	37,664.35	Cubic Meters
Percent of wastewater recycled	N/A	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company's effluents may have an impact on the environment and on the health of the people living within the community.	Community	The Company ensures compliance with environmental laws, rules and regulations, and policies in managing wastewater. Proper safeguards have been set up to conserve water.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No sufficient data available to determine risks of the effluents.		The Company ensures compliance with environmental laws, rules and regulations, and policies in managing wastewater. Proper safeguards have been set up to conserve water.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No sufficient data available to determine the opportunities related to the effluents.		

**Environmental compliance**

Non-compliance with Environmental Laws and Regulations

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	None	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	None	#
No. of cases resolved through dispute resolution mechanism	None	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company ensures compliance with environmental laws, rules and regulations, and policies. Thus, no monetary or non-monetary sanctions were meted against the Company.		
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company ensures compliance with environmental laws, rules and regulations, and policies. Thus, no monetary or non-monetary sanctions were meted against the Company.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company ensures compliance with environmental laws, rules and regulations, and policies. Thus, no monetary or non-monetary sanctions were meted against the Company.		



## SOCIAL

### **Employee Management**

#### Employee Hiring and Benefits

##### Employee data

Disclosure	Quantity	Units
Total number of employees <sup>4</sup>	329	
a. Number of female employees	43	#
b. Number of male employees	286	#
Attrition rate <sup>5</sup>	14%	rate
Ratio of lowest paid employee against minimum wage	1.00%	ratio

##### Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	Y	4.65%	2.8%
Vacation leaves	Y	81.4%	88.10%
Sick leaves	Y	81.4%	88.10%
Medical benefits (aside from PhilHealth)	Y	81.4%	88.10%
Housing assistance (aside from Pag-ibig)	N	Not Applicable	
Retirement fund (aside from SSS)	Y	2.56%	2.83%
Further education support	Y		
Company stock options	N	Not Applicable	Not Applicable
Telecommuting	N	Not Applicable	Not Applicable
Flexible-working Hours	N	Not Applicable	Not Applicable
(Others) Life Insurance	Y	100%	100%

<sup>4</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

<sup>5</sup> Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

<p><b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b></p>	<p><b>Management Approach</b></p>
<p>The Company provides local employment within the province with majority of its employees based in Tarlac. It offers employment opportunities to nearby provinces like Pampanga, Pangasinan, Nueva Ecija La Union, Benguet and as far as Ilocos region.</p>	<p>The Company ensures compliance with labor laws, rules and regulations, and policies implemented by the Department of Labor and Employment and other government agencies.</p>
<p><b>What are the Risk/s Identified?</b></p>	<p><b>Management Approach</b></p>
<p>The available manpower pool becomes smaller due to several factors, such as competing labor demand from rising developments in the province, specifically near CAT and nearby provinces. In addition, attractive offers for skilled workers abroad becomes a threat to the company as it may lose experienced employees. Pool for qualified blue collared jobs also decreased. The rise in popularity of remote and freelance work also attracts employees to transfer to other companies offering such work arrangement. Furthermore, as experienced workers retire, the threat of skills gap is looming as new employees who are less experienced cannot immediately match the retired employees' expertise.</p>	<p>The Company ensures compliance with labor laws, rules and regulations, and policies implemented by the Department of Labor and Employment and other government agencies.</p> <p>The Company also provides additional benefits and engagement programs for the welfare of its employees and their dependents.</p> <p>To address the increase in attrition, the Company took advantage of internal hiring which also opened opportunities for career advancement for experienced and high-performing workers. Coaching and mentorship facilitated the easier and smoother transfer of knowledge to younger but high-potential employees.</p>
<p><b>What are the Opportunity/ies Identified?</b></p>	<p><b>Management Approach</b></p>
<p>With the transition of retiring employees, more opportunities are provided to prepare the remaining employees for bigger responsibilities and roles that can challenge them to reach their full potential. Seeing colleagues move up motivate employees to aspire for higher roles.</p> <p>Further, the rising developments in the area attracted potential applicants' attention and the company is highlighted as a pioneer in the industrialization of the area.</p>	<p>The Company's recruitment processes were made more flexible and internal hiring became a steady source of cross-functional talents, who are more familiar to the company's business operations.</p> <p>The Company also supported training programs that will upskill and retool employees to be more adaptable to more advanced technologies and trends.</p> <p>The Management encouraged innovation and openness to change as way to adapt to the developments in the industry and the area where we operate.</p>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	1,017	hours
b. Male employees	3,704	hours
Average training hours provided to employees		
a. Female employees	23.65%	hours/employee
b. Male employees	12.51%	hours/employee

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The Company provides its employees with relevant trainings to excel in their jobs, prepare them for greater responsibilities, and advancement in their careers. By creating cross-functional teams, employees gain new perspectives and practical experience that will further enhance their knowledge of the business. These training opportunities also attract potential employees.	The Company ensures that the Selection and Hiring Policy is properly observed. It also continuously assesses and allocates training programs for the employees.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Some employees eventually resign after receiving training in exchange for opportunities in other industries and/or companies. This affects transfer of knowledge.	The Company designed programs for retention programs to attract employees to stay.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
The Covid-19 pandemic introduced virtual or online training programs that are relatively cheaper and more convenient for employees. Post-pandemic, the Company still takes advantage of these advancements in the field of talent development, thus reducing training costs and minimizing disruptions in operations, while ensuring quality of the training program and credibility of the providers.	The Company recognizes the potential of this trend and has continued availing online training opportunities in lieu of the traditional mode of training, whenever applicable.



Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	Not applicable.	%
Number of consultations conducted with employees concerning employee-related policies	2	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
Employees feel heard and involved, thus instilling in them a sense of accountability in complying with the said policies.	Management encourages the active involvement of the Labor-Management Cooperation (LMC) group in the design, implementation and evaluation of policies, programs and activities that promote the employees' and the community's welfare.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Too much involvement may sometimes hinder timeliness of decision-making.	The Company allows the LMC to conduct meetings among themselves to narrow down options to be suggested.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Constant and open dialogue between the management and employees' representatives fosters good relations and opportunities to relay concerns. Potential sources of employees' dissatisfaction are immediately identified and addressed.	Monthly meetings are being conducted to discuss pressing issues of the Company and the employees.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	12.16%	%
% of male workers in the workforce	87.90%	%
Number of employees from indigenous communities and/or vulnerable sector*	4	#

*\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
While there is a small representation of female workers, majority of them occupy critical positions in the organization.	The Company ensures that hiring and promotion are based on merit and fitness. The Company does not adapt criteria which will result into discrimination based on gender, age, race or religion and ensures compliance to mandated laws for the vulnerable sectors. Moreover, disciplinary measures are in accordance with the prevailing laws, rules and regulations.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Some conditions inherent to the nature of work may come in conflict with the nondiscrimination policy (e.g. working at heights for people with certain disabilities).	The Company, first and foremost, considers the safety of its employees in assigning tasks to the latter. It ensures that the medical and social needs of its employees are being addressed. Reassignment may be considered if an employee's current role may pose a safety or health risk.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Through proper support and empowerment, employees from the vulnerable sector are able to contribute greatly to the attainment of the Company's targets and objectives.	The Company ensures that proper and ample support will be provided thru coaching, training opportunities and equal treatment.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Safe Man-Hours	1,295,520.00	Man-hours
No. of work-related injuries	6	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	1	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The Company's operations is exposed to certain occupational hazards.	The Company ensures compliance with laws, rules and regulations and policies on health and occupational safety.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Employees may be at risk to certain occupational hazards or work-related accidents, which are unforeseen in the ordinary course of operations.	The Company ensures compliance with laws, rules and regulations and policies on health and occupational safety.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No sufficient data available.	

#### Labor Laws and Human Rights

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

<b>Topic</b>	<b>Y/N</b>	<b>If Yes, cite reference in the company policy</b>
Forced labor	Y	Anti-Sexual Harassment Policy
Child labor	Y	4.1.10 of Selection and Hiring Policy
Human Rights	Y	Anti-Sexual Harassment Policy, Drug-free Workplace Program, Health Programs (HIV and Aids Prevention, Tuberculosis and Hepatitis Prevention, Mental Health Policy)

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The Company maintains compliance with its policies, which are related to labor laws and human rights issues. Employees' rights are being upheld and protected.	The Company ensures compliance with labor laws, rules and regulations, and policies. The Company is committed in observing its Mission and Vision Statement, company policies such as Anti-Sexual Harassment Policy, Drug-free Workplace Program and Mental Health Policy. Moreover, the Company is also dedicated in ensuring that the Corporate



	Social Responsibility programs benefits its employees and the community.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
The Company has identified that non-compliance to labor laws and human rights may pose a risk to its employees. Furthermore, the Company may also suffer from litigation and/or payment of fines from governing bodies for noncompliance.	The Company, through its HR Department, ensures the proper implementation of labor laws and coordinates with the Department of Labor and Employment and other attached agencies thru submission of regular reports, cascading of newly formulated guidelines to concerned employees, participation during meetings, consultations and trainings and cooperation during compliance inspections.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
The Company maintains its notable track record in compliance and upholds its status as a reputable employer	The Company maintains its good relations with the DOLE and attached agencies, local branches of the SSS, Philhealth, PAGIBIG and BIR, Provincial and City Employment Service Offices and administrators of nearby companies.

### **Supply Chain Management**

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

\_\_\_\_\_

Do you consider the following sustainability topics when accrediting suppliers?

<b>Topic</b>	<b>Y/N</b>	<b>If Yes, cite reference in the supplier policy</b>
Environmental performance	Y	6.9.6, 7.1 of Vendor Accreditation Procedure
Forced labor	Y	The Company considers that rights under existing laws to prevent forced labor, child labor and other human rights issue are obligatory.
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	6.9.7, 6.9.8, 7.3 of Vendor Accreditation Procedure

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
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No sufficient available data.	The Company requires that its suppliers comply with relevant laws, rules and regulations, and policies relating to security of data.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
No sufficient available data.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No sufficient available data.	

## **Relationship with Community**

### **Significant Impacts on Local Communities**

<b>Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)</b>	<b>Location</b>	<b>Vulnerable groups (if applicable)*</b>	<b>Does the particular operation have impacts on indigenous people (Y/N)?</b>	<b>Collective or individual rights that have been identified that or particular concern for the community</b>	<b>Mitigating measures (if negative) or enhancement measures (if positive)</b>
The Company has provided the local community with opportunity for employment and business opportunities.	Barangays surrounding plant.	Not applicable	No.	Not applicable.	Not applicable.

*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: Not applicable

<b>Certificates</b>	<b>Quantity</b>	<b>Units</b>
FPIC process is still undergoing	Not applicable	#
CP secured	Not applicable	#

<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Not applicable.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Not applicable.	

## **Customer Management**

### *Customer Satisfaction*

<b>Disclosure</b>	<b>Score</b>	<b>Did a third party conduct the customer satisfaction study (Y/N)?</b>
Customer satisfaction	0/0	N

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
While the Company maintains good relationship with its customers, there is no sufficient data to determine the impact of managing customer satisfaction.	
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
No sufficient data to determine the risks in managing customer satisfaction since the customers do not answer the feedback forms given by the management.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No sufficient data to determine the opportunities in managing customer satisfaction since the customers do not answer the feedback forms given by the management.	

### *Health and Safety*

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*



<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
No sufficient available data.	The Company ensures compliance with relevant laws, rules and regulations, and policies relating to food.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
No sufficient available data.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No sufficient available data.	

*Marketing and labelling*

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
No sufficient available data.	
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
No sufficient available data.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No sufficient available data.	

*Customer privacy*

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

*\*Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

<b>What is the impact and where does it occur? What is the organization’s involvement in the impact?</b>	<b>Management Approach</b>
No sufficient available data.	The Company ensures compliance with the Data Privacy Act, other relevant laws, rules and regulations, and policies relating to security of data. The Company does not retain personal information not necessary for the conduct of its business.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
No sufficient available data.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No sufficient available data.	

**UN SUSTAINABLE DEVELOPMENT GOALS**

Product or Service Contribution to UN SDGs  
Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Manufacturing of sugar.	SDG 2: Zero hunger	No available data.	No available data.

*\* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*