

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **31 December 2021**
2. SEC Identification Number **A199701848** 3. BIR Tax Identification No. **200-302-092-000**
4. Exact name of issuer as specified in its charter **AGRINURTURE, INC.**
5. **Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **No. 54 National Road, Dampol II-A, Pulilan, Bulacan, Philippines 3005**
Address of principal office Postal Code
8. **044-8156340**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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Common Shares	1,024,446,888* / Php – 1,788,486,730 As of 31 December 2021
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Title of Each Class	Number of Shares of Common Listed Stock
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Common Shares	535,693,037
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Title of Each Class	Number of Shares of Unlisted Common Stock
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Common Shares	488,753,851
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11. Are any or all of these securities listed on a Stock Exchange?

Yes ☒ No ☐

12. Check whether the issuer:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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

Php 2,799,283,967.06 (number of shares owned by public, 423,006,183 multiplied by PSE trading price, Php 5.30 as of 31 March 2022)

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes ☐ No ☐ **Not applicable**

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- | | |
|--|-----------------------|
| (a) Any annual report to security holders; | Not applicable |
| (b) Any information statement filed pursuant to SRC Rule 20; | Not applicable |
| (c) Any prospectus filed pursuant to SRC Rule 8.1. | Not applicable |

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Incorporated on 04 February 1997, AgriNurture, Inc. (the “Company” or “ANI”) started its business operations in the same year as an importer, trader and fabricator of post-harvest agricultural machineries intended to improve the productivity as well as increase the income of Filipino farmers. Formerly known as Mabuhay 2000 Enterprises, Inc., ANI was the first to bring into the Philippine market the Mega-Sun brand of grain dryers and thereafter established itself as one of the more reliable local supplier and manufacturer of conveyor systems and other rice mill equipment.

ANI eventually diversified into other various agro-commercial businesses, specifically focusing on the export trading of fresh Philippine Carabao Mangoes as its main revenue stream. Since then, ANI has become one of the Philippines’ top fresh mango exporters to the world market. At present, ANI also supplies other home-grown fruits such as banana and pineapple to customers in Hong Kong, Mainland China, the Middle East and to the different European regions.

ANI ventured into the importation and trading of rice in the first quarter of 2015 and has since then participated in the rice importation program for private sector on the National Food Authority.

Currently, the Company conducts its business through operating divisions and wholly-owned or majority-owned subsidiaries that are organized into two (2) groups, namely: (i) Philippine Operations and (ii) Foreign Operations.

The Philippine Operations Group is organized into three business units: (1) Export, (2) Local Distribution, and (3) Retail & Franchising. Meanwhile, Foreign Operations is principally fruits and vegetables trading in Hong Kong and China.

1. Philippine Operations
 - a) Export
 - b) Local Distribution
 - c) Retail & Franchising
2. Foreign Operations
 - a) Hong Kong
 - b) China

Philippine Operations

Export

The Company’s Export Group is in charge of marketing abroad as well as sourcing the best quality produce possible to satisfy its growing number of clients. This group is the top dollar earner of ANI by exporting all kinds of fruits, vegetables and other agri products but its main export products are fresh banana, fresh mango and coconut water.

- i. Banana – the main variety for banana export is Cavendish and its main production area is in Mindanao. The Export Group sources its supply from independent growers and from established corporate plantations to consolidate as much supply as it can to satisfy its clients in China, Korea, Middle East and Russia.
- ii. Mango – Carabao mango (*Mangifera indica* L.) is the variety exported by ANI. The Export Group sources its mangoes from all over the Philippines via a network of growers and suppliers who have been in the mango business for decades. The Export Group also taps the various mango contract growers of ANI. These mango growers follow the strict mango production system prescribed by the Government to comply with good agricultural practices as well as the pesticide spraying protocol. By adhering to these strict standards, ANI’s mango exports can be accepted by any stringent market abroad. The Export Group manages all the processes involved in exporting mango with hot water treatment (HWT) and vapor heat treatment (VHT) capability.

- iii. Coconut water - Coconut water is one of the most exciting ANI products in the market today for both local and export. This product is exported by the ANI Export Group to USA, Canada, Hong Kong, Australia, New Zealand and the Middle East. The facility used for processing and packing the coconut water for export is under ANI's wholly-owned subsidiary, M2000 IMEX Co., Inc.

Local Distribution Group

The Local Distribution Group is composed of several companies. ANI Parent, First Class Agriculture Corporation (FCA), Fresh and Green Harvest Agricultural Company, Inc. (FG), Lucky Fruit and Vegetable Products, Inc. (LF), Best Choice Harvest Agricultural Corporation (BCHAC) and Farmville Farming Co. Inc. are the main distribution arms of ANI's agricultural products under the "FCA" (Fresh Choice Always) brand.

ANI and its subsidiaries are one of the largest wholesalers of fresh vegetables to leading supermarkets, currently concentrated in Metro Manila with few branches in Luzon. In addition, they supply fresh vegetables to in-house brands of various supermarkets.

In the local front, fruits and vegetables are sourced on a nationwide scale from the following suppliers: ANI subsidiaries, farmers with supply contracts, and buying stations.

Meanwhile, the Distribution Group with the intention to boost revenues started exploring new and innovative distribution methods such as direct selling approach to address consumers and institutional buyers' need for fresh produce. ANI has likewise explored venturing into technology based applications to directly supply consumers.

Finally, the Distribution Group will undertake aggressive expansion of its product portfolio. It has commenced the research and development of new products such as processed foods, grains, and condiments. To complement said expansion, the Distribution Group will use modern technology to increase the shelf life of their products.

The Company has the following direct and indirect subsidiaries under its Local Distribution Group:

- a. M2000 IMEX Company, Inc.
 - b. First Class Agriculture Corporation
 - c. Fresh and Green Harvest Agricultural Corporation
 - d. Lucky Fruit and Vegetable Products, Inc.
 - e. Best Choice Harvest Agricultural Corporation
 - f. Fresh & Green Palawan Agriventures, Inc.
 - g. Fruitilicious Company, Inc.
 - h. Farmville Farming Co., Inc.
- a. M2000 IMEX Company, Inc. (IMEX)

IMEX is a wholly-owned subsidiary of the Company and is engaged in the manufacturing and processing of its own brand of canned fruit products such as coconut juice. IMEX likewise provides toll-packing services to several companies and is operating a blast freezing unit to serve the overseas demand for frozen fruits, root crops and leafy vegetables. IMEX's products are principally produced for export, with its largest markets being North America (93%), Asia (3%), and Domestic (4%).

In November 2012, IMEX entered into a Shareholders' Agreement and Subscription Agreement with Tolman Manufacturing, Inc. (TMI) for the management and operation of a Tetra Pak Line for, among others, coconut water and other packaged goods located in the export processing zone in Carmelray, Laguna.

- b. First Class Agriculture Corporation (FCAC)

FCAC, a wholly-owned subsidiary of the Company, is engaged in the distribution of fruits and vegetables to supermarket chains, where it markets its products under the "FCA" (First Choice Always) brand. It supplies more than 100 varieties of vegetables and local fruits daily to various supermarket chains in Luzon.

In 2016, FCA ventured into rice importation and was able to participate in the Minimum Access Volume rice importation program of the National Food Authority. It also operates an integrated rice mill facility in Pampanga.

c. Fresh and Green Harvest Agricultural Corporation

Fresh and Green Harvest Agricultural Corp. (F&G) is a wholly-owned subsidiary of FCAC. F&G was likewise incorporated to distribute fruits and vegetables, but is currently dormant to pave the way to FCAC in ensuring a solid market base before it resume its operations.

d. Lucky Fruit and Vegetable Products, Inc.

Lucky Fruit and Vegetable Products Inc. ("LF") is a wholly-owned subsidiary of FCA. LF was engaged in the wholesale trading and distribution of commercial crops to food service and institutional accounts such as hotels, restaurants, and public markets throughout Luzon. It is currently dormant, but is currently being prepared to reboot operations to include the Mindanao market in its scope with Cagayan de Oro and Davao as its hubs.

e. Best Choice Harvest Agricultural Corporation

The ANI Group's farming activities are mainly handled by Best Choice Harvest Agricultural Corporation (BCH), a wholly owned subsidiary of the Company. Current activities are being undertaken by BCH with the objective of eventually making corporate farms the primary source of supply ANI Group's products.

BCH previously entered into a Joint Venture Agreement in 2013 for the development and operation of a banana plantation in Davao, but eventually sold its 51% equity share in the following year.

To date, BCH is exploring long term lease or acquisition of farms and plantations to finally achieve its goal of being self-sufficient in terms of supply thru corporate farming.

f. Fresh and Green Palawan Agriventures, Inc. (FG Palawan)

FG Palawan was incorporated on September 9, 2008. 51% of the outstanding capital stock of FG Palawan is owned by BCH. It is primarily engaged in corporate farming in the province of Palawan.

FG Palawan is currently dormant, with the intention to resume its operations once the expansion programs have been finalized.

g. Fruitilicious Company, Inc. (Fruitilicious)

Fruitilicious is located in Cagayan de Oro at the center of the fruit bountiful provinces of Bukidnon, Davao, Lanao Del Norte and Agusan del Sur in Mindanao. Fruitilicious also serves as the group's sourcing hub for its Mindanao operations. It operates a cold storage facility, blast freezing and food processing facility to produce frozen and dried fruit products and by-products for local and international clients. Fruitilicious is HACCP and Halal certified.

h. Farmville Farming Co, Inc. (Farmville)

Farmville was incorporated on June 2, 2010. It is primarily engaged in sourcing of fruits and vegetables and trading to in-house brands of various local markets.

Currently, ANI owns 51% of the outstanding capital stock of Farmville.

Retail & Franchising Group

On 8 August, 2011, the SEC approved the amendment of the Articles of Incorporation of the Company to, among others, include the business of retail in the primary purpose. In line with this, ANI established its Retail & Franchising Group in August of 2011.

The direct and indirect subsidiaries of the Company under the Retail Group are as follows:

- a. The Big Chill, Inc.
- b. Heppy Corporation
- c. Goods and Nutrition for All Inc. (GANA)
- a. The Big Chill, Inc.

80% of the outstanding capital stock of The Big Chill, Inc., (TBC) is owned by ANI. TBC is engaged in the business of selling on retail, beverages and other food products. TBC completes the innovative “farm-to-plate” business model of the Company that allows and enhances the synergy of all the Company’s fruit and vegetable businesses.

In addition to Big Chill’s company owned stores, it has opened its operations for franchising. With the intent to further expand the retail franchise opportunities, TBC likewise engages in the direct sales of License Agreements as well as the sale of profitable existing locations to qualified buyers.

Currently, over 43 outlets are being operated, both company owned and franchised carrying the following brands:

- Big Chill
 - Fresh Bar
 - Super Fresh
 - Tully’s Coffee
- b. Heppy Corp. (Heppy)

Heppy was incorporated on November 24, 2008. It is primarily engaged in buying, selling, distributing and marketing fruit drinks. Heppy became a wholly owned subsidiary of TBC on September 1, 2011.

- c. Goods and Nutrition for All Inc. (GANA)

Goods and Nutrition for All, Inc. was incorporated on January 6, 2012. Its primary purpose is to engage in, operate, conduct and maintain the business of manufacturing, importing, bartering, distributing, selling on wholesale or retail, and otherwise dealing in all kinds of goods, commodities, merchandise and wares.

Foreign Operations

As for international distribution, ANI has operations in Hong Kong and China.

The Company has the following direct and indirect subsidiaries under its Foreign Operations:

- a. Agrinurture HK Holdings, Ltd. (ANI HK)
- b. Agrinurture International Ltd (ANI IL)
- c. Joyful Fairy (Fruits) Ltd. (JFF)
- d. Zhongshan Fucang Trading Co., Ltd. (Fucang)
- e. Xuzhou Shengmei Real Estate Co., Ltd.
- f. Guangzhou Lexian Fruit Industry Co., Ltd.

ANI’s Hong Kong operations are carried out through the following entities:

- a. Agrinurture HK Holdings, Ltd. (ANI HK) is a holding and a Parent Company of ANI IL and JFF incorporated in Cayman Islands.
- b. Agrinurture International Ltd (HK) is wholly-owned by AgriNurture. HK Holdings Ltd primarily engaged in the retail sales of fruit juices.

- c. Joyful Fairy (Fruits) Ltd. (JFF) is a company organized and existing under the laws of the British Virgin Islands. Joyful is 51% owned by AgriNurture HK Holdings Ltd., a Cayman Islands holding company, and the latter is a 100% subsidiary of the Company.

ANI's China operations are carried out through the following entities:

- d. Zhongshan Fucang Trading Co., Ltd. (Fucang) was established on May 31, 2013 in Zhongshan City, China. The company's registered activities are, among others, sale of cultural supplies, sports goods, clothing, textiles, handicrafts (except gold), lights, daily-use department stores, hardware, mechanical and electrical equipment, building materials, sanitary ware, agricultural and sideline products; Import and export of goods and technologies; Industrial investments; Enterprise investment management; Enterprise asset management; Market marketing plan; Corporate image planning; Business consulting; Business management consulting. The company is 51% owned by ANI.
- e. Xuzhou Shengmei Real Estate Co., Ltd. was established on August 31, 2012 in Xuzhou City, China. The company's registered activities are real estate development and management. The company is 90% owned by Zhongshan Fucang Trading Co., Ltd.
- f. Guangzhou Lexian Fruit Industry Co., Ltd. (Lexian), a company organized and existing under the laws of China. The Company is 70% owned by Fucang engaged in wholesale industry.

All the entities described above are hereinafter referred to collectively as the "ANI Group".

Competition

The ANI Group is known for its high quality products and well-known brands in the local and international markets. It is considered as one of the leaders in the food production/manufacturing and distribution industry.

Export Group

The fresh produce export business is full of big and established players. In the lucrative banana industry, ANI intends to expand its holdings thru supply agreements and Joint Ventures with corporate banana and pineapple plantation in order to secure supply and maintain quality that ANI export buyers prefer.

Distribution Group

The Distribution Group belongs to the fresh produce distribution industry which is largely price sensitive and driven by product quality and brand loyalty. Noted trend in the industry is the consumers' preference for food that counters poor health caused by busy lifestyles, insufficient exercise and fast food consumption. Hence, consumers are increasingly choosing naturally healthy foods such as fruits and vegetables. In addition, organic and natural food are increasingly becoming a trend, with consumers willing to pay a premium for these products over the commercially grown ones. To maintain its position in the market and to ensure continuing acceptability of its agricultural products, the ANI Group established a reasonable system of product traceability. Through this practical system, controls are put in place for the identification and tracking of produce to guarantee product quality.

ANI and its subsidiaries are presently one of the largest wholesalers of fresh vegetables to leading supermarkets, restaurants, hotels, cafeterias, and wet markets. The Distribution Group also supplies fresh vegetables to in-house brands of various supermarkets, hence ANI is considered as a major player in this segment.

Retail

The Retail Group under The Big Chill, Inc. belongs to the food and beverage industry which is largely driven by brand loyalty and premium quality products and services. Emerging industry trends are geared towards health and wellness, with emphasis on providing convenient means to eating healthy outside

home. With a present roster of five (5) brands catering to several market segments, The Retail Group competes in the fresh fruit shake and specialty coffee categories. Flagship brands Big Chill and Tully's Coffee both cater to the A, B and Upper C market segments with high purchasing power, thus, providing both brands with multiple opportunities for growth and expansion. The research and development team of the ANI Parent is likewise pursuing innovation of healthy menu that will cater to its farm to plate vision.

Big Chill is a key player in the premium fresh fruit shake category backed by more than twenty (20) years of fruit blending expertise, while new player Tully's Coffee, an international coffee brand born out of Seattle, enters a mature coffee consuming local market.

Trademarks

Brands and trademarks used by ANI and its subsidiaries on their principal products and services are registered or pending registration with the Philippine Intellectual Property Office (IPO).

The following sets out information regarding the trademarks of the Company and its subsidiaries:

File No : PH/4/2011/14433 Old File No : 42011014433 Mark : ANI AGRINURTURE, INC. LOGO Nice Class : 35 Renewal Date : 29 March 2022 3Y DAU Deadline : 5Y DAU Deadline : Status : Registered (3/29/2012)	
File No : PH/4/2011/14431 Old File No : 42011014431 Mark : AGRINURTURE, INC. Nice Class : 35 Renewal Date : 05 April 2022 3Y DAU Deadline : 5Y DAU Deadline : Status : Registered (4/5/2012)	AgriNuture, Inc.
File No : PH/4/2008/12207 Old File No : 42008012207 Mark : ANI AGRINURTURE INC. LOGO Nice Class : 35 Renewal Date : 13 August 2019 3Y DAU Deadline : 07 October 2010 5Y DAU Deadline : Status : Registered (8/13/2009)	
File No : PH/4/2008/12205 Old File No : 42008012205 Mark : AGRINURTURE INC. Nice Class : 35 Renewal Date : 13 August 2019 3Y DAU Deadline : 07 October 2010 5Y DAU Deadline : Status : Registered (8/13/2009)	AgriNuture Inc.

File No : PH/4/2011/12566 Old File No : 42011012566 Mark : PINOY MI Nice Class : 30 Renewal Date : 16 February 2022 3Y DAU Deadline : 18 October 2015 5Y DAU Deadline : Status : Registered (2/16/2012)	
File No : PH/4/2011/14428 Old File No : 42011014428 Mark : FRESH CHOICE ALWAYS Nice Class : 31 Renewal Date : 05 April 2022 3Y DAU Deadline : 05 December 2014 5Y DAU Deadline : Status : Registered (4/5/2012)	Fresh Choice Always
File No : PH/4/2011/14429 Old File No : 42011014429 Mark : FCA LOGO Nice Class : 31 Renewal Date : 05 April 2022 3Y DAU Deadline : 05 December 2014 5Y DAU Deadline : Status : Registered (4/5/2012)	
File No : PH/4/2011/12741 Old File No : 42011012741 Mark : FCA Nice Class : 29 30 31 Renewal Date : 16 February 2022 3Y DAU Deadline : 21 October 2014 5Y DAU Deadline : Status : Registered (2/16/2012)	
File No : PH/4/2011/81 Old File No : 42011000081 Mark : CAFETERIA VERDE AND DEVICE Nice Class : 43 Renewal Date : 05 May 2011 3Y DAU Deadline : 03 January 2014 5Y DAU Deadline : Status : Registered (5/5/2011)	

File No : PH/4/2010/9336 Old File No : 42010009336 Mark : SUPERFRESH SHAKES & DESSERTS Nice Class : 32 43 Renewal Date : 04 August 2021 3Y DAU Deadline : 25 August 2013 5Y DAU Deadline : Status : Registered (8/4/2011)	
File No : PH/4/1998/4324 Old File No : 41998004324 Mark : THE BIG CHILL & REPRESENTATION Nice Class : 32 Renewal Date : 01 July 2015 3Y DAU Deadline : 5Y DAU Deadline : Status : Registered (7/1/2005)	
File No : PH/4/2012/6990 Old File No : 42012006990 Mark : FRESH BAR BY BIG CHILL Nice Class : 43 29 30 32 Renewal Date : 3Y DAU Deadline : 11 June 2015 5Y DAU Deadline : Status : Registered	FRESH BAR BY BIG CHILL
File No : PH/4/2012/3579 Old File No : 42012003579 Mark : PROCHEF AND DEVICE Nice Class : 29 30 31 32 Renewal Date : 3Y DAU Deadline : 5Y DAU Deadline : Status : Abandoned with finality (10/12/2012)	
File No : PH/4/2011/14640 Old File No : 42011014640 Mark : SIMPLY DAIRY AND DEVICE Nice Class : 29 Renewal Date : 18 October 2022 3Y DAU Deadline : 09 December 2014 5Y DAU Deadline : Status : Registered (10/18/2012)	

File No : PH/4/2011/14427 Old File No : 42011014427 Mark : LA NATURAL & DEVICE Nice Class : 32 Renewal Date : 05 April 2022 3Y DAU Deadline : 05 December 2014 5Y DAU Deadline : Status : Registered (4/5/2012)	
File No : PH/4/2011/13855 Old File No : 42011013855 Mark : SUNGROWN AND DEVICE Nice Class : 31 Renewal Date : 15 March 2022 3Y DAU Deadline : 18 November 2014 5Y DAU Deadline : Status : Registered (3/15/2012)	
File No : PH/4/2011/12740 Old File No : 42011012740 Mark : BEST CHOICE HARVEST Nice Class : 31 7 1 Renewal Date : 16 February 2022 3Y DAU Deadline : 21 October 2014 5Y DAU Deadline : Status : Registered (2/16/2012)	
File No : PH/4/2008/9322 Old File No : 42008009322 Mark : NIKKA Nice Class : 32 Renewal Date : 25 February 2019 3Y DAU Deadline : 04 August 2011 5Y DAU Deadline : Status : Registered (2/25/2009)	
File No : PH/4/2012/7900 Old File No : 42012007900 Mark : NATURE'S MAGIC AND DEVICE Nice Class : 31 Renewal Date : 3Y DAU Deadline : 02 July 2015 5Y DAU Deadline : Status : Allowed for Publication, in verification of payment of publication fee (11/7/2012)	

File No : PH/4/2012/7896 Old File No : 42012007896 Mark : ANI MILK Nice Class : 29 Renewal Date : 18 October 2022 3Y DAU Deadline : 02 July 2015 5Y DAU Deadline : Status : Registered (10/18/2012)	
File No : PH/4/2012/7902 Old File No : 42012007902 Mark : FARMER'S GIFT Nice Class : 30 Renewal Date : 3Y DAU Deadline : 02 July 2015 5Y DAU Deadline : Status : Published for opposition (2/7/2013)	
File No : PH/4/2013/1379 Old File No : 42013001379 Mark : FARMER'S FRIEND Nice Class : 30 Renewal Date : 3Y DAU Deadline : 5Y DAU Deadline : Status : Under examination (4/10/2013)	
File No : PH/4/2011/008527 Old File No : 42011008527 Mark : NUTRI-LICIOUS Nice Class : 32 Renewal Date : 3Y DAU Deadline : 7/21/2014 5Y DAU Deadline : 2/24/2017 Status : Registered	
File No : PH/4/2002/010799 Old File No : 42002010799 Mark : MOM'S Nice Class : 30 Renewal Date : 3Y DAU Deadline : 12/18/2005 5Y DAU Deadline : n/a Status : Abandoned with finality	

Customers

ANI and its subsidiaries have a broad market base. The ANI Group sells its products to local and international markets and in various channels of distributors such as supermarket chains, groceries, hotels, restaurants, canteens, wet markets, and traders.

The Distribution Group's local sales to leading supermarket chain accounts for more than 11% of its total business.

The Export Group does not depend on any single customer which accounts for more than 34% of its total business.

The Retail Group does not depend on any single customer which accounts for more than 1% of its total business.

The Foreign Group does not depend on any single customer which accounts for more than 54% of its total business.

Transactions with and/or Dependence on Related Parties

In the regular course of business, ANI Group has transactions with related parties. These transactions are described in Note 21 (Related Party Transactions) of the Consolidated Financial Statements as of December 31, 2021 attached as **Annex "A"** hereof.

Government Approvals and Licenses

ANI and its subsidiaries have obtained all necessary permits, licenses and government approvals to manufacture, sell, distribute and export the ANI Group's products.

ANI and FCAC are registered exporter and importer of the Bureau of Customs.

IMEX is a holder of License to Operate as Food Manufacturer/Exporter of multi-products issued by the Food and Drug Administration (FDA). In April 2021, the IMEX passed the certification audit in compliance with ISO 22000:2018 ver.5.1 Food Safety System Certification, HACCP ISO/TS 22002-1 – Good Manufacturing Practices. IMEX was granted the continuous certification of labor standards, health and safety also known as SMETA 2-pillars certification.

Governmental Regulation

The ANI Group operates its businesses in a highly regulated environment. To operate the business, ANI and its subsidiaries, are required to secure licenses and/or permits from government agencies such as the Food and Drug Administration, Bureau of Customs, Bureau of Plant Industry and the National Food Authority, among others. The suspension or revocation of the licenses issued by these government agencies could materially and adversely affect the business operations of the ANI Group.

ANI and its subsidiaries have no knowledge of recent or probable governmental regulations, the implementation of which will result in a material adverse effect on ANI and its significant subsidiaries' business or financial position.

Research and Development

For the years 2021 and 2020, the amounts spent by the Company and its subsidiaries for research and development were Php69,945 and Php306,514, respectively.

Cost of Compliance with Environmental Laws

The Company and its subsidiaries incurred an estimated cost of Php 27,184 in 2021 and Php22,500 in 2020 for compliance with environmental laws. On a yearly basis, expenses incurred by the ANI Group in order to comply with environmental laws are not significant relative to the ANI Group's total cost and revenues.

Employees

As of 31 December 2021, the Company has 386 employees, supported by 18 officers. The employees are not subject to a collective bargaining agreement (CBA).

The table below presents the Company's personnel numbers by functional category for the period indicated below:

Category	Number of Employees For the Year Ended December 31,		
	2019	2020	2021
Executives (Officers and Managers)	16	18	18
Project Employees and Consultants	18	28	6
All Other Employees	331	308	362

Corporate Social Responsibility

ANI practices Corporate Social Responsibility (CSR) as part of its long-term business strategy for sustainability and continuity.

Basic Social Services - From time to time, ANI conducts Medical Missions for the poor and underprivileged communities in the country to help alleviate the health conditions of Filipino families.

ANI likewise undertakes clean-up activities in Pulilan, Bulacan spearheaded by its employees and several volunteers in cooperation with the Municipal Government.

ANI, through the ANI Foundation, Inc. regularly participates in donation drives.

As a token of our appreciation to the frontliners who have saved our community tirelessly during this time of pandemic, we conducted feeding programs to Asian Medical Hospital and The Medical City. We also conducted feeding program to our ANI employees during the pandemic in Pulilan as well.

We donated our ready to drink canned beverages to the volunteers at the vaccination centers, namely Velasquez Health center in Tondo, and in Tibagan, San Juan City.

Disaster Relief During emergencies - ANI took part in the relief operations by sending variety of goods to the fire victims of Tondo last July 1, 2021

We, and the Ani Foundation are dedicated to continuously supporting our chosen beneficiaries – Tahanan ng Pagmamahal, Hospicio de San Juan de Dios, and Col E De Leon Elementary school - during in this time of need.

The team is likewise pursuing innovation of healthy menu that will cater to its farm to plate vision.

Regulation and Taxation

Currently, the company and its subsidiaries are required to pay 25% Corporate Income Tax. Most of the group's revenues are VAT-free transactions due to the exemption of agriculture crops and export revenues from which are Zero-Rated VAT.¹ Only processed goods intended for local distribution and services are subject to the 12% VAT.

Insurance

¹Section 109 (C) AND (V) of the National Internal Revenue Code.

The Company has an all-risk policy for each of its facilities and inventories against a variety of risks, including, among others, fire, lightning, catastrophic perils (typhoon, flood, earthquake, volcanic eruption), machinery breakdown, explosion, civil commotion, riot/strike, malicious damage, and other perils liability.

	Description	Insurance Provider	Amount Insured
1	FIRST CLASS AGRICULTURE CORPORATION – Arenas Arayat, Pampanga, Production Building, Residential Building, one guard house & locker , 1 genset house.	THE MERCANTILE INSURANCE CO., INC. FI-REG-BD-20-0000041-02	13,000,000.00
2	AGRINURTURE INC. : 1 COOLING MACHINE, 6 COLD STORAGE, 2 BLAST FREEZER. LOCATION: PULILAN, BULACAN	THE MERCANTILE INSURANCE CO., INC. FI-REG-BD-20-00000105-00	30,000,000.00
3	FIRST CLASS AGRICULTURE, INC. – on various industrial machineries / equipment used by the assured / ADDRESS : Arenas , Pampanga	THE MERCANTILE INSURANCE CO., INC. FI-SSP-HO-21-0001026-00	10,000,000.00
4	AGRINURTURE, INC. LBP INSURANCE BROKERAGE, INC – MALAYAN INSURANCE CO., INC. / Property Insured: Manufacturing/Canning Building Building, Warehouse Building, Cheesecake Production Building Warehouse, Vegetable Processing Bldg., Pulilan, Bulacan	LBP INSURANCE BROKERAGE, INC – MALAYAN INSURANCE CO., INC. F0024703	29,331,000.00

In addition to the all-risk policy, the Company maintains various general liability and product liability insurance policies covering its operations. These policies do not cover liability as a result of pollution or environmental damage by the Company. The products liability insurance policy insures all of the Company's export products. The Company's insurance policies are provided by leading Philippine insurance companies that are generally reinsured by major international insurance companies.

Health, Safety and Environmental Matters

The Company is subject to a number of employee health and safety regulations in the Philippines. The Company is subject to the occupational safety and health standards promulgated by the Philippine Department of Labor and Employment. It is Company policy that a safe and healthy work environment is fundamental to the management of its human resources as well as conducive to greater employee productivity. The Company's Human Resource Department is responsible for formulating, implementing and enforcing the Company's employee health and safety policies as well as ensuring compliance with applicable laws and regulations.

The Company is also subject to various laws and regulations concerning the discharge of materials into the environment. The Company is subject to extensive regulation by the Philippine Department of Environment and Natural Resources.

Risk Factors

1. Risks Related to the Company

- a) The Company's financial condition and results of operations may be adversely affected by any disruption in the supply, or the price fluctuation of raw materials required for its major products.

ANI procures its vegetables and fruits from various sources, ranging from small farmers to cooperatives and big producers. As a policy, volume and quality is the main consideration in the

sourcing of all the products handled by ANI. However, the risk of supply shortage poses a significant threat to the continuity of business operations and ultimately to the results of operations of the Company.

To mitigate supply risks, ANI has the following in place:

- ANI observes an “open line” type of communication with all its suppliers, maintaining 24/7 constant coordination and accessibility with key personnel including the Company’s top management. This enables the Purchasing Division to realign sourcing activities and locations in a timely and appropriate manner should supply issues arise.
- ANI, owing to its long-standing stature in the fresh foods industry, is able to attract reputable and reliable long-term suppliers. The strong relationship with its suppliers, built over years of mutually beneficial dealings, allows the Company and its suppliers to address and resolve any supply concerns that may arise from time to time through mutual cooperation.
- The establishment of cold storage facilities in Pulilan (Central Luzon) central packing house and Cagayan De Oro (Mindanao) central depot in the last quarter of 2009 provided ANI with the capacity to effectively store large volumes of fresh vegetables, thereby mitigating the risks inherent in the seasonality of supplies for certain types of produce. The cold storage prolongs shelf life and enables the Company to maintain a buffer stock for the produce to better serve clients and maximize profit in times of shortage.
- ANI is currently expanding its cold storage facilities to increase its capacity to stock supplies. Part of the proceeds from the intended stocks right offering shall be directed to this purpose.
- ANI intends to develop and operate productive farmland that would significantly influence the implementation of Good Agricultural Practices (GAP) and traceability and reduce or eliminate its dependence on third party sources for its supplies and improve its ability to control its quality and prices.

b) The Company’s business is affected by seasonality

The demand for and supply of many fruits and vegetables is seasonal, and the price of any particular commodity may change significantly, depending on the season. Market demand is especially strong during the Yuletide season in the last quarter of the calendar year. Because of seasonality, the results of operations of the Company may fluctuate significantly from one quarter to another.

To mitigate the risks of the seasonality of supplies and prices, the Company has diversified its sources of products geographically, such that seasonal fluctuations in one region can be offset by those in another region. The setting-up of additional cold storage facilities also allows the Company to stock up on certain produce when they are ‘in season’ and therefore relatively inexpensive; thus, such produce can be sold in the market when they are ‘off season’ and can command higher prices and provide wider gross profit margins.

c) The Company may experience losses due to inadequate or failed internal processes and systems.

The Company handles numerous transactions daily, most of which involve cash transactions. A failure in internal procedures or systems, fraud, or the impact of external events carries a risk that the Company may experience losses on any or all of the transactions that it handles. The specific type of risks that the Company faces includes:

- Risk arising from fraudulent activities of a third party or internal party such as robbery or theft of supplies (especially during transport);
- Risk resulting from inadvertent failure to satisfy a professional responsibility or obligation to particular suppliers or customers, including the prompt payment of payables and the delivery of supplies;

- Risks arising from the widely dispersed nature of the Company's operations, including issues on safety, telecommunications, transport and remote monitoring.
- Risks arising from failure in process management or transaction processing due to poor relationships with vendors and commercial service providers.

To mitigate the foregoing risks, ANI has centralized its purchasing functions at the Manila liaison office thereby eliminating the risks inherent in dealing with numerous provincial suppliers as well as with numerous and highly autonomous middlemen in the field. Furthermore, centralizing purchasing significantly increases control over field operations and enhances efforts towards standardizing the methods and quality of our processes. Systems (monitoring, tracking, communications, and logistics) and procedures are also being constantly reviewed, changed and/or upgraded as part of the overall effort to minimize and eliminate inefficiencies in the supply chain.

d) The Company faces the risk of inadequate supply in the event of inclement weather.

Inclement weather is traditionally a major source of uncertainty in the agriculture industry. Its inherent volatility and the occurrence of extreme weather events due to global climate change impacts greatly the performance and management of the Company's farming and trading operations. For example, the El Niño and La Niña phenomenon, characterized by alternating cycles of inadequate and excessive rainfall, respectively, has in the past posed significant challenges to growers and traders alike.

To manage this risk, ANI implements a geographical diversification strategy where its operations are spread across the country, depending on the existing season (wet or dry) to ensure continued production and trading. As such, the Company is able to step up operations in farms, buying stations and raw material trading posts in the Visayas and Mindanao to offset the cutback in the Luzon area before the typhoon season begins. The Company believes that its nationwide presence has allowed for a stable and reliable conduct of operations all year round.

Moreover, as a farming practice, ANI adapts to the current season to determine the crops to be planted and produced (i.e. rice production during wet season), thus enabling its farms to remain productive every month of the year. In addition, this crop rotation method is able to prevent depletion of nutrients of the soil and immunity of domestic pest.

e) The Company faces risks arising from pest and insect infestation.

Pest and disease infestation affect both the quantity and quality of commodities available for the market. If not addressed appropriately, infestation may translate to decreased crop yield and farm output, as well as uncertainty in commodity prices. Infestation may also render the Company's products unacceptable to both domestic and export markets, and could adversely affect its results of operations.

The Company mitigates this risk by adopting a mix of modern pest control systems, GAP (such as crop rotation), the use of a mixture of organic fertilizers in its production farms, and the use of biotech products especially those that are resistant to pests and diseases. ANI also sources its supply requirements from farms and buying stations located in different provinces and regions of the country. This way, no widespread infestation would drastically weaken the Company's supply chain at any time. ANI's nationwide diversified geographical locations allow its farm production and trading activities to easily shift the bulk of its key operations from one region to another should the need arise.

2. Risks Relating to the Philippines

The Company's operations are concentrated in the Philippines, and therefore any downturn in general economic conditions in the Philippines could have a material and adverse impact on the Company.

Historically, the results of the Company's operations have been influenced, and will continue to be influenced to a certain degree, by the general state of the Philippine economy. In the past, the Philippines had experienced periods of slow or negative growth, high inflation, significant devaluation of the peso and the imposition of exchange controls. However, given that the Company's primary business is basic food, it enjoys a certain degree of insulation from the negative effects of economic stagnation or recession.

- a. Any political instability in the Philippines may adversely affect the Company.

As a developing economy with a democratic political structure and environment, the Philippines has from time to time, experienced political instability. Any occurrence of instability in the future could result in unforeseen or sudden changes in the business, regulatory and policy environment that could have an adverse impact on the operations and financial condition of Philippine corporations and businesses, including our Company.

Item 2. Properties

The Company is the registered owner of parcels of land located at Pulilan, Bulacan, Philippines with a total area of approximately 21,080 square meters. The Company also owns 4 office units with an area of approximately 300 square meters located at the Ortigas Business District, Pasig City.

The Company owns blast freezers, cold storage, filling and canning machineries and equipment and a water treatment facility located along the National Highway, Barangay Dampol 2A, Pulilan, Bulacan and Balongis, Balulang, Cagayan de Oro City.

The Company's lots in Pulilan, Bulacan, were used as collateral secure a long-term loan.

Subsidiaries

- a. First Class Agriculture Corporation

The Company's subsidiary, FCAC, is the registered owner of a parcel of land located at Barangay San Antonio (formerly Arenas), Arayat, Pampanga, Philippines with an area of approximately 10,000 square meters. The aforementioned land is presently improved with seven (7) buildings, namely: (i) Office Building with a total floor area of 240 square meters; (ii) Rice Mill with a total floor area of 1,875 square meters; (iii) Mixing Area/Warehouse; (iv) Husk collector; (v) Generator House; (vi) Residential Building with a total floor area of 181 square meters; and (vii) Guardhouse with a total floor area of 37 square meters.

- b. Fruitilicious, Inc.

Fruitilicious, Inc., another subsidiary of the Company, owns and operates a food processing and blast freezing facility with land area of about 2,000 square meters to produce frozen and dried fruit products and by-products in Cagayan de Oro. It has a cold storage facility, and a house and lot.

Item 3. Legal Proceedings

The Company is not aware of any legal proceedings of the nature required to be disclosed under Part I, paragraph I of Annex "C", as amended, of the Securities Regulation Code (SRC) Rule 12 with respect to the Company and/or its subsidiaries. However, while not material, the pending proceedings involving the Company and/or its subsidiaries are as follows

- a. *"In the Matter of the Request for Assistance ("RFA") of
ns Sorensen vs. AgriNurture, Inc. and/or Antonio L. Tiu*

A Request for Assistance was filed on 19 March 2014 by Mr. Jens Sorensen against the Company and/or Antonio L. Tiu in the National Labor Relations Commission- NCR Arbitration Branch, for illegal dismissal with money claims, docketed as SEAD-NLRC-NCR-2014-03-04065. Based on the DOLE-SENA Form No. 1 attached to the Notice of Conference, Mr. Sorensen is seeking the following reliefs: (1) payment of money claims; (2) reinstatement; (3) backwages (4) damages in the amount of \$500,000.00 and (5) attorney's fees in the amount of Php 500,000.00.

The last mediation conference was held on 23 April 2014. There being no possibility for the parties to reach an amicable settlement, the mediation officer terminated the mediation proceedings.

Mr. Sorensen filed a formal complaint with the National Labor Relations Commission and both Parties already submitted their respective position papers and replies thereto. The case is now submitted for Resolution.

The Labor Arbiter rendered a decision finding that there was illegal dismissal, but with modification as to the amount being claimed for back pay and damages. Both Parties filed their respective Motions for Partial Reconsideration.

Both Parties appealed the decision to the Commission, but the latter sustained the findings of the Labor Arbiter. Subsequent motions for reconsideration were denied.

Both Parties appealed the Decision with the Court of Appeals. The Company prayed for a temporary restraining order for the execution of the award of the Labor Arbiter pending appeal, but no resolution has been received.

The Court of Appeals partially granted ANI's appeal by ruling that Jens Sorensen is not entitled to separation pay and found that Mr. Antonio L. Tiu is not solidarily liable with AgriNurture, Inc. to pay the monetary award. However, the CA sustained the award for backwages.

Both parties filed their Motion for Partial Reconsideration, which were both denied by the CA.

Thereafter, both parties filed their respective Petitions for Review on Certiorari before the Supreme Court (the "SC") which were consolidated in the Second Division of the SC.

As of date the Corporation has not received any decision from the SC in relation to the instant case.

b. *M2000 Imex Company v. Emmanuel Dueñas, et al.*

M2000 IMEX Company, Inc. filed a case for Estafa against several individuals who were Members of the Board of Directors and Officers of Tolman Manufacturing, Inc. at the time of the execution of the Shareholders' Agreement on November 29, 2012. The case is premised on the alleged false representation that Tolman Manufacturing, Inc. has business or transactions with IMEX, receiving personal property therefor, resulting in IMEX's great damage and prejudice.

The case has been dismissed by the City Prosecutor of Makati. On November 04, 2020, IMEX filed for reconsideration, to which the City Prosecutor issued an order stating that the case shall be submitted for resolution upon receipt of the comments. On December 28, 2020, IMEX received the corresponding comments/opposition from the respondents, and is due to file a reply and a motion for leave to file a reply.

On March 03, 2021, IMEX received a Resolution from the Office of the City Prosecutor of Makati City, finding probable cause against Emmanuel V. Dueñas, thereby charging him of the crime of Estafa, with recommended bail at ₱120,000.00. As to the other Respondents, the Complaint was dismissed for lack of probable cause.

Mr. Dueñas appealed the resolution by filing a Petition for Review with the Department of Justice. On 18 April 2022, the DOJ issued a Resolution dismissing the Petition.

Item 4. Submission of Matters to a Vote of Security Holders

The 2021 Annual Stockholders' Meeting of the Company was held on 05 November 2021 In attendance were the following:

Total issued and outstanding shares	1,024,446,888
Total no. of shares represented in the meeting	816,486,490

The following matters, which were on the agenda, were approved/ratified by the stockholders present or represented in the said Annual Stockholders' Meeting:

1. CALL TO ORDER
2. CERTIFICATION OF NOTICE AND DETERMINATION OF QUORUM
3. APPROVAL OF THE MINUTES OF PREVIOUS MEETING
4. ANNUAL REPORT BY THE CEO
5. APPROVAL OF THE AUTHORITY TO ISSUE LONG TERM GREEN BONDS OF UP TO SEVENTY FIVE (75) MILLION EUROS WITH MATURITY OF UP TO SEVEN (7) YEARS, INCLUDING THE ISSUANCE OF COMMERCIAL PAPERS
6. APPROVAL OF THE INCREASE OF THE AUTHORIZED CAPITAL STOCK OF THE COMPANY FROM PHP2,000,000,000.00 TO UP TO PHP5,000,000,000.
7. APPROVAL OF THE AMENDMENT TO THE TERMS AND CONDITIONS OF THE ISSUANCE OF WARRANTS TO EXISTING SHAREHOLDERS TO BE BUNDLED TO THE COMPANY'S STOCK RIGHTS OFFERING
8. APPROVAL OF THE INTERNAL RULES OF PROCEDURE FOR THE CONDUCT OF BOARD MEETINGS THROUGH VIDEO CONFERENCE.
9. APPROVAL OF THE AUTHORITY TO APPROVE THE ACQUISITION OF ADDITIONAL SHAREHOLDINGS IN FUCANG TRADING LIMITED FROM 51% TO UP TO 70%
10. APPROVAL OF THE STOCK RIGHTS OFFER OF 288,000,027 COMMON SHARES WITH A PAR VALUE OF ₱1.00 PER SHARE TO ELIGIBLE EXISTING COMMON SHAREHOLDERS AT THE RATIO OF ONE (1) RIGHTS SHARE FOR EVERY TWO AND ONE-HALF (2.5) EXISTING COMMON SHARES AT AN OFFER PRICE OF ₱1.00 PER RIGHTS SHARE TO BE LISTED AND TRADED ON THE PHILIPPINE STOCK EXCHANGE, INC.
11. APPROVAL OF THE AUTHORITY TO INCORPORATE A WHOLLY OWNED FOREIGN SUBSIDIARY OF THE COMPANY FOR THE ISSUANCE OF LONG-TERM GREEN BONDS OF UP TO 75MILLION EUROS.
12. RATIFICATION OF ALL ACTS, RESOLUTIONS, AND DECISIONS OF THE INCUMBENT BOARD OF DIRECTORS AND MANAGEMENT SINCE THE ANNUAL STOCKHOLDERS' MEETING HELD ON 9 SEPTEMBER 2020
13. ELECTION OF DIRECTORS
14. APPOINTMENT OF EXTERNAL AUDITOR FOR THE FISCAL YEAR 2021
15. CONSIDERATION OF SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING
16. ADJOURNMENT

At the same meeting, the following were elected Directors of the Company:

1. Antonio L. Tiu
2. Yang Chung Ming
3. Atty. Martin C. Subido
4. Kenneth S. Tan
5. Senen L. Matoto
6. Antonio Peter R. Galvez
7. Jennifer T. Ching
8. Luis Rey I. Velasco
9. Atty. Gloriosa Y Sze (Independent Director)
10. Atty. Maximilian Chua (Independent Director)
11. Mark Norman A. Maca (Independent Director)

There were no matters submitted to a vote of security holders during the quarters of the fiscal year subsequent to the Annual Shareholders Meeting covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

1. Market Information

The Company has 1,024,446,888 issued and outstanding common shares and 535,693,037 shares have been listed with the Philippine Stock Exchange (PSE) as of 31 March 2022.

The following is a summary of the high and low closing trading prices at the PSE for each of the quarterly periods from 2020 to 2021:

	2021		2020	
In Php	High	LOW	High	Low
1 st Quarter	7.98	6.77	6.60	6.20
2 nd Quarter	7.16	6.16	7.53	7.32
3 rd Quarter	6.33	4.96	7.95	7.80
4 th Quarter	5.10	3.98	8.09	7.81
<i>Source: Philippine Stock Exchange</i>				

The high and low daily closing prices for the first quarter of 2022 are Php 5.75 and Php 4.80 respectively.

As of 31 March 2022, the shares of the Company are being traded at the PSE at a price of Php 5.30 per share.

2. Holders

As of 31 March 2022, the Company has a total outstanding common stock of 1,024,446,888 common shares held by forty two (42) individual and corporate stockholders on record.

Based on the Company's stock transfer agent, the top twenty (20) stockholders of the Company on record as of 31 March 2022 are as follows:

	NAME	NO. OF SHARES	PERCENTAGE
1	PCD NOMINEE CORPORATION (FILIPINO)	380,341,401	37.1265%
2	PCD NOMINEE CORPORATION (FOREIGN)	193,937,661	18.9310%
3	EARTHRIGHT HOLDINGS, INC.	250,000,000	24.4034%
4	GREENERGY HOLDINGS, INC.	116,296,246	11.3521%
5	A.R.C ESTATE AND PROJECT CORP.	29,653,350	2.8946%
6	TIU, ANTONIO LEE	27,733,933	2.7072%
7	PPARR MANAGEMENT & HOLDINGS CORPORATION	18,620,670	1.8176%
8	PLENTEX PHILIPPINES, INC.	6,172,800	0.6025%
9	YANG CHUNG MING	1,566,200	0.1529%
10	DEAN, GERARDO L.	62,700	0.0061%
11	CRISOSTOMO, JOSE MARIANO	16,000	0.0016%
12	FERRIOLS, JOSE A. &/OR EDUARDO FERRIOLS	5,000	0.0005%
13	LIM, NIEVES Q. & OR ALEXANDER D. LIM	2,640	0.0003%
14	SAYRE, JAMES DAVID	1,200	0.0001%
15	LACSON, MARICEL C.	1,200	0.0001%
16	LIN, TAI-CHUAN	1,199	0.0001%
17	YOUNG, BARTHOLOMEW DY BUNCIO	1,000	0.0001%
18	SANVICTORES, JULIUS VICTOR/EMMANUEL DE JESUS	1,000	0.0001%
19	TAN, KENNETH SABINO S.	1,000	0.0001%
20	BUSMEON, CHARLIE Y.	800	0.0001%

The following stockholders own more than 5% of the outstanding capital stock under the PCD Nominee Corp. as of 31 March 2022:

Common	Greenery Holdings, Inc. 54 National Road, Dampol II-A, Pulilan, Bulacan	PCD Nominee Corp. (Filipino) is the record owner [for Greenery Holdings, Inc.]	Filipino	95,102,646	9.28%
Common	Earthright Holdings, Inc. ² Unit 3C, Valuepoint Executive Building, 227 Salcedo St. Legazpi Village, Makati City Stockholder	PCD Nominee Corp. (Filipino) is the record owner [for Earthright Holdings, Inc.]	Filipino	76,966,550	7.51%
Common	PCD Nominee Corp. (Foreign) ³ G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City Stockholder	PCD Nominee Corp. (Foreign) is the record owner [for Vikings Asia Agriventures BV]	Dutch	100,904,188	9.84%
Common	PCD Nominee Corp. (Foreign) ⁴ G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City Stockholder	PCD Nominee Corp. (Foreign) is the record owner [for Alcione Family Office Services Co., Ltd.].	Japanese	53,097,796	5.2%

² The shares held by Earthright Holdings, Inc. in the Company shall be voted or disposed by the person who shall be duly authorized by the record owner (Earthright) for the purpose. The natural person that has the power to vote on the shares of Earthright shall be determined upon the submission of its proxy to the Company, which, under the by-laws of the Company, must be submitted before the time set for the meeting.

³PCD Nominee Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PCD Nominee Corporation are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares; instead the participants have the power to decide how the PCD shares in the Company are to be voted.

The natural person that has the power to vote on the shares of Vikings Asia Agriventures BV shall be determined upon the submission of its proxy to the Company, which, under the by-laws of the Company, must be submitted before the time set for the meeting.

⁴PCD Nominee Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PCD Nominee Corporation are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares; instead the participants have the power to decide how the PCD shares in the Company are to be voted.

The natural person that has the power to vote on the shares of Vikings Asia Agriventures BV shall be determined upon the submission of its proxy to the Company, which, under the by-laws of the Company, must be submitted before the time set for the meeting.

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3. Dividends

The Company is authorized to declare and distribute dividends to the extent that it has unrestricted retained earnings. Unrestricted retained earnings represent the undistributed profits of a corporation that have not been earmarked for any corporate purposes. A corporation may pay dividends in cash, by distribution of property, or by issuance of shares. Dividends declared in the form of cash or additional shares are subject to approval by the Company's Board of Directors. In addition to Board approval, dividends declared in the form of additional shares are also subject to the approval of the Company's shareholders representing at least two-thirds (2/3) of the outstanding capital stock. Holders of outstanding common shares as of a dividend record date will be entitled to full dividends declared without regard to any subsequent transfer of such Shares. SEC approval is required before any property or stock dividends can be distributed. While there is no need for SEC approval for distribution of cash dividends, the SEC must be notified within five (5) days from its declaration.

On 11 April 2012, the Board of Directors of the Company approved the declaration of a 20% stock dividend with a record date of 15 June 2012 and payment date of 11 July 2012. The said 20% stock dividend declaration was ratified by the stockholders on 21 May 2012.

Aside from the foregoing, the Company has not declared any other dividends during the year 2019 and 2020

4. Recent Issuance of Shares Constituting Exempt Transaction

On 8 April 2014, the Company filed a Notice of Exempt Transaction with the SEC in relation to the Promissory Note by the Company dated 31 March 2014 in favor of Black River was issued for the principal amount of Forty Nine Million Pesos (Php 49,000,000) with interest at the rate of three per cent (3%) per annum and term of until December 19, 2016 from issue date.

To ensure that a sufficient number of shares for the exercise of the Conversion Option and/or the Subscription Option by Black River as described above, the Company will set aside, at least, 17,342,566 authorized but unissued shares, which number of shares shall be adjusted upon any exercise of the Conversion Option or Subscription Option.

The form of payment for the Note is in cash and no underwriter or selling agent was involved in any of the sales. Exemption from registration was based on Section 10.1 (k) of the Securities and Regulations Code, to wit:

“(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during the twelve-month period.”

The 119,760,666 authorized but unissued shares set aside by the Company were already registered with the SEC at the time of the sale, pursuant to the SEC Order of Registration and Certificate of Permit to offer Securities for Sale dated 19 May 2009. The Notice of Exemption was filed by the Company in compliance with the directive of the Philippine Stock Exchange (PSE), as part of the post-approval requirements for private listing of the Issuer.

On 9 July 2014, the Company filed a Notice of Exempt Transaction with the SEC in relation to the Subscription Agreement executed by AgriNurture, Inc. and Greenergy Holdings Incorporated for Eighty Five Million Nine Hundred Ninety Thousand Five Hundred Thirty Three (85,990,533) primary common shares of ANI.

The transaction pertains to the subscription by Greenergy Holdings Incorporated to Eighty Five Million Nine Hundred Ninety Thousand Five Hundred Thirty Three (85,990,533) primary common shares of the Company at the issue price of Three Pesos (Php 3.00) per share or a total subscription price of Two Hundred Fifty Seven Million Nine Hundred Seventy One Thousand Five Hundred Ninety Nine Pesos (Php 257,971,599.00).

The regulatory requirements are:

- a. The listing of the Subscription Shares must be applied with and approved by the Philippine Stock Exchange;
- b. Documentary stamp tax on original issuance of shares of stock must be paid to the Bureau of Internal Revenue on or before the 5th day of the month immediately following the date of the issuance of the subscription shares (i.e. execute of the subscription agreement)
- c. Pursuant to Section 9(1) Article II of the By-Laws of the Company, the Company must secure the approval of stockholders representing at least 75% of the outstanding capital stock of the Corporation; and
- d. The requirements under Section 5, Part A, Article V of the PSE Revised Listing Rules must be obtained by the Company, namely:
 - i. Approval and/or ratification by the stockholders of the transaction; and
 - ii. Securing the grant of a waiver of the requirement to conduct a rights or public offering to the shares subscribed by a majority vote representing the outstanding shares held by the minority stockholders presented or represented.

The Company has complied with the requirements and obtained the requisite approvals under paragraphs(c) and (d) above during the Annual Stockholders' Meeting on 23 June 2014.

Item 6. Management's Discussion and Analysis

The following Management Discussion and Analysis should be read in conjunction with the attached audited consolidated financial statements of AgriNurture, Inc. and Subsidiaries for the fiscal year ended 31 December 2021.

Business Overview

AgriNurture, Inc. (the "Company" or ANI), formerly known as Mabuhay 2000 Enterprises, Inc., was founded in 1997 as an importer, trader and fabricator of post-harvest agricultural machineries. The Company eventually diversified into various agro-commercial businesses specifically focusing on the export trading of fresh Philippine carabao mangoes.

Currently, the Company conducts its business through operating divisions and wholly-owned or majority-owned subsidiaries that are organized into two (2) groups, namely: (i) Philippine Operations and (ii) Foreign Operations.

The Philippine Operations Group is organized into three business units: (1) Exports, (2) Local Distribution, and (3) Retail & Franchising. Meanwhile, Foreign Operations is principally fruits and vegetable trading in Hong Kong/China.

At present, ANI exports bananas, packaged coco-water, mangoes and pineapple to customers in Mainland China, Hong Kong, the Middle East, North America and to different European regions.

ANI Group's revenues for 2021, 2020 and 2019 by each of the principal business segments are as follows:

	2021	2020	2019
Philippine operations			
Export	1,550,633,966	1,766,417,947	1,911,427,304
Local Distribution	508,139,893	303,214,323	144,608,070
Retail & Franchising	22,397,536	21,134,816	75,187,062
Sub-total	<u>2,081,171,395</u>	<u>2,090,767,086</u>	<u>2,131,222,436</u>
Foreign operations			
Hong Kong/China	<u>2,468,116,983</u>	<u>2,317,981,896</u>	<u>2,404,383,517</u>

Sub-total	2,468,116,983	2,317,981,896	2,404,383,517
TOTAL REVENUE (CONSO)	4,549,288,378	4,408,748,982	4,535,605,953

Year ended December 31, 2021 versus December 31, 2020

Results of Operations

Net Sales

ANI Group sustained a consolidated sale of goods and services at Php4.55 billion for the year ended December 31, 2021 compared to Php 4.41 billion for same period last year. For the year ended December 31, 2020, Philippine operations contributed 46% while sales from foreign operations accounted for 54% of consolidated sales. Sale of goods and services by business segment follows:

- Export sales posted a decrease of 12.22% for the year or Php 1.55 billion in 2021 from Php 1.77 billion in 2020, primarily due to global logistics issues and lower supply of produce brought about by the Covid-19 pandemic.
- Domestic distribution sales posted a increase of 67.58% to Php 508.14 million in 2021 from 303.21 million in 2020 mainly due to the increase in demand of essential goods in supermarkets. In addition, the Group also launched an online platform where it delivers fresh fruits and vegetables to customers.
- Retail and franchising sales registered an increased of 5.97% to Php22.40 million in 2021 from Php 21.13 million in 2020, primarily still due to lockdowns in Metro Manila and nearby provinces in the latter part of the year, wherein malls, where most of the stores are located, are allowed to open.
- Combined Foreign trading operations posted a increase of 6.48% to Php2.47 billion in 2021 from Php2.32 billion in 2020, due to increase in sales of residential and commercial units since the lockdown in China started brought about by the COVID-19. But sales started to grow for both merchandising and real estate businesses especially when the lockdown was lifted by the Chinese government.

Cost of sales consists of:

- Cost of purchasing fruits and vegetables and raw materials from growers and other traders and suppliers including freight in charges;
- Cost of real estate includes development cost for all properties to be sold, including shops, office buildings and hotels located in China.
- Personnel expenses, which include salary and wages, employee benefits and retirement costs for employees involved in the production process;
- Repairs/maintenance costs, depreciation costs relating to production equipment, vehicles, facilities and buildings;
- Fuel and oil costs relating to the production and distribution process;

For the year ended December 31, 2021, ANI Group's cost of sales and services amounted to Php 4.06 billion up by 4% from Php 3.90 billion for the year 2020 mainly due to higher amount of purchases of raw materials such as fruits and vegetables, construction supplies, freight and handling cost, salaries and wages which is in line with the increase in sales during the period.

Gross Profit

Consolidated gross profit down by Php 17.88 million or 3.49% for the year ended December 31, 2021. The gross profit down from Php 511.74 million in 2020 to Php493.87 million in 2021.

Operating Expenses

The Company's operating expenses consist of selling expenses and administrative expenses which include the following major items:

- Taxes and licenses
- Salaries, wages and other employee benefits
- Advertising
- Rentals
- Depreciation and amortization
- Freight and handling
- Communication, light and water
- Impairment loss on receivables

Consolidated operating expenses for the 2021 amounted to Php 365.35 million down from Php 445.13 million in 2020 due to recognition of impairment loss on receivables in 2020.

Other Income (Charges)

Other income-net in 2021 amounted to Php966.14 million and Php13.35million other charges-net in 2020. The increase is due to recognition of gain on revaluation of investment property and biological assets.

Finance Costs

Finance Costs for the years 2021 and 2020 are Php42 million and Php 42.08 million, respectively.

Net Income

Net income for fiscal year 2021 amounted to Php1.06 billion of which Php529.03 million gain is attributable to equity holders of the parent while Php 528.83 million is attributable to non-controlling interest.

Financial Condition

Assets

ANI Group's consolidated total assets as of December 31, 2021 amounted to Php5.94 billion, a increase of 36.06% from Php 4.36 billion as at December 31, 2020. The following explain the significant movements in the asset accounts:

- The Group's cash balance increased by Php22.57 million primarily due to increase in collections despite payment of day to day operations of the Company and settlement of loans and other liabilities.
- Receivables increased by Php180.07 million mainly due to the significant increase in sales in real estate income during the year.
- Advances to a stockholder has a significant decrease from Php390.31 million in 2020 to Php 275.73 million in 2021. All advances will be collected and liquidated by the stockholder.
- Inventories increased from year end 2020 balance of Php 1.08 billion to Php1.32 billion in 2021 to increase the Group's inventory stock level due to limited mobility during pandemic.
- Property and equipment and intangible assets decreased by Php8.77million due to recognition of depreciation.

Liabilities

Consolidated liabilities amounted to Php1.79 billion as of December 31, 2021.

Total current liabilities increased to Php 1.71 billion in 2021 from Php 1.40 billion during the year.

Total non-current liabilities decreased to Php 79.57 million due to payment of loans during the year.

Equity

Consolidated stockholders' equity as of December 31, 2021 increased to Php 4.15 billion mainly due to improve in net operating performances of the subsidiaries and recognition of gain on asset revaluation.

Liquidity and Capital Resources

Net cash flows used in operating activities for the year 2021 was Php119.77 million.

Net cash flow used in investing activities is Php123.54 million mainly due to advances to its related parties and stockholder.

Net cash flows provided by financing activities is Php265.88 million.

Year ended December 31, 2020 versus December 31, 2019

Results of Operations

Net Sales

ANI Group sustained a consolidated sale of goods and services at Php4.41 billion for the year ended December 31, 2020 compared to Php 4.54 billion for same period last year. For the year ended December 31, 2020, Philippine operations contributed 47% while sales from foreign operations accounted for 53% of consolidated sales. Sale of goods and services by business segment follows:

- Export sales posted a decrease of 7.59% for the year or Php 1.77 billion in 2020 from Php 1.91 billion in 2019, primarily due to low supply of mangoes brought about by limited mobility caused by the pandemic.
- Domestic distribution sales posted a decrease of 109.68% to Php 303.21 million in 2020 from 144.61 million in 2019 mainly due to the increase in demand of essential goods in supermarkets. In addition, the Group also launched an online platform where it delivers fresh fruits and vegetables to customers.
- Retail and franchising sales registered a decline of 71.89% to Php21.13 million in 2020 from Php 75.19 million in 2019, primarily due to implementation of lockdowns in Metro Manila and nearby provinces wherein malls, where most of the stores are located, were not allowed to open.

Combined Foreign trading operations posted a decrease of 3.59% to Php2.32 billion in 2020 from Php2.40 billion in 2019, mainly because of the decrease in sales in Hong Kong and China brought about by the pandemic.

Cost of sales consists of:

- Cost of purchasing fruits and vegetables and raw materials from growers and other traders and suppliers including freight in charges;
- Cost of real estate includes development cost for all properties to be sold, including shops, office buildings and hotels located in China.
- Personnel expenses, which include salary and wages, employee benefits and retirement costs for employees involved in the production process;
- Repairs/maintenance costs, depreciation costs relating to production equipment, vehicles, facilities and buildings;
- Fuel and oil costs relating to the production and distribution process;

For the year ended December 31, 2020, ANI Group's cost of sales and services amounted to Php 3.90 billion up by 4.9% from Php 3.71 billion for the year 2019 mainly due to higher amount of purchases of raw

materials such as fruits and vegetables, construction supplies, freight and handling cost, salaries and wages which is in line with the increase in sales during the period.

Gross Profit

Consolidated gross profit down by Php 308.95 million or 38% for the year ended December 31, 2020. The gross profit down from Php 820.69 million in 2019 to Php511.74 million in 2020.

Operating Expenses

The Company's operating expenses consist of selling expenses and administrative expenses which include the following major items:

- Taxes and licenses
- Salaries, wages and other employee benefits
- Advertising
- Rentals
- Depreciation and amortization
- Freight and handling
- Communication, light and water
- Impairment loss on receivables

Consolidated operating expenses for the 2020 amounted to Php 445.13 million down from Php 692.40 million in 2019 mainly due to the cease in operations of the Hongkong subsidiaries. The company also recognizes an impairment loss on receivables from Tolman Manufacturing amounting to P60.63 million in 2020.

Other Income (Charges)

Other charges-net in 2020 amounted to Php13.35 million and Php26.03 million other income-net in 2019. The decrease is due to the reduction of write off of payables during the year as compared to the previous year.

The write-offs include trade and other payables and lease payable.

Finance Costs

Finance Costs for the years 2020 and 2019 are Php42.08 million and Php 58.05 million, respectively.

Net Income

Net income for fiscal year 2020 amounted to Php16.56 million of which Php36.83 million loss is attributable to equity holders of the parent while Php 53.39 million is attributable to non-controlling interest.

Financial Condition

Assets

ANI Group's consolidated total assets as of December 31, 2020 amounted to Php4.37 billion, a decrease of .052% from Php 4.39 billion as at December 31, 2019. The following explain the significant movements in the asset accounts:

- The Group's cash balance decreased by Php16.09 million primarily due to decrease in collections despite payment of day to day operations of the Company and settlement of loans and other liabilities.
- Receivables decreased by Php61.09 million mainly due to the significant decrease in sales in mangoes and real estate income during the year.

- Advances to a stockholder has a significant increase from Php149.85 million in 2019 to Php 390.31 million in 2020. All advances will be collected and liquidated by the stockholder.
- Inventories decreased from a year end 2019 balance of Php 1.18 billion to Php1.08 billion in 2020 due to decrease in purchase.
- Property and equipment and intangible assets increased by Php91.61million due to reclassification of construction in progress.

Liabilities

Consolidated liabilities amounted to Php1.53 billion as of December 31, 2020.

Total current liabilities decreased to Php 1.40 billion in 2020 from Php 1.44 billion mainly due to various payments of loans and payables during the year.

Total non-current liabilities decreased to Php 133.24 million also due to payment of loans during the year.

Equity

Consolidated stockholders' equity as of December 31, 2020 amount to Php 2.83 billion mainly due to the additional collections of subscription receivables of common shares and improve in net operating performances of the subsidiaries especially in China.

Liquidity and Capital Resources

Net cash flows provided by operating activities for the year 2020 was Php40.47 million.

Net cash flow used in investing activities is Php150.39 million mainly due to advances to its related parties and stockholder.

Net cash flows provided by financing activities is Php89.80 million, which is mainly due to loan availments during the year.

Year ended December 31, 2019 versus December 31, 2018

Results of Operations

Net Sales

ANI Group sustained a consolidated sale of goods and services at Php4.54 billion for the year ended December 31, 2019 compared to Php 3.84 billion for same period in 2018. For the year ended December 31, 2019, Philippine operations contributed 47% while sales from foreign operations accounted for 53% of consolidated sales. Sale of goods and services by business segment follows:

- Export sales posted an increase of 204.30% year-on-year to Php 1.91 billion in 2019 from Php 628.15 million in 2018, primarily due to (i) increase and constant supply of bananas due to increase in suppliers (ii) increase in number of demands and customers especially in China market and (iii) stable selling price in the international markets.
- Domestic distribution sales posted a decrease of 2.51% to Php 144.61 million in 2019 from Php148.34 million in 2018 mainly due to the temporary halt of rice trading business pending approval of the Rice Liberalization Law. Other distribution channels such as wholesale of fresh fruits and vegetables to leading supermarkets and sale of fruit purees registered an increase in revenue during the year due to improvement in operations.
- Retail and franchising sales registered a decline of 15% to Php 75.19 million in 2019 from Php 88.46 million in 2018, primarily due to rationalization of backroom and store operations. This was also affected by the closing of some sub performing outlets.

- Combined Foreign trading operations posted a decrease of 19% to Php 2.40 billion in 2019 from Php2.97 billion in 2018, mainly because of the decrease in sales in Hong Kong stores brought about by the series of rallies held during the year which affected the sales significantly.

Cost of sales consists of:

- Cost of purchasing fruits and vegetables and raw materials from growers and other traders and suppliers including freight in charges;
- Cost of real estate includes development cost for all properties to be sold, including shops, office buildings and hotels located in China.
- Personnel expenses, which include salary and wages, employee benefits and retirement costs for employees involved in the production process;
- Repairs/maintenance costs, depreciation costs relating to production equipment, vehicles, facilities and buildings;
- Fuel and oil costs relating to the production and distribution process;

For the year ended December 31, 2019, ANI Group's cost of sales and services amounted to Php 3.71 billion up by 19% from Php 3.12 billion for the year 2018 mainly due to higher amount of purchases of raw materials such as fruits and vegetables, construction supplies, freight and handling cost, salaries and wages which is in line with the increase in sales during the period.

Gross Profit

Consolidated gross profit up by Php 108.92 million or 15% for the year ended December 31, 2019. The gross profit up by from Php 711.77 million in 2018 to Php820.69 million in 2019. Gross profit increases in export, distribution and foreign trading in 2019.

Operating Expenses

The Company's operating expenses consist of selling expenses and administrative expenses which include the following major items:

- Taxes and licenses
- Salaries, wages and other employee benefits
- Advertising
- Rentals
- Depreciation and amortization
- Freight and handling
- Communication, light and water

Consolidated operating expenses for the 2019 amounted to Php 692.40 million up from Php 584.80 million in 2018 mainly due to the increase in manpower cost for regular employees and contracted services, various impairments and write off, depreciation and amortization, communication, light and water, and transportation and travel during the year.

Other Income (Charges)

Other income in 2019 amounted to Php26.03 million in 2019 and Php36.07 million in 2018. The decrease is due to the reduction of write off of payables during the year as compared to the previous year.

The write-offs include trade and other payables and lease payable.

Finance Costs

Finance Costs for the years 2019 and 2018 are Php58.05 million and Php 51.88 million, respectively.

Net Income

Net income for fiscal year 2019 amounted to Php84.74 million of which Php8.65 million is attributable to equity holders of the parent while Php 76.09 million is attributable to non-controlling interest.

Financial Condition

Assets

ANI Group's consolidated total assets as of December 31, 2019 amounted to Php 4.39 billion, a decrease of 11.09% from Php 4.93 billion as at December 31, 2018. The following explain the significant movements in the asset accounts:

- The Group's cash balance increased by Php12.68 million primarily due to increase in collections despite payment of day to day operations of the Company and settlement of loans and other liabilities.
- Receivables increased by Php97.79 million mainly due to the significant increase in sales in banana and real estate income during the year.
- Advances to a stockholder has a significant decrease from Php453.98 million in 2018 to Php 149.85 million in 2019 due collections and liquidation of advances during the year. In 2020, all advances will be collected and liquidated by the stockholder.
- Inventories increased from a year end 2018 balance of Php 946.05 million to Php1.18 billion in 2019 due to increase in price of per unit of residential and commercial for sale at the same time increase in purchases for merchandising, furniture and appliances.
- Property and equipment and intangible assets decreased by Php229.40 million due to the disposal that happened during the year and recognition of depreciation and amortization.

Liabilities

Consolidated liabilities amounted to Php1.62 billion as of December 31, 2019.

Total current liabilities decreased to Php 1.44 billion in 2019 from Php 1.88 billion mainly due to various payments of loans and payables during the year.

Total non-current liabilities decreased to Php 173.56 million also due to payment of loans during the year.

Equity

Consolidated stockholders' equity as of December 31, 2019 amount to Php 2.77 billion mainly due to the additional collections of subscription receivables of common shares and improve in net operating performances of the subsidiaries especially in China.

Liquidity and Capital Resources

Net cash flows used in operating activities for the year 2019 was Php213.23 million.

Net cash flow provided by investing activities is Php694.56 million mainly in relation to the collections and liquidation of advances from its related parties and stockholder.

Net cash flows used in financing activities is Php468.63 million, which is mainly due to the payments of loans during the year.

KEY PERFORMANCE INDICATORS

Following below are the major performance measures that the Company uses. The Company employs analyses using comparisons and measurements based on the financial data for current periods against the same period of the previous year.

		FOR THE PERIOD ENDED	
FINANCIAL KEY PERFORMANCE INDICATOR	DEFINITION	DECEMBER	
Current/Liquidity:		2021	2020
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.69	1.71
Quick ratio	$\frac{\text{Current Assets} - \text{Inventory} - \text{Prepayments}}{\text{Current Liabilities}}$	0.80	0.70
Solvency ratio/Debt-to-equity ratio	$\frac{\text{Total Liabilities}}{\text{Stockholders Equity}}$	0.68	0.58
Asset to equity ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	1.43	1.54
Interest rate coverage ratio	$\frac{\text{Income Before Tax}}{\text{Finance Cost}}$	26.07	1.27
Profitability Ratio:			
Return on assets	$\frac{\text{Net Income}}{\text{Average Total Asset}}$	0.21	0.004
Return on equity	$\frac{\text{Net Income}}{\text{Average Total Equity}}$	0.31	0.01

Item 7. Financial Statements

A copy of the Company's Audited Financial Statements for the year ended 31 December 2021 is attached hereto as **Annex "A"**.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Constantino & Partners (formerly Constantino Guadalquiver and Co.) had been appointed as external auditor for the calendar years 2017, 2018 up to 2020. For the calendar year 2017, Roger M. Gaudalquiver, was the Partner in Charge,. In 2018, it was assigned to Edwin F. Ramos, as the new Partner in Charge after Mr Gaudalquiver retired from Constantino & Partners in 2019.

Apart from the audit no other services such as assurance or related services, tax accounting, compliance, advice, planning, or other kinds of services were rendered and no other fees were billed by the Company's auditors as of the said years.

Upon the recommendation of our Audit Committee, our Board of Directors approved and ratified the appointment of R.S. Bernaldo and Associates as the new External Auditor for the year 2021 with Rean G. Abalos as Partner in Charge.

There has not been any disagreement between the Company and its independent accountant/external auditor for 2021, with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedure.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

1. Directors and Principal Officers of the Company:

i. (a) Directors and Principal Officers of the Company

The following are the incumbent members of the Board of Directors who are also nominated herein:

The Directors of the Company as of 31 March 2022 are as follows:

Name	Age	Citizenship	Term of Office
Antonio L. Tiu	46	Filipino	2004 – present
Chung Ming Yang	48	Chinese ROC	1997 – present
Kenneth S. Tan	49	Filipino	2015 – present
Senen L. Matoto	74	Filipino	2018 – present
Martin C. Subido	45	Filipino	2013 – present
Antonio Peter R. Galvez	62	Filipino	2014 – present
Luis Rey I. Velasco	65	Filipino	2018 – present
Jennifer T. Ching		Filipino	2021 – present
Mark Norman A. Maca (Independent Director)	43	Filipino	2017 – present
Gloriosa Y. Sze (Independent Director)	53	Filipino	2017 – present
Maximillian Chua (Independent Director)	39	Filipino	2017 – present

ANTONIO L. TIU, 46, Filipino, Director, Chairman.

Mr. Tiu is the President/CEO and Chairman of Earthright Holdings, Inc., Chairman of The Big Chill, Inc., and President/CEO of Beidahuang Philippines, Inc. and Greenery Holdings Incorporated. He was a part-time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently board of adviser of DLSU School of Management. Mr. Tiu has a Master's degree in Commerce specializing in International Finance from University of New South Wales, Sydney Australia and BS Commerce major in Business Management from De La Salle University, Manila. He is currently a Doctorate student in Public Administration at the University of the Philippines. He was awarded the Ernst and Young Emerging Entrepreneur of the Year (2009), Overseas Chinese Entrepreneur of the Year 2010 and Ten Outstanding Young Men of the Philippines 2011. He is an active member of Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries.

YANG, CHUNG MING, 48, Chinese R.O.C., Director.

Mr. Yang is the General Manager of Grateful Strategic Marketing Consultants Co., Ltd, and Tong Shen Enterprises, which are both Taiwan based firms. He has a degree in B.S. Computer Science from Chiang Kai Shek College, Philippines and has a Master's degree in Business Administration from the National Chengchi University in Taiwan. He is currently taking the Executive MBA program at the Xiamen University.

KENNETH S. TAN, 49, Filipino, Director.

Mr. Kenneth S. Tan concurrently serves as the Chief Financial Officer of Greenery Holdings Incorporated and has been its Treasurer since June 2013. Previously, Mr. Tan served as Alternate Corporate Information and Compliance Officer at Greenery Holdings Incorporated since December 23, 2010. Mr. Tan served as the Vice President for Admin/Chief Information Officer and Compliance Officer of AgriNurture Inc. until 2013. He served as an Officer of Citibank and Manulife Financial and was a Part-Time Lecturer in Economics at an international school in Manila.

SENEN L. MATOTO, 74, Filipino, Director.

Mr. Senen Matoto served from 2007-2017 as President and Director of Vicsal Investment and Investment, AB Capital and Investment Corporation, VSec. Com. Inc. He is also an independent director of Yantua

Savings Bank. He obtained his Masters in Business Administration from the Asian Institute of Management and his Bachelor of Science in Business Administration from the University of the Philippines.

ATTY. MARTIN C. SUBIDO, 45, Filipino, Director.

Atty. Martin Subido is a Certified Public Accountant and a member of the Integrated Bar of the Philippines. He graduated with a B.S. Accountancy degree from De La Salle University and obtained his Juris Doctor degree, with honors, from the School of Law of Ateneo de Manila University. He was a Senior Associate of the Villaraza & Angangco Law Offices before becoming managing partner of The Law Firm of Subido Pagente Certeza Mendoza & Binay.

ANTONIO PETER R. GALVEZ, 62, Filipino, Director

Mr. Galvez is a holder of an Executive Master's in Business Administration from the Asian Institute of Management. He graduated from the Ateneo de Manila University with a Bachelor's Degree in Economics. At present, he is and Executive and Leadership Coach, Business Coach with the University of Asia and Pacific. He is also a licensed facilitator of Get Clients Now, licensed instructor of GRID International and Director of Pastra.Net. His previous employments include various stints with the Securities Transfer Services, Inc., First Philippine Holdings Corporation and its subsidiaries, Department of Trade and Industry and the Board of Investments.

LUIS REY I. VELASCO, 65, Filipino, Director

Mr. Luis Rey I. Velasco, PhD, is a Doctorate Degree Holder in Entomology from University of Queensland, Brisbane, Australia. He is currently a professor in Agriculture Entomology at University of the Philippines in Los Banos.

JENNIFER T, CHING, 46 , Filipino, Director

Ms. Ching holds a Bachelor of Science Major in Business Administration degree from the University of Santo Tomas. She previously worked for ANI as Finance Manager from September 2009 to Jan. 2012. She then joined the Department of Agriculture under the Office of the Assistant Secretary for Agribusiness & Marketing from February 2012 to February 2020 before rejoining ANI in March 2020, At present her position is an Overall Head of Admin and Human Resource Department

ATTY. GLORIOSA Y. SZE, 53, Filipino, Independent Director

Atty. Gloriosa Y. Sze graduated from the San Sebastian College Recoletos de Cavite in 1989 with a degree in Bachelor of Science in Accountancy and became a Certified Public Accountant in April of 1991. She later on obtained her Bachelor of Laws degree from San Beda College Mendiola in 2008 and became a member of the Bar in 2009. She previously worked as an Associate Lawyer at the Romualdo A. Din, Jr. and Associates Law Office from July 2010 to January 2012, Legal Associate at the Legal and Compliance Team of Manulife Business Processing Service from January 2012 to January 2014. She served as a member of the faculty of Chiang Kai Shek College, Faculty of Business, Arts and Sciences for the School Year 2014-2015. She served as Director of the Integrated bar of the Philippines, Manila III Chapter from 2013 to 2015. Atty. Sze was a founding partner of Laguatan Lim & Yutatco-Sze Law Firm and partner in charge of finance from November 2013 to April 2015. In May 2015, she co-founded Lim and Yutatco-Sze Law Firm where she is currently the partner in charge of Finance.

ATTY. MAXIMILIAN CHUA, 39, Filipino, Independent Director

Atty. Maximilian Chua graduated from the Ateneo de Manila University with a degree in Bachelor of Science in Management Information System and obtained his Bachelor of Laws degree from San Beda College of Law Mendiola. He was a senior associate of Co Ferrer & Ang-Co Law Offices from 2009 to July 14. At present, he is a consultant at the Belo Gozon Parel Asuncion & Lucila Law Offices.

MARK NORMAN A. MACA, 43, Filipino, Independent Director

Mr. Mark Norman A. Maca graduated from the University of the Philippines Diliman with a degree in Bachelor of Science in Community Development with minors in Anthropology and Economics. He is a holder of a European Master in Life Long Learning: Policy and Management under the Erasmus Mundus Fellowship Programme of the University College London (UCL) and he is earning his Doctorate degree in International and Comparative Education at the Kyushu University (Japan) under the Ronpaku Fellowship Programme. He was previously engaged as Technical Advisor – Education Development Programs and Projects under an Asian Development Bank contract and served as Education Policy Consultant of the World Bank (Manila) from March 2014-March 2015. He undertook several commissioned studies for the

Department of Education and UNICEF Philippines and has been invited as lecturer and resource speaker in various fora in the Philippines and overseas.

The Principal Officers of the Company as of 31 March 2022 are as follows:

ANTONIO L. TIU, 46, Filipino, Director, Chairman.

Mr. Tiu is the President/CEO and Chairman of Earthright Holdings, Inc., Chairman of The Big Chill, Inc., and President/CEO of Beidahuang Philippines, Inc. and Greenery Holdings Incorporated. He was a part-time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently board of adviser of DLSU School of Management. Mr. Tiu has a Master's degree in Commerce specializing in International Finance from University of New South Wales, Sydney Australia and BS Commerce major in Business Management from De La Salle University, Manila. He is currently a Doctorate student in Public Administration at the University of the Philippines. He was awarded the Ernst and Young Emerging Entrepreneur of the Year (2009), Overseas Chinese Entrepreneur of the Year 2010 and Ten Outstanding Young Men of the Philippines 2011. He is an active member of Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries.

KENNETH S. TAN, 49, Filipino, Chief Financial Officer and Treasurer.

Mr. Kenneth S. Tan serves as the Chief Financial Officer of Greenery Holdings Incorporated and has been its Treasurer since June 2013. Previously, Mr. Tan served as Alternate Corporate Information and Compliance Officer at Greenery Holdings Incorporated since December 23, 2010. Mr. Tan served as the Vice President for Admin/Chief Information Officer and Compliance Officer of AgriNurture Inc. until 2013. He served as an Officer of Citibank and Manulife Financial and was a Part-Time Lecturer in Economics at an international school in Manila.

ATTY. KATRINA DE LIMA NEPOMUCENO, 51, Filipino, Corporate Secretary

A member of the Philippine Bar. She has an extensive experience in corporate law and processes as the former Vice-President for Legal, Corporate Secretary and Compliance Officer of Leisure and Resort World Corporation (LRWC), a company listed in the Philippine Stock Exchange which owns and has interest in various gaming operations in the Philippines. She had worked closely with the regulators in drafting various policies and regulations. She also extensively participated in negotiations and contracts drafting for mergers, acquisitions, joint venture projects on behalf of LRWC, participated in product and supply sourcing, as well as real estate acquisitions. She advised on pioneering ventures of LRWC. As President of AB Leisure Global, Inc., a subsidiary of LRWC engaged in the business of resort and real estate development, she acted as Project Head of its Boracay Project.

ROSANA C. PLANCO, 48, Filipino, Compliance Officer

Ms. Rosana C. Planco holds a Bachelor of Science major in Accountancy degree from the University of the East in Manila and a Master's degree in Business Administration from the Pamantasan ng Lungsod ng Maynila. She previously worked for two (2) of ANI's subsidiaries, TBC and Fruitilicious, as an Accounting Officer and Operations Auditor from February 2012 to May 2016. She then transferred to Banapple J3 Corp, acting as the Finance and Accounting Manager, from July 2016 to February 2019 before rejoining ANI in 2021.

JHANE A. TEOXON, 43, Filipino, Corporate Information Officer

Ms. Jhane A. Teoxon is a Certified Public Accountant and holds a Bachelor of Science in Accountancy degree from Manila Central University. She previously worked for ANI as the Accounting Manager and then as Financial Controller from 2010 to 2014. She then transferred to Alphaland Development Inc. as Senior Finance Manager from 2015 to 2016 and to Makati Supermarket Corporation as the Resident Controller from 2016 to 2020 before rejoining ANI in 2021.

2. Significant Employees

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance.

3. Family Relationships

There are no officers nor directors that are related by consanguinity or affinity.

4. Involvement in Certain Legal Proceedings

None of the following events have occurred during the past five (5) years preceding the filing of this Annual Report that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the Company:

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer, either at the time of the bankruptcy or within two (2) years prior to that time;

any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

5. Certain Relationships and Related Transactions

The Company's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

See Note 20 (Related Party Transactions) of the Notes to the 2021 Audited Financial Statements.

Item 10. Compensation of Directors and Executive Officers

The following summarizes the executive compensation received by the CEO and the top four (4) most highly compensated officers of the Company for 2019, 2020 and 2021. It also summarizes the aggregate compensation received by all the officers and directors, unnamed.

Amounts in '000	Year	Salaries	Bonuses	Other Income
CEO and the four (4) most highly compensated officers	2019	Php 6,314	-	NONE
	2020	Php 3,842	-	NONE
	2021	Php 6,905	-	NONE
Aggregate compensation paid to all other officers and directors as a group unnamed	2019	Php 5,431	-	NONE
	2020	Php 5,176	-	NONE
	2021	Php 6,714	-	NONE

Under Section 8, Article III of the By-Laws of the Company, by resolution of the Board, each director shall receive a reasonable *per diem* allowance for their attendance at each meeting of the Board. Also provided therein is the compensation of directors, which shall not be more than 10% of the net income before income tax of the Company during the preceding year, which shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting. To date,

the directors are given a per diem allowance of Five Thousand Pesos (Php 5,000.00) for their attendance at each meeting of the Board.

COMPENSATION PLANS

The Board approved a Stock Ownership Plan (the "Plan") during its meeting on 17 December 2014. The following are the salient provisions of the Plan, among others:

- a. All REGULAR employees of ANI and its subsidiaries are eligible under the Plan.
- b. The Plan shall be effective for a period of ten (10) years to commence upon ratification of the Stockholders' of the terms and conditions and upon approval of concerned governmental regulatory bodies. However, the grant of stocks shall be "purely gratuitous" such that ANI's Compensation and Remuneration Committee (hereinafter referred to as the "Committee") has the sole discretion whether to grant stocks for the year based on the financial performance of ANI during the preceding year.
- c. ANI will grant common shares in favor of all regular employees equivalent to an employee's one (1) month salary, which will be evidenced by an Award Agreement. The Award Agreement shall contain the terms and conditions of the Plan which must be complied with by the employee during the vesting period, otherwise the employee forfeits his/her rights over the shares of stock.
- d. There will be a 3-year vesting period during which the employee is not yet considered as the owner of the shares, and his/her rights over the shares are restricted, including the right to dispose of the shares, receive dividends and/or vote as a shareholder.
- e. Upon the lapse of the vesting period, the Committee shall instruct the Corporate Secretary to issue the Stock Certificates to the employees who have complied with the terms as stated in the Award Agreement. An employee forfeits his/her shares when the said employee resigns or is found guilty of an offense defined as less grave or grave offense as per ANI Employee Handbook.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

As of 31 March 2022, the following are the record owners and beneficial owners of more than five percent (5%) of the Company's total issued common shares of 1,024,446,888 based on the stock and transfer book of the Company:

Title Of Class	Name, Address Of Record Owner And Relationship With Issuer	Name Of Beneficial Owner And Relationship With Record Owner	Citizenship	No. Of Shares Held	Percentage
Common	PCD Nominee Corp. (Filipino) G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City Stockholder	PCD Nominee Corp. is the record owner	Filipino	380,341,401	37.1265%
Common	PCD Nominee Corp. (Foreign) G/F Makati Stock	PCD Nominee Corp. is the record owner	Foreign	193,937,661	18.9310%

	Exchange Bldg., 6767 Ayala Avenue, Makati City Stockholder				
Common	Earthright Holdings, Inc. Unit 3C, Valuepoint Executive Building, 227 Salcedo St. Legazpi Village, Makati City Stockholder	Earthright Holdings, Inc. is the record owner	Filipino	250,000,000	24.4034%
Common	Greenergy Holdings Inc. 54 National Road, Dampol II-A, Pulilan, Bulacan Stockholder	Greenergy Holdings Inc. is the record owner	Filipino	116,296,246	11.3521%

As of 31 March 2022, the following are the beneficial owners of more than five percent (5%) of the outstanding capital stock under the PCD Nominee Corp:

Common	Greenergy Holdings, Inc. 54 National Road, Dampol II-A, Pulilan, Bulacan Stockholder	PCD Nominee Corp. (Filipino) is the record owner [for Greenergy Holdings, Inc.]	Filipino	95,102.646	9.28%
Common	Earthright Holdings, Inc. ⁵ Unit 3C, Valuepoint Executive Building, 227 Salcedo St. Legazpi Village, Makati City Stockholder	PCD Nominee Corp. (Filipino) is the record owner [for Earthright Holdings, Inc.]	Filipino	76,966,550	7.51%
Common	PCD Nominee Corp. (Foreign) ⁶	PCD Nominee Corp. (Foreign) is the	Dutch	100,904,188	9.84%

⁵ The shares held by Earthright Holdings, Inc. in the Company shall be voted or disposed by the person who shall be duly authorized by the record owner (Earthright) for the purpose. The natural person that has the power to vote on the shares of Earthright shall be determined upon the submission of its proxy to the Company, which, under the by-laws of the Company, must be submitted before the time set for the meeting.

⁶ PCD Nominee Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PCD Nominee Corporation are PCD's participants who hold the shares in their own behalf

	G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City Stockholder	record owner [for Vikings Asia Agriventures BV]			
Common	PCD Nominee Corp. (Foreign) ⁷ G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City Stockholder	PCD Nominee Corp. (Foreign) is the record owner [for Alcione Family Office Services Co., Ltd.].	Japanese	53,097,796	5.2%

2. Security Ownership of Management

As of 31 March 2022, the following are the security ownership of the directors and principal officers of the Company:

Title Of Class	Name Of Beneficial Owner; Relationship With Issuer	Amount And Nature Of Beneficial Ownership (Direct & Indirect)	Citizenship	Percentage
Common	Antonio L. Tiu Chairman, CEO and President	30,032,388 (Direct)	Filipino	2.93%
		558,866,241 ⁸ (Indirect)		54.55%
Common	Chung Ming Yang Director	1,567,400 (Direct)	Chinese ROC	0.15%
Common	Kenneth S. Tan Director, Chief Financial Officer and Treasurer	1,000 (Direct)	Filipino	Less than 0.01%
Common	Senen L. Matoto Director,	1 (Direct)	Filipino	Less than 0.01%
Common	Martin C. Subido Director	342,202 (Indirect)	Filipino	0.03%

or in behalf of their clients. The PCD is prohibited from voting these shares; instead the participants have the power to decide how the PCD shares in the Company are to be voted.

The natural person that has the power to vote on the shares of Vikings Asia Agriventures BV shall be determined upon the submission of its proxy to the Company, which, under the by-laws of the Company, must be submitted before the time set for the meeting.

⁷PCD Nominee Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PCD Nominee Corporation are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares; instead the participants have the power to decide how the PCD shares in the Company are to be voted.

The natural person that has the power to vote on the shares of Vikings Asia Agriventures BV shall be determined upon the submission of its proxy to the Company, which, under the by-laws of the Company, must be submitted before the time set for the meeting.

⁸ Mr. Antonio L. Tiu indirectly holds 326,966,550 shares thru Earthright, Holdings, Inc.; 181,093,179 thru Greenergy Holdings, Inc.; 29,612,912 thru PCD Nominee

Common	Antonio Peter R. Galvez Director	1 (Direct)	Filipino	Less than 0.01%
Common	Luis Rey I. Velasco Director	1 (Direct)	Filipino	Less than 0.01%
Common	Jennifer T. Ching Director	1 (Indirect)	Filipino	Less than 0.01%
Common	Mark Norman A. Maca Independent Director	1 (Direct)	Filipino	Less than 0.01%
Common	Gloriosa Y. Sze Independent Director	1 (Direct)	Filipino	Less than 0.01%
Common	Maximillian Chua Independent Director	1 (Direct)	Filipino	Less than 0.01%
Common	Katrina L. Nepomuceno Corporate Secretary	0	Filipino	0
Common	Rosana C. Planco Compliance Officer	0	Filipino	0
Common	Jhane A. Teoxon Corporate Information Officer	0	Filipino	0

The total security ownership of the directors and principal officers of the Company as a group as of 31st of March 2022 is 590,809,238 common shares which is equivalent to 57.66% of the outstanding capital stock of the Company.

3. *Voting Trust Holders of 5% or More*

There are no persons holding 5% or more of a class under a voting trust or similar arrangement.

4. *Changes in Control*

The Company is not aware of any change in control or any arrangement that may result in a change in control of the Company.

5. *Level of Public Float*

As of 31 December 2021 there are 1,024,446,888 issued and outstanding shares.

As of 31 December 2021, the public ownership percentage of the Company is 41.29%. The required minimum public ownership percentage is 10%.

As of 31 December 2021, the number of foreign-owned shares is 204,026,934. The foreign ownership level is 19.92%. The foreign-ownership limit of the Company is 40%.

Item 12. **Certain Relationships and Related Transactions**

The Company's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

See Note 21 (Related Party Transactions) of the Notes to the 2021 Audited Financial Statements..

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

To measure or determine the level of compliance of the Board of Directors and top-level management with its Manual on Corporate Governance (the “Manual”), the Company shall establish an evaluation system composed of the following:

- Self-assessment system to be done by Management;
- Yearly certification of the Compliance Officer on the extent of the Company’s compliance to the Manual;
- Regular committee report to the Board of Directors; and
- Independent audit mechanism wherein an audit committee, composed of three (3) members of the Board, regularly meets to discuss and evaluate the financial statements before submission to the Board, reviews results of internal and external audits to ensure compliance with accounting standards, tax, legal and other regulatory requirements.

To ensure compliance with the adopted practices and principles on good corporate governance, the Company has designated a Compliance Officer. The Compliance Officer shall: (i) monitor compliance with the provisions and requirements of the Manual; (ii) perform evaluation to examine the Company’s level of compliance; and (iii) determine violations of the Manual and recommend penalties for violations thereof for further review and approval by the Board of Directors.

Aside from this, the Company has an established plan of compliance which forms part of the Manual. The plan enumerates the following means to ensure full compliance:

- Establishing the specific duties, responsibilities and functions of the Board of Directors;
- Constituting committees by the Board and identifying each committee’s functions;
- Establishing the role of the Corporate Secretary;
- Establishing the role of the external and internal auditors; and
- Instituting penalties in case of violation of any of the provisions of the Manual.

The Company will be submitting its Integrated Annual Corporate Governance Report (I-ACGR) pursuant to SEC Memorandum Circular No. 15, series of 2017, and PSE Circular No. 2017-0079 on or before 30 May 2022. The IACGR will supplement this portion of the Annual Report. –

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

a. SEC Form 17-C dated 24 May 2021

Item 9. Other Items

In the meeting of the Board of Directors of AgriNurture, Inc. (the “Company”) held today, the following matters were approved, confirmed and/or ratified:

1. Approval of the impairment by the Management of the Corporation’s trade receivables amounting to P1,714,366.50 from various customers, as well as nontrade receivables amounting to P32,316,856.99 from Tolman Manufacturing, Inc. for the year ended 31 December 2020;
2. Authority to release the Audited Financial Statements of the Corporation as of and for the year ended 31 December 2020;
3. Approval of the issuance and listing of up to 6,172,800 primary shares of the Corporation in favor of Plentex Philippines, Inc., subject to the terms and conditions as may be determined by the Board of Directors; and

4. Approval of the listing of 2 primary shares, or 1 share each, in favor of the Corporation's Directors, Senen L. Matoto and Luis Rey I. Velasco, subject to the terms and conditions as may be determined by the Board of Directors.

b. SEC Form 17-C dated 24 June 2021

Item 9. Other Items

In the meeting of the Board of Directors of AgriNurture, Inc. (the "Company") held today, the following matters were approved, confirmed and/or ratified:

Postponement of the Annual Stockholders' Meeting from 30 July 2021 to 5 November 2021, with a record date of 8 October 2021. The postponement is to enable the Company to prepare for additional matters and materials in view of the pandemic-related safety protocols.

c. SEC Form 17-C dated 19 August 2021

Item 9.

In the meeting of the Board of Directors of AgriNurture, Inc. (the "Company") held today, the following matters were approved, confirmed and/or ratified:

Confirmation of the authority to conduct a Stock Rights Offering of common shares to all eligible shareholders of the Company ("Rights Issue") at offer price of P1.00 per share. An existing shareholder owning 2.5 shares shall be entitled to 1 Stock Rights Share. The number of shares to be offered shall be 288,000,027.

d. SEC Form 17-C dated 7 September 2021

Item 9.

In the meeting of the Board of Directors of AgriNurture, Inc. (the "Company") held today, the following matters were approved, confirmed and/or ratified:

1. Approval of the authority of the President or Chief Financial Officer to fix the terms and conditions of the Stock Rights Offer under such terms and conditions that are beneficial to the Corporation, and to negotiate and execute any documents, agreements or applications in connection with the Rights Offer and regulatory approvals required to be filed and obtained with pertinent regulatory bodies.
2. Approval of the authority to incorporate a wholly owned foreign subsidiary of the Company for the issuance of long-term green bonds of up to 75 Million Euros. The final terms and conditions of the green bond issuance shall be recommended by Management for the approval of the Board.

e. SEC Form 17-C dated 5 November 2021

The results of the Annual Shareholders Meeting and Matters approved during the Annual Shareholders' Meeting on 5 November 2021:

Items 4 (b)

The following were appointed as the members of the Board of Directors of the Company during the Annual Meeting of Shareholders:

1. Antonio L. Tiu
2. Yang Chung Ming
3. Atty. Martin C. Subido
4. Kenneth S. Tan
5. Senen L. Matoto
6. Antonio Peter R. Galvez
7. Jennifer T. Ching
8. Luis Rey I. Velasco
9. Atty. Gloriosa Y Sze (Independent Director)
10. Atty. Maximilian Chua (Independent Director)
11. Mark Norman A. Maca (Independent Director)

The following were appointed as officers of the Company at the Organizational Meeting of the Board of Directors:

NAME	POSITION
Antonio L. Tiu	Chairman of the Board
Antonio L. Tiu	Chief Executive Officer & President
Kenneth S. Tan	Chief Financial Officer & Treasurer
Atty. Maricris Connie B. Pua	Corporate Secretary
Jhane A. Teoxon	Corporate Information Officer
Rosana C. Planco	Compliance Officer

The following were appointed as members of the Committees at the Organizational Meeting of the Board of Directors:

Executive Committee	i. Antonio L. Tiu	-Chairman
	ii. Kenneth S. Tan	-Vice Chairman
	iii. Senen L. Matoto	-Member
	iv. Jennifer T. Ching	-Member
	v. Atty. Maricris Connie B. Pua	-Member
Audit Committee	i. Atty. Gloriosa Y. Sze	-Chairman
	ii. Kenneth S. Tan	-Member
	iii. Mark Norman A. Maca	-Member
Nomination Committee	i. Mark Norman A. Maca	-Chairman
	ii. Jennifer T. Ching	-Member
	iii. Atty. Maximilian Chua	-Member
Corporate Governance & Compensation Committee	i. Atty. Maximilian Chua	-Chairman
	ii. Antonio L. Tiu	-Member
	iii. Atty. Gloriosa Y. Sze	-Member

Item 9. Other Items

The following, among others, have been approved, ratified and confirmed by the Shareholders:

1. Minutes of the Annual Meeting of the Shareholders held last 9 September 2020;
2. Ratification of all acts and resolutions of the Board of Directors and Management adopted during the preceding year;

3. Annual Report and Financial Statements for the year ended 31 December 2020;
4. Delegation of the appointment of External Auditor for the fiscal year 2021 to the Audit Committee;
5. Approval of the authority to issue long term green bonds of up to Seventy Five (75) Million Euros with maturity of up to seven (7) years, including the issuance of commercial papers;
6. Approval of the increase of the authorized capital stock of the Company from P2,000,000,000.00 to up to PhP 5,000,000,000.00;
7. Approval of the amendment/s to the terms and conditions of the issuance of warrants to existing shareholders to be bundled to the Company's Stock Rights Offering

From:

Issuance to Existing Shareholders owning ten (10) common shares as of record date, shall be entitled to one (1) warrant. The ratio shall be one (1) warrant equivalent to one (1) underlying common share upon conversion. Record date, Expiry date and other relevant terms and conditions shall be determined by the Board. The warrants shall have the exercise price of a discounted rate of 5% of the volume weighted average price of trade thirty days (30) prior to date of expiration, to be exercised after five (5) years from date of issuance.

To:

Issuance to Shareholders participating in the Stock Rights Offering, with every shareholder availing of three (3) Stock Rights, shall be entitled to one (1) warrant. The ratio shall be one (1) warrant equivalent to one (1) underlying common share upon conversion. The warrants shall have the exercise price of a discounted rate of 5% of the volume weighted average price of trade fifteen (15) days prior to maturity, to be exercised after five (5) years from date of listing.

8. Approval of the Internal Rules of Procedure for the conduct of Board Meeting through videoconference;
9. Approval of the authority for the acquisition of additional shareholdings in Fucang Trading Limited from 51% to up to 70%;
10. Approval of the Stock Rights Offer of 288,000,027 common shares with a par value of PhP1.00 per share to eligible existing common shareholders at the ratio of one (1) rights share for every two and one-half (2.5) existing common shares at an offer price of PhP1.00 per rights share to be listed and traded on the Philippine Stock Exchange;
11. Approval of the authority to incorporate a wholly owned foreign subsidiary of the Company, AgriNurture Financial S.à r.l. in the Grand Duchy of Luxembourg, for the issuance of long term green bonds of up to 75 million Euros.

f. SEC Form 17-C dated 5 November 2021

Item 9.

In the meeting of the Board of Directors of AgriNurture, Inc. (the "Company") held today, the following matters were approved, confirmed and/or ratified:

1. Authority to register, participate, and appoint as company administrator/s or representative/s the Corporation's Chief Financial Officer, Mr. Kenneth S. Tan, and/or the President/CEO, Mr. Antonio L. Tiu, in Rice Exchange, a digital marketplace for international rice trading;

2. Confirmation of the Approval of the reclassification of the Company's Forty Million (40,000,000) unissued common shares with par value of One Peso (Php 1.00) per share or an aggregate par value of Forty Million Pesos (Php40,000,000.00) to 400,000,000 voting preferred shares with par value of Ten Centavos (Php 0.10) per share or an aggregate par value of Forty Million Pesos (Php 40,000,000.00), to be subscribed by Earthright Holdings, Inc.
3. Approval of Agrinurture Development Holdings, Inc.'s ("ADHI") subscription of nine hundred ninety nine (999) primary shares of Agrinurture HK Holdings, Ltd. (ANI HK) at par value of USD 1.00. ANI HK is a wholly owned subsidiary of the Company and ADHI is a wholly owned subsidiary of Greenergy Holdings, Inc. (GHI). GHI is an affiliate of the Company.
4. Ratification of the Corporate Representation as approved by the Board of Directors on 31 March 2014 with changes in the authorized signatories for Bank Related Transactions.

g. SEC Form 17-C dated 18 March 2022

Item 9.

In the meeting of the Board of Directors of AgriNurture, Inc. (the "Company"), the following matters were approved, confirmed and/or ratified, among others:

1. Resignation of Atty. Maricris Connie B. Pua (Atty. Pua) as Corporate Secretary of the Company for personal reasons effective immediately.
2. Appointment of Atty. Katrina L. Nepomuceno as Corporate Secretary of the Company effective immediately.

Atty. Katrina L. Nepomuceno has served as the Corporate Legal Counsel, Corporate Secretary and Compliance Officer of several companies including a company listed with the Philippine Stock Exchange. She is one of the few gaming law practitioners in the Southeast Asian region. Atty. Nepomuceno graduated with a Bachelor's Degree in Political Science from the University of Sto. Tomas in 1990. She obtained her Juris Doctor Degree from the Ateneo De Manila University in 1994.

h. SEC Form 17-C dated 23 April 2022

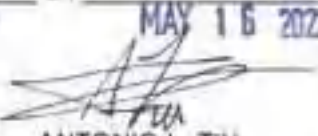
Item 9.

In the meeting of the Board of Directors of AgriNurture, Inc. (the "Company") held today, the following matters were approved, confirmed and/or ratified, among others:

1. Appointment of R.S. Bernaldo & Associates as the external auditor of the Corporation for the fiscal year 2021;
2. Postponement of the 2022 Annual Stockholders' Meeting of the Corporation from the 3rd Monday of May to 15 July 2022 and setting of the record date to 14 June 2022;
3. Appointment of Ms. Claries Frajenal as the new Data Protection Officer of the Corporation. Ms. Frajenal graduated from the University of Manila with a Bachelor's Degree in Business Administration Major in Marketing. She has been the Human Resource Manager of the Company since 2008.

SIGNATURES

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

on MAY 16 2022

ANTONIO L. TIU
 Chairman of the Board & President


KENNETH S. TAN
 Chief Financial Officer

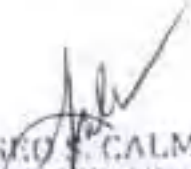

KATRINA L. NEPOMUCENO
 Corporate Secretary


JHANE A. TEOXON
 Corporate Information Officer
 & Chief Accountant

SUBSCRIBED AND SWORN to before me this MAY 16 2022 affiants exhibiting to me their competent evidence of identity as follows:

NAME	ID	DATE ISSUED	PLACE ISSUED
Antonio L. Tiu	DL No. N04-93-265667	07 September 2017	Metro Manila
Kenneth S. Tan	DL No. N04-90-144-089	27 December 2016	Metro Manila
Katrina L. Nepomuceno	Passport-P6049838A	16 February 2018	Metro Manila
Jhane A. Teoxon	UMID CRN-0033-3909191-0		

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ATTY. ELISEO S. CALMA, JR.
 Notary Public for C.U. Until Dec. 31, 2029
 Roll No. 60183
 TR No. 2454359D/Jan. 03, 2022/Q.C.
 TR No. 153588, Jan. 31, 2022
 FILE COMP. NO. VII-0006924
 Matter No. NP-065(2022-2023)
 1000 Ang St., Sapamanni Vld. East Fairview Q.C.
 TIN No. 138-541-197-000

AGRINURTURE, INC.
2021 SUSTAINABILITY REPORT

CONTEXTUAL INFORMATION

Company Details	
Name of Organization	Agrinurture, Inc. ("ANI")
Location of Headquarters	54 National Road, Dampol II-A, Pulilan, Bulacan
Location of Operations	ANI and its subsidiaries conduct businesses in the Philippines particularly in Metro Manila and Bulacan.
Report Boundaries: Legal entities (e.g. subsidiaries) included in this report*	<p>This report covers ANI and the following operating subsidiaries:</p> <ul style="list-style-type: none"> a. M2000 IMEX Company, Inc. b. First Class Agriculture Corporation c. Fresh and Green Harvest Agricultural Corporation d. Lucky Fruit and Vegetable Products, Inc. e. Best Choice Harvest Agricultural Corporation f. Fresh & Green Palawan Agriventures, Inc. g. Ocean Biochemistry Technology Research, Inc. h. Fruitilicious Company, Inc. i. Farmville Farming Co., Inc. <p>Data from ANI and the subsidiaries for the calendar year 2021 are consolidated where they are applicable and available. Data collection have been limited. Hence, the boundaries are further specified per disclosure.</p>
Business Model, Including Primary Activities, Brands, Products, and Services	ANI and its subsidiaries are engaged in the business of manufacturing, producing, growing, buying, selling, distributing, marketing, at wholesale or retail, insofar as may be permitted by law, all kinds of goods, commodities, wares and merchandise of every kind and description, including but not limited to food and agricultural products; to enter into all kinds of contracts for the export, import, purchase, acquisition, sale at wholesale or retail.
Reporting Period	1 January 2021 to 31 December 2021
Highest Ranking Person responsible for this report	<p>Kenneth S. Tan Treasurer and CFO Investor Relations</p> <p>Rosana C. Planco Compliance Officer</p>

MATERIALITY PROCESS

Focus group discussions were conducted in order to initiate the materiality assessment in defining the scope and the discussions in the Sustainability Report.

The participants were composed of those capable of representing the companies as well as its stakeholders. The objective is to identify the salient aspects of ANI and its subsidiaries' (collectively, the "Group") operations that have the most impact to its economic, social, and environmental performances.

The participants identified the key areas that are materially relevant in order for the Group to achieve long-term sustainable operations.

The following are the material indicators, significantly influencing the actions and decisions of the stakeholders:

- a. energy consumption;
- b. waste management;
- c. Economic, Social, and Governance ("ESG") risk management;
- d. community relations/Impacts on local communities;
- e. plastic use management;
- f. greenhouse gas emission;
- g. habitat protection/biodiversity;
- h. labor conditions/employee welfare;
- i. employee health and safety;
- j. employee skills and competency;
- k. regulatory requirements/compliance;
- l. guest experience/satisfaction;
- m. food safety;
- n. agricultural growth/development;
- o. data privacy/customer privacy; and
- p. ESG strategy for suppliers.

The Group recognizes that the above indicators shall affect the stakeholders if effectively or poorly implemented.

The following are the actions prepared by management to address the risks and the foregoing material aspects, to wit:

- a. Continued discussion, identification and out of office exposure of identified individuals to possible risks;
- b. After identification, analysis of possible risks and preparation of courses of action;
- c. Training and continued education of management and personnel to be prepared to address the risks identified.
- d. Formulation of policies/rules and regulations, as may be needed.
- e. Continued monitoring of effective implementation of courses of action.

These voluntary selected goals will be subject for reassessment by top management in the year 2021.

ECONOMIC

Economic Performance

Direct economic value generated and distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	4,549,288,378	PhP
Direct economic value distributed:		PhP
a. Operating costs	4,055,419,257	PhP
b. Employee wages and benefits	109,475,256	PhP
c. Payment to suppliers and other operating costs	130,385,300	PhP
d. Dividends given to stockholders and interest payments to loan providers	0	PhP
e. Taxes given to government	161,285,814	PhP
f. Investments to community (e.g. donations, CSR)	500,000.00	PhP

1

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected	Management approach
There is a direct impact to the Group's sales and over-all operations. The Gross revenue is deducted with expenses distributed through payment to suppliers and service providers, salaries/wages and benefits, and taxes due to the government, among others.	Employees, Suppliers, and the Government	<p>The Group's Management has adopted the following approach:</p> <ul style="list-style-type: none"> a. set revenue targets on a month to month basis; b. evaluate cost centers and its attributes versus the sales generated; c. continuously identify and quantify risks related to the policies and action plans; and d. regularly tracks results against targets and constantly improves projected results. f. Adopt cost efficient measures in manufacturing and production
What are the risk(s) identified?	Which stakeholders are affected?	Management approach
<p>Changes in government policies, laws, rules and regulations and political climate, may affect the business operations as well as the extent and capability of the Group to acquire, maximize, and operate their assets.</p> <p>The widespread of the COVID-19 virus that started in the 1st quarter of 2021 is another risk that was identified as it affects the company's operations.</p>	Customers, Employees, Suppliers, the Government and Stockholders	The Group ensures strict compliance with all government and institutional regulations, by monitoring protocols and updating submissions based on recent issuances, most specially the issuances and regulations of the IATF in connection with the COVID-19 Virus.
What are the opportunity (ies) identified?	Which stakeholders are affected?	Management approach
This presents an opportunity for the Group to identify areas of improvements in operations and avenues to increase the market base and sales.	Customers, Employees, Suppliers, the Government, and Shareholders	The Group is doing regular weekly management meeting to discuss operations that includes best practices to be shared with other member's workforce and problem areas to have a more

		comprehensive approach in its mitigation and total elimination.
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Climate-related risks and opportunities

Governance

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 of Directors of the Group currently do not have defined policy on its oversight function relative to climate-related risks and opportunities. However, the Management is in the process of finalizing the same for recommendation to the Board.
b. Describe the management's role in assessing and managing climate-related risks and opportunities	The management through its operating units during the weekly meetings are able to identify and assess the impact of climate-related risks and is in the process of finalizing policies and protocols to address this.

Strategy

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 that the organization has identified over its short, medium, and long terms	The Group's operation is somewhat dependent on the produce of the agriculture sector. Evidently, one of the mostly affected sector of the climate change related risk is the farming and plantation industry.
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Storms, droughts and other natural calamities bolstered by the climate change affect the agricultural industry resulting to shortage in supply for local consumption and export. It entails increased costs and means evident loss of income opportunity.
c. Describe the resilience of the organization's strategy, taking into consideration, different climate-related scenarios including a 2 °C or lower scenario	The management does not maintain a supplier only from a specific area and has expanded its contract farming to various areas in the country to ensure supply viability. Other measures are being explored to address additional risks related to climate change.

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks

a. Describe the organization's processes for identifying and assessing climate-related risks	The Group includes the discussion of climate change related risks during its weekly management meetings. The operating unit in the specific areas determine the risk they face depending on the situation (climate) in their area.
b. Describe the organization's processes for managing climate-related risks	Each operating unit is expected to submit actions taken or proposed actions to be taken on the following scheduled meeting to adapt to the timely changes.
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	The Group assesses the effectivity and the sustainability of the actions taken and proposals and after evaluation of its success, the same is included in the policies or protocols.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its	The Group currently has no defined metrics to assess climate-related risks and opportunities. The same is being assessed based on the mitigated if not eliminated adverse impacts.
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strategy and risk management process	
b. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	The Group currently has no defined targets. However, target outputs as affected by the climate change related risks are currently being used in the assessment.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent* on local suppliers	95%	%

* Based on issued purchase orders from vendors/suppliers for the year

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected	Management approach
As the Group leans on the agricultural industry, sourcing almost all of its raw materials from local sources achieves the Group's goals of furthering the cause of local farmers, introducing the Philippine produce to the international market and provide healthy alternative to the community.	Suppliers/Service Providers that are mostly in the agricultural sector	The Group applies conventional business measures in monitoring and controlling procurement of supplies.
What are the Risk(s) identified?	Which stakeholders are affected?	Management approach
Poor quality of some supplies and services and delay in delivery	Suppliers/Service Providers	Close monitoring and control of procurement practices.
What are Opportunity (ies) identified?	Which stakeholders are affected?	Management approach
Identification of quality but cost efficient supplies.	Suppliers, Community, and the Shareholders	Close monitoring and control of procurement practices

Anti-corruption

Training on anti-corruption policies and procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption on policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	60	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	90	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected	Management approach
Anti-corruption practices have direct impact to the Group's business operations, relationship in the	Employees, Suppliers, and Government	The Group is committed to ensure compliance with applicable laws, rules and

workplace and supply chain. The Group takes initiative to prevent incidents of corruption by carefully selecting its suppliers and ensuring that its employees conduct business on a sound, fair and prudent manner. The Group regroups its employees in charge of procurement to ensure that familiarity will be avoided.		regulations on anti-corruption and anti-bribery, among others; as well as adherence to standards of conduct to prevent the offer or receipt of gifts or other advantages that may induce dishonest, improper or illegal conduct, or which may create an actual or potential conflict of interest.
What are the Risk(s) identified?	Which stakeholders are affected?	Management approach
Any incidence of corruption could pose a reputational risk to the Group. Any form of corruption may likewise result to substandard supply.	Employees, Suppliers, Shareholders and Government	The Group does not condone any dishonest, unethical, or unprofessional behavior and actions displayed by an employee, officer or director, regardless of his/her level of authority. The Group has an anti-corruption policy in place to ensure that it is the responsibility of each employee, officer and director to report legitimate concerns so that issues can be properly investigated or resolved and corrective measures can be instituted.
What are Opportunity (ies) identified?	Which stakeholders are affected?	Management approach
This presents an opportunity to evaluate the capabilities and moral soundness of the members of the organization and to assess the strength and weaknesses the Group's procurement process in order to be compliant with the relevant laws. Anti-corruption practices also boost the morale of employees.	Employees, Suppliers, and Government	The Group shall ensure strict adherence in its Anti-Corruption policy.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which the board of directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected	Management approach
Corruption could compromise the Group's business operations, relationship in the workplace, and	Employees, Suppliers, Stockholders, and Government	The Group shall ensure strict adherence in its Anti-Corruption policy.

reputation.		The policy shall likewise be timely reviewed in compliance with existing laws, rules and regulations as well as current situations.
What are the Risk(s) identified?	Which stakeholders are affected?	Management approach
Any incidence of corruption could pose a reputational risk to the Group. This likewise results to substandard supplies.	Employees, Suppliers, Shareholders, and Government	<p>The Group does not condone any dishonest, unethical, or unprofessional behavior and actions displayed by an employee, officer or director, regardless of his/her level of authority.</p> <p>The Group has an anti-corruption policy in place to ensure that it is the responsibility of each employee, officer and director to report legitimate concerns so that issues can be properly investigated or resolved, corrective measures can be instituted, and administrative sanctions imposed.</p>
What are Opportunity (ies) identified?	Which stakeholders are affected?	Management approach
This presents an opportunity to evaluate the capabilities and moral soundness of the members of the organization and to assess the strength and weaknesses the Group's procurement process in order to be compliant with the relevant laws. Anti-corruption practices also boost the morale of employees.	Employees, Suppliers, Stockholders, and Government	The Group shall ensure strict adherence in its Anti-Corruption policy.

ENVIRONMENT

Resource Management

Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (renewable sources)	1074 per month	kWh
Energy consumption (gasoline)	500 per month	liters
Energy consumption (LPG)	350 per month	kilograms
Energy consumption (diesel)	750 per month	liters
Energy consumption (electricity)	21,020 per month	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (gasoline)	No sufficient data can be provided at present but the Group is working to gather the information for future reports.	GJ
Energy consumption (LPG)	4.9 per month	GJ
Energy consumption (diesel)	30.14	GJ
Energy consumption (electricity)	3,060 per year	kWh

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 Group recognizes that the use of electricity and other fuels have an impact on the environment by emitting pollutants.	Employees, Shareholders and Suppliers	The Group will monitor its energy efficiency and will find ways to minimize and/or improve utilization of various energy sources.
What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
The Group's dependence on fossil fuels makes it contributory to the environmental footprints.	Community, Shareholders and the Government	The Group will monitor its energy efficiency and will find ways to minimize and/or improve utilization of various energy sources.
What are the Opportunity/ies identified?	Which stakeholders are affected?	Management Approach
This presents the Group an opportunity to devise less fossil fuel dependent means of operations and plan activities to help reduce the footprints	Community, Shareholders and the Government.	The Group shall come up with policies and protocols that are responsive to good environmental practices.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	8.29 per production/15 days	Cubic meters
Water consumption	8.29 per production/15 days	Cubic Meters
Water recycled and reused	2 per production/15 days	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Water consumption impacts the water supply of the community where the Group's operation is located.	Employees, Shareholders and Supplier.	The Group will monitor its water consumption to ensure that conservation is in place and improve the

The Group's operation impacts the water supply level of the community considering the magnitude of its consumption.		recycling/reusing protocols.
What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
The Group recognizes the risk of possible water shortage due to increased competing demand and drought brought about by the climate change.	Employees, Shareholders, and the Community.	The Group will monitor its water consumption to ensure that conservation is in place and improve the recycling/reusing protocols.
What are the Opportunity/ies identified?	Which stakeholders are affected?	Management Approach
The Group identified the following opportunities to manage water risks: <ul style="list-style-type: none"> • Proper protocols in water usage • Improve the protocols in water recycling or re using 	Employees, Shareholders, and the Community.	The Group will monitor its water consumption to ensure that conservation is in place and improve the recycling/reusing protocols.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	125,000 per month aluminum cans	Kilos
• Renewable	30,000 per month paper 39,000 liters water	Kilos
• Non-renewable	220 per month LPG 1000 per month fuel	kg/liters
Percentage of recycle input materials used to manufacture the organization's primary products and services	35	%

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 Group uses a considerable amount of raw materials as it is engaged in manufacturing.	Community and the Government	The Group will monitor its material consumption to ensure that conservation is in place and improve the recycling/reusing protocols.
What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
There is a risk of scarcity of materials used in the long run.	Shareholders and Suppliers	The Group will monitor its material consumption to ensure that conservation is in place and improve the recycling/reusing protocols.
What are the Opportunity/ies identified?	Which stakeholders are affected?	Management Approach
There is an opportunity to incorporate the use of recycled materials within the Group.	Employees, Community and Shareholders	The Group will monitor its material consumption to ensure that conservation is in place and improve the recycling/reusing protocols.

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or	0	

adjacent to, protected areas and areas of high biodiversity outside protected areas		
Habitats protected or restored	0	Ha
IUCN ¹ Red List species and national conservation list species with habitats in areas affected by operations	0	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not Applicable (The Group does not own or lease any property that is located in or is near a protected area.)	Not Applicable (The Group does not own or lease any property that is located in or is near a protected area.)	Not Applicable (The Group does not own or lease any property that is located in or is near a protected area.)
What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
Not Applicable (The Group does not own or lease any property that is located in or is near a protected area.)	Not Applicable (The Group does not own or lease any property that is located in or is near a protected area.)	Not Applicable (The Group does not own or lease any property that is located in or is near a protected area.)
What are the Opportunity/ies identified?	Which stakeholders are affected?	Management Approach
Not Applicable (The Group does not own or lease any property that is located in or is near a protected area.)	Not Applicable (The Group does not own or lease any property that is located in or is near a protected area.)	Not Applicable (The Group does not own or lease any property that is located in or is near a protected area.)

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions		Mg/Ncm
CO2 concentration	4.1 Mg/Ncm	
Oxygen Concentration	16.0 Mg/Ncm	
Energy indirect (Scope 2) GHG Emissions	Not applicable	Tonnes CO ₂ e
Emissions of ozone-depleting substances 9ods0	Not applicable	Tonnes

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 Group recognizes that the emissions caused by its manufacturing operation are pollutants leaves a considerable amount of	Employees, Community and Shareholders	The Group will monitor its operation to ensure minimal impacts and review protocols as necessary.

¹ International Union for Conservation of Nature.

environmental footprint.		
What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
The footprints may be considered as contributory to environmental destruction and climate change.	Employees, Community and Shareholders	The Group will monitor its operation to ensure minimal impacts and review protocols as necessary.
What are the Opportunity/ies identified?	Which stakeholders are affected?	Management Approach
This presents the Group an opportunity to reevaluate its operational procedure to adapt more environment friendly modes.	Employees, Community and Shareholders and other emissions.	The Group will monitor its operation to ensure minimal impacts and review protocols as necessary.

Air pollutants

Disclosure	Quantity	Units
NOx	15.52	Mg/Ncm
SOx	79.37	Mg/Ncm
Persistent organic pollutants (POPs)	No sufficient data can be provided at present but the Group is working to gather the information for future reports.	Kg
Volatile organic compounds (VOCs)	No sufficient data can be provided at present but the Group is working to gather the information for future reports.	Kg
Hazardous air pollutants (HAPs)	132.77	Mg/Ncm
Particulate matter (PM)	22.63	Mg/Ncm

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 business operations of the Group have negligible contribution to air pollutants. However, it recognizes that air pollution can affect the health of its employees and the community it belongs to.	Community, Shareholders and Employees	The Group shall ensure compliance with existing environmental laws and it shall continue to monitor its operations to ensure adherence to protocols complies with the standards to minimize if not eradicate detrimental effects to health and the environment.
What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
The Group recognize that air pollution poses health risks to its employees and the community.	Employees and the Community	The Group shall ensure compliance with existing environmental laws and it shall continue to monitor its operations to ensure adherence to protocols complies with the standards to minimize if not eradicate detrimental effects to health and the environment.
What are the Opportunity/ies identified?	Which stakeholders are affected?	Management Approach

This presents the Group an opportunity to reevaluate its operational procedure to adapt more environment friendly modes.	Community, Customers and Shareholders	The Group complies with the standards mandated by the Clean Air Act. Vehicles and machineries used are regularly maintained and checked to ensure there are no leakages and potential air pollutants are reduced to levels not detrimental to health and the environment.
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Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated		Kg
• Reusable	20 per day	Kg
• Recyclable	100 weekly	Kg
• Composted	20 per day	Kg
• Incinerated	Not Applicable	Kg
• Residuals/Landfilled	Not Applicable	Kg

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	50 every 6 months	Liters
Total weight of hazardous waste transported	No sufficient data can be provided at the present but the Group are working to gather the information for future reports.	Liters

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 Group's generated hazardous waste poses a great impact in the community and the environment if not properly handled.	Community, Shareholders. Government and Employees	The Group observes proper waste management in compliance with relevant laws, rules and regulations where they operate.
What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
The Group recognizes that improper handling of hazardous waste will adversely affect the community and the environment and will merit applicable sanctions from concerned government agencies.	Shareholders, Employees, Government and Community	The Group observes proper waste management in compliance with relevant laws, rules and regulations where they operate. It will formally adopt policies on how to properly handle hazardous waste.
What are the Opportunity/ies identified?	Which stakeholders are affected?	Management Approach
This presents the Group an	Community, Government and	The Group shall continue to

opportunity to reevaluate its operational procedure to adapt more environment friendly modes and to strengthen its proper waste disposal handling.	Shareholders	monitor and adapt applicable protocols to ensure compliance with existing laws.
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Effluents

Disclosure	Quantity	Units
Total volume of water discharges	15,000	Cubic meters
Percent of wastewater recycled	13.33	%

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 Group recognizes that effluents can cause contamination not properly disposed.	Community and Shareholders	The Group will monitor its water consumption to ensure that conservation is in place and improve the recycling/reusing protocols.
What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
The Group recognizes that improper handling of waste water will adversely affect the community and the environment and will merit applicable sanctions from concerned government agencies.	Community	The Group will monitor its water consumption to ensure that conservation is in place and improve the recycling/reusing protocols.
What are the Opportunity/ies identified?	Which stakeholders are affected?	Management Approach
The Group identified the following opportunities to manage water risks: <ul style="list-style-type: none"> • Proper protocols in water waste disposals • Improve the protocols in water recycling or re using • Ensure waste water system is functional 	Shareholders and Community	The Group will monitor its water consumption to ensure that conservation is in place and improve the recycling/reusing protocols and waste water handling.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	20,000	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	1	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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Non-compliance with environmental laws and/or regulations can impact the Group through monetary penalties, sanctions, litigation and reputational risk.	Community, Government and Shareholders	The Group shall monitor strict compliance with law, rules and regulations in place. Protocols shall be reviewed timely to ensure that it is adaptive to present situations.
What are the Risk/s identified?	Which stakeholders are affected?	Management Approach
Non-compliance with environmental laws and/or regulations could have implications to the Group such as monetary penalties, stoppage of operations and other sanctions.	Community and the Government	The Group shall monitor strict compliance with law, rules and regulations in place. Protocols shall be reviewed timely to ensure that it is adaptive to present situations.
What are the Opportunity/ies identified?	Which stakeholders are affected?	Management Approach
This presents the Group an opportunity to re evaluate its existing protocols and compliance. Further, this will be an avenue for the Group to make concrete action plan in mitigating the adverse environmental impacts.	Shareholders, Community the Government.	The Group shall monitor strict compliance with law, rules and regulations in place. Protocols shall be reviewed timely to ensure that it is adaptive to present situations. Management shall likewise make strong involvement in environmental conservation activities.

SOCIAL

Employee Management Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees	ANI-194 SUBS-192	#
a. Number of female employees	ANI-71 SUBS-55	#
b. Number of male employees	ANI-123 SUBS-137	#
Attrition rate	ANI-2 SUBS-4	Rate
Ratio of lowest paid employee against minimum wage	0	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	21%	7%
PhilHealth	Y	21%	7%
Pag-ibig	Y	12%	16%
Parental leaves	Y	9%	10%

Vacation leaves	Y	100%	100%
Sick leaves	Y	98%	98%
Medical benefits (aside from PhilHealth)	Y	43%	28%
Housing assistance (aside from Pag-ibig)	N	-	-
Retirement fund (aside from SSS)	N	-	-
Further education support	N	-	-
Company stock options	N	-	-
Telecommuting	N	14.8%	7%
Flexible-working Hours	N	14.8%	7%
(Others)	N	-	-

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group recognizes the vital role of proper employee handling and what it contributes to the productivity of the company as a whole.	<i>The Group strictly adheres to the labor standards and policies set by the Department of Labor and Employment and other government agencies, as minimum benchmarks in terms of its work standards and employee relations.</i>
What are the Risk/s Identified?	Management Approach
The Group recognizes that improper employee management and poor employee retention will result to low productivity, corruption and attrition.	<i>The Group strictly adheres to the labor standards and policies set by the Department of Labor and Employment and other government agencies, as minimum benchmarks in terms of its work standards and employee relations. Issues relative to employee concerns are likewise encouraged to be discussed during weekly management meetings.</i>
What are the Opportunity/ies Identified?	Management Approach
This presents the Group with an opportunity to improve its employee management by ensuring provision of benefits that will yield to a more productive and loyal organization.	The Group shall re-evaluate its employee benefits, and give loyal and hardworking employees premium.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	ANI - 0 SUBS - 0	Hours
b. Male employees	ANI - 0 SUBS-0	Hours
Average training hours provided to employees		
a. Female employees	ANI - 0 SUBS - 0	hours/employee
b. Male employees	ANI - 0 SUBS - 0	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Training and development plays an important role in improving the efficiency and awareness of employees, thus increasing the Group's opportunity to generate more income.</i>	The Group provides training to its organization to keep them well informed in changes in governmental and organizational policies. This will likewise increase their confidence in performing their duties and responsibilities.
What are the Risk/s Identified?	Management Approach
Not all employees are given the opportunity to attend trainings. Retention of matters presented in the trainings.	Conduct of in-house trainings to ensure that all employees will be given the opportunity to participate. Conduct of Post training evaluations.
What are the Opportunity/ies Identified?	Management Approach
This presents the Group with an opportunity to improve the capabilities of its employees.	Increase the conduct of trainings to enhance and update employees' skills, work experience, leadership and behavior.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Good labor management relations is crucial in overall productivity and maintaining harmony in the workplace.</i>	The Group is open to hearing its employees' concerns and opinion, if any. These concerns are considered and acted upon, when necessary. The Group will conduct more consultations as needed.
What are the Risk/s Identified?	Management Approach
When disagreements and grievances are not addressed as expected by the employee, there is a risk of labor unrest and labor suits.	The Group ensures that their grievance procedures and labor policies comply with the Labor Code and other labor laws.
What are the Opportunity/ies Identified?	Management Approach
Proper management of labor relations offers opportunity for operational efficiency, productivity and sustained growth.	The Group ensures that their grievance procedures and labor policies comply with the Labor Code and other labor laws.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	ANI – 37%	%
	SUBS – 29%	
% of male workers in the workforce	ANI – 63%	%
	SUBS – 712%	
Number of employees from indigenous communities and/or vulnerable sector*	ANI - 0	#
	SUBS - 0	

*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).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Diversity and equality in the workforce have impact on the Group's business operations in terms of fitness and productivity.</i>	<i>The Group ensures that there is no discrimination on employees based on gender, age, race or religion. Hiring and promotion are purely based on merit and fitness. Disciplinary cases are also decided based on the facts of the case and applicable company policies and labor laws, rules and regulations.</i>
What are the Risk/s Identified?	Management Approach
<i>Diversity in workplace may result to biases hence may create an unhealthy workplace.</i>	The Group shall ensure regular dialogue with employees and provide employee engagement programs.
What are the Opportunity/ies Identified?	Management Approach
Diversity and equality in human capital offers an opportunity to formulate policies in relation thereto to minimize the risks identified.	The Group will continue to provide work opportunities for people belonging to the vulnerable sector.

Workplace Conditions, Labor Standards, and Human Rights
Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	2,496	Man-hours
No. of work-related injuries	3	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group's operation specifically the manufacturing arm is exposed in occupational hazards.	The conducts seminars on safety in the workplace and policies are in place to ensure the safety of its employees. Trainings on first aid and health and occupational safety are likewise a priority.
What are the Risk/s Identified?	Management Approach
Employees' non-compliance with the policies and accidents are inevitable.	The Group strictly monitors compliance with health and occupational safety policies. Further, first aid protocols are ensured to be in place at all times.
What are the Opportunity/ies Identified?	Management Approach

This presents an opportunity to improve policies and data relating to health, safety and welfare of employees.	The Group is committed to enhance workplace safety requirements and protocols already being implemented in the organization.
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Labor Laws and Human Rights

Disclosure	Quantity	Units
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?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	The Group adopts and complies with relevant laws, rules and regulations relating to the protection of human rights and labor.
Child labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Non-compliance with labor laws and human rights in the workplace may impact the Group's productivity, employee retention and employee engagement.</i>	The Group will continue to protect its employees' human rights and comply with labor laws, rules and regulations.
What are the Risk/s Identified?	Management Approach
Human rights and labor law violations will expose the Group to likelihood of litigation and affect its reputation.	The Group will continue to protect its employees' human rights and comply with labor laws, rules and regulations.
What are the Opportunity/ies Identified?	Management Approach
Compliance to existing laws will yield to employment of quality workers and decrease attrition rate.	The Group will continue to protect its employees' human rights and comply with labor laws, rules and regulations.

Supply Chain Management

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

No.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	Though the Group does not have a written policy on accreditation, due diligence is being conducted to ensure its suppliers'/service provider's legitimacy and performance capabilities.
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Supply Chain Management has a very considerable impact in sourcing quality and cost efficient supplies.	The Group ensures that due diligence is being made before transacting with suppliers/service providers.
What are the Risk/s Identified?	Management Approach

Poor Supply Chain Management may result to sub standard supplies, delay or non deliveries.	The Group ensures that due diligence is being made before transacting with suppliers/service providers.
What are the Opportunity/ies Identified?	Management Approach
This presents the Group with an opportunity to improve its supply chain management and establish an accreditation process.	The Group will re evaluate performance of existing suppliers/service providers and establish an accreditation process.

Relationship with Community
Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
As the Group leans on the agricultural industry, sourcing almost all of its raw materials from local sources, achieves the Group's goals of furthering the cause of local farmers, introducing the Philippine produce to the international market and provide healthy alternative to the community.	Bulacan, Pampanga, Davao	The Group does not discriminate against vulnerable sectors in terms of employment.	No	None	To further the causes of the agricultural sector by empowering the farmers through contract farming and ensuring that their produce has a market.

*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: N.A.

Certificates	Quantity	Units
FPIC process is still undergoing	N.A.	#
CP secured	N.A.	#

What are the Risk/s Identified?	Management Approach
Not Applicable (The Group's business operations do not affect IPs)	Not Applicable (The Group's business operations do not affect IPs)
What are the Opportunity/ies Identified?	Management Approach
Not Applicable (The Group's business operations do not affect IPs)	Not Applicable (The Group's business operations do not affect IPs)

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	This data is not available. All complaints are being handled by the Managers of the unit concerned.	No

Health and Safety

Disclosure	Quantity	Units
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.

Marketing and labelling

Disclosure	Quantity	Units
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.

Customer privacy

Disclosure	Quantity	Units
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.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
--	----------------------------

Customer satisfaction is the core of the Group's business, hence plays a major impact in its operations.	The Group maintains a customer satisfaction evaluation by randomly getting their feedbacks on the goods and service being provided. Further, customer complaints are ensured to be properly escalated and addressed within a given service level.
What are the Risk/s Identified?	Management Approach
Instances are inevitable where customers will not be satisfied with how the complaints were handled or resolved.	The Group maintains a customer satisfaction evaluation by randomly getting their feedbacks on the goods and service being provided. Further, customer complaints are ensured to be properly escalated and addressed within a given service level. Customer complaints will be duly noted and used as reference in improving operations.
What are the Opportunity/ies Identified?	Management Approach
This presents the Group an opportunity to further customer experience.	The Group maintains a customer satisfaction evaluation by randomly getting their feedbacks on the goods and service being provided. Further, customer complaints are ensured to be properly escalated and addressed within a given service level. The Group shall likewise innovate other means to further customer experience.

Data Security

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Data security has material impact on data management and reputation of the Group.	The Group adopts and complies with laws, rules and regulations relating to data privacy.
What are the Risk/s Identified?	Management Approach
The Group has considerable number of trade secrets in manufacturing and retail arm. Data breach will greatly impact its operations.	The Group adopts strict protocols on data privacy and protection and ensures that only identified individuals have access on a need to know basis.
What are the Opportunity/ies Identified?	Management Approach
This presents the an opportunity to evaluate and improve their current data management system.	The Group adopts strict protocols on data privacy and protection and has a dedicated unit to ensure compliance thereto.

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
Crops, fruits, and vegetables	<p>SDG 2: Contribute to food security</p> <p>SDG 3: Provision of healthy menu through its retail arm</p>	No material negative impact	The Group shall ensure compliance with existing laws in its operations and be mindful of its responsibility in reducing environmental footprints

ANNEX A

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	1	9	9	7	0	1	8	4	9	A
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Company Name

[illegible][illegible][illegible][illegible]

Principal Office (No./Street/Barangay/City/Town)Province)

N	O	.		5	4		N	A	T	I	O	N	A	L		R	O	A	D		D	A	M	P	O	L				
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[illegible][illegible][illegible]

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

S	T	O	C	K		I	S	S	U	E	R
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COMPANY INFORMATION

Company's Email Address

www.ani.com.ph

Company's Telephone Number/s

8997-5184

Mobile Number

N/A

No. of Stockholders

41

Annual Meeting
Month/Day

3rd Monday of May

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Mr. Kenneth S. Tan

Email Address

kenneth.tan@ani.com.ph

Telephone Number/s8997-5184**Mobile Number**

N/A

Contact Person's Address

No. 54 National Road, Dampol II-A, Pulilan Bulacan

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

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



AGRINURTURE, INC.

54 National Road, Dampol 2nd A, Pulilan, Bulacan 3005, Philippines
Manila Office: 997-2080-83 Telefax: 997-5184 • www.ani.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of **AGRINURTURE INC AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein for the years ended December 31, 2021 and 2020 in accordance with the Philippine Financial Reporting Standard, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

R.S. Bernaldo & Associates and Constantino and Partners, the independent auditors appointed by the stockholders for the years ended December 31, 2021 and 2020, respectively, have audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, have expressed their opinions on the fairness of presentation upon completion of such audits.

ANTONIO L. TIW

Chairman of the Board / President


KENNETH TAN

Treasurer / CFO

SUBSCRIBED AND SWORN TO before me this 13th day of May, 2022, affiants appeared and exhibited to me their competent evidence of identity, bearing their respective photographs and signatures, to wit:

Name	Competent Evidence of Identity	Expiration Date & Place of Issue
Antonio L. Tiu	Passport No. P5749783A	Valid until 24 January 2028; issued at the DFA-Manila
Kenneth S. Tan	DL No. N04-90-144089	Valid until 26 December 2031 issued By LTO

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Page No. 60
Book No. xxvii
Series of 2022


ATTY. ELMER A. MA, JR.
Notary Public in and for the Philippines
Not. No. 00123
PTB No. 243744-Vol. 43, 2022 Q.Q.
IBP No. 1, 2022
MCLE Credit No. 1440000124
Adm. Matter No. 1440000124
20 Kamagong St., Suparna Villa, East Fairview Q.C.
TIN No. 138-541-107-000

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
AGRINURTURE, INC. AND SUBSIDIARIES
 No. 54 National Road
 Dampol II-A, Pulilan
 Bulacan

Opinion

We have audited the consolidated financial statements of **AGRINURTURE, INC. AND SUBSIDIARIES** (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2021, and its financial performance and its cash flows for the year then ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter 1

The Risk

Consolidation Process

The Group's consolidated financial statements comprise the financial statements of Agrinurture, Inc. and its Subsidiaries. The Group's consolidation process is a key audit matter because of the complexity of the process which involves identifying and combining of like items in the financial statements of the Group and subsidiaries, and identifying and eliminating intercompany transactions and balances to properly reflect the consolidated financial position and its consolidated financial performance and consolidated cash flows in accordance with PFRSs.

Our Response

Our audit procedure involves obtaining an understanding of the Group's corporate structure and its consolidation process and policy, such as identifying intercompany transactions and reconciliation of intercompany balances. We checked the Group's combination of like items of assets, liabilities, equity, income, costs and expenses, and cash flows of the Parent Company with those of the subsidiaries. We checked the appropriateness of the intercompany elimination entries of the carrying amount of the Parent Company's investments in each subsidiary and the Group's portion of equity of each subsidiary, and the recognition of the noncontrolling interest. We further checked the elimination in full of intercompany assets and liabilities including income, costs and expenses, and cash flows relating to transactions involving companies within the Group. We also evaluated whether uniform accounting policies for like transactions and events are adopted by all entities within the Group in preparing the consolidated financial statements. We further evaluated the sufficiency of the disclosures in the Group consolidated financial statements.

Key Audit Matter 2

The Risk

Accounting for Investments in Foreign Subsidiaries

The Group has investments in foreign subsidiaries which account for 52% of the Group's total assets and 53% of the Group's total revenues. The accounting for these investments is significant to our audit because of the relative size of the amounts included in the consolidated financial statements and the involvement of component auditors.

Our Response

We sent out instructions to the component auditors to perform an audit on the relevant financial information for the purpose of the Group's consolidated financial statements. These instructions require the component auditors to discuss the scope of their work, their risk assessment procedures, audit strategies and reporting requirements. We obtained understanding of the component auditors' audit planning and execution strategies in addressing key audit matters significant to the overall audit of the Group's consolidated financial statements. We reviewed their audit deliverables, obtained relevant conclusion statements related to their audit procedures and assessed the impact of these statements to the overall audit of the Group's consolidated financial statements. We also obtained the audited financial statements of the foreign subsidiaries, verified whether there is modification in the audit reports, assessed whether the accounting policies are consistent with that of the Group, and adjusted any differences in accounting policies to conform with the reporting framework applied by the Group in preparing the consolidated financial statements. We also performed tests on certain account balances to validate audit conclusions.

Key Audit Matter 3

The Risk

Expected Credit Losses

The significant application of judgement and estimates of the management in formulating the ECL model of the Group made it significant to our audit. These key matters include how management defines what comprises default, identifies and groups credit risk exposures, determines the method to estimate lifetime ECL, determines assumptions used in formulating the ECL model and incorporates forward-looking information in calculating ECL.

Our Response

Our audit procedures include the following:

Obtained an understanding of the Group's methodologies used for different credit exposures to determine if these are applicable to the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome and the acceptable forward-looking information. We a) compared the definition of default with the historical analysis of accounts and credit risk management policies in place; b) assessed the Group's segmentation of its credit risk exposures based on similarity of credit risk characteristics; c) checked the methodology used in applying the simplified approach by evaluating the key inputs, assumptions, and formulas used; d) tested loss given default by inspecting historical recoveries including the timing, related direct costs, and writeoffs; e) evaluated the forward-looking information used for overlay through statistical test and corroboration using publicly available information; f) recalculated impairment provisions on a sample basis; h) compared the results with the allowance disclosed for credit losses using the ECL model in the consolidated financial statements.

Key Audit Matter 4

The Risk

Recoverability of Advances to a Stockholder

As at December 31, 2021, the Group has outstanding advances to a stockholder amounting to P199,639,593. This is significant to our audit because the assessment of recoverability of the advances requires a high level of management judgment and the estimation of future cash repayments. The Group's disclosure about the transaction and recoverability of the amounts are included in Note 21 to the consolidated financial statements.

Our Response

Our audit procedures focused on the evaluation of management's assessment on the recoverability of the advances to a stockholder. We obtained confirmation from the stockholder for the acknowledgement of the liability to the Group, the purpose of the advances, and repayment terms that covers the timing of future cash flows and manner of payment.

Key Audit Matter 5

The Risk

Fair Value of Biological Assets

The Group's biological assets are accounted for at fair value. The carrying value of the Group's biological assets amounted P59,301,732 as at December 31, 2021 and the Group's fair value adjustment on biological assets for the year then ended in the consolidated statement of comprehensive income amounted to P17,612,321. The valuation of biological assets is significant to our audit because the estimation process involves significant management estimate. The key assumptions for the fair value of the biological assets include the agricultural products future selling prices, estimated yield and future growing costs.

The disclosures on the fair value of biological assets are included in Notes 4 and 14 to the consolidated financial statements.

Our Response

We obtained an understanding of management's fair value measurement methodology and their process in valuing the biological assets. We tested the key assumptions used in the valuation, which include the future selling prices, estimated yield and future growing costs, by comparing them to external data such as selling prices in the principal market and historical information. We also assessed the adequacy of the related disclosures on the assumptions underlying the measurement of these biological assets.

Key Audit Matter 6

The Risk

Valuation of Investment Properties at Fair Value and Property and Equipment at Revalued Amount

The Company accounts for its investment properties using the fair value model and certain property and equipment at revalued amount. These properties represent 25% of the total consolidated assets as at December 31, 2021. We considered this as key audit matter since the determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions such as sales and listing of comparable properties registered within the vicinity, adjustments to sales price, market rent levels, expected vacancy rate, interest rates, and explicit forecast period based on internal and external factors. Other assumptions used in the valuation also include the current replacement cost of an asset and the related deductions for physical deterioration and other relevant forms of obsolescence.

The disclosures relating to property and equipment and investment property are included in Notes 11 and 12 of the consolidated financial statements, respectively.

Our Response

We evaluated the capabilities and qualifications of the external appraisers by considering their qualifications, experience and reporting responsibilities. We assessed the methodology adopted by referencing common valuation models and assessed the relevant information supporting the sales and listings of comparable properties by checking the market prices of properties within the vicinity and the reproduction costs against current market prices on a sample basis. We compared the inputs and assumptions used with internal and external evidence such as lease contracts and published market data.

Other Information

Management is responsible for the other information. The other information comprises the information included in SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

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

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

Other Matter

The financial statements of the Group for the years ended December 31, 2020 and 2019, were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on report dated May 24, 2021.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is **REAN G. ABALOS**.

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300

Valid until May 28, 2024

SEC Group A Accredited

Accreditation No. 0300-SEC

Valid until 2024 audit period

BSP Group B Accredited

Accreditation No. 0300-BSP

Valid until 2026 audit period

BIR Accreditation No. 08-007679-000-2020

Valid from February 24, 2020 until February 23, 2023

IC Accreditation No. F-2019-004-R

Valid until October 1, 2022



REAN G. ABALOS

Partner

CPA Certificate No. 126203

SEC Group A Accredited

Accreditation No. 1781-A

Valid until September 23, 2022

BIR Accreditation No. 08-007679-002-2020

Valid from October 20, 2020 until October 19, 2023

Tax Identification No. 271-226-260

PTR No. 8855244

Issued on January 5, 2022 at Makati City

May 13, 2022

Makati City, Metro Manila

AGRINURTURE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(With Comparative Figures as of December 31, 2020)
(Amounts in Philippine Pesos)

	Notes	2021	2020
ASSETS			
Current Assets			
Cash	6	80,195,232	57,626,380
Trade and other receivables – net	7	741,839,091	561,773,532
Due from related parties – net	21	276,167,524	147,946,960
Due from stockholders	21	275,733,442	390,307,052
Inventories	8	1,317,725,194	1,079,026,521
Prepayments and other current assets – net	9	191,822,938	161,478,791
Total Current Assets		2,883,483,421	2,398,159,236
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	10	47,801,400	44,081,400
Property and equipment – net	11	614,541,295	615,647,574
Investment property	12	1,188,425,936	262,348,877
Intangible assets – net	13	167,174,787	174,840,077
Right-of-use assets	27	79,686,049	103,665,711
Biological assets	14	59,301,732	-
Deferred tax asset	26	10,009	387,049
Deposits and other noncurrent assets – net	15	896,196,918	763,948,129
Total Noncurrent Assets		3,053,138,126	1,964,918,817
		5,936,621,547	4,363,078,053
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	16	611,431,024	654,459,561
Short-term loans payable	17	847,800,000	582,200,000
Current portion of:			
Long-term loans payable	17	90,195,081	92,907,019
Lease liabilities	27	291,160	5,282,388
Due to related parties	21	154,989,542	57,295,175
Income tax payable		4,207,801	9,556,391
Total Current Liabilities		1,708,914,608	1,401,700,534
Noncurrent Liabilities			
Noncurrent portion of:			
Long-term loans payable	17	29,372,043	111,801,698
Lease liabilities	27	318,472	609,632
Retirement benefit liability	25	19,275,038	12,088,815
Deferred tax liabilities	26	30,606,569	8,737,251
Total Noncurrent Liabilities		79,572,122	133,237,396
Total Liabilities		1,788,486,730	1,534,937,930

(Forward)

(Carryforward)

	Notes	2021	2020
Equity			
Capital stock P1 par value	19	832,831,688	830,774,088
Authorized – 2,000,000,000 shares in 2021 and 2020			
Subscribed – 1,024,446,888 shares in 2021 and 2020 (net of subscriptions receivable at par value of P191,615,200 in 2021 and P193,672,800 in 2020)			
Additional paid-in capital	19	3,602,050,960	3,567,071,760
Deficit		(1,848,388,705)	(2,386,988,752)
Net cumulative remeasurement gain on retirement benefits	25	1,785	3,974,345
Foreign currency translation reserve		236,545,517	3,825,625
Revaluation surplus - net of deferred tax	11	84,611,960	20,386,919
Noncontrolling interest	30	1,240,481,612	789,096,138
Total Equity		4,148,134,817	2,828,140,123
		5,936,621,547	4,363,078,053

See accompanying Notes to Consolidated Financial Statements.

AGRINURTURE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for the Years Ended December 31, 2020 and 2019)
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
NET REVENUE	18	4,549,288,378	4,408,748,982	4,535,605,953
COST OF SALES	22	4,055,419,257	3,897,009,772	3,714,914,767
GROSS PROFIT		493,869,121	511,739,210	820,691,186
GENERAL AND ADMINISTRATIVE EXPENSES	23	365,349,622	445,129,055	692,400,757
OPERATING PROFIT		128,519,499	66,610,155	128,290,429
OTHER INCOME (CHARGES)				
Gain on change in fair value of investment property	12	908,745,817	-	-
Gain on change in fair value of biological assets	14	17,612,321	-	-
Finance costs	17,27	(41,995,386)	(42,077,760)	(58,046,849)
Interest income	6,27	23,398	102,373	103,047
Other income – net	24	81,758,524	28,627,171	83,970,791
		966,144,674	(13,348,216)	26,026,989
PROFIT BEFORE INCOME TAX		1,094,664,173	53,261,939	154,317,418
INCOME TAX EXPENSE				
Current		35,796,748	44,700,430	69,678,716
Deferred		1,006,125	(8,001,505)	(102,449)
		36,802,873	36,698,925	69,576,267
NET PROFIT		1,057,861,300	16,563,014	84,741,151
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Reclassifiable to profit or loss</i>				
Exchange differences on translation of foreign operations		155,345,160	22,175,185	(67,345,583)
<i>Not reclassifiable to profit or loss</i>				
Revaluation increment – net of deferred tax	11	64,225,041	20,386,919	-
Remeasurement loss on retirement benefits	25	(4,042,199)	-	(3,278,868)
		60,182,842	20,386,919	(3,278,868)
TOTAL COMPREHENSIVE INCOME		1,273,389,302	59,125,118	14,116,700
Net profit (loss) attributable to:				
Equity holders of the Parent Company		529,031,454	(36,830,269)	8,652,779
Noncontrolling interest		528,829,846	53,393,283	76,088,372
		1,057,861,300	16,563,014	84,741,151
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company		713,032,856	(1,665,451)	(28,312,678)
Noncontrolling interest		560,356,446	60,790,569	42,429,379
		1,273,389,302	59,125,118	14,116,701
Basic and diluted earnings (loss) per share attributable to equity holders of the Parent Company	20	0.64	(0.04)	0.01

See accompanying Notes to Consolidated Financial Statements.

AGRINURTURE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for the Years Ended December 31, 2020 and 2019)
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
CAPITAL STOCK - P1 par value	24			
Balance at beginning of year		830,774,088	830,774,088	830,774,088
Paid-up during the year		2,057,600	-	-
		832,831,688	830,774,088	830,774,088
ADDITIONAL PAID-IN CAPITAL	24			
Balance at beginning of year		3,567,071,760	3,567,071,760	3,516,841,761
Additions during the year		34,979,200	-	50,229,999
Balance at end of year		3,602,050,960	3,567,071,760	3,567,071,760
DEFICIT				
Balance at beginning of year		(2,386,988,752)	(2,350,158,483)	(2,358,811,263)
Net profit (loss), as restated		529,031,454	(36,830,269)	8,652,780
Other comprehensive income		9,568,593	-	-
Balance at end of year		(1,848,388,705)	(2,386,988,752)	(2,350,158,483)
NET CUMULATIVE REMEASUREMENT GAIN ON RETIREMENT BENEFITS				
Balance at beginning of year		3,974,345	3,974,345	6,931,480
Remeasurement loss		(3,972,560)	-	(2,957,135)
Balance at end of year	25	1,785	3,974,345	3,974,345
FOREIGN CURRENCY TRANSLATION RESERVE				
Balance at beginning of year		3,825,625	(10,952,274)	23,056,049
Exchange differences during the year		232,719,892	14,777,899	(34,008,323)
Balance at end of year	25	236,545,517	3,825,625	(10,952,274)
REVALUATION SURPLUS - NET OF DEFERRED TAX	11	84,611,960	20,386,919	-
NONCONTROLLING INTEREST	30			
Balance at beginning of year		789,096,138	728,305,569	685,876,190
Share in:				
Net profit during the year		528,829,846	53,393,283	76,088,372
Exchange difference on translation of foreign operations		(77,374,734)	7,397,286	(33,337,260)
Remeasurement loss on retirement benefits		(69,638)	-	(321,733)
Balance at end of year		1,240,481,612	789,096,138	728,305,569
TOTAL EQUITY		4,148,134,817	2,828,140,123	2,769,015,005

See accompanying Notes to Consolidated Financial Statements.

AGRINURTURE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for the Year Ended December 31, 2020 and 2019)
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax		1,094,664,173	53,261,939	154,317,418
Adjustments for:				
Depreciation and amortization	11,13,27	80,886,575	92,702,940	125,571,934
Finance cost	17,27	41,995,386	42,077,760	58,046,849
Provision for retirement benefits	25	3,144,024	1,554,161	1,372,732
Unrealized foreign exchange losses – net	28	3,014,382	261,225	4,561,227
Impairment and write-off of assets	7,9,13,21,23	-	60,625,068	141,801,144
Loss on sale of property and equipment	11	-	-	1,348,672
Gain on foregone lease	27	-	(1,870,017)	-
Interest income	6,27	(23,398)	(102,373)	(103,047)
Gain on change in fair value of biological asset	14,24	(17,612,321)	-	-
Reversal of allowance for impairment	24	(80,045,752)	-	-
Gain of FV asset valuation	11,24	(908,745,817)	-	-
Operating profit before working capital changes		217,277,252	248,510,703	486,916,929
Decrease (increase) in:				
Trade and other receivables	7	(155,609,997)	(10,989,971)	(125,291,491)
Inventories	8	(145,920,775)	61,590,944	(3,739,990)
Prepayments and other current assets	9	(27,183,112)	9,204,346	(334,466,958)
Increase (decrease) in trade other payables		(30,660,775)	(207,061,592)	(176,848,892)
Net cash provided by (used in) operations		(142,097,407)	101,254,430	(153,430,402)
Income taxes paid		(41,145,338)	(60,820,854)	(59,835,263)
Interest received	6	23,398	32,686	30,906
Net cash flows provided by (used in) operating activities		(183,219,347)	40,466,262	(213,234,759)
CASH FLOWS FROM INVESTING ACTIVITIES				
Collections received from:	21			
Related parties		23,795,303	17,525,746	150,455,292
Stockholders		221,357,457	10,834,929	329,951,740
Advances made to:	21			
Stockholders		(106,783,847)	(251,295,613)	(25,822,487)
Related parties		(152,015,867)	(29,189,321)	(39,199,454)
Decrease (increase) in:				
Other noncurrent assets	15,33	-	(12,553,708)	286,627,784
Additions to:				
Property and equipment	11	(5,864,969)	(5,477,314)	(7,601,274)
Intangible assets	13	-	(330,000)	(32,143)
Biological assets	14	(41,689,411)	-	-
Proceeds from sale of land	15	-	120,097,785	-
Proceeds from sale of property and equipment	11	283,700	-	178,572
Net cash flows provided by (used in) investing activities		(60,917,634)	(150,387,496)	694,558,030
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Loan availments	17	335,314,386	321,107,970	54,693,750
Advances from related parties	21	97,694,367	21,850,817	27,295,885
Collections of subscriptions receivables		34,979,200	-	50,229,999
Issuance of shares of stock		2,057,600	-	-
Payments of:				
Loans payable	17	(154,855,979)	(193,844,526)	(468,663,727)
Interest	17,27	(44,023,791)	(44,547,263)	(52,306,182)
Advances from related parties	21	-	(8,377,285)	(50,831,831)
Lease liability	27	(5,282,388)	(6,386,610)	(29,050,610)
Net cash flows provided by (used in) financing activities		265,883,395	89,803,103	(468,632,716)
EFFECT OF FOREIGN CURRENCIES				
DIFFERENCE ON CASH – net	6, 28	822,438	4,026,672	(15,367)
NET INCREASE (DECREASE) IN CASH		22,568,852	(16,091,459)	12,675,188
CASH AT BEGINNING OF YEAR	6	57,626,380	73,717,839	61,042,651
CASH AT END OF YEAR	6	80,195,232	57,626,380	73,717,839

See accompanying Notes to Consolidated Financial Statements.

AGRINURTURE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021

(With Comparative Figures as at December 31, 2020 and for Each of the Years then Ended December 31, 2020)

(Amounts in Philippine Pesos)

1. Corporate Information and Status of Operations

AgriNurture, Inc. (the "Parent Company") was registered with the Philippine Securities and Exchange Commission (SEC) on February 4, 1997 to engage in the manufacturing, producing, growing, buying, selling, distributing, marketing at wholesale only insofar as may be permitted by law, all kinds of goods, commodities, wares and merchandise of every kind and description and to enter into all kinds of contracts for the export, import, purchase, acquisition, sale at wholesale only and other disposition for its own account as principal or in representative capacity as manufacturer's representative, up to consignment of all kinds of goods, wares, merchandise or products, whether natural or artificial.

In March 2009, the SEC approved the change in the Parent Company's primary purpose to engage in corporate farming, in all its branches for the planting, growing, cultivating and producing of crops, plants and fruit bearing trees, of all kinds and in connection to engage in agri-tourism and other pleasurable pursuits for the enjoyments and appreciation of mother nature and ecology and to engage in the establishment, operation and maintenance of equipment, structures and facilities for the preservation, conservation and storage of foods, grains and supplies, like cold storage and refrigeration plants.

The Parent Company's secondary purpose include, among others, to purchase, acquire, lease, sell and convey real properties such as land, buildings, factories and warehouses and machines, equipment and other personal properties as may be necessary or incidental to the conduct of the corporate business, and to pay in cash, shares of capital stock, debentures and other evidences of indebtedness, or other securities, as may be deemed expedient for any business or property acquired by the Parent Company.

The Parent Company and its subsidiaries (collectively referred to as the "Group") are involved in various agro-commercial businesses such as export trading and distribution of fruits and vegetables, retail franchising and real estate.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue increasing revenues and improving operations despite losses from operations up to 2016. While the Group has incurred accumulated losses of P1,848,388,705 and P2,386,988,752 as at December 31, 2021 and 2020, the Group's management assessed that the going concern assumption remains to be appropriate since the Group has been continuously growing revenue and improving profitability and is continuing to expand its core business and increase the distribution (fruits, vegetables and rice) and export sales channels. Its retail arm is expanding the franchise network with steps to cover not only the Philippines on a national basis but overseas as well. The Group has started an active campaign to gain new and recover clients through marketing and selling activities in the Philippines and overseas. Part of these activities include looking for more opportunities in the greater Middle East, China and Asian markets. Also, with the addition of Zhongshan Fucang Trading Co., to the Group in 2017, it will continuously deliver exceptional quality goods and services and improve its present business activities through commodity trading, real estate development, and set up of new platforms. The Group shall continue to grow organic business and expand new materials with new product introductions in the coming years to completely wipe out accumulated losses.

The consolidated financial statements do not indicate any adjustments to reflect possible future effects of recoverability and classification of assets or the amount and classification of liabilities that may result should the Group be unable to continue as a going concern. Moreover, most loans were already converted to term loans in order to increase the flexibility of the Group's capital and minimize the immediate impact on operational cash flows. As at December 31, 2021 and 2020, the Group's current assets already exceeded its current liabilities by P1,174,568,813 and P996,458,700, respectively. Further, the Group launched its own e-commerce platform through its mobile application and ANI Express website where customers can order fresh produce, canned beverages, rice and other essential goods for delivery to customers. The Group is also launching new products such as Plant Based Meat, Non-Dairy Ice Cream, Big Chill Healthy Drinks in cans for local and export distribution. These developments are expected to contribute to a positive growth in the future for the Group's revenue and net earnings.

The following are the recent developments to continuous business expansion:

- On December 20, 2019 and September 9, 2020, the BOD and the shareholders of the Parent Company, respectively, have approved the issuance of shares to Plentex Philippines, Inc. (Plentex). Plentex has subscribed for 6,172,800 shares and the Parent Company has agreed to issue the same at a value of P18 per share which is to be paid through the issuance of 30,000,000 shares of Plentex Limited.

Plentex is a Philippine Corporation that is developing a substantial large scale agribusinesscenter in Tacloban, Leyte. Plentex is a subsidiary of Plentex Limited, unlisted Australian public company in Victoria, Australia.

As at date of report, the 6,172,800 shares were subscribed and 2,057,600 shares were paid.

- On February 1, 2021, the Group entered into a Memorandum of Agreement ("MOA") with the Unified Bagobo-Tagabawa Tribe ("UBTT") and the National Commission on Indigenous Peoples ("NCIP") to promote inclusive agricultural and economic growth by pursuing land productivity thru the development of rice and corn plantation in Bansalan, Davao del Sur. The Group will invest in the development, operation and management of the rice and corn plantation while the UBTT will be entitled to an annual royalty fee Annual Net Profit share in the project. Further, all employment and labor requirements of the project shall be primarily sourced from the UBTT. NCIP shall monitor and evaluate compliance of the parties in the terms and conditions of the MOA. The Group, along with the project shall develop programs on health, skills development and alternative livelihood for the communities. The parties, in collaboration with other national government agencies shall likewise conduct tree planting activities in at least two thousand (2,000) hectares of land.

As at date of report, the parties have complied with the requirements to fully execute the agreement, including but not limited to the Free and Prior Informed Consent (FPIC), as indicated by the issuance of a Certification Precondition by the NCIP.

- On February 23 2021, Ocean Biochemistry Technology Research, Inc. ("OBTI") and Greenergy Holdings, Inc. ("GHI") have entered into a subscription agreement for the issuance of 37,500 common shares of OBTI at par value of P100 per share for a total aggregate value of P3,750,000. OBTI is a corporation primarily engaged in manufacturing and trading, and is 51% owned by M2000 Imex Company, Inc. ("IMEX") prior to GHI's subscription while M2000 Imex Company, Inc. ("IMEX") is a wholly-owned subsidiary of ANI.

As at date of report, the subscription agreement has been executed and the foregoing transaction completed.

- On May 12, 2021, the Group received a Medium Green Rating from Cicero Shades of Green for its Green Bond offering. Cicero Shades of Green is a subsidiary of the climate research institute CICERO. It provides independent, research-based evaluations of green bond investment frameworks to determine their environmental strength. Their Second Opinions are graded Dark Green, Medium Green, Light Green and Brown to offer investors better insight into the environmental quality of green bonds.

The Group has previously secured the authority to issue long term Green Bonds of up to 75 million euro with maturity of up to 7 years, including the issuance of commercial papers, with terms and conditions to be recommended by management and to be approved by the BOD. The issuance shall fund the agricultural project expansion of the Group geared towards climate change adaptation and minimized environmental footprint.

As at date of report, the Group is completing the documentary requirements and securing necessary board approval for the incorporation of a wholly-owned foreign subsidiary for the issuance of green bonds.

- On May 12, 2021, the Group has entered into a Memorandum of Understanding (MOU) with the Department of Agriculture ("DA") and the Authority of Freeport Area of Bataan ("AFAB"). The MOU aims to establish an Agri-Sector Digitalization Program which shall have a "general purpose and objective of facilitating the implementation and rolling out of financial inclusion of all stakeholders in the agricultural sector, particularly the unbanked stakeholders such as the country's farmers and fisherfolk, through a regulated financial technology platform and licensed virtual currency. The clients of and/or participants in the financial technology exchange platform and licensed virtual currency shall be purely Non-Filipinos located outside the Philippines".

Under the MOU, the Group undertook to perform the following:

- i. facilitate, together with the DA and AFAB, the implementation of the 1ANI e-commerce platform as a financial technology (FinTech) ecosystem for the country's farmers and fisherfolks;
- ii. secure a license from AFAB for the issuance and use of Agri Token in the Freeport Area of Bataan ("FAB"), and upon issuance of said license, allow the issuance of the Agri Token to the participants of the FinTech ecosystem;
- iii. cause the establishment of a branch of an affiliate bank within FAB upon approval of the BSP, which shall be the custodian bank for the Agri Token, and which shall likewise service the banking needs of the locators within FAB;
- iv. establish and secure a license for an AgriXchange Commodities and Futures Trading Center ("AgriXchange") with AFAB; and
- v. ensure the capability of the AgriXchange to act as a Virtual Currency Exchange for the conversion of fiat to virtual currencies and vice versa, in accordance with applicable laws, rules and regulations.

The MOU also provided that the Group and the Local Government Units in FAB, with the support of the DA, shall develop and establish a food terminal, cold/dry storages, and logistics hub in FAB to boost the country's food security program. The MOU shall have immediate effect upon signing by the parties.

As at date of report, the Group is in the process of complying with its obligations under the MOU, including but not limited to securing a license from AFAB to use its virtual currency.

- On February 24, 2020, the Group's BOD approved to accept the Letter of Intent (LOI) of Vnesto Capital to finance the expansion project of the Group. Under the LOI, the Group was eligible to avail up to US\$100,000,000 of long-term financing. The financing shall be a long-term loan with interest pegged at treasury bill plus 3%. After the acceptance of the LOI, the formal application process shall commence. As at date of report, the LOI application process is not yet completed.
- On February 24, 2020, the Group's BOD approved the subscription of shares of Binangonan Rural Bank, Inc. (BRB). The subscription is in line with the inclusive growth thru the establishment of an agricultural ecosystem being envisioned by the Group. BRB has licensed financial technology platforms that can improve the access of Filipino farmers especially those in the remote area, to the Agri Agra Micro Financing. As at date of report, the subscription agreement between the Group and BRB is not yet completed. Also, the Group is in the process of securing letter of no objection from BSP to transfer to Greenergy Holdings, Inc.

- On March 20, 2020, the Group's BOD approved the amendment of the terms and conditions of the stock rights offering. It shall have the entitlement ratio of 2.5:1, with every existing shareholder of 2.5 shares shall be entitled to 1 stock rights share, with the offer price of ₱1 par value.

On August 19, 2021, the Group's BOD confirmed the authority to conduct the Stock Rights Offering of common shares to all eligible shareholders of the Company at the entitlement ratio of 2.5:1 and offer price of ₱1.00 per share. The number of shares to be offered shall be 288,000,027.

As at date of report, the Group is in the process of application of the Stock Rights Offer of the 288,000,027 common shares which shall be listed and traded on the Philippine Stock Exchange.

- On March 20, 2020, the Group's BOD approved the amendment in the terms and conditions of the following issuances and listing of warrants:

- a. Issuance and listing of up to 10,000,000 stock warrants in favor of the Group's employees credit cooperative as approved by the BOD on February 12, 2018.

The warrants shall have the exercise price of a discounted rate of 5% of the weighted average price of trade 30 days prior to date of expiration, to be exercised after 5 years from date of issuance. The ratio shall be 1 warrant equivalent to 1 underlying common share upon conversion. Expiry date and other relevant terms and conditions shall be determined by the BOD, subject to the approval of the SEC.

- b. The warrants shall have the exercise price of a discounted rate of 5% of the weighted average volume of trade 30 days prior to date of expiration, to be exercised after 5 years from date of issuance. The ratio shall be 1 warrant equivalent to 1 underlying common share upon conversion. Expiry date and other relevant terms and conditions shall be determined by the BOD, subject to the approval of the SEC.

- c. Issuance and listing of stock warrants in favor of existing stockholders as of record date as approved by the BOD on February 12, 2018.

The warrants shall have the exercise price of a discounted rate of 5% of the weighted average volume of trade 30 days prior to date of expiration, to be exercised after 5 years from date of issuance. Existing stockholders owning 10 common shares as of record date, shall be entitled to 1 warrant. The ratio shall be 1 warrant equivalent to 1 underlying common share upon conversion. Record date, expiry date and other relevant terms and conditions shall be determined by the BOD.

- d. Issuance and listing of stock warrants in favor of current directors as approved by the BOD on February 12, 2018.

The warrants shall have the exercise price of a discounted rate of 5% of the weighted average volume trade of 30 days prior to date of expiration, to be exercised after 5 years from date of issuance. The ratio shall be 1 warrant equivalent to 1 underlying common share upon conversion. Expiry date and other relevant terms and conditions shall be determined by the BOD. Each director serving at the time of issuance is entitled to up to 100,000 warrants.

On October 10, 2020 and November 5, 2021, the Group's BOD and shareholders, respectively, approved the amendment/s to the terms and conditions of the issuance of warrants to existing shareholders to be bundled to the Company's Stock Rights Offering. The issuance to shareholders participating in the Stock Rights Offering, with every shareholder availing of three (3) Stock Rights, shall be entitled to one (1) warrant. The ratio shall be one (1) warrant equivalent to one (1) underlying common share upon conversion. The warrants shall have the exercise price of a discounted rate of 5% of the volume weighted average price of trade fifteen (15) days prior to maturity, to be exercised after five (5) years from date of listing.

- e. Issuance and listing of 10,000,000 stock warrants in favor of ANI Foundation as approved by the BOD on April 30, 2018.

The warrants shall have the exercise price of a discounted rate of 5% of the weighted average volume of trade 30 days prior to date of expiration, to be exercised after 5 years from date of issuance. The ratio shall be 1 warrant equivalent to 1 underlying common share upon conversion. Expiry date and other relevant terms and conditions shall be determined by the BOD. The issuance and listing of the warrants shall be for the purpose of generating funds for the corporate social responsibility programs of the Group.

- On May 5, 2020, the Group has entered into a Memorandum of Agreement with the Department of Agriculture ("DA"). Under the Agreement, the Group shall be an official program partner-participant of DA's e-KADIWA ni Ani at Kita Program. As such, the Group becomes an online seller of agricultural products.

The DA's e-KADIWA ni Ani at Kita Program is a market system which facilitates the selling of major agricultural goods at reasonably low prices to the consuming public through partnership with Local Government Units and the Private Sectors. To further the services of the KADIWA ni Ani at Kita Program, the DA has launched the e-KADIWA, an online market portal or platform whereby buyers and sellers of agricultural and fishery products can transact online.

As at date of report, the Group is actively participating in the foregoing program through its ANI Express online platform.

- On November 26, 2020, the Group has entered into a Memorandum of Agreement ("MOA") with the Philippine International Trading Corporation ("PITC") to collaborate on the importation of raw materials to provide healthier and more affordable "BigMa" Bigas-Mais (rice-corn) blend to the Filipino consumers. The Group is set to locally produce with its corn contract growers and include in its product portfolio the "BigMa" brand. The "BigMa" or Bigas-Mais blend is a Low Glycemic and rich in dietary fiber staple food alternative for the Filipino consumers. With the production of BigMa, the Group will be able to reduce carbon foot print, provide more livelihood to local farmers as the source of "Mais", help the country achieve food-staple sufficiency faster, while providing a healthier and affordable option to the public.

As at date of report, the Group made its initial shipment through the foregoing collaboration during the 1st quarter of 2021.

- On December 28, 2020, the Group's BOD approved the acquisition of additional shareholdings in Fucang Trading Limited (Fucang) from 51% up to 71% for a price to be determined based on the audited net book value of Fucang as at December 31, 2021. As at date of report, the additional acquisition is not yet completed.
- Fucang, a subsidiary, acquired 70% ownership of Guangzhou Lexian Fruit Industry Co., Ltd. (Lexian) in 2018, a foreign entity incorporated in China engaged in wholesale trade (see Note 31).
- On October 13, 2018, the Group entered into a joint venture agreement for a development of the property located in Taytay, Rizal, bisected by the Manggahan Floodway. The property covers 859 hectares more or less of which is covered by titles under different names, all of which are either directly or indirectly under the third-party individual. Each square meter is valued at P1,500. The joint venture shall include but not limited to the formation of the following: Phase 1 – Transportation Hub, Phase 2 – Food Terminal and Phase 3 – Property Development Corporation. As at December 31, 2021 and 2020, the Group has made deposits totaling P508.7 million for the acquisition to the 859 hectares, corresponding to portions thereof. As at reporting date, the third party is still completing the titling of the whole portion of the property until end of the third quarter to fully execute the joint venture agreement. The parties are in the process of executing the projects under the Joint Venture Agreement (see Note 15).

- On October 25, 2018 the BOD of the Group authorizes the expansion of business operations in Australia through acquisition of existing companies. Accordingly, on December 28, 2018 the Group made a deposit amounting to AU\$172,000 or ₱6.3 million to BSK PTY LTD (see Note 15). The main activity of the Australian operations is primarily processing of fruit and vegetables for distribution to food processors, schools, restaurants, mining sites and airlines. As at reporting date, it is already in the process of finalizing the acquisition agreement and it will be included as a subsidiary on the first quarter of 2022.
- On November 8, 2018, the Group has signed a ₱1.9 billion deal with a Chinese Company for the purchase of various agriculture produce particularly tropical fruits. The contract was signed with SinoChem Group (SinoChem), a Beijing based conglomerate engaged in the production and trading of chemicals, fertilizers and other agricultural products. Under the agreement, SinoChem will buy tropical fruits from the Group's contract growers in the Philippines in the next three years. SinoChem will also provide support through the supply of affordable fertilizers. The deal aims to provide support to local farmers and boost country's market access to China.

Due to the health and mobility restrictions brought about by the COVID-19 pandemic, both parties opted to defer the implementation of the agreement in 2020 and plan to finalize the terms thereof in 2022. The parties intend to utilize this deal in the BigMa (rice-corn mix) Project and expansion of banana plantation.

- On December 20, 2019, the Board of Directors of the Group approved joint venture or any similar engagement with Department of Justice through Bureau of Corrections for the development of at least 2,000 hectares of integrated Agri-Tourism corn plantation in Palawan. The Group will fund the development while the Bureau of Corrections will provide the land. The proposed joint venture is intended to expand the Group's business through corn production and agri-tourism. As at reporting date, the Bureau of Corrections is awaiting the endorsement of the agreement by the Department of Justice to finalize the transaction. Also, due to the health and mobility restrictions brought about by the COVID-19 pandemic, the implementation of the agreement in 2020 was deferred. However, the parties plan to finalize the terms thereof in 2022.
- On November 5, 2021, the Group's BOD approved the authority to register, participate, and appoint a company administrator/s or representative/s in Rice Exchange, which is a digital marketplace for international rice trading. As at reporting date, the Group is completing its application for registration.
- On October 10, 2020 and November 5, 2021, the BOD and the shareholders of the Parent Company, respectively, approved the increase of the Group's authorized capital stock from ₱2,000,000,000 to up to ₱5,000,000,000. The increase is intended for any future capital raising activities. This is also in anticipation of the issuance of warrants and stock rights offer of 288,000,027 common shares from the Group's existing capital stock.
- On November 5, 2021, the Group's BOD approved the subscription of Agrinurture Development Holdings, Inc. ("ADHI") of nine hundred ninety-nine (999) primary shares of Agrinurture HK Holdings, Ltd. (ANI HK) at par value of USD 1. ANI HK is a wholly owned subsidiary of the Parent Company and ADHI is a wholly owned subsidiary of Greenergy Holdings, Inc.
- On September 7, 2021, the Group's BOD approved the authority to incorporate a wholly-owned foreign subsidiary, AgriNurture Financial S.à r.l. in the Grand Duchy of Luxembourg, for the issuance of the long-term green bonds of up to 75 million Euros. As at date of report, the Group is in the process of incorporating the foreign subsidiary.

On December 29, 2018, the SEC approved the increase in authorized capital stock of the Group from one billion (P1,000,000,000) divided into one billion (1,000,000,000) common shares to two billion (P2,000,000,000) divided into two billion (2,000,000,000) common shares both with a par value of one peso (P1). Hence, this has given effect to the subscription of Earthright Holdings, Inc. to two hundred fifty million common shares (250,000,000), increasing the total subscribed shares from 668,003,686 in 2017 to 1,018,274,088 in 2018 and total subscribed and paid shares from 668,003,686 in 2017 to 830,774,088 in 2018. Subscription receivable at par value amounted to P191,615,200 and P193,672,800 as at December 31, 2021 and 2020, respectively.

On February 24, 2020, the Board has approved the decrease in the par value of the shares of the Group from one peso (P1.00) to ten centavos (P0.10). The Board has likewise approved the reclassification of 40 million (40,000,000) unissued common shares with par value of one peso (P1.00) per share or an aggregate par value of forty million pesos (P40,000,000) to 400,000,000 voting preferred shares with par value of ten centavos (P0.10) per share or an aggregate par value of forty million pesos (P40,000,000) subject to the approval of the SEC.

Upon approval of the SEC, the Group's authorized capital stock will increase to twenty billion (20,000,000,000) shares for a total par value of two billion pesos (P2,000,000,000) which shall be divided into the following:

- a. Common shares, consisting of 19,600,000,000 shares with a par value of ten centavos (P0.10) per share for a total par value of P1,960,000,000;
- b. Preferred shares, consisting of 400,000,000 shares with a par value of ten centavos (P0.10) per share for a total par value of P40,000,000;

The preferred shares shall have the following rights, privileges, limitations and restrictions which shall also appear on the Certificates of the Preferred Shares of the Corporation:

- a. The right to vote and be voted for;
- b. The right to receive, out of unrestricted retained earnings of the Group, participating dividends at the rate as may be deemed proper by the BOD under the prevailing market conditions or such other relevant factors as the BOD may consider. Said dividend may be declared and payable at the discretion of the BOD after taking into account the Group's earning, cash flows, financial conditions and other factors as the BOD may consider relevant; and
- c. In the liquidation, dissolution and winding up of the Group, whether voluntary or otherwise, the right to be paid in full or ratably, insofar as the assets of the Group will permit, the par value or face value of each preferred share as the BOD may determine upon their issuance, plus unpaid and accrued dividends up to the current dividend period, before any assets of the Group shall be paid or distributed to the holders of the common shares.
- d. The common shares shall possess all the rights, privileges and prerogatives provided by law, including the right to vote and be voted for.

The stockholders of the Group shall have no pre-emptive right to subscribe to or purchase any or all issues or dispositions of shares of any class of the Group.

The change in par value is intended to increase the number of shares of the Group that will give more trading opportunities to the shareholders and investors. The decrease in par value will make the shares more affordable to small investors, hence will be more marketable and liquid in the market.

The reclassification is intended for any future capital raising activities. The amount to be raised shall be used as additional working capital and funding for the Group's expansion project particularly the creation of the Agricultural Ecosystem to benefit local farmers.

As at reporting date, the approval for the decrease in the par value of the shares was deferred by the stockholders.

On November 5, 2021, the Parent Company's BOD confirmed the approval of the reclassification of the Parent Company's Forty Million (40,000,000) unissued common shares with par value of One Peso (P1.00) per share or an aggregate par value of Forty Million Pesos (Php40,000,000.00) to 400,000,000 voting preferred shares with par value of Ten Centavos (P0.10) per share or an aggregate par value of Forty Million Pesos (P40,000,000), to be subscribed by Earthright Holdings, Inc.

Effect of COVID19 Pandemic

In a move to contain the COVID-19 pandemic, the community quarantine which was initially imposed on March 16, 2020, which has series of extensions throughout the year 2020, was still in effect as at audit report date. These measures have caused disruptions to business and economic activities, and its impact on businesses still continue to evolve. However, the amount of financial effect to the Group cannot be reliably and reasonably determined nor estimated. The pandemic has significant impact on the Group's business due to management's decision to temporarily close operations in compliance with government's call for enhanced community quarantine. However, the pandemic and ECQ has minimal impact on the Group's local operations since its product are essential goods. Supermarket sales increased during the start of the ECQ both in volume and in price and is further improved by the launching of the Group's own online platform where it delivers fresh fruits and vegetables to its customers. In 2020, the combined foreign trading operation posted a decrease in sales due to non-operation of China and Hongkong subsidiaries. But upon lifting of lockdown by the Chinese government, the operations of China subsidiaries are improving. The Group's management and BOD will continuously monitor the impact and will plan accordingly to minimize and (or) mitigate further risk on the Group's financial performance and position. The Group has taken measures to preserve the health and safety of its stakeholders as well as the business operations.

The Group's registered principal office address is at No. 54 National Road, Dampol II-A, Pulilan, Bulacan.

The consolidated financial statements as at and for the years ended December 31, 2021 and 2020 were authorized and approved for issuance by the Group's BOD on May 13, 2021.

2. Basis of Preparation

Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements of the Group have been prepared using the historical cost basis, except for certain financial instruments carried at either amortized cost or at fair value, inventories which is carried at lower of cost or net realizable value, biological assets which is presented using the fair value less estimated cost to sell, investment property which is presented using the fair value method and property and equipment which is presented using revaluation model. These consolidated financial statements are presented in Philippine Peso (P), the Group's functional and reporting currency under Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest peso, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with PFRS. PFRS includes statements named PFRS and Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

Functional Currency

Items included in the consolidated financial statements of the Group are measured using the Philippine Peso (P), the currency of the primary economic environment in which the Group operates (the "functional currency") and all values are rounded to the nearest peso except when otherwise indicated.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The respective functional currencies of the subsidiaries and associates are presented in Note 1.

The Group chose to present its consolidated financial statements using the Group's functional currency.

Current and Non-current Presentation

The Group classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within twelve (12) months after the reporting period; or
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

The Group classifies all other assets as non-current.

The Group classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve (12) months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

Principles of Consolidation

The consolidated financial statements of the Group comprise the accounts of the Parent Company and its subsidiaries where the Parent Company has control.

Specifically, the Parent controls an investee if it 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 Parent has less than a majority of the voting or similar rights of an investee, it 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 arrangement; and
- the Group's voting rights and potential voting rights.

The Parent re-assesses its control over an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated.

When the Parent loses control over a subsidiary, at the date when control is lost, it: (a) derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amount; (b) derecognizes the carrying amount of any noncontrolling interests including any components of other comprehensive income attributable to them; (c) recognizes the fair value of the consideration received; (d) recognizes the fair value of any investment retained in the former subsidiary at its fair value; (e) accounts for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the parent had directly disposed of the related assets and liabilities; and (f) recognizes any resulting difference as gain or loss in profit or loss attributable to the Parent.

The financial statements of the subsidiaries are prepared for the same reporting year as the Group using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Non-controlling interests represent interests in certain subsidiaries not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income (loss) and consolidated statements of changes in equity and within equity in the consolidated statements of financial position, separately from equity attributable to the equity holders of Parent Company.

Noncontrolling interest represents the portion of profit or loss and the net assets not held by the Group. Transactions with noncontrolling interest are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognized as an equity transaction.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

The consolidated financial statements include the Parent Company and the following subsidiaries (collectively referred to as the Group):

Investee	Country of Incorporation	Principal Activity	Functional Currency	Ownership interest	
				2021	2020
First Class Agriculture Corporation (FCAC)	Philippines	Trading (Agricultural goods)	Philippine Peso (PHP)	100%	100%
M2000 IMEX Company, Inc. (IMEX)	Philippines	Toll and manufacturing	Philippine Peso (PHP)	100%	100%
Best Choice Harvest Agricultural Corp. (BCHAC)	Philippines	Farm management	Philippine Peso (PHP)	100%	100%
Fresh and Green Harvest Agricultural Company, Inc. (FGH*)	Philippines	Trading (agricultural goods)	Philippine Peso (PHP)	100%	100%
Lucky Fruit & Vegetable Products, Inc. (LFVPI)*	Philippines	Trading (agricultural goods)	Philippine Peso (PHP)	100%	100%
Fruitilicious Company, Inc. (FCI)	Philippines	Manufacturing/processing/trading frozen agricultural products	Philippine Peso (PHP)	100%	100%
Farmville Farming Co., Inc. (FFCI)	Philippines	Trading (agricultural goods)	Philippine Peso (PHP)	51%	51%
Fresh and Green Palawan Agriventures, Inc. (FGP)*	Philippines	Farm management	Philippine Peso (PHP)	51%	51%
The Big Chill, Inc. (TBC)	Philippines	Food and beverage retailing	Philippine Peso (PHP)	80%	80%
Heppy Corporation (HC)*	Philippines	Food and beverage retailing	Philippine Peso (PHP)	80%	80%
Goods and Nutrition for All, Inc. (GANA)*	Philippines	Retail and wholesale	Philippine Peso (PHP)	100%	100%
Agrinurture HK Holdings Ltd. (ANI HK)	Hong Kong	Holding Company	Hong Kong Dollar (HKD)	100%	100%
Agrinurture Int'l Ltd. (ANI IL) *	Hong Kong	Trading and retail	Hong Kong Dollar (HKD)	100%	100%
Joyful Fairy (Fruits) Limited (JFF) *	British Virgin Islands	Trading (agricultural goods)	US Dollar (USD)	51%	51%
Zongshan Fucang Trade Co. Ltd. (Fucang)	China	Trading and real estate	Chinese Yuan (CNY)	51%	51%

* Direct and indirect ownership

3. Adoption of New and Revised Accounting Standards

The Philippine Financial Reporting Standards Council (FRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term "PFRS" in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

3.01 New and Revised PFRSs Applied with No Material Effect on the Consolidated Financial Statements

The following new and revised PFRSs have been adopted in these consolidated financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

The following are the amendments to PFRS 16:

- provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification;
- require lessees that apply the exemption to account for COVID-19 related rent concessions as if they were not lease modifications;
- require lessees that apply the exemption to disclose that fact; and
- require lessees to apply the exemption retrospectively in accordance with PAS 8, but not require them to restate prior period figures.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020.

3.02 New and Revised PFRSs in Issue but Not Yet Effective

The Company will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, to have significant impact on the consolidated financial statements.

3.02.01 Standard Adopted by FRSC and Approved by the Board of Accountancy (BOA)

- Amendments to PFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021

The following are the amendments to PFRS 16:

- permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021);
- require a lessee applying the amendment to do so for annual reporting periods beginning on or after 1 April 2021;
- require a lessee applying the amendment to do so retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and
- specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of IAS 8.

The amendments are effective for annual reporting periods beginning on or after April 1, 2021, with earlier application permitted.

- Amendments to PFRS 3, Reference to the Conceptual Framework

The following are the amendments in reference to the conceptual framework:

- update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of 1989 Framework;
- add to PFRS 3 a requirement that, for transactions and other events within the scope of PAS 37 or IFRIC 21, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add to PFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use*

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

- Annual Improvements to PFRS Standards 2018-2020 Cycle

Amendments to PFRS 1, *Subsidiary as a first-time adopter* - The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

Amendments to PFRS 9, *Fees in the '10 per cent' test for derecognition of financial liabilities* - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to PFRS 16, *Lease Incentives* - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Amendments to PAS 41, *Taxation in fair value measurements* - The amendment removes the requirement in paragraph 22 of PAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

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

The amendments to PAS 1 are the following:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments defer the effective date of the January 2020 Classification of Liabilities as Current or Non-Current (Amendments to PAS 1) to annual reporting periods beginning on or after January 1, 2023. Earlier application of the January 2020 amendments continues to be permitted.

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

The definition of accounting estimates has been amended as follows: accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendment also clarifies the following:

- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period, with earlier application permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure Initiative – Accounting Policies

The amendments to PAS 1 are the following:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

The amendments also clarify the following:

- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

- Amendment to PAS 12, "Deferred tax related to assets and liabilities arising from a single transaction"

The amendments introduce an exception to the initial recognition exemption (IRE) in PAS 12. Additional exclusions have been added to the IRE, detailed in paragraphs 15(b)(iii) and 24(c) for deferred tax liabilities and assets respectively. The effects of these amendments essentially mean that the IRE is not available for transactions which involve the recognition of both an asset and liability – which in turn leads to equal and opposite temporary differences – such that deferred taxes are calculated and booked for both temporary differences, both at initial recognition and subsequently. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The initial recognition exemption was initially included within PAS 12 to prevent a lack of reporting transparency for transactions which are not business combinations and, at the time of the transaction, do not affect either accounting or taxable profits. Under this exemption, deferred tax assets/liabilities would neither be recognized at initial recognition of the underlying asset/liability, nor subsequently.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognized as assets at the beginning of the earliest comparative period presented.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early application of the amendments is permitted.

- Amendment to PFRS 17, "Initial Application of PFRS 17 and PFRS 9—Comparative Information"

The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and Insurance contract liabilities, and therefore Improve the usefulness of comparative information for users of financial statements.

PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025.

- PFRS 17, *Insurance Contracts*

PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Early application is permitted for entities that apply PFRS 9 *Financial Instruments* and PFRS 15 *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 17, *Insurance Contracts*

The amendments cover the following areas:

- Insurance acquisition cash flows for renewals outside the contract boundary;
- Reinsurance contracts held—onerous underlying insurance contracts;
- Reinsurance contracts held—underlying insurance contracts with direct participation features; and
- Recognition of the contractual service margin in profit or loss in the general model.

The amendments are effective to annual reporting periods beginning on or after January 1, 2025.

3.02.02 Deferred

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

The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

On January 13, 2016, the FRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Summary of Significant Accounting and Financial Reporting Policies

Principal accounting and financial reporting policies applied by the Group in the preparation of its consolidated financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value the Group takes into consideration the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. In addition, it assumes that the transaction takes place either: (a) in the principal market; or (b) in the absence of a principal market, in the most advantageous market.

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

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

A fair value measurement assumes that a financial or non-financial liability or an entity's own equity instruments (e.g., equity interests issued as consideration in a business combination) is transferred to a market participant at the measurement date. The transfer of a liability or an entity's own equity instrument assumes the following:

- A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date.
- An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

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

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

4.02 Segment Information

An operating segment is a component of the Group: (a) that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group; (b) whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and inter-segment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments, provided that; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and (c) its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the consolidated financial statements.

The Group is currently organized into four (4) segments namely as: Exports, Distribution, Retail and Foreign Trading. These divisions are the basis on which the Group reports its primary segment information.

4.03 Financial Assets

4.03.01 Initial Recognition and Measurement

The Group recognizes a financial asset in its consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Except for trade receivables that do not have a significant financing component, at initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, the Group measures trade receivables that do not have a significant financing component at their transaction price.

4.03.02 Classification

➤ Financial Asset at Amortized Cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

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

The Group's financial assets measured at amortized cost include cash in banks, trade and other receivable (except advances to officers and employees), due from related parties, due from stockholders and refundable deposits presented under 'prepayments and other current assets' and deposits and other non-current assets.

a) Cash in Banks

Cash in banks include cash deposits held at call with bank that are subject to insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

b) Trade and Other Receivables, Due from Related Parties and Due from Stockholders

Trade and other receivables (except advances to officers and employees), due from related parties and due from stockholders are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of the foregoing receivables is established when there is objective evidence that the Parent Company will not be able to collect all amounts due according to the original terms of the receivables.

c) Refundable Deposits

Refundable deposits pertain to the amount surrendered to the Parent Company's lessor as part of the lease agreement. This amount will be refunded upon termination of the contract. This is measured at amortized cost using the effective interest method, less any impairment.

The Group does not have financial assets measured at fair value either through profit and loss in both years.

➤ Financial Asset at Fair Value through Other Comprehensive Income

The Group makes an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value through other comprehensive income.

The Group's financial assets measured at FVOCI pertains to equity securities.

The Group does not have financial assets measured at fair value through profit and loss in both years.

4.03.03 Reclassification

When, and only when, the Group changes its business model for managing financial assets, it shall reclassify all affected financial assets in accordance with Note 4.03.02. If the Group reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date. The Group shall not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

4.03.04 Effective Interest Method

Interest income is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets and financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired.

4.03.05 Impairment

The Group measures expected losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Group adopted the following approaches in accounting for impairment.

- Simplified Approach

The Group always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The Group determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

- General Approach

The Group applies general approach to cash in banks, other receivables (except advances to officers and employees), due from related parties, due from stockholders and refundable deposit presented under 'prepayments and other current assets' and deposits and other non-current assets. At each reporting date, the Group measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Group measures the loss allowance equal to 12-month expected credit losses.

The Group compares the risk of default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, that is available without undue cost or effort, to determine whether there is a significant increase in credit risk or not since initial recognition.

The Group determines that there has been a significant increase in credit risk when there is a significant decline in the factors. The Group assumes that the credit risk on cash in banks has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

The Group did not apply the 30 days past due rebuttable presumption because based on the Company's historical experience, credit risk has not increased significantly even the amounts are past due for more than 30 days.

If the Group has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e., there is no longer a significant increase in credit risk since initial recognition), then the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Group recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The Group performs the assessment of significant increases in credit risk on an individual basis by considering information that is indicative of significant increases in credit risk.

The Group did not apply the 90 days past due rebuttable presumption in determining whether a financial asset is credit impaired and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The Group determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

4.03.06 Derecognition

The Group derecognizes a financial asset when, and only when the contractual rights to the cash flows of the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received is recognized in profit or loss.

4.03.07 Write-off

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.04 Prepayments and Other Current Assets

4.04.01 Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire through passage of time.

These are classified in the consolidated statement of financial position as current assets when the expenses are expected to be incurred within one (1) year or the Group's normal operating cycle, whichever is longer. Otherwise, these are classified as other non-current assets.

4.04.02 Input VAT

Input VAT arises from the purchase of goods or services.

For regular sales, input VAT is applied against output VAT. The remaining balance is recoverable in future periods. This is carried at cost less allowance for impairment loss, if any. Impairment loss is recognized when input VAT can no longer be recovered.

For zero rated sales, input VAT is initially recorded as an asset and measured at the amount of cash paid. Subsequently, the Group may apply within two (2) years after the close of the taxable quarter when such sale was made for the tax refund of creditable input tax due or paid attributable to sales that are zero-rated or effectively zero-rated

4.04.03 Advances to Suppliers

Advances to suppliers represent amount paid in advance for goods or services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or within twelve (12) months from the financial reporting date. These are initially recorded at actual cash advanced and are subsequently applied against subsequent asset purchases, costs or expenses incurred.

4.05 Interests in Joint Arrangement

A joint arrangement is a contractual arrangement whereby the Group and other parties have agreed sharing of control of an arrangement, which exist only when decisions about relevant activities require the unanimous consent of the parties sharing. The sharing of control is also known as joint control. A joint arrangement can either be a joint venture or a joint operation.

4.05.01 Joint Venture

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group reports its interests in a joint venture using equity method, except when the investment is classified as held for sale, in which case it is accounted for in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.

The Group accounts the investment under the cost method. The Group recognizes as income the dividends received that are distributed from net accumulated earnings of the investee since the date of acquisition by the investor. Dividends received that are in excess of the earnings subsequent to the date of acquisition are not income and therefore considered as return or reduction of investment.

The requirements of PFRS 9 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with PAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with PAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4.06 Inventories

Inventories are initially recorded at cost. Subsequent to initial recognition, inventories are stated at lower of cost and net realizable value (NRV). Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Property for sale	- at construction cost
Merchandise, furniture and appliances	- at purchase price on a first-in, first-out (FIFO) method
Agricultural produce, beverages and vegan products	- at purchase price on a FIFO method
Packaging materials and other supplies	- at purchase cost on a FIFO method

NRV of finished goods is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell. For property for sale, NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. For packaging materials and other supplies, NRV is the current replacement cost. Inventories are classified as current when they are expected to be realized within the normal operating cycle.

Cost of property for sale includes:

- Land cost;
- Land improvement cost;
- Amounts paid to contractors for construction and development; and
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

Provision for inventory loss is established for estimated losses on inventories which are determined based on specific identification of slow-moving, damaged and obsolete inventories and charged to operations.

Inventories are derecognized when sold. The carrying amount of inventories sold is recognized as an expense and reported under cost of sales in profit or loss in the period in which the related revenue is recognized.

When the circumstances that previously caused inventories to be impaired no longer exist or when there is clear evidence of an increase in selling price less costs to complete and sell because of changed economic circumstances, a reversal of the impairment is recognized so that the new carrying amount is the lower of the cost and the revised selling price less costs to complete and sell. Any impairment reversal is recognized in profit or loss but is limited to the amount of the original impairment loss recognized.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

4.07 Business Combination

The Group applies the standard on business combination under PFRS 3 as amended and adopted in 2009. The standard outlines the accounting when an acquirer obtains control of a business (e.g., acquisition or merger). Such business combinations are accounted for using the "acquisition method", which generally requires assets acquired and liabilities assumed to be measured at their fair values at date of acquisition.

PFRS 3 seeks to enhance the relevance, reliability and comparability of information provided about business combinations (e.g., acquisition and mergers) and their effects. It sets out the principles on the recognition and measurement of acquired assets and liabilities, the determination of goodwill and the necessary disclosures.

In determining whether a transaction is a business combination, PFRS 3 provides additional guidance on determining whether a transaction meets the definition of a business combination and accounted for in accordance with its requirements. This guidance includes:

- Business combinations can occur in various ways such as by transferring cash, including liabilities, issuing equity instrument (or any combination thereof), or by not issuing consideration at all (i.e., by contract alone); and
- Business combinations can be structured in various ways to satisfy legal, taxation or other objectives, including one entity becoming a subsidiary of another, the transfer of net assets from one entity to another or to new entity;

The business combination must involve the acquisition of a business, which generally has three elements:

- Inputs – an economic resource (e.g., non-current assets, intellectual property) that creates outputs when one or more processes are applied to it;
- Process – a system standard, protocol, convention or rule that when applied to an input or inputs, creates outputs (e.g., strategic management, operational processes, resource management); and
- Output – the result of inputs and processes applied to those input.

4.07.01 Acquisition Method

In every acquisition of business, the Group determines the acquisition date, recognize and measures all identifiable assets acquired, the liabilities assumed and non-controlling interest (NCI, formerly called minority interest) in the acquiree, and determines if there is goodwill or gain from a bargain purchase if applicable.

The Group recognizes the acquisition date as the date on which the Group obtains control over the acquiree. Generally, this is the date on which the Group legally transfer the consideration, acquires the assets and assumes the liabilities of the acquiree – the closing date. However, the Group as the acquirer may obtain control on a date that is either earlier or later than the closing date depending on what was agreed upon with the acquiree.

In recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, the Group observes the definition of assets and liabilities in accordance with the Framework for the Preparation and Presentation of Financial Statements at the acquisition date. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values.

On income taxes, the Group recognizes and measures a deferred tax asset or liability arising from the assets acquired and liabilities assumed in accordance with PAS 12 while the standard under PAS 19 is relied on for employee benefits.

The Group recognizes and measures goodwill in accordance with PFRS 3, as the difference between:

- Aggregate of (1) the value of the consideration transferred (generally at fair value), (2) the amount of any non-controlling interest in the acquiree, and (3) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, and
- The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (measured in accordance with PFRS 3).

4.07.02 Consolidation

The consolidated financial statements include the financial statements of the Group and its subsidiaries.

The consolidated financial statements incorporate the financial statements of the Parent and the entities controlled by the Parent (its subsidiaries) up to December 31 of each year. Control is achieved when the Parent has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over an investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

Subsidiary is consolidated from the date when control is transferred to the Parent and ceases to be consolidated from the date when control is transferred out of the Parent.

4.07.03 Measurement

The assets and liabilities and the contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the profit and loss in the period of acquisition.

4.07.04 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

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

4.07.05 Inter-group Balances

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-group balances and transactions, including inter-group profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All inter-group transactions, balances, income and expenses are eliminated during consolidation.

4.07.06 Loss of Control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of controls is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date the control is lost. Subsequently, it is accounted for as entity-accounted investee or as financial assets at FVTPL or FVOCI depending on the level of influence retained.

4.08 Investment Property

Investment property comprises properties under construction or redevelopments that are held to earn rentals or capital appreciation or both and that are not occupied by the companies in the Group. These are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at its fair value in 2021 while at cost less accumulated depreciation and impairment loss in 2020.

Investment property is accounted for under the fair value model. Fair value is supported by market evidence and is determined by independent appraisers with sufficient experience with respect to both the location and the nature of the investment property.

Any gain or loss resulting from either a change in the fair value or the sale or retirement of an investment property is immediately recognized in profit or loss as fair value gains (losses) from investment property under the other income in the separate statements of comprehensive income.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefits are expected from its disposal.

A transfer is made to investment property 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. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

4.09 Property and Equipment

Property and equipment are initially measured at cost. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Subsequent to initial recognition property and equipment are carried at revalued amount less accumulated depreciation and accumulated impairment losses.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Property and equipment are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional appraisers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such property and equipment is credited to the properties revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such revalued assets is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation surplus relating to a previous revaluation of those assets. Revaluation surplus is transferred directly to retained earnings as the asset is being used by the Group.

Land is not depreciated. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Building	15 years
Delivery and transportation equipment	3 to 12 years
Machinery and equipment	3 to 12 years
Office furniture and fixtures	3 to 12 years
Store and warehouse equipment	3 to 5 years

Leasehold improvements are depreciated over the shorter between the improvements' useful life of five (5) years or the lease term.

Properties in the course of construction for production are carried at cost less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Bearer plants are living plants that are used in the production or supply of agricultural produce over a several periods and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

The property and equipment's residual values, useful lives and depreciation method are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Depreciation on revalued assets is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.10 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated profit or loss when the asset is derecognized.

4.10.01 Trademark

Trademarks acquired separately are initially recognized at cost. Following initial recognition, trademarks are carried at cost less accumulated amortization and any impairment losses. The Group assesses for impairment whenever there is an indication that these assets may be impaired.

The Group has assessed that certain trademark acquired in a business combination in the past has indefinite useful lives, thus are not amortized, but tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The remaining trademark at current year has finite useful life and is amortized over straight-line basis over its estimated useful life of twenty (20) years. The amortization period and the amortization method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognized in the consolidated profit or loss under "Depreciation and amortization" account in the expense category consistent with the function of the intangible asset.

4.10.02 Goodwill

Goodwill represents the excess of the purchase consideration of an acquisition over the fair value of the Group's share of the net identifiable assets acquired at the date of acquisition. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that might be impaired, and is carried at cost less accumulated impairment losses, if any. Any impairment losses recognized for goodwill are not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. When the recoverable amount of cash-generating units is less than the carrying amount, an impairment loss is recognized. The Group performs its impairment testing at the reporting date using a value-in-use, discounted cash flow methodology.

4.10.03 Franchise

The Group recognizes franchise as part of its intangible assets when the franchise produces revenue to the Group and the cost is measurable. At initial recognition, franchise is valued at cost which is the amount incurred in acquiring the franchise. Franchise whose life has been determined to be finite is amortized over the years identified. If the life of the franchise is determined to be indefinite, such franchise is not amortized but tested for impairment. Franchise is derecognized upon sale or retirement. The difference between the carrying value and the proceeds shall be recognized in the consolidated statements of profit or loss. Franchise is amortized on a straight-line basis over its estimated useful life of ten (10) years.

4.10.04 Computer software

Computer software acquired separately are measured on initial recognition at cost. The initial cost of computer software consists of its purchase price, including import duties, taxes and any directly attributable cost of bringing the assets to its working condition and location for intended use. Subsequently, computer software is carried at cost less accumulated amortization and any accumulated impairment loss.

Acquired computer software is capitalized on the basis of costs incurred to acquire and bring to use the specific software. Computer software is amortized on a straight-line basis over its estimated useful life of five (5) years. Costs associated with the development or maintenance of software cost programs are recognized as expense when incurred in the Group's consolidated statements of profit or loss. Software cost 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 derecognition of the asset is included in the Group's consolidated statements of profit or loss in the year of derecognition.

4.11 Deposits and Investments

4.11.01 Deposit for Land Acquisition

Deposit for land acquisition which represents mainly the usufruct rights over a property are initially stated at actual amount paid and subsequently recognized at cost less any impairment.

4.11.02 Deposit for Business Acquisitions

Deposit for business acquisitions which are paid in view of call for the future investments are initially stated at actual amount paid and subsequently recognized at cost less any impairment.

4.11.03 Advances to Producers

Advances to producers pertain to advances made for the initial cost of cultivation and development of farm lots owned by third-party. This is initially stated at actual amount paid and subsequently recognized at cost less any impairment.

4.11.04 Advances to Projects

Advances to projects pertains to unliquidated expenditures made for the processing fees in connection with the investment of the Group to a foreign company. This is initially stated at actual amount paid and subsequently recognized at cost less any impairment.

4.12 Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that any assets other than inventories, biological assets, deferred tax assets and financial assets that are within the scope of PFRS 9, *Financial Instruments* may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible asset with indefinite useful life is tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

4.13 Biological Assets

Biological assets or agricultural produce are recognized only when the Group controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity; and the fair value or cost of the assets can be measured reliably.

The Group measures its biological assets on initial recognition and at each reporting date at their fair value less estimated costs to sell. Estimated costs to sell include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties.

Harvested agricultural produce are also carried at fair value less estimated costs to sell at the point of harvest.

The Group classifies its biological assets between consumable and bearer biological assets. Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets. The Group further classifies its bearer biological assets between mature or immature biological assets.

Gains or losses arising on initial recognition of a biological asset at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of a biological asset are included in profit or loss for the period in which they arise.

4.14 Borrowing Costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.15 Financial Liabilities

4.15.01 Initial Recognition and Measurement

The Group shall recognize a financial liability in its consolidated statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

At initial recognition, the Group shall measure a financial liability at its fair value minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the liability.

4.15.02 Classification

The Group shall classify all financial liabilities as subsequently measured at amortized, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate;
- contingent consideration recognized by an acquirer in a business combination.

The Group's financial liabilities measured at amortized cost include trade and other payables (excluding customers' deposit and government payables), loans payable, lease liabilities and due to related parties.

The Group does not have financial liabilities at fair value through profit or loss in both years.

4.15.03 Derecognition

The Parent Company removes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished (i.e., when the obligation in the contract is discharged or cancelled or expires).

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4.16 Contract Liability

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

4.16.01 Costs to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Real estate costs and expenses" account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

4.16.02 Amortization, derecognition and impairment of capitalized costs to obtain a contract

The Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgment is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, these judgments are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

4.17 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Ordinary shares are classified as equity.

4.17.01 Additional Paid-in Capital

Additional paid-in capital represents the proceeds and/or fair value of consideration received in excess of the par value of the shares issued.

4.18 Employee Benefits

4.18.01 Short-term Benefits

The Group recognizes a liability, net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, direct labor, SSS, HDMF, PhilHealth employer contributions and 13th month pay.

4.18.02 Post-employment Benefits

The Group has an unfunded, non-contributory defined benefit retirement plan. This benefit defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits is determined using the Projected Unit Credit Method (PUCM) which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Post-employment expenses include current service cost, past service cost, and net interest on defined benefit asset/liability. Remeasurements which include cumulative actuarial gains and losses return on plan assets, and changes in the effects of asset ceiling are recognized directly in other comprehensive income and are also presented under equity in the consolidated statement of financial position.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the accrued retirement benefits at the end of the reporting period. The accrued retirement benefits is calculated annually by an independent actuary using the PUCM. The present value of the accrued retirement benefits is determined by discounting the estimated future cash outflows using interest rates based on the market yields on government bonds as of the valuation dates that have terms to maturity approximating to the terms of the related pension obligation.

The Group's retirement plan is still unfunded, benefit claims under the plan are paid directly by the Group when they become due.

4.19 Provisions and Contingent Asset

Provisions are recognized when the Group has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.19.01 Contingent Liabilities and Assets

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are disclosed only when an inflow of economic benefits is probable.

4.20 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue related cost incurred or to be incurred/costs to complete the transactions can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. Revenue is measured at the fair value of the consideration received or receivable taking into account any trade discounts, prompt settlement of discounts and volume rebates allowed by the Group, if any. Revenue excludes any value added tax.

The Group recognizes revenue when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

4.20.01 Revenue Contracts with Customers

The Group recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group applies the following five (5) steps:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct;
3. Determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer;
4. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract;
5. Recognize revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied.

4.20.02 Sale of goods

Revenue from the sale of goods in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. The revenue from the sale of goods is recognized upon delivery of the goods when the significant risks and rewards of ownership of the goods are transferred to the buyer.

4.20.03 Real estate sales

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

In measuring the progress of its performance obligation over time, the Group uses the input method. The Group recognizes revenue on the basis of the efforts or inputs to the satisfaction of a performance obligation (resources consumed, labor hours expended, costs incurred) relative to the total expected inputs to the satisfaction of that performance obligation.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as residential and office development receivables, under trade receivables, is included in the "contract asset" account in the asset section of the consolidated statements of financial position.

Any excess of collections over the total of recognized trade receivables and contract assets is included in the "contract liabilities" account in the liabilities section of the consolidated statements of financial position.

4.20.04 Cost recognition

The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

4.20.05 Service income

Service income is recognized to the extent of actual services delivered during the period.

4.20.06 Franchise

Franchise fees may cover the supply of initial and subsequent services, equipment and other tangible assets, and know-how. Accordingly, franchise fees are recognized as revenue on a basis that reflects the purpose for which the fees were charged. Fees charged for the use of continuing rights granted by the agreement, or for other services provided during the period of the agreement, are recognized as revenue as the services are provided or the rights used.

4.20.07 Royalty

Royalty is recognized on an accrual basis in accordance with substance of the relevant agreement.

4.20.08 Rental Income

Rental income is recognized in the profit or loss on a straight-line basis over the lease term.

4.20.09 Gain from Sale of Property and Equipment

Realized gains and losses are recognized when the sale transaction occurs.

4.20.10 Interest Income

Interest income is recognized using the effective interest method on a time proportion basis that reflects the effective yield on the assets.

4.20.11 Other Income

Other income is recognized when the related income is earned on an accrual basis in accordance with the relevant structure of transaction or agreements.

4.21 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Parent Company.

The Group recognizes expenses in the consolidated statement of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

4.22 Leases

4.22.01 The Group as Lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

4.22.02 The Group as a Lessee

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- a. the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- b. the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- c. the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Right-of-Use (ROU) Asset

At the commencement date, the Group measures the ROU asset at cost, which comprises of:

- initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any incentives received;
- any initial direct costs incurred by the Group;
- an 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. The Group incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequent to initial recognition, ROU asset is carried at cost less accumulated depreciation and accumulated impairment losses.

The Group depreciates the ROU asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The Group also assesses the ROU asset for impairment when such indicators exist.

The Group has elected to account for short-term leases and low-value assets using the practical expedients. Instead of recognizing ROU asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

ROU asset is presented as a separate line item on the consolidated statement of financial position.

Lease Liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not, the Group uses the incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under the residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect in-substance fixed lease payments.

The Group recognizes the amount of remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the remeasurement in profit or loss.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Lease liabilities are presented as a separate line item on the consolidated statement of financial position.

4.23 Foreign Currency Transactions and Translation

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Parent's functional currency, i.e., foreign currencies, are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, financial accounts which include cash in banks, trade receivable and deposits denominated in foreign currencies are revalued using the reference foreign exchange rates provided by the Bangko Sentral ng Pilipinas (BSP) on the date of reporting. Exchange differences are recognized in profit or loss as unrealized foreign exchange gain or loss at the end of each reporting period.

Exchange differences are recognized in profit or loss in the period in which they arise except for exchange differences arising on non-monetary assets and liabilities where the gains and losses of such non-monetary items are recognized directly in equity.

Assets and liabilities from foreign operation are translated at exchange rates at the end of the reporting period. Exchange differences are recognized initially in OCI and reclassified from equity to profit or loss on disposal of the net investment. On the other hand, income and expenses for each consolidated statement presenting profit or loss and OCI are translated at the average exchange rate for the period. All the resulting exchange differences are recognized in the OCI.

4.24 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Group that is preparing its consolidated financial statements. A person or a close member of that person's family is related to Group if that person has control or joint control over the Group, has significant influence over the Group, or is a member of the key management personnel of the Group or of a parent of the Group.

An entity is related to the Group if any of the following conditions applies:

- The entity and the Group are members of the same group (which means that a parent, subsidiary and fellow subsidiary are related parties to each other); or
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
- Both entities are joint ventures of the same third party; or
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- The entity holds a post-employment benefit plan for the benefit of the employees of either the Group or an entity related to the Group; or
- The entity is controlled or jointly controlled by a person identified above; or
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of an entity); or
- Management entity providing key management personnel services to a reporting entity.

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

4.25 Taxation

Income tax expense represents the sum of current and deferred taxes.

4.25.01 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax for the current and prior periods is recognized as a liability to the extent that it has not been settled, and as an asset to the extent that the amounts already paid exceeds the amount due.

4.25.02 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred tax asset however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognized for all taxable temporary differences except in three cases as follows:

- Liabilities arising from the initial recognition of goodwill;
- Liabilities arising from the initial recognition of asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting profit or the taxable profit;
- Liabilities arising from temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, but only to the extent that the entity is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4.25.03 Current and Deferred Tax for the Period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in OCI or directly in equity, in which case the tax is also recognized outside profit or loss.

4.25.04 Impact of Change in Tax Regime

Components of tax expense include any adjustments recognized in the period for current tax of prior period and the amount of deferred tax expense (income) relating to changes in tax rates. The provision for current income tax during the year include the difference between income tax per prior year financial statements and prior year income tax return.

Deferred tax assets and liabilities as of reporting period is remeasured using the new tax rates. The impact of remeasurement is recognized in profit or loss (i.e., provision for/benefit from deferred income tax), unless it can be recognized in other comprehensive income or another equity account.

4.26 Earnings per Share

The Group computes its basic earnings per share by dividing net income or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

4.27 Events after the Reporting Period

The Group identifies subsequent events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Any subsequent events that provide additional information about the Group's position at the reporting period, adjusting events, are reflected in the consolidated financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to consolidated financial statements when material.

4.28 Changes in Accounting Policies

The adoption of the new and revised standards and as disclosed in Notes 3.01 and 3.02 was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

5. Critical Accounting Judgement and Key Sources of Estimation Uncertainties

In the application of the Group's accounting policies, which are described in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5.01 Critical Judgments in Applying Accounting Policies

The following are critical judgments, apart from those involving estimations that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

5.01.01 Assessment of Going Concern Issue

The management has made an assessment at the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue the business for the foreseeable future. The Group's continued operations as a going concern depends upon the successful outcome of efforts to achieve profitable operations and generate sufficient cash flows to meet obligations on a timely basis. The Group generated a net income of P1,057,861,300 in 2021, P16,563,014 in 2020 and P84,741,151 in 2019. Management believes that with its continued efforts in building up equity and profitability, the Group will continue to operate in the normal course. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

5.01.02 Functional Currency

PAS 21 requires Management to use its judgment to determine the Group's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the Group. In making this judgment, the Group considers the following:

- the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained.

Functional currency is the currency of the primary economic environment in which the Group operates. The Group has determined that its functional currency is the Philippine Peso. The Group's functional currency is evidenced by its costs of labor, and other costs of providing services and majority of its remittance transactions are settled in Philippine Peso.

The Group determined its functional currency to be Philippine peso being the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the sale of real properties, services, and investments and the costs of providing the services and of the sold investments.

5.01.03 Uniform Accounting Policies

Consolidated financial statements are prepared under line-by-line basis for consolidation. Full amount of subsidiaries' accounts, irrespective of the percentage of ownership, are combined with those of the Group on a line-by-line bases by adding together similar or like items of assets, liabilities, revenues and expenses. Application of line-by-line basis for consolidation requires judgment in determining that the Parent and its subsidiaries have uniform accounting policy for like transactions and events in similar circumstances between the Parent and the subsidiaries. While the Group regularly conducts review of the subsidiaries' accounting policy to ensure the uniformity in accounting policy, there would be instances that the policy over these transactions would be different from that of the Parent. In the event that significant differences in the accounting policy for a given transaction exist between the Parent and its subsidiaries, the Parent makes appropriate adjustment in the financial statements of the subsidiary to conform to the Group's policy for the purpose of consolidation.

The consolidated financial statements are prepared under PFRS. Management assessed that the accounting policies of the Parent and its subsidiaries are substantially similar for like transactions and events, thus, no adjustment has been made in the consolidated financial statements.

5.01.04 Assessment of Control

The Group determines whether an entity qualifies as a subsidiary when it has control over an entity. The Group controls an entity when it has the three elements of control as disclosed in Note 4. In making its judgments, the Group considers all facts and circumstances when assessing control over an investee. A reassessment of control is conducted when there are changes to one or more of the three elements of control. Any changes from at least one of the elements would result to lose or gain of control over an entity.

The Group having fifty-one percent (51%) to one hundred percent (100%) ownership and voting interest, assessed that it has control over all of its subsidiaries since it has power over the subsidiaries, exposure or rights to variable returns from its involvement and ability to use its power to affect the component of its returns.

5.01.05 Aggregation of Operating Segments

In accordance with the provisions of PFRS 8, *Operating Segments*, the Group's reporting segment is based on the management approach with regard to the segment identification, under which information regularly provided to the chief operating decision maker for decision-making purposes is considered as decisive. The segments are also evaluated under the management approach.

The Group reports its segment based on geographic areas. The Management identifies its operating segments as generally based on nature and location of its customers. The Group has four (4) reportable segments: Exports, Distribution, Retail and Foreign Trading. The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of net trading gains (losses), other income, equity in net earnings, operating expenses and income tax.

5.01.06 Assessment of Contractual Terms of a Financial Asset

The Group determines whether the contractual terms of a financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. In making its judgements, the Group considers whether the cash flows before and after the changes in timing or in the amount of payments represent only payments of principal and interest on the principal amount outstanding.

Management assessed that the contractual terms of its financial assets are solely payments of principal and interest and consistent with basic lending arrangement. As of December 31, 2021 and 2020, carrying amounts of the Group's financial assets amounted to ₱1,287,378,496 and ₱1,130,286,284, respectively, as disclosed in Note 28.

5.01.07 Existence of a Contract Sales of Real Estate

The Group's primary document for a contract with a customer from real estate sale is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer.

In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

5.01.08 Assessment of Timing of Satisfaction of Performance Obligations

An entity satisfies a performance obligation by transferring control of a promised good or service to the customer, which could occur over time or at a point in time.

5.01.08.01 Sale of Real Estate

The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract.

In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about ten percent (10%) would demonstrate the buyer's commitment to pay.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

In 2021, 2020 and 2019, revenue from sale of real estate amounted to ₱141,249,379, ₱306,231,931 and ₱224,869,497, respectively, as disclosed in Note 18.

5.01.08.02 Sale of Goods

The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract. The Group delivers the best quality produce by exporting and locally distributing all kinds of fruits and vegetables and other agri-products but its main products are bananas, mangoes, and coconut water. The Group determined that the delivered various agri-products are capable of being distinct and therefore considered as separate performance obligations.

In 2020, 2019 and 2018, revenue from sales goods amounted to P4,407,781,487, P4,102,429,453 and P4,309,487,251, respectively, as disclosed in Note 18.

5.01.09 Assessment of the Allocation of Transaction Price to Performance Obligations

A performance obligation is a vendor's promise to transfer a good or service that is 'distinct' from other goods and services identified in the contract.

Management assessed that allocation of transaction price to performance obligation is not applicable since the only obligation identified is to deliver goods to its customers.

5.01.10 Assessment of 30 days Rebuttable Presumption

An entity determines when a default occurs on its financial assets based on the credit management practice of the entity.

Management believes that the 30 days rebuttable presumption on determining whether there is a significant increase in credit risk in financial assets is not applicable because based on the Group's historical experience, credit risk has not increased significantly even the amounts are past due for more than 30 days.

5.01.11 Assessment of 90 days rebuttable presumption

The Group determines when a significant increase in credit risk occurs on its financial assets based on the credit Management practice of the Group.

Management believes that the 90 days rebuttable presumption on determining whether there is a significant increase in credit risk in financial assets is not applicable based on the Group's historical experience the Group determines that past due amounts even over 90 days are still collectible.

5.01.12 Distinction Between Property and Equipment and Investment Properties

The Group determines whether a property qualifies as investment properties. In making its judgments, the Group considers whether the property generates cash flows largely independent of the other assets held by the entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

The Group classified the construction in progress for retail and office spaces as investment properties because these are intended for lease. Accordingly, the carrying amounts of investment properties amounted to P1,188,425,936 and P262,348,877 as of December 31, 2021 and 2020, respectively, as disclosed in Note 12.

5.01.13 Assessment of Frequency of Revaluation of Property, Plant and Equipment and Deductibility of Depreciation Thereon

After recognition as an asset, an item of property and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The frequency of revaluation depends upon the changes in fair values of the items of property and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Some items of property and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three (3) to five (5) years.

The revaluation surplus included in equity in respect of an item of property and equipment may be transferred directly to retained earnings when the asset is derecognized. This may involve transferring the whole amount of surplus when the asset is retired or disposed of. However, some of the surplus may be transferred as the asset is used by an entity. 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 profit or loss.

In making its judgment on the frequency of revaluation, management considered the significant changes in the fair value of its revalued assets. Hence, a new revaluation was adopted as of reporting periods. The Group also determined whether depreciation of its fixed assets relates to property and equipment subsequently measured using cost model and revaluation model. In doing so, Management considered the tax effect of the depreciation of the revaluation surplus which corresponds to the revalued amount of property, plant and equipment. Since transfers from revaluation surplus to retained earnings resulting from piecemeal amortization are not made through profit or loss but are transferred directly to equity, depreciation related to revalued assets is not deductible for tax purposes.

In both years, the Group assessed that the carrying amount of the revalued property and equipment approximates its fair value. As of December 31, 2021 and 2020, the carrying amounts of the revalued property and equipment amounted to P316,229,570 and P247,378,079, respectively, as disclosed in Note 11.

5.01.14 Determining whether or not a Contract Contains a Lease

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from PAS 17 and IFRIC 4 and has not applied PFRS 16 to arrangements that were previously not identified as lease under PAS 17 and IFRIC 4.

Management assessed that the lease of machinery, transportation equipment and store premises qualified as a lease since each contract contains an identified asset, the Group has the right to obtain substantially all of the economic benefits, and the Group has the right to direct the use of the identified asset throughout the period of use.

5.01.15 Determining whether or not it is Reasonably Certain that an Extension Option will be Exercised and Termination Option will not be Exercised

Lease term is the non-cancellable period for which the Group has the right to use an underlying asset including optional periods when the Group is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term and the enforceability of the option. The option to extend the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option and the option is enforceable. The Group is required to reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

For lease contracts entered into in both years, most are renewable by mutual agreement, except for contracts which does not contain a provision on renewal option. Management assessed that these lease contracts cannot be extended beyond the non-cancelable lease period since such are not enforceable under the Philippine law.

In both years, the Management used the lease term of four (4) to seven (7) years in the computation of right-of-use-assets and lease liabilities.

5.02 Key Sources of Estimation Uncertainties

The following are the key assumptions concerning the future, and other key sources of estimation uncertainties at the end of the reporting periods that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.02.01 Revenue and Cost Recognition on Real Estate Projects

The Group's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate and construction contracts is recognized based on the percentage of completion (POC) are measured principally on the basis of the estimated completion of a physical proportion of the contract work. Apart from involving significant estimates in determining the quantity of imports such as materials, labor and equipment needed, the assessment process for the POC is complex and the estimated project development costs requires technical determination by management's specialists (project engineers).

5.02.02 Estimating Allowances for Expected Credit Losses (ECL)

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The Group applies general approach for determining the ECL of cash in banks, other receivables (except advances to officers and employees), due from related parties and stockholders, and refundable deposits presented under 'prepayments and other current assets' and deposits and other non-current assets. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets is based on the assumptions about risk of default and expected loss rates.

In 2021, 2020 and 2019, the Group recognized provision for expected credit losses on other receivables amounting to nil, P43,316,857 and nil, respectively. The Group also made a reversal of allowance for expected credit losses amounting to P43,316,857, nil and nil, in 2021, 2020 and 2019, respectively. As of December 31, 2021 and 2020, allowance for expected credit losses on other receivables amounted to P3,516,118 and P46,832,975 respectively, as disclosed in Notes 7, 23 and 24.

In 2021, 2020 and 2019, the Group recognized provision for expected credit losses on due from related parties and stockholders amounting to nil, nil and P6,264,530, respectively. The Group also made a direct write-off of the allowance for expected credit losses amounting to nil, P4,978,013 and nil, in 2021, 2020 and 2019, respectively. As of December 31, 2021 and 2020, allowance for expected credit losses on due from related parties and stockholders amounted to P6,460,530, as disclosed in Notes 21, 23 and 24.

As of December 31, 2021 and 2020, allowance for expected credit losses on refundable deposits presented under 'prepayments and other current assets' and 'deposits and other non-current assets' amounted to P6,711,100, as disclosed in Notes 9 and 15

The Group applies the simplified approach in trade receivables to measure expected credit losses which uses a lifetime expected loss allowance for all receivables and financial asset at amortized costs. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Detailed information regarding the Company's impairment of financial assets is discussed in Note 28.

In 2021, 2020 and 2019, the Group recognized provision for expected credit losses on trade receivables amounting to nil, P5,504,378 and P6,885,949, respectively. The Group also made a reversal of allowance for expected credit losses amounting to P36,728,895, nil and nil, in 2021, 2020 and 2019, respectively. As of December 31, 2021 and 2020, allowance for expected credit losses on trade receivables amounted to P48,055,688 and P84,784,583, respectively, as disclosed in Notes 7, 23 and 24.

5.02.03 Estimating Inventories at Net Realizable Values

Net realizable values of inventories are assessed regularly based on the prevailing selling prices of inventories less estimated costs to sell. The Group recognizes expense and provides allowance for decline in value of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes on price levels or other causes. Inventory items identified to be obsolete and unusable is written off and charged against allowance account. Increase in the net realizable values will increase the carrying amount through reduction of allowance for decline but only to the extent of original acquisition cost.

In both years, Management believes the net realizable value of inventories approximate their costs, thus, no allowance for decline in value was recognized. As of December 31, 2021 and 2020, inventories amounted to P1,317,725,194 and P1,079,026,521, respectively, as disclosed in Note 8.

5.02.04 Fair Value of Investment Property

The Group has adopted the fair value approach in determining the carrying value of its investment property. While the Group has opted to rely on independent appraisers to determine the fair value of its investment properties, such fair value was determined based on recent prices of similar properties, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Group made different judgments and estimates or utilized different basis for determining fair value.

In 2021, the Management recognized gain on change in fair value of investment property based on the valuation report dated December 27, 2020 by Guangdong Tianshun Land Real Estate Asset Appraisal Co., Ltd. amounting to P908,745,817 as disclosed in Note 12. The Royal Chartered Surveyor has thoroughly and meticulously analyzed the characteristics and actual conditions project, and has studied the information provided by the client. On the basis of market research, the property to be assessed is commercial (agricultural commodity trading center) and leasing in nature. In order to make the valuation results scientific, accurate and objective, the appraiser use the market comparison method and the income method to evaluate their value. The comparative method is to compare the real estate of the object of valuation with the similar real estate that has been traded recently at the time of value, and to make appropriate amendments to the transaction price of these similar real estate. In order to estimate the object of real estate objective reasonable price or value of valuation method. The income method is a method to convert the net income of the expected valuation object real estate in the future period into the present value of the value point by using the appropriate reduction interest rate, and to find the sum of its present value to determine the real estate price.

As of December 31, 2021 and 2020, the carrying amount of investment property amounted to P1,188,425,936 and P262,348,877, respectively, as disclosed in Note 12.

5.02.05 Fair Value of Biological Assets

The Group has adopted the fair value approach in determining the carrying value of its biological assets. The Group determines its fair value based on recent prices of similar assets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Group made different judgments and estimates or utilized different basis for determining fair value.

The fair value of biological assets was derived using the market approach. In 2021, the Management recognized gain on change in fair value of biological assets based on the valuation amounting to P17,612,321, as disclosed in Note 14. As of December 31, 2021 and 2020, the carrying amount of biological assets amounted to P59,301,732 and nil, respectively, as disclosed in Note 14.

5.02.06 Fair Value of Property and Equipment

The valuation has been carried out on January 6, 2021, in accordance with the Santos Knight Frank, Inc. incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC), and the Philippine Valuation Standards (PVS). In valuing the land Market Approach was used which is the most common technique for valuing land, and is the most preferred method when comparable sales are available. With this method, sales of similar property or parcels of land are analyzed, compared, and adjusted to provide a value indication for the property being appraised. The comparison process is based on an analysis of the similarity or dissimilarity of the comparable. Cost Approach was used for the improvements while a combination of the Market and Cost Approach was used for the machinery and equipment. The Cost Approach generally involves the following steps: (a) The value of the subject land is normally estimated by the Market Data or Sales Comparison Approach. In instances where available market data is sufficient, the Income Approach (Residual Method) can be used, (b) The depreciated cost of the subject improvement is estimated by calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources, and adding the indirect costs attributed to the improvement. Combining the estimates shown above results in the indicated value of the subject property by the Cost Approach.

As of December 31, 2021 and 2020, the carrying amounts of property and equipment at revalued amount are P316,229,570 and P247,378,079, respectively, as disclosed in Note 11.

5.02.07 Reviewing Residual Values, Useful Lives and Depreciation Method of Property and Equipment

The residual values, useful lives and depreciation method of the Group's property and equipment are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date. The useful lives of the Group's property and equipment are estimated based on the period over which the assets are expected to be available for use. In determining the useful life of property and equipment, the Group considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output and legal or other limits on the use of the Group's assets.

In addition, the estimation of the useful lives is based on Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in 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 property and equipment would increase the recognized expenses and decrease non-current assets. The Group uses a depreciation method that reflects the pattern in which it expects to consume the property and equipment's future economic benefits. If there is an indication that there has been a significant change in the pattern used by which the Group expects to consume the property and equipment's future economic benefits, the entity shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern.

In both years, Management assessed that there are no indications that there has been any change in pattern used by the Group in consuming its property and equipment's future economic benefits.

The carrying amounts of depreciable property and equipment measured at revalued amounts as of December 31, 2021 and 2020 amounted to P164,229,570 and P95,378,079, respectively, as disclosed in Note 11.01.

The carrying amounts of depreciable property and equipment measured at cost as of December 31, 2020 and 2019 amounted to P272,035,225 and P341,992,995, respectively, as disclosed in Note 11.02.

5.02.08 Reviewing Residual Value, Useful Life and Amortization Method of Intangible Assets

The residual value, useful life and amortization method of the Group's intangible assets are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; technological advancement; and changes in market prices since the most recent annual reporting date. Amortization begins when the intangible asset is available for use, i.e., when it is in the location and condition necessary for it to be usable in the manner intended by Management. Amortization ceases when the intangible asset is derecognized. The Group uses a straight-line method of amortization since it cannot determine reliably the pattern in which it expects to consume the intangible asset's future economic benefits.

In both years, Management assessed that there are no indications that there has been any change in pattern used by the Group in consuming its intangible assets' future economic benefits. As of December 31, 2021 and 2020, the carrying amounts of the intangible assets are P167,174,787 and P174,840,077, respectively, as disclosed in Note 13.

5.02.09 Asset Impairment

The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of advances to officers and employees, prepayments and other current assets (except refundable deposits), property and equipment, investment property, right-of use assets, intangible assets and deposits and other non-current assets (except refundable deposits), which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Group to conclude that aforementioned assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

In 2021, 2020 and 2019, the Group wrote-off advances to officers and employees amounting to nil, nil and P428,267, as disclosed in Note 7.

In 2021, 2020 and 2019, the Group recognized provision for impairment on prepayments and other current assets amounting to nil, P185,820 and P6,113,433, respectively, as disclosed in Notes 9 and 23.

In 2021, 2020 and 2019, the Group recognized provision for impairment on deposits and other non-current assets (except refundable deposits) amounting to nil, P6,640,000 and nil, respectively. The Group also wrote-off deposits and other non-current assets (except refundable deposits) amounting to nil, nil and P66.7 million as disclosed in Notes 9 and 23.

In both years, Management assessed that no indicators of impairment had existed on property and equipment, investment property, right-of use assets and intangible assets.

As of December 31, 2021 and 2020, the aggregate carrying amounts of advances to officers and employees, prepayments and other current assets (except refundable deposits), property and equipment, investment property, right-of use assets, intangible assets and deposits and other non-current assets (except refundable deposits) amounted to P3,184,744,468 and P2,128,872,455, respectively, as disclosed in Notes 7, 11, 12, 13 and 15.

5.02.10 Deferred Tax Assets

The Group reviews the carrying amounts at each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized prior to its expiration.

As of December 31, 2021 and 2020, the Group recognized deferred tax assets from effect of PFRS 16 amounting to P10,009 and P387,049, respectively, as disclosed in Note 26. In both years, Management believes that future taxable profits will be available to allow all or part of deferred tax assets to be utilized prior to expiration.

5.02.11 Post-employment Benefits

The determination of the retirement obligation and cost and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates, mortality of plan members and rates of compensation increase. In accordance with PFRS, actual results that differ from the assumptions and the effects of changes in actuarial assumptions are recognized directly as remeasurements in other comprehensive income and therefore, generally affect related obligation.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

The carrying amounts of the Group's retirement benefit obligation are P19,275,038 and P12,088,815 as of December 31, 2021 and 2020, respectively, as disclosed in Note 25.

In 2021, 2020 and 2019, the retirement benefit expense recognized are P3,144,024, P1,554,161 and P1,372,732, respectively, as disclosed in Notes 23 and 25.

In 2021, 2020 and 2019, the remeasurement, net of related tax, amounted to a loss of P4,042,199, nil, P3,278,867, respectively, as disclosed in Note 25

5.02.12 Assessment of Joint Control

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. An entity has a control when it is exposed, or has rights to variable returns from involvement with the arrangement and has the ability to affect those returns through their power over the arrangement.

In both years, Management assessed that the contractual arrangement with a third party and the landowners gives both parties joint control since decision about the relevant activities requires the unanimous consent of both parties sharing control.

5.02.13 Classification of Joint Arrangement as a Joint Venture

The joint arrangement is classified into joint operations and joint ventures. The joint operations are a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement while the joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The joint arrangement agreed by the Parent Company and a third party and the landowners was mutually classified by both parties as a joint venture.

Management believes that a joint venture arrangement will maintain the parties' rights to net assets.

5.02.14 Estimation of Impairment of Goodwill

The Group reviews the carrying value of goodwill for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. Assessments require the use of estimates and assumptions such as market evaluation and trends, discount rates, future capital requirements and operating performance. If the recoverable amount of the unit exceeds the carrying amount of the goodwill, the goodwill shall be regarded as not impaired.

No provision for impairment of goodwill was recognized in 2021 and 2020, however, in 2019 provision was recognized amounting to P55,343,063, as disclosed in Notes 13 and 23.

As of December 31, 2021 and 2020, the carrying amount of goodwill amounted to P39,232,347 and P36,977,238, respectively, as disclosed in Note 13.

5.02.15 Contingencies

The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense of these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's consolidated financial statements (see Notes 7 and 35).

6. Cash

This account consists of:

	2021	2020
Cash on hand	P31,861,174	P14,942,708
Cash in banks	48,334,058	42,683,672
	P80,195,232	P57,626,380

Cash in banks earn interest at the prevailing bank deposit rates of less than 1.0% annually. This includes checks on hand undeposited as at year-end. Interest income earned from cash in banks, net of final taxes withheld, amounted to P23,398 in 2021, P32,686 in 2020 and P30,906 in 2019.

The Group has cash in banks denominated in foreign currencies such as USD, HKD and RMB. These cash in banks were translated as at December 31, 2021 and 2020 at closing rates. In 2021, 2020 and 2019, unrealized foreign exchange gain (loss) on cash in banks denominated in foreign currencies amounted to P267, P7,082 and (P510,595), respectively, as disclosed in Note 28.

7. Trade and Other Receivables – net

This account consists of:

	Note	2021	2020
Trade	18	P563,628,263	P393,750,405
Advances to officers and employees		63,561,313	64,169,982
Others		169,876,155	239,125,537
		797,065,731	697,045,924
Less allowance for expected credit losses:			
Trade receivables		48,055,688	84,784,583
Advances to officers and employees		3,654,834	3,654,834
Others		3,516,118	46,832,975
		55,226,640	135,272,392
		P741,839,091	P561,773,532

Trade receivables are non-interest bearing and are collectible within 30 to 90 days. These are generally settled through cash payment or application of customers' deposit, if any.

Advances to officers and employees are noninterest bearing and subject to liquidation. Advances to employees amounting to P428,267 were directly written-off in 2019 as Management believes it will no longer be collected and recovered as at reporting date (see Note 23).

Other receivables as at December 31, 2021 and 2020 include non-interest-bearing receivables from sales of scraps and first-class rejects, which are sold to local wet market at a lower price. This is generally collectible on 15 to 30-day terms.

Other receivables also include receivable from a third party amounting to P64,655,714 which is included in an ongoing criminal action initiated by the Group to recover the said receivable among others (see Note 15). The amount is guaranteed by a stockholder in the event of an adverse result of the ongoing case and is provided with an allowance for impairment amounting to P43,316,857 as at December 31, 2020. In 2021, the allowance was reverse since the Management believes that it can still recover the amount since it is guaranteed by the stockholders.

The Group has trade and other receivables denominated in foreign currency which are translated at December 31, 2021 and 2020 closing rates. In 2021, 2020 and 2019, unrealized foreign exchange gain (loss) on trade receivables denominated in foreign currencies amounted to (P3,091,144), (P642,767) and P2,846,189, respectively, as disclosed in Note 28.

Movements in allowance for expected credit losses pertaining to trade receivables, advances to officers and employees and other receivables follows:

	Notes	2021	2020
Balance at beginning of year		P135,272,392	P86,454,046
Provision for impairment during the year	23	-	48,821,235
Reversal during the year	24	(80,045,752)	(2,889)
Balance at end of year		P55,226,640	P135,272,392

None of the Group's receivables were pledged to any of its liabilities.

All receivables are unsecured and noninterest-bearing.

8. Inventories

This account consists of the following at cost:

	2021	2020
Property for sale	P904,871,695	P758,205,245
Merchandise, furniture and appliances	303,478,125	270,808,764
Agricultural produce, beverages and vegan products	82,776,207	35,557,612
Packaging materials and other supplies	26,599,167	14,454,900
	P1,317,725,194	P1,079,026,521

Property for sale represents development costs and construction materials for residential and commercial units of Shengmei Century Plaza Development Project located in Jiawang District, Xuzhou, China.

The cost of inventories recognized as part of "Cost of Sales" in the consolidated statements of comprehensive income amounted to P4,055,419,257 in 2021, P3,897,009,772 in 2020 and P3,714,914,767 in 2019 (see Note 22).

The carrying amounts of the total inventories as at December 31, 2021 and 2020 approximate their NRVs. There were no purchase commitments and accrued net losses on inventories in 2021, 2020 and 2019.

No provision for inventory obsolescence or impairment was recognized in 2021, 2020 and 2019.

Inventories are not pledged as security for any of the Group's liabilities.

9. Prepayments and Other Current Assets – net

This account consists of the following at cost:

	2021	2020
Prepaid expense	P1,123,309	P835,815
Input VAT	132,781,931	119,577,161
Advances to suppliers	53,267,630	36,464,387
Refundable deposits	14,890,492	15,266,591
Creditable withholding taxes (CWTs)	1,775,589	1,437,548
Deferred input VAT	335,925	256,546
Materials and supplies	142,040	134,721
	204,316,916	173,972,769
Less allowance for impairment losses:		
Refundable deposits	6,711,100	6,711,100
Input VAT	5,251,353	5,251,353
CWTs	531,525	531,525
	P191,822,938	P161,478,791

Prepaid expense includes insurance, short-term lease rental and IT services. Prepaid insurance refers to insurances of vehicles, equipment and construction in progress.

Advances to suppliers represent non-interest bearing advanced payments to third-party foreign and local suppliers for various future delivery of purchases of goods and performance of services.

Refundable deposits are made for short-term store-leased spaces of the Group. These deposits will be refunded upon end of lease term.

Creditable withholding taxes are considered prepayments which are claimed for the tax to be paid during the year and are carried over in the succeeding period for the same purpose.

Movements in allowance for impairment losses pertaining to prepayments and other current assets follows:

	Note	2021	2020
Balance at beginning of year		P12,493,978	P12,356,001
Provision for impairment during the year	23	-	185,820
Reversal of allowance for impairment	24	-	(47,843)
Balance at end of year		P12,493,978	P12,493,978

10. Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

On April 3, 2018, the Group acquired 15% ownership of CMP Supply Chain Management (Shanghai) Co. Ltd, a company incorporated in China. The acquired shares are classified as financial assets at FVOCI amounting to P47,801,400 (CNY 6,000,000) and P44,081,400 (CNY 6,000,000) as at December 31, 2021 and 2020, respectively.

11. Property and Equipment – net

The carrying amounts of the Company's property and equipment are as follows:

	Note	2021	2020
At revalued amounts (Note 11.01)	22	P316,229,570	P247,378,079
At cost (Note 11.02)	23	298,311,725	368,269,495
		P614,541,295	P615,647,574

11.01 Property and Equipment at Revalued Amounts – net

The Company's property, plant and equipment carried at revalued amounts are as follows:

	Land	Building	Store and warehouse equipment	Delivery and transportation equipment	Machinery and equipment	Office furniture and fixtures	Leasehold improvement	Bearer plant	Total
January 1, 2020									
Cost	P122,875,830	P73,494,227	P13,283,312	P9,925,584	P176,573,692	P25,151,761	P11,342,170	P-	P432,646,576
Accumulated depreciation - cost	-	(21,307,604)	(7,334,264)	(7,667,942)	(126,823,586)	(22,675,865)	(11,151,453)	-	(196,960,714)
Carrying amount	122,875,830	52,186,623	5,949,048	2,257,642	49,750,106	2,475,896	190,717	-	235,685,862
Movements during 2020									
Balance, January 1, 2020	122,875,830	52,186,623	5,949,048	2,257,642	49,750,106	2,475,896	190,717	-	235,685,862
Additions	-	-	675,743	68,150	1,196,269	468,886	283,700	-	2,692,748
Gain on revaluation surplus	29,124,170	-	-	-	-	-	-	-	29,124,170
Depreciation - cost	-	(2,391,279)	(1,208,442)	(827,605)	(14,775,421)	(837,989)	(83,965)	-	(20,124,701)
Balance, December 31, 2020	152,000,000	49,795,344	5,416,349	1,498,187	36,170,954	2,106,793	390,452	-	247,378,079
December 31, 2020									
Cost	122,875,830	73,494,227	13,959,055	9,993,734	177,769,961	25,620,647	11,625,870	-	435,339,324
Revaluation surplus	29,124,170	-	-	-	-	-	-	-	29,124,170
Appraised value	152,000,000	73,494,227	13,959,055	9,993,734	177,769,961	25,620,647	11,625,870	-	464,463,494
Accumulated depreciation - cost	-	(23,698,883)	(8,542,706)	(8,495,547)	(141,599,007)	(23,513,854)	(11,235,418)	-	(217,085,415)
Carrying amount	152,000,000	49,795,344	5,416,349	1,498,187	36,170,954	2,106,793	390,452	-	247,378,079

[Balance Forwarded]

[Continued]

	Land	Building	Store and warehouse equipment	Delivery and transportation equipment	Machinery and equipment	Office furniture and fixtures	Leasehold improvement	Bearer plant	Total
Movements during 2021									
Balance, January 1, 2021	152,000,000	49,795,344	5,416,349	1,498,187	36,170,954	2,106,793	390,452	-	247,378,079
Additions	-	-	302,083	146,605	163,392	591,005	159,165	4,162,375	5,524,625
Gain on revaluation surplus	-	42,901,145	4,666,459	1,290,761	31,163,062	1,888,297	263,197	9,375,310	91,548,231
Disposal	-	-	-	-	-	-	(283,700)	-	(283,700)
Depreciation									-
Cost	-	(2,391,278)	(1,234,992)	(840,852)	(12,873,539)	(994,599)	(33,812)	-	(18,369,072)
Revaluation surplus	-	(1,100,029)	(466,646)	(860,507)	(6,463,859)	(589,820)	(87,732)	-	(9,568,593)
Balance, December 31, 2021	152,000,000	89,205,182	8,683,253	1,234,194	48,160,010	3,001,676	407,570	13,537,685	316,229,570
December 31, 2021									
Cost	122,875,830	73,494,227	14,261,138	10,140,339	177,933,353	26,211,652	11,501,335	4,162,375	440,580,249
Revaluation surplus	29,124,170	42,901,145	4,666,459	1,290,761	31,163,062	1,888,297	263,197	9,375,310	120,672,401
Appraised value	152,000,000	116,395,372	18,927,597	11,431,100	209,096,415	28,099,949	11,764,532	13,537,685	561,252,650
Accumulated depreciation									
Cost	-	(26,090,161)	(9,777,698)	(9,336,399)	(154,472,546)	(24,508,453)	(11,269,230)	-	(235,454,487)
Revaluation surplus	-	(1,100,029)	(466,646)	(860,507)	(6,463,859)	(589,820)	(87,732)	-	(9,568,593)
Carrying amount	P152,000,000	P89,205,182	P8,683,253	P1,234,194	P48,160,010	P3,001,676	P407,570	P13,537,685	P316,229,570

As at December 31, 2021, the Group's property and equipment were measured at revalued amount based on the valuation report dated January 6, 2021. The fair value of the Parent Company's land has been determined by independent firm of appraisers accredited by SEC. The valuation has been carried out in accordance with the Santos Knight Frank, Inc. incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC), and the Philippine Valuation Standards (PVS). In valuing the land Market Approach was used which is the most common technique for valuing land, and is the most preferred method when comparable sales are available. With this method, sales of similar property or parcels of land are analyzed, compared, and adjusted to provide a value indication for the property being appraised. The comparison process is based on an analysis of the similarity or dissimilarity of the comparable. Cost Approach was used for the improvements while a combination of the Market and Cost Approach was used for the machinery and equipment.

The Cost Approach generally involves the following steps: (a) The value of the subject land is normally estimated by the Market Data or Sales Comparison Approach. In instances where available market data is sufficient, the Income Approach (Residual Method) can be used, (b) The depreciated cost of the subject improvement is estimated by calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources, and adding the indirect costs attributed to the improvement. Combining the estimates shown above results in the indicated value of the subject property by the Cost Approach.

The Group periodically amortizes revaluation increment over the lives of the assets by crediting the equivalent depreciation on the appraisal increase to retained earnings. Effectively, the fair value is realized through the use of the assets as the Group generates income from operations.

Land and building located in Pulilan, Bulacan with carrying value of P241,205,181 and P201,795,344 as at December 31, 2021 and 2020, respectively, are used as collaterals for one of its long-term liabilities under Bank 3 (see Note 17).

11.02 Property and Equipment at Cost – net

The carrying amounts of the Company's property, plant and equipment carried at cost are as follows:

	Land	Building	Store and warehouse equipment	Delivery and transportation equipment	Machinery and equipment	Office furniture and fixtures	Leasehold improvement	Construction in progress	Total
January 1, 2020									
Cost	P26,276,500	P178,798,970	P112,885,153	P54,382,811	P83,545,470	P34,997,784	P62,729,370	P70,209,170	P623,825,228
Accumulated depreciation	-	(75,693,618)	(85,881,837)	(39,477,301)	(63,839,721)	(27,668,362)	(53,161,776)	-	(345,722,615)
Carrying amount	26,276,500	103,105,352	27,003,316	14,905,510	19,705,749	7,329,422	9,567,594	70,209,170	278,102,613
Movements during 2020									
Balance, January 1, 2020	26,276,500	103,105,352	27,003,316	14,905,510	19,705,749	7,329,422	9,567,594	70,209,170	278,102,613
Additions	-	-	1,780,252	12,500	-	124,671	867,143	-	2,784,566
Reclassification	-	-	-	-	-	-	-	122,265,156	122,265,156
Depreciation	-	(15,627,727)	(4,245,228)	(5,007,245)	(7,478,525)	(1,729,005)	(2,770,359)	-	(36,858,089)
Effect of foreign balance translation	-	930,458	-	65,381	30,678	22,124	-	926,608	1,975,249
Balance, December 31, 2020	26,276,500	88,408,083	24,538,340	9,976,146	12,257,902	5,747,212	7,664,378	193,400,934	368,269,495
December 31, 2020									
Cost	26,276,500	179,729,428	114,665,405	54,460,692	83,576,148	35,144,579	63,596,513	193,400,934	750,850,199
Accumulated depreciation	-	(91,321,345)	(90,127,065)	(44,484,546)	(71,318,246)	(29,397,367)	(55,932,135)	-	(382,580,704)
Carrying amount	26,276,500	88,408,083	24,538,340	9,976,146	12,257,902	5,747,212	7,664,378	193,400,934	368,269,495

[Balance Forwarded]

[Continued]

	Land	Building	Store and warehouse equipment	Delivery and transportation equipment	Machinery and equipment	Office furniture and fixtures	Leasehold improvement	Construction in progress	Total
Movements during 2021									
Balance, January 1, 2021	26,276,500	88,408,083	24,538,340	9,976,146	12,257,902	5,747,212	7,664,378	193,400,934	368,269,495
Additions	-	-	267,191	29,607	-	43,546	-	-	340,344
Reclassification	-	-	-	-	-	-	-	(69,624,336)	(69,624,336)
Depreciation	-	(4,451,444)	(3,345,873)	(1,323,879)	(6,857,388)	(122,032)	(2,790,579)	-	(18,891,195)
Effect of foreign balance translation	-	7,771,993	-	-	-	-	-	10,445,425	18,217,418
Balance, December 31, 2021	26,276,500	91,728,632	21,459,658	8,681,874	5,400,514	5,668,726	4,873,799	134,222,023	298,311,726
December 31, 2021									
Cost	26,276,500	187,049,283	114,932,596	54,490,299	83,576,148	35,188,125	63,596,513	134,222,023	699,331,485
Accumulated depreciation	-	(95,772,789)	(93,472,938)	(45,808,425)	(78,175,634)	(29,519,399)	(58,722,714)	-	(401,471,899)
Carrying amount	P26,276,500	P91,728,632	P21,459,658	P8,681,874	P5,400,514	P5,668,726	P4,873,799	P134,222,023	P298,311,726

Depreciation of property and equipment were charged to the following:

	Notes	2021	2020	2019
Cost of sales	22	P26,311,152	P20,985,614	P17,418,857
General and administrative expenses	23	20,517,708	35,997,176	72,573,210
Total depreciation		P46,828,860	P56,982,790	P89,992,067

Certain assets such as delivery and transportation equipment, buildings and machinery equipment are covered by insurance.

In 2018, three (3) delivery trucks under transportation equipment of the Group, amounting to P3,022,800, is mortgaged as collateral for its own auto-loan (see Note 17). The carrying value of the trucks as at December 31, 2021 and 2020 amounted to P1,236,994 and P1,911,743, respectively.

The Group has disposed property and equipment with aggregate net book value of P1.5 million as at December 31, 2019. Loss incurred from the disposal amounted to P1,348,672 in 2019 (see Note 24).

	2021	2020
Land	P122,875,830	122,875,830
Building	47,404,065	49,795,344
Store and warehouse equipment	4,483,440	5,416,349
Delivery and transportation equipment	803,940	1,498,187
Machinery and equipment	23,460,807	36,170,954
Office furniture and fixtures	1,703,199	2,106,793
Leasehold improvement	232,105	390,452
	P200,963,386	218,253,909

The Group's commitment to acquire property is discussed in Note 15. The Group's Management had reviewed the carrying values of property and equipment as at December 31, 2021 and 2020 for any possible impairment. Based on the evaluation, there are no indications that the property and equipment are impaired.

The remaining property and equipment of the Group are not pledged as security to any of the Group's liabilities.

12. Investment Property

This pertains to construction-in-progress for retail and office spaces intended for lease.

The rollforward analysis of construction-in-progress under investment property follows:

	Note	2021	2020
Balance at beginning of year		P262,348,877	P301,859,118
Transferred to inventory	33	(146,666,451)	(68,944,362)
Transferred from advances to contractors	33	38,531,280	25,450,239
Effect of foreign exchange translation		125,466,413	3,983,882
Gain on change in fair value		908,745,817	-
Balance at end of year		P1,188,425,936	P262,348,877

The Group's Management had reviewed the carrying values of investment property as at December 31, 2021 and 2020 for any possible impairment. Based on the evaluation, there are no indications that the investment property is impaired.

In 2021, the Management recognized gain on change in fair value of investment property based on the valuation report dated December 27, 2020 by Guangdong Tianshun Land Real Estate Asset Appraisal Co., Ltd. amounting to P908,745,817. The Royal Chartered Surveyor has thoroughly and meticulously analyzed the characteristics and actual conditions of the project, and has studied the information provided by the client. On the basis of market research, the property to be assessed is commercial (agricultural commodity trading center) and leasing in nature. In order to make the valuation results scientific, accurate and objective, the appraiser use the market comparison method and the income method to evaluate their value. The comparative method is to compare the real estate of the object of valuation with the similar real estate that has been traded recently at the time of value, and to make appropriate amendments to the transaction price of these similar real estate. In order to estimate the object of real estate objective reasonable price or value of a valuation method.

The income method is a method to convert the net income of the expected valuation object real estate in the future period into the present value of the value point by using the appropriate reduction interest rate, and to find the sum of its present value to determine the real estate price.

The Group's investment properties are not pledged as security for any of the Group's liabilities. The Group has no contractual commitment to purchase investment property.

13. Intangible Assets – net

This account consists of the following, net of any accumulated amortization and impairment:

	2021				
	Trademark	Goodwill	Franchise	Computer software	Total
Cost:					
Balance at beginning of year	P200,000,000	P95,014,063	P9,049,750	P7,457,105	P311,520,918
Additions during the year	–	–	–	157,656	157,656
Balance at end of year	200,000,000	95,014,063	9,049,750	7,614,761	311,678,574
Accumulated amortizations and impairments					
Balance at beginning of year	62,500,000	58,036,826	9,049,750	7,094,265	136,680,841
Amortization	10,000,000	–	–	78,056	10,078,056
Effect of foreign currency translation	–	(2,255,110)	–	–	(2,255,110)
Balance at end of year	72,500,000	55,781,716	9,049,750	7,172,321	144,503,787
Net carrying value	P127,500,000	P39,232,347	P–	P442,440	P167,174,787

	2020				
	Trademark	Goodwill	Franchise	Computer software	Total
Cost:					
Balance at beginning of year	P200,000,000	P95,014,063	P9,049,750	P7,127,105	P311,190,918
Additions during the year	–	–	–	330,000	330,000
Balance at end of year	200,000,000	95,014,063	9,049,750	7,457,105	311,520,918
Accumulated amortizations and impairments					
Balance at beginning of year	52,500,000	58,384,916	8,144,775	7,073,938	126,103,629
Amortization	10,000,000	–	904,975	20,328	10,925,303
Effect of foreign currency translation	–	(348,091)	–	–	(348,091)
Balance at end of year	62,500,000	58,036,825	9,049,750	7,094,266	136,680,841
Net carrying value	P137,500,000	P36,977,238	P–	P362,839	P174,840,077

Trademark

The trademark is related to the acquisition of TBC in 2011. During the acquisition of TBC, net assets acquired includes trademark for the use of “Big Chill” brand, amounting to P200.0 million which was included in the purchase price.

Goodwill

The goodwill of the Group is attributable mainly to the business acquisitions made in 2017 to expand the Group’s operations. In 2019, goodwill from the business combination of Fucang and of its subsidiaries was impaired amounting to P55.3 million (see Note 23).

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

- **Gross Margins.** Gross margins are based on average values achieved in the period immediately before the budget period. These are increases over the budget period for anticipated efficiency improvements. Values assigned to key assumptions reflect past experience, except for efficiency improvement.
- **Discount Rates.** The Group uses the weighted-average cost of capital as the discount rate, which reflects management's estimate of the risk specific to each unit. This is the benchmark used by management to assess operating performance and to evaluate future investments proposals.
- **Raw Material Price Inflation.** Consumer price forecast is obtained from indices during the budget period from which raw materials are purchased. Values assigned to key assumptions are consistent with external sources of information.

No impairment loss for goodwill was recognized in 2021 and 2020, however in 2019, provision for impairment loss was recognized as disclosed in Note 23.

Franchise

On January 7, 2011, the Group entered into a Master Licensing Agreement with Tully's Coffee International Pte. Ltd. for the operation of coffee shops and sale of coffee products under the brand "Tully's". The term of the license is for a period of ten (10) years but may be extended for another ten (10) years. Under the agreement, the Group paid \$200,000 equivalent to ₱9.05 million as a sign-up fee.

Computer software

Computer software pertains to the accounting software used by the Group. The carrying value of computer software is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Total amortization recognized in the consolidated profit and loss for the above intangible asset amounted to ₱10.1 million in 2021, ₱10.9 million in 2020, and ₱11.0 million in 2019 (see Note 23).

No impairment loss for trademark and computer software were recognized in 2021, 2020 and 2019.

The Group's intangible assets are not pledged as security to any of the Group's liabilities.

The Group has no contractual commitment to purchase intangible assets.

14. Biological Assets

The carrying amounts of the Company's biological assets amounted to ₱59,301,732 and nil, as of December 31, 2021 and 2020, respectively. Consumable biological assets include corns, bokchoy, italian parsley, green ice lettuce, romaine, kailaan and coriander. These are located in agricultural farms in Tanauan and Batulao Batangas and Bansalan, Davao del Sur.

The movements in the carrying amounts of the biological assets are shown below:

Year incurred	2021	2020
Balance, January 1, 2021	₱-	₱-
Increases due to purchases	41,689,411	-
Gain arising from changes in fair value less costs to sell	17,612,321	-
Balance, December 31, 2021	₱59,301,732	₱-

15. Deposits and Other Noncurrent Assets – net

This account consists of:

	2021	2020
Advances and deposits (Note 15.01)	P686,799,121	P569,585,267
Deposit for future investments (Note 15.02)	214,263,521	197,589,108
Refundable deposits (Note 15.03)	1,774,276	1,960,095
Noncurrent portion of advances to suppliers (Note 15.04)	-	1,453,659
	902,836,918	770,588,129
Less allowance for impairment loss	(6,640,000)	(6,640,000)
	P896,196,918	P763,948,129

15.01 Advances and Deposits

Breakdown of advances and deposits are as follows:

	2021	2020
Deposit for land acquisition (Note 15.01.01)	P508,700,000	P508,700,000
Deposit for business acquisition (Note 15.01.02)	106,781,020	14,110,267
Advances to farm growers (Note 15.01.03)	34,068,101	9,525,000
Advance payment to Tolman (Note 15.01.04)	30,610,000	30,610,000
Advances to project (Note 15.01.05)	6,640,000	6,640,000
	686,799,121	569,585,267
Less: allowance for impairment of advances to project	(6,640,000)	(6,640,000)
	P680,159,121	P562,945,267

Details of advances and deposits include the following:

15.01.01 Deposit for Land Acquisition

Deposit made to acquire a portion of the 859 hectares, or a corresponding portion thereof, of titled and untitled parcels of land amounted to P508.7 million as at December 31, 2021 and 2020. The deposit was increased in 2019 by P208.7 million which was advanced by one of its stockholders (see Note 21). As at reporting date, the third party is completing the titling of the whole portion of the property to fully execute the transactions (see Note 1).

In 2019, deposit for land acquisition amounting to P41.6 was written off as management believes that these are no longer recoverable as at reporting date (see Note 23).

15.01.02 Deposit for Business Acquisition

15.01.02.01 Freshness First Pty Ltd.

On December 28, 2018, the Parent Company made a deposit amounting to 172,000 AUD to acquire existing business operation in Australia. During the year, additional deposit was made amounting to 535,866 AUD. This deposit was translated at December 31, 2021 and 2020 closing rates. Unrealized foreign exchange gain amounted to P94,600 in 2021 and unrealized foreign exchange loss amounted to P196,080 in 2020 (see Note 26).

As of December 31, 2021 and 2020, deposit amounted to P27,154,220 and P6,260,800, respectively.

15.01.02.02 Plentex Philippines, Inc.

On December 20, 2019 and September 9, 2020, the BOD and the shareholders of the Parent Company, respectively, have approved the issuance of shares to Plentex Philippines, Inc. (Plentex). Plentex has subscribed for 6,172,800 shares and the Parent Company has agreed to issue the same at a value of ₱18 per share which is to be paid through the issuance of 30,000,000 shares of Plentex Limited.

Plentex is a Philippine Corporation that is developing a substantial large scale agri-business center in Tacloban, Leyte. Plentex is a subsidiary of Plentex Limited, unlisted Australian public company in Victoria, Australia.

As of December 31, 2021 and 2020, deposit amounted to ₱73,376,800 and ₱1,600,267, respectively.

15.01.02.03 Agricultural Bank of the Philippines, Inc.

On June 13, 2018, the Parent Company made a deposit amounting to ₱6,250,000 to a local bank to acquire 2,500,000 common shares of another company representing 12.5% ownership. The said investment is still for approval of SEC and Bangko Sentral ng Pilipinas (BSP).

As of December 31, 2021 and 2020, deposit amounted to ₱6,250,000.

15.01.03 Advances to Farm Growers

In 2020, the Parent Company has agreements with various owners of mango farm lots to provide farm inputs in the growing mangoes such as fertilizers and pesticides, in exchange for share in the produce. Advances as of December 31, 2021 and 2020 amounted to ₱34,068,101 and ₱9,525,000, respectively.

15.01.04 Advances to Tolman

Advance payment to Tolman Manufacturing Inc. ("Tolman") for future acquisition of equipment necessary for pre-processing, sterilization, aseptic storage and clean in place station for coconut water amounted to ₱30.6 million as at December 31, 2021 and 2020. The Group has ongoing criminal action against Tolman to recover the advance payment mentioned. In 2019, the Group filed a complaint-affidavit charging the directors, officers and shareholders (respondents) of Tolman, with the crime estafa. The Group alleges that during the negotiation stage of the Shareholders Agreement, respondents represented to the Group that Tolman is in the process of increasing its authorized capital stock from which the shares of the Group will be issued upon the latter's delivery of cash, equipment and other resources. Relying on such representation, the Group entered into a Shareholders Agreement and delivered to Tolman ₱30,000,000 cash, UHT processing equipment worth ₱134,000,000 and lease payments in the amount of ₱46,000,000. Despite receipt of said cash, equipment and lease payments, respondents failed to issue the Group's shares of stock. Worst, no application to increase the capital stock was ever made before or during the existence of the Shareholders Agreement. In the resolution dated January 29, 2021, the Office of the City of Prosecutor of Makati finds a sufficient ground to engender a well-founded belief that the crime of Estafa under Article 315, paragraph 2 (a) was committed by respondent Emmanuel V. Duenas. The amount is guaranteed by a stockholder in the event of an adverse result of the ongoing case. Due to the foregoing, the total outstanding receivables of the Group from Tolman is considered to be fully recoverable as at December 31, 2021. In addition, the assets of Actron Industries, Inc., Jemana Holdings, Inc. and Duenas in Tolman exceeds the claims of the Group against the outstanding receivables. A civil case can now be filed to further pursue for the overall claim of the Group against the concerned parties.

15.01.05 Advances to Project

Provision for impairment loss amounting to ₱6,640,000 was recognized in 2020 (see Note 23).

15.01.06 Investment in Plentex

In 2020, the Group made advances to a local company for the processing fees related to an investment with a foreign company. As of December 31, 2021 and 2020, advances to projects amounted to P1,600,000.

Advances and deposits totaling P66.7 million consisting of deposit for land acquisition and advances to projects amounting to P41.6 million and P25.1 million, respectively, was written-off in 2019 as Management believes that these are no longer recoverable as at reporting date (see Note 23).

15.02 Deposit for Future Investments

In 2017, Fucang made a deposit amounting to P194.7 million to invest in Guangzhou Tianchen Real Estate Development Co., Ltd, a real estate company in China. The balance of this deposit amounted to P197.6 million (CNY 26.8 million) and P197.6 million (CNY 26.8 million) as at December 31, 2021 and 2020, respectively and shall be converted to equity once the construction projects of Tianchen is completed. As at reporting date, the construction is 60% completed and is expected to be finished on the second quarter of 2022. As at December 31, 2021 and 2020, deposit for future investments amounted to P214,263,521 and P197,589,108, respectively.

15.03 Refundable Deposits

Refundable deposits are relative to long-term operating and finance lease properties of the Group (see Note 27).

The balance of refundable deposits as at December 31, 2021 and 2020 was based on the discounting of future cash flows using the Group's incremental borrowing rate. Accretion income from the discounting of refundable deposits amounted to nil, P69,687 and P72,141 in 2021, 2020 and 2019, respectively (see Note 26). As of December 31, 2021 and 2020, refundable deposits amounted to P1,774,276 and P1,960,095, respectively.

15.04 Non-current Portion of Advances to Suppliers

Advances to suppliers represent non-interest bearing downpayments to third party foreign suppliers for repairs and maintenance of fixed assets. As of December 31, 2021 and 2020, non-current portion of advances to suppliers amounted to nil and P1,453,659, respectively.

16. Trade and Other Payables

This account consists of:

	2021	2020
Trade payables	P128,486,313	P134,030,375
Non-trade payables	402,345,434	369,719,444
Customers' deposits		
Real estate	45,695,212	100,489,809
Sale of goods	22,280,318	21,034,000
Accrued expenses	6,179,825	7,207,945
Government payables	5,171,163	18,676,824
Accrued interest	1,272,759	3,301,164
	P611,431,024	P654,459,561

Trade payables are unsecured, non-interest bearing and are generally settled within one (1) month.

Non-trade payables mainly include unsecured and non-interest bearing payable to ThomasLloyd Cleantech Infrastructure Fund GMHB (TLCIF) subsequently assigned by TLCIF to Greenergy Holdings Inc. (GHI), as consented by GHI on December 29, 2014, with the following terms and conditions:

- a. The Group shall pay the non-trade payables on or before December 31, 2016 in cash or non-cash assets acceptable to GHI; and
- b. If the non-trade payables will be paid with non-cash assets, the appraised value thereof shall be determined by an independent appraiser mutually acceptable to the Group and GHI.

As at December 31, 2021 and 2020, non-trade payables to GHI amounting to P250,118,737 are not yet settled.

Non-trade payables also include outstanding liabilities to nontrade suppliers.

Customers' deposits pertain to advanced collections from customers for goods to be delivered and excess of collections over the progress of work for sale of real estate projects under pre-completion stage.

Government payables include expanded withholding taxes, withholding taxes on compensation, final taxes, social security, government health and other fund premiums which are paid within 12 months from the end of the reporting period.

Accrued expenses are obligations on the basis of normal credit terms and do not bear interest. These pertain to accruals made for utilities, association dues, security services, salaries and wages and professional fees. Accruals are made based on the prior month's billings and/or contracts and are normally settled within twelve (12) months from the end of the reporting period.

The Group's payables amounting to P4,000,521, P22,929,353 and P79,412,030 as at December 31, 2021, 2020 and 2019, respectively, representing old balances and with no follow-ups for claims, and also pertains to excess accruals, were derecognized in the same years, after Management has determined that these are no longer part of the Group's obligations (see Note 24).

All trade and other payables are non-interest bearing.

17. Loans Payable

Details of this account follow:

	2021	2020
Long-term:		
<i>Foreign Currency</i>		
Bank 1	P-	P2,161,620
<i>Peso Currency</i>		
Bank 2	104,267,857	176,582,143
Bank 3	6,214,574	16,985,920
Others	9,084,693	8,979,034
Total long-term loans	119,567,124	204,708,717
Less: noncurrent portion	29,372,043	111,801,698
Current portion	P90,195,081	P92,907,019
Short-term:		
<i>Peso Currency</i>		
Bank 6	392,200,000	274,600,000
Bank 4	255,600,000	279,600,000
Bank 5	-	19,266,667
Bank 7	197,000,000	-
Others	3,000,000	8,733,333
	P847,800,000	P582,200,000

The rollforward analysis of loans payable follows:

	2021	2020
Balance at beginning of year	P786,908,717	P659,823,653
Availments during the year	335,314,386	321,107,970
Payments during the year	(154,855,979)	(193,844,526)
Foreign exchange loss adjustment	-	(178,380)
Balance at end of year	P967,367,124	P786,908,717

Foreign Currency Loans

Bank 1

The Group has a current loan facility with Bank 1 in which it availed a USD loan, bearing an interest rate of 5.8% to 6.3% per annum, with the interest payable on a monthly basis until September 15, 2019. The loan is secured with a Surety Agreement in the amount of P150.0 million by a major stockholder in case of default by the Group.

In 2019, the loan was renegotiated with principal payable monthly until September 15, 2020. In 2020, the Group availed the deferral of payment in line with the Bayanihan to Heal as One (BAHO Act) and Bayanihan to Recover as One (BAHO Act). The loan payment was deferred for four (4) months payable until January 15, 2021.

The Group's outstanding loan balance with Bank 1 had been restated at a rate of P48.036 per 1US\$ in 2020 (see Note 28). The loan was settled in 2021.

Peso Currency Loans

Bank 2

The Group have various loans from Bank 2, which pertain to Short-term Loan Line (STLL), Export Packing Credit Line (EPCL), Trust Receipt Lines (TR Lines) and other bank loans that are currently maturing as of the end of the reporting period. The loans bear interest rate of 6% per annum, with the interest payable on a monthly basis until December 31, 2022.

The loans are secured by an existing real estate mortgage over its land and building located in Pulilan, Bulacan. The aggregate amount of net book values of the land and building mortgage amounted to P241,205,181 and P201,795,344 as at December 31, 2021 and 2020, respectively (see Note 11).

Bank 3

The Group has a current loan facility with Bank 3 with loans bearing interest rate of 8.0% per annum, with interest payable on a monthly basis. The loan has a term of thirty-two (32) months, and is payable via twenty-four (24) monthly amortization of principal and interest, payable from January 2016 to December 2017, inclusive of a grace period of eight (8) months on the payment of the principal from May 2015 to December 2015. On June 30, 2017, the loan was restructured and has a remaining term of sixty (60) months, principal payable every month starting October 2017. The loan is secured by pledge on shares of stocks of the Group and continuing suretyship of a stockholder.

Bank 4

Various short-term, unsecured loans from Bank 4, bearing interest rates ranging from 3.0% to 6.75% per annum, with the interest payable on a monthly basis. The loan is to be repriced every thirty (30) to one hundred eight (180) days upon mutual agreement of both parties.

Bank 5

In 2020, the Group availed unsecured, short-term loan from Bank 5 with interest rate of 1.5% to 2.0% per annum, payable within one (1) year. The loan was settled in 2021.

Bank 6

In 2021 and 2020, the Group various availed unsecured, short-term loan from Bank 6 with interest rate ranging from 5% to 5.65% per annum, payable in three (3) months.

Bank 7

In 2021, the Group availed unsecured, short-term loans from Bank 7 with interest rate of 5.65% per annum, payable in six (6) months.

Other loans include the following:

- In 2018, TBC availed a loan from a local bank, amounting to P3,022,800 for acquisition of three units of delivery trucks, with an interest rate of 9.4% per annum, payable in five (5) years. Outstanding balance of loan as at December 31, 2021 and 2020 amounted to P1,236,994 and P1,911,743, respectively, which are secured by a chattel mortgage (see Note 11).
- In May 2004, the previous owners of FCI obtained a noninterest-bearing, unsecured loan amounting to P13,650,000 from the Agricultural Competitiveness Enhancement Fund (ACEF) of the Department of Agriculture (DA) through the chosen conduit bank, Land Bank of the Philippines for the additional working capital and expansion of fruit processing facilities. The loan is payable quarterly within five (5) years starting September 2005 to June 2009.

Due to unfavorable effects of economic conditions, FCI proposed to settle the ACEF loan with monthly payments of P30,000 starting October 2007. The Company also has the option to pay the loan at P100,000 quarterly. The DA subsequently approved the proposal in September 2012.

In August 2018, the loan was restructured as a result of the decision made by the ACEF Executive Committee (EXECOM) during its meeting in May 2018. FCI proposed for deferment of 10% of outstanding balance amounting to P1,046,000 to be paid on January 31, 2019. The corresponding balance to be paid at P831,570, quarterly, for three (3) years, starting on March 31, 2019, amount inclusive of fixed annual interest of 2%. Interest of P47,070 is payable on a quarterly basis, upon payment of principal. Outstanding balance of the loan amounted to P7,060,500 as at December 31, 2021 and 2020, respectively.

- ANI availed short-term, unsecured loans from third-party individuals which bear interest ranging from 1% to 2% and have terms of 1-12 months. Outstanding balance of these loans amounted to P5.7 million as at December 31, 2020. The loan was settled in 2021.
- FFCI availed short term, unsecured loans which bear interest rate of 1% per month, payable on a monthly basis and have maximum terms of three (3) to six (6) months. Outstanding balance of these loans amounted to P3.0 million as at December 31, 2021 and 2020.

Interest expense incurred on the above loans is as follows:

	2021	2020
Short-term loans	P28,037,115	P23,863,929
Long-term loans	13,773,957	17,497,694
	P41,811,072	P41,361,623

No interest was capitalized in 2021 and 2020.

The maturity profile for the Group's loans payable as at December 31, 2021 and 2020 is as follows:

Maturity Profile	2021	2020
Due within one (1) year	P937,703,921	P675,107,019
Due beyond one (1) year but not more than five (5) years	29,663,203	111,801,698
	P967,367,124	P786,908,717

The Company is compliant with the terms and conditions of the loan contracts.

The loan agreements do not contain provisions on specific ratios and corresponding threshold that should be maintained.

18. Revenue

The table below shows the analysis of revenues of the Group by major sources for the years ended December 31, 2021, 2020 and 2019:

Category	2021				
	Export	Local distribution	Retail	Foreign trading	Total
<i>Geographical</i>					
China	P1,477,259,805	P-	P-	P2,468,116,983	P3,945,376,788
Philippines	-	508,139,893	22,397,536	-	530,537,429
Hong Kong	5,430,718	-	-	-	5,430,718
Middle East	3,021,474	-	-	-	3,021,474
Others	64,921,969	-	-	-	64,921,969
Total	P1,550,633,966	P508,139,893	P22,397,536	P2,468,116,983	P4,549,288,378
<i>Major Goods/Services Line</i>					
Fruits and vegetables	P1,445,401,062	P135,396,205	P-	P856,889,099	P2,437,686,366
Furniture and gadget	-	-	-	442,805,899	442,805,899
Building materials	-	-	-	440,257,298	440,257,298
Merchandise	-	-	-	405,258,106	405,258,106
Rice	-	363,130,285	-	-	363,130,285
Seafood	-	-	-	181,657,202	181,657,202
Residential and commercial real estate	-	-	-	141,249,379	141,249,379
Coconut water	63,168,434	2,696,914	-	-	65,865,348
Puree	42,064,470	-	-	-	42,064,470
Restaurant food and beverages	-	-	22,140,024	-	22,140,024
Sales commission	-	6,916,489	-	-	6,916,489
Franchise and royalty	-	-	257,512	-	257,512
Total	P1,550,633,966	P508,139,893	P22,397,536	P2,468,116,983	P4,549,288,378

Category	2020				
	Export	Local distribution	Retail	Foreign trading	Total
<i>Geographical</i>					
China	P1,677,629,543	P—	P—	P2,317,981,896	P3,995,611,439
Philippines	—	303,214,323	21,134,816	—	324,349,139
Hong Kong	9,603,469	—	—	—	9,603,469
Middle East	3,244,770	—	—	—	3,244,770
Others	75,940,165	—	—	—	75,940,165
Total	P1,766,417,947	P303,214,323	P21,134,816	P2,317,981,896	P4,408,748,982
<i>Major Goods/Services Line</i>					
Fruits and vegetables	P1,687,461,242	P132,040,952	P980,881	P403,576,943	P2,224,060,018
Merchandise	—	—	—	682,414,753	682,414,753
Building materials	—	—	—	406,405,569	406,405,569
Furniture and gadget	—	—	—	383,285,050	383,285,050
Residential and commercial real estate	—	—	—	306,231,931	306,231,931
Rice	—	155,634,848	—	—	155,634,848
Seafood	—	—	—	136,067,650	136,067,650
Coconut water	71,549,017	5,259,883	—	—	76,808,900
Restaurant food and beverages	—	—	17,928,716	—	17,928,716
Puree	—	10,278,640	—	—	10,278,640
Sales commission	7,407,688	—	—	—	7,407,688
Kiosk food and beverages	—	—	2,137,621	—	2,137,621
Franchise and royalty	—	—	87,598	—	87,598
Total	P1,766,417,947	P303,214,323	P21,134,816	P2,317,981,896	P4,408,748,982

Category	2019				
	Export	Local distribution	Retail	Foreign trading	Total
<i>Geographical</i>					
China	P1,800,139,590	P—	P—	P2,388,983,893	P4,189,123,483
Philippines	—	144,608,070	75,187,062	—	219,795,132
Hong Kong	21,202,348	—	—	15,399,624	36,601,972
Middle East	6,071,140	—	—	—	6,071,140
Others	84,014,226	—	—	—	84,014,226
Total	P1,911,427,304	P144,608,070	P75,187,062	P2,404,383,517	P4,535,605,953
<i>Major Goods/Services Line</i>					
Fruits and vegetables	P1,826,742,419	P127,266,733	P5,743,442	P496,592,949	P2,456,345,543
Merchandise	—	—	—	770,435,715	770,435,715
Building materials	—	—	—	438,747,582	438,747,582
Furniture and gadget	—	—	—	376,842,309	376,842,309
Residential and commercial real estate	—	—	—	224,869,497	224,869,497
Coconut water	84,684,885	1,683,364	—	—	86,368,249
Seafood	—	—	—	81,495,841	81,495,841
Restaurant food and beverages	—	—	31,755,430	15,399,624	47,155,054
Kiosk food and beverages	—	—	36,438,985	—	36,438,985
Puree	—	11,817,260	—	—	11,817,260
Rice	—	3,840,713	—	—	3,840,713
Franchise and royalty	—	—	1,249,205	—	1,249,205
Total	P1,911,427,304	P144,608,070	P75,187,062	P2,404,383,517	P4,535,605,953

Performance Obligations

Information about the Group's performance obligations are summarized below:

Export and local distribution

The Group delivers the best quality produce by exporting and locally distributing all kinds of fruits and vegetables and other fresh produce fruits and vegetables and other agri-products such as bananas, mangoes, coconut water and puree. The performance obligation of the Group is satisfied at a point in time upon delivery and sale of the goods.

Retail

- *Restaurants' and kiosks' food and beverage – finished and prepared products*
The performance obligation is satisfied when the refreshments and other products are delivered and sold.

- *Franchise and royalty income*
Recognition of franchise fees is based on the purpose of charging the specific fees. Fees relating to performance obligations are recognized when substantial obligations were already performed. Royalty fees are recognized on a monthly basis at a certain percentage of sales of the franchisees.

Foreign trading

- *Sale of real estate property*
The Group recognized revenue on the sale of real estate projects under pre-completed contract over time during the course of construction. Sale of completed real property is recognized in full at a point in time upon transfer of control of the asset to the customer.
- *Sale of merchandise, fruit and vegetables, building materials, furniture and gadgets, seafood - finished and prepared products*
The performance obligation is satisfied at a point in time when the goods are delivered and sold.

Contract Balances

	Note	2021	2020	2019
Trade receivables – gross	7			
Foreign trading		P243,500,237	P164,028,912	P112,685,154
Export - distribution		279,497,902	157,708,288	205,400,872
Local - distribution		27,520,874	60,135,540	33,793,786
Retail		13,109,250	11,877,665	11,433,466
		P563,628,263	P393,750,405	P363,313,278

Trade receivables are non-interest bearing and are generally due and demandable or are collectible within 30 to 90 days. These are generally settled through cash payment or application of customer's deposit.

19. Equity

On December 29, 2018, the SEC approved the increase in authorized capital stock of the Group from one billion pesos (P1,000,000,000) divided into one billion shares to two billion pesos (P2,000,000,000) divided into two billion common shares both with par value of one peso (P1).

Due to the subscription of Plentex on December 23, 2020, the total number of subscribed shares increased to 1,024,446,888 as at December 31, 2020. The issuance of Plentex shares in favor of the Group is not yet fully completed as at December 31, 2021 (see Note 1).

No movements in the Group's authorized number of shares with a par value of P1 per share during 2021 and 2020 as shown below:

	2021	2020
Balance	P2,000,000,000	P2,000,000,000

Also, there was no movement in the Group's subscribed and paid-up capital during 2021 and 2020 as shown below:

	2021	2020
Balance	P2,000,000,000	P2,000,000,000

Rollforward analysis of subscribed capital at par value is shown below:

	2021	2020
Balance at beginning of year	P1,024,446,888	P1,018,274,088
Subscriptions during the year	-	6,172,800
Balance at end of year	P1,024,446,888	P1,024,446,888

The movement in the Group's additional paid-in capital is shown below:

	2021	2020
Balance at beginning of year	P3,567,071,760	P3,567,071,760
Additions during the year	34,979,200	-
Balance at end of year	P3,602,050,960	P3,567,071,760

The total number of shareholders of the Group is 41 as at December 31, 2021 and 2020.

The principal market for the Group's capital stock is the PSE. The high and low trading prices of the Group's shares as at December 31, 2021 and 2020 are as follows:

	2021		2020	
	High	Low	High	Low
First	7.10	6.92	P6.60	P6.20
Second	6.30	6.09	7.53	7.32
Third	5.09	4.90	7.95	7.80
Fourth	4.98	4.88	8.09	7.81

20. Basic/Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the net earnings (loss) attributable to stockholders of the Group by the weighted average number of ordinary shares in issue during the years.

Earnings (Loss) per share attributable to the equity holders of the Group

	2021	2020	2019
Net income (loss) from continuing operations attributable to equity holders of the Group	P529,031,454	(P36,830,269)	P8,652,779
Weighted average number of common shares – subscribed and paid up	832,831,688	830,774,088	830,774,088
Basic and diluted earnings (loss) per share	P0.64	(P0.04)	P0.01

** The weighted average number of shares takes into account the weighted average effect of the new subscriptions during the year.*

	2021	2020	2019
Number of shares beginning of year	830,774,088	830,774,088	830,774,088
Weighted average number of shares issued during the year	2,057,600	-	-
Weighted average number of outstanding common shares – subscribed and paid up	832,831,688	830,774,088	830,774,088

Earnings (Loss) per share attributable to the equity holders of the Group from continuing operations

	2021	2020	2019
Net income (loss) from continuing operations attributable to equity holders of the Group	P529,031,454	(P36,830,269)	P8,652,779
Weighted average number of common shares – subscribed and paid up	832,831,688	830,774,088	830,774,088
Basic and diluted earnings (loss) per share	P0.64	(P0.04)	P0.01

21. Related Party Transactions

The Company has transactions with related parties. For consolidated financial statements disclosure purposes, an affiliate is an entity under common control of the Company's shareholders.

The Group has the following transactions with related parties:

- Unsecured and non-interest-bearing cash advances to/from its related parties for the acquisition of operating machinery and equipment and other investing activities and for working capital purposes. These are payable on demand and usually settled in cash or other form of assets by way of liquidation.
- On December 28, 2018, the Group and a third-party individual entered into an agreement to form a joint venture to develop a property located in Taytay, Rizal. Relative to this, the Group made a deposit amounting to P300.0 million to acquire a portion of the 859 hectares, or a corresponding portion thereof, of titled and untitled parcels of land.

In 2019, the Group made additional deposit amounting to P208.7 million which was advanced by one of its stockholders. As at reporting date, the third party is completing the titling of the whole portion of the property to fully execute the transactions. The deposit shall be recognized as property upon the determination of the final amount and upon taking control of the related property (see Note 15).

- A stockholder personally guaranteed several bank loans with its real estate property, shares of stock and continuing suretyship of a stock (see Notes 17).
- An affiliated company provides additional guarantee to the Group's 5-year loan in denominated in RMB (see Note 17).
- Details of the related party balances follow:

	2021	2020
Due from:		
Stockholders	P275,733,442	P390,307,052
Entity under common ownership	282,628,054	154,407,490
	558,361,496	544,714,542
Allowance for impairment losses	(6,460,530)	(6,460,530)
	P551,900,966	P538,254,012
	2021	2020
Due to:		
Stockholders	P5,416,292	P-
Entity under common ownership	149,573,250	57,295,175
	P154,989,542	P57,295,175

The rollforward analysis of related party accounts follow:

	2021	2020
Due from related parties:		
Balance at beginning of year	P538,254,012	P291,107,767
Advances	258,799,714	280,484,934
Collections, settlements and liquidation	(245,152,760)	(28,360,675)
	551,900,966	543,232,026
Direct write-off	–	(4,978,014)
Balance at end of year	P551,900,966	P538,254,012
Due to related parties:		
Balance at beginning of year	P57,295,175	P43,821,643
Advances	97,694,367	21,850,817
Payments	-	(8,377,285)
Balance at end of year	P154,989,542	P57,295,175

	2021		2020			
Category	Amount	Balance – Asset (Liability)	Amount	Balance – Asset (Liability)	Terms and Condition/Settlement	Guaranty/Provision
<u>Stockholders</u>						
Receivable		P275,733,442		P390,307,052	Non-interest bearing; payable on demand; to be settled in cash or other assets	Unsecured; no significant warranties and covenants; no impairment
• Advances made	P106,783,847		251,295,613			
• Collections, settlements and liquidation	(221,357,457)		(10,834,929)			
Payables		(5,416,292)			Non-interest bearing; payable on demand; to be settled in cash or other assets	Unsecured; no significant warranties and covenants
• Advances received	(5,416,292)		-			
• Payments made			5,558,486			
<u>Entity under common ownership</u>						
Receivables		276,167,524		147,946,960	Non-interest bearing; payable on demand; to be settled in cash or other assets	Unsecured; no significant warranties and covenants; with impairment
• Advances made	152,015,867		29,189,321			
• Collections	(23,795,303)		(17,525,746)			
• Direct write-off	-		(4,978,014)			
• Allowance for impairment	-	(6,460,530)		(6,460,530)		
Payable		(144,281,715)		(57,295,175)	Non-interest bearing; payable on demand; to be settled in cash or other assets	Unsecured; no significant warranties and covenants
• Advances received	(86,986,540)		(21,850,817)			
• Payments made			2,818,799			

Due from Stockholders

Due from stockholders mainly pertain to advances to the Group's President to be used in the Agri-Sector Digitalization Program in partnership with government agencies (see Note 1). These are non-interest-bearing advances, unsecured, not guaranteed and no impairment and are generally collectible on demand and to be settled in cash and other assets through liquidation or offsetting with corresponding payable. In 2021 and 2020, the balance of due from stockholders is current.

Compensation of Key Management Personnel

The Group considers its President, Chief Finance Officer and Assistant Vice President as key management personnel. Total remuneration of key management personnel, composed mainly of short-term employee benefits and provision for retirement benefits for executive officers, were included under "Personnel costs" in the consolidated statement of comprehensive income amounting to P15.9 million, P9.9 million and P9.3 million in 2021, 2020 and 2019, respectively. There were no other benefits aside from the salaries and other short-term benefits.

There are no other significant related party transactions in 2021 and 2020.

Below are the account balances (receivables and payables) as of December 31, 2021 and 2020 on the separate financial statements of the Companies within the Group which were eliminated upon consolidation:

2021															
Payables															
	ANI	FCAC	IMEX	BCHAC	FGH	FGP	LFVPI	FI	GANA	TBC	HC	FFCI	ANI HK	FUCANG	Total
Receivable:															
ANI	P-	P194,940,688	P163,403,865	P78,018,398	P508,049	P-	P406,748	P8,072,338	P3,160,273	P18,401,764	P2,653,174	P3,366,516	P112,476,388	P382,576,714	P967,984,916
FCAC	-	-	2,598,645	33,862,689	-	-	82,975,581	10,553	-	157,908	-	-	-	-	119,605,376
IMEX	-	-	-	-	-	-	-	-	-	2,204,471	-	-	7,123,316	-	9,327,787
BCHAC	-	-	-	-	-	-	1,191,425	180,000	-	-	-	-	2,416,834	-	3,788,259
FGH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LFVPI	-	-	1,500,000	-	-	-	-	-	-	-	-	-	-	-	1,500,000
TBC	-	-	75,000	-	-	-	-	-	-	-	-	-	-	-	75,000
FI	-	-	-	-	-	-	-	-	20,500	-	21,500	-	-	-	42,000
HC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	P-	P194,940,688	P167,577,510	P111,881,087	P508,049	P-	P84,573,755	P8,262,891	P3,180,773	P20,764,143	P2,674,674	P3,366,516	P122,016,538	P382,576,714	P1,102,323,338
2020															
Payables															
	ANI	FCAC	IMEX	BCHAC	FGH	FGP	LFVPI	FI	GANA	TBC	HC	FFCI	ANI HK	FUCANG	Total
Receivable:															
ANI	P-	P197,971,097	P150,337,608	P77,868,240	P346,868	P411,755	P107,829	P20,342,055	P2,995,287	P10,039,652	P2,510,970	P2,614,663	P111,185,594	P347,575,137	P924,306,755
FCAC	-	-	2,598,645	33,862,689	-	-	82,975,581	10,553	-	94,365	-	-	-	-	119,541,833
IMEX	-	7,142	-	-	-	-	-	-	-	1,338,516	-	-	7,123,316	-	8,468,974
BCHAC	-	-	-	-	-	-	1,191,425	180,000	-	-	-	-	2,416,834	-	3,788,259
FGH	-	53,972,457	-	-	-	-	-	-	-	-	-	-	-	-	53,972,457
LFVPI	-	-	1,500,000	-	-	-	-	-	-	-	-	-	-	-	1,500,000
FI	-	-	75,000	-	-	-	-	-	-	-	-	-	-	-	75,000
HC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	P-	P251,950,696	P154,511,253	P111,730,929	P346,868	P411,755	P84,274,835	P20,532,608	P2,995,287	P11,472,533	P2,510,970	P2,614,663	P120,725,744	P347,575,137	P1,111,653,278

22. Cost of Sales

This account consists of:

	Note	2021	2020	2019
Inventories, beginning		P320,821,276	P262,220,253	P196,501,515
Purchases and conversion cost		3,663,885,771	3,385,187,987	3,303,899,128
Cost of goods available for sale		3,984,707,047	3,647,408,240	3,500,400,643
Inventories, end	8	412,853,499	320,821,276	262,220,253
		3,571,853,548	3,326,586,964	3,238,180,390
Cost of goods sold of real property:				
Inventories, beginning		758,205,245	919,869,285	749,545,116
Materials, development and ancillary cost	33	591,700,879	266,261,566	363,599,978
Transfer from advances to contractors for materials, development and ancillary cost		-	73,552,840	146,890,709
Transfer from CIP under investment property	12	38,531,280	68,944,362	136,567,859
Cost of real property		1,388,437,404	1,328,628,053	1,396,603,662
Inventories, end	8	904,871,695	758,205,245	919,869,285
		483,565,709	570,422,808	476,734,377
Cost of goods sold	8	P4,055,419,257	P3,897,009,772	P3,714,914,767

Purchases and conversion costs consist of:

	Notes	2021	2020	2019
Cost of goods	11, 27	P3,469,073,696	P3,218,149,040	P3,111,834,077
Depreciation and amortization		50,292,282	45,780,461	41,956,099
Salaries, wages and benefits		18,673,650	17,446,456	34,777,161
Rentals	27	1,411,738	5,533,672	12,491,225
Others		124,434,405	98,278,358	102,840,566
		P3,663,885,771	P3,385,187,987	P3,303,899,128

Others include production supplies, freight and handling costs, contracted services, gas and oil, repairs and maintenance, tolling, sales commission and utilities.

23. General and Administrative Expenses

This account consists of:

	Notes	2021	2020	2019
Taxes and licenses		P125,489,066	P142,575,709	P262,625,184
Personnel costs		109,475,256	98,460,618	100,903,640
Depreciation and amortization	11,13	30,594,293	46,922,479	83,615,835
Communication, light and water		19,355,625	15,670,901	21,216,271
Transportation and travel		19,044,765	18,543,317	17,237,762
Representation and entertainment		12,968,952	14,071,668	7,949,320
Professional fees		7,140,085	5,415,570	8,244,200
Advertising		6,431,200	6,159,262	8,976,663
Freight and handling cost		4,323,266	4,655,563	2,119,249
Supplies		3,718,858	3,401,835	4,309,904
Repairs and maintenance		3,213,345	5,308,513	3,009,600
Retirement expense	25	3,144,024	1,554,161	1,372,732
Contracted services		2,472,863	1,118,041	1,258,853
Rentals	27	2,232,654	2,441,208	11,719,787
Dues and subscription		1,099,751	3,921,630	896,654
Bank charges		1,010,991	1,002,878	823,888
Penalties		674,112	-	-
Insurance		184,064	947,390	1,051,249
Impairment and write-off	7,9,13,21	-	60,625,068	141,801,144
Commissions		-	-	35,168
Others		12,776,452	12,333,244	13,233,654
		P365,349,622	P445,129,055	P692,400,757

Personnel cost are as follows:

	2021	2020	2019
Salaries and wages	P105,405,729	P94,871,979	P97,013,319
Other employee benefits	4,069,527	3,588,639	3,890,321
	P109,475,256	P98,460,618	P100,903,640

Other employee benefits include SSS, HDMF, PhilHealth employer contributions and 13th month pay.

Others pertains to trainings and seminars, pest controls, mails and postages and printing.

24. Other Income (Charges) – net

This account consists of:

	Notes	2021	2020	2019
Other income				
Reversal of allowance for impairment	7,9	P80,045,752	P50,732	P2,753,418
Reversal of trade and other payables	16	4,000,521	22,929,353	79,412,030
Gain on foregone leases	27	-	1,870,017	-
Rental income	27	1,155,469	1,039,923	1,160,459
Shared management fee		-	-	6,869,118
Others		85,201,742	25,890,025	90,195,025
Other expenses (income):				
Net foreign exchange loss (gain)	28	3,443,218	(2,737,146)	4,875,562
Loss on sale of property and equipment	11	-	-	1,348,672
Others		3,443,218	(2,737,146)	6,224,234
		P81,758,524	P28,627,171	P83,970,791

Unaffiliated companies engaged the Group to manage its operations such as facilitates fund sourcing, handling of sales, administrative financial and human resource during the year.

25. Retirement Liability

The Company has a single retirement plan under the regulatory framework of the Philippines. Under R.A. No. 7641, the Company is legally obliged to provide a minimum retirement pay for qualified employees upon retirement. The framework, however, does not have a minimum funding requirement. The Company's benefit plan is aligned with this framework.

Under the funded plan, the employees are entitled to retirement benefits equivalent to 22.5 days per year of credited service in accordance with R.A. No. 7641 on attainment of a retirement age of sixty (60) years with at least five (5) years of service. The payments for the funded benefits are borne by the Company as it falls due.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out on January 3, 2022 by Miravite Consulting Group. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method (PUCM).

The following table summarizes the components of pension costs recognized in the Group's consolidated statements of comprehensive income:

	Note	2021	2020	2019
<i>Charged to profit and loss:</i>				
Current service cost		P2,466,198	P963,165	P917,300
Net interest cost		677,826	590,996	455,432
	23	3,144,024	1,554,161	1,372,732
<i>Charged (credited) to other comprehensive income:</i>				
Net remeasurement gains		4,042,199	—	3,278,867
		P7,186,223	P1,554,161	P4,651,599

Movement of retirement liability recognized in the consolidated statements of financial position are as follows:

	Note	2021	2020
Balance at beginning of year		P12,088,815	P10,534,654
Retirement benefits expense	23	3,144,024	1,554,161
Remeasurement loss		4,042,199	—
Balance at end of year		P19,275,038	P12,088,815

The rollforward of net cumulative remeasurement gain on retirement benefits as at December 31, 2021 and 2020 follows:

	2021	2020
Balance at beginning of year	P3,652,613	P3,652,613
Remeasurement loss	(4,042,199)	—
Balance at end of year	P(389,586)	P3,652,613

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment benefit obligations for the defined benefit plans are shown below:

	2021	2020	2019
Discount rate	5.20%	7.80%	7.80%
Projected salary increase rate	5.00%	5.00%	5.00%

The sensitivities regarding the principal assumptions used to measure the defined benefit liability is as follows:

Impact on Defined Benefit Obligation			
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2021			
Discount rate	+/-1.00%	Decrease by 6.20%	Increase by 4.20%
Salary increase rate	+/-1.00%	Increase by 6.00%	Decrease by 4.00%
December 31, 2020			
Discount rate	+/-1.00%	Decrease by 0.50%	Increase by 0.50%
Salary increase rate	+/-1.00%	Increase by 0.50%	Decrease by 0.50%

All other assumptions are held constant in determining the sensitivity results above.

The estimated average remaining working lives of employees is 14 years for the years ended December 31, 2021 and 2020.

26. Income Taxes

- a. The Group and local subsidiaries are subject to RCIT or MCIT whichever is higher. Foreign subsidiaries are subject to corporate income tax at statutory tax rate applicable to their respective countries. Income tax expense amounted to P35,796,748, P44,700,430 and P69,678,716 in 2021, 2020, and 2019 respectively.

- b. A reconciliation of provision for income tax expense (benefit) for 2021, 2020 and 2019 applicable to income before income tax computed at the statutory income tax rates follows:

	2021	2020	2019
Income before income tax	P1,094,664,173	P53,261,939	P154,317,418
Multiplied by statutory rate	25%/20%	30%	30%
Income tax at statutory rate @ 30%	–	15,978,582	46,295,225
Income tax at statutory rate @ 25%	276,377,583	–	–
Income tax at statutory rate @ 20%	(2,169,232)	–	–
Income tax effects of:			
Changes in unrecognized deferred tax assets	(9,523,093)	34,784,997	37,690,467
Difference in tax rates	(222,504,739)	(5,777,129)	1,931,098
Application of NOLCO	(1,133,378)	(2,504,887)	(18,213,979)
Nondeductible depreciation from piecemeal revaluation	2,469,859		
Nondeductible expenses	169,347	1,881,849	2,057,554
Nontaxable income		(22,957)	(174,828)
Interest income subject to final tax	(5,765)	(9,805)	(9,270)
Provision for retirement expense		–	–
Amortization of security deposit	10,642	–	–
Effect of change in tax rate	(1,045,961)	–	–
Reversal of allowance	(2,235,600)	–	–
Unrealized foreign exchange gain	(665)	–	–
Applied/Expired MCIT	(3,606,125)	(7,631,725)	–
Total income tax – current and deferred	36,802,873	36,698,925	69,576,267
Deferred income tax expense (benefit)	1,006,124	(8,001,505)	(102,449)
Current income tax expense	P35,796,749	P44,700,430	P69,678,716

- c. The Group reviews deferred tax assets at each financial reporting date and recognized these to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

- The Group have recognized deferred tax asset arising from the effect of PFRS16, Leases as follows:

Balance at January 1, 2020	P	102,449
Recognized in profit or loss		284,600
Balance at December 31, 2020		387,049
Recognized in profit or loss		(248,024)
Effect of change in tax rate		(129,016)
Balance at December 31, 2021	P	10,009

- The Group has unrecognized deferred taxes from the following:

	Notes	2021	2020	2019
Allowance for impairment losses	7, 9, 15	P71,169,018	P46,321,911	P29,643,014
NOLCO		5,733,030	33,128,024	22,042,489
Retirement liability	25	4,505,052	3,626,645	3,160,396
MCIT		1,731,776	6,185,034	14,982,151
Unrealized foreign exchange loss		96,489	78,129	1,367,790
		P83,235,365	P89,339,743	P71,195,840

- d. The Group recognized deferred tax liabilities from the following;

	Revaluation increment	Gain on change in fair value of biological assets	Total
Balance at January 1, 2020	P-	P-	P-
Recognized in other comprehensive income	8,737,251	-	8,737,251
Balance at December 31, 2020	8,737,251	-	8,737,251
Recognized in profit or loss	-	5,989,783	5,989,783
Recognized in other comprehensive income	17,335,743	-	17,335,743
Effect of change in tax rate	(1,456,208)	-	(1,456,208)
Balance at December 31, 2021	P24,616,786	P5,989,783	P30,606,569

- e. The deferred income tax expense (benefit) amounted to P1,006,125, (P8,001,505) and (P102,449) in 2021, 2020 and 2019. Income tax benefit in 2021, 2020 and 2019 also includes applied MCIT whose corresponding deferred tax asset was previously not recognized amounting to P3,485,638, P7,716,905 and nil, respectively.

- f. Net Operating Loss Carry-Over (NOLCO)

- NOLCO incurred prior to taxable year 2020
NOLCO incurred prior to taxable year 2020 can be claimed as deduction against regular taxable income within the next three (3) consecutive taxable years immediately following the year of such loss.

Year incurred	Expiration	Expired/Applied	Unapplied	Tax effect
2019	2022	P438,464	P27,446,593	P5,489,319
2018	2021	28,286,247	-	-
		P28,724,711	P27,446,593	P5,489,319

- NOLCO incurred in taxable year 2020
Pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under Revenue Regulations (RR) No. 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Year incurred	Expiration	Applied	Unapplied	Tax effect
2021	2026	P-	P31,367,140	P6,273,428
2020	2025	1,016,738	53,190,924	10,638,185
		P1,016,738	P84,558,064	P16,911,613

- g. The Group incurred MCIT which can be claimed as deduction against future tax due as follows:

Year incurred	Expiration	Expired/Applied	Unapplied
2018	2021	P1,154,269	P-
2019	2022	3,537,807	1,306,633
2020	2023	85,180	342,344
2021	2024	-	223,601
		P4,777,256	P1,872,578

- h. The Group opted for the itemized deduction scheme for its income tax reporting in 2021, 2020 and 2019.

27. Lease Agreements

Group as a Lessor

The Group has an operating lease arrangement of its property to a third-party construction company.

The lease has a term of one year commencing from January 1, 2018 subject to an annual review and renewable upon mutual agreement of the parties. The lease contract was renewed in 2020 and 2021 for another twelve (12) months from date of renewal. Refundable deposit pertaining to this lease amounted to P121,511 (see Note 16).

The lease agreement includes clause requiring the lessee to be liable when the property has been subjected to excess wear-and-tear during the lease term. This strategy minimizes the risk exposure to residual value of the underlying asset.

Estimated future minimum lease receipts to be collected to lessee not later than one (1) year as at December 31, 2021 and 2020 amounted to P1.1 million.

Rental income from the lease amounted to P1,155,469 in 2021, P1,039,923 in 2020, P1,160,459 in 2019 (see Note 24).

Group as a Lessee

The Group leases machinery, transportation equipment and store premises from third parties under finance lease agreements ranging from four (4) to seven (7) years.

I. Right-of-use assets

The balance and movements of ROU assets relating to the lease of machinery, transportation equipment and store premises is as follows (see Note 12):

	2021		
	Leases	Discount on rental deposit	Total
Cost			
Balance	P152,799,108	P198,692	P152,997,800
Accumulated amortization			
Balance at the beginning of year	49,186,609	145,481	49,332,090
Amortization during the year (Note 23)	23,926,450	53,211	23,979,661
Balance at end of year	73,113,059	198,692	73,311,751
Net carrying value	P79,686,049	P-	P79,686,049
2020			
	Leases	Discount on rental deposit	Total
Cost			
Balance at the beginning of year	P150,516,249	P191,598	P150,707,847
Additions during the year	2,282,859	7,094	2,289,953
Balance at end of year	152,799,108	198,692	152,997,800
Accumulated amortization			
Balance at the beginning of year	24,461,114	76,128	24,537,242
Amortization during the year (Note 23)	24,725,494	69,353	24,794,847
Balance at end of year	49,186,608	145,481	49,332,089
Net carrying value	P103,612,500	P53,211	P103,665,711

II. Refundable Deposit

The balance and movements of refundable deposits as at December 31, 2021 and 2020 follow:

	Note	2021	2020
Carrying value as at beginning of year		P10,728,536	P16,752,269
Deposits made during the year		-	483,824
Refund on deposits received during the year		(1,015,911)	(72,000)
Total refundable deposits		9,712,625	17,164,093
Refundable deposits on short term leases	9	(7,817,277)	(15,266,591)
Noncurrent refundable deposits		1,895,348	1,897,502
Refundable deposits other than leases	15	(698,724)	(698,724)
Refundable deposits related to leases		1,196,624	1,198,778
Discount on refundable deposits		-	(7,094)
Accretion income on refundable deposits		-	69,687
Carrying value as at end of year of refundable deposits related to leases	15	P1,196,624	P1,261,371

Relative to the leases, the Group's refundable deposit amounted P16.5 million as at December 31, 2021 and 2020, respectively, which is equivalent to one month lease rental based on rental rate applicable on the last year of the lease term. The refundable deposit is presented under "Prepayments and other current assets" and "Other noncurrent assets" account in the consolidated statements of financial position as at December 31, 2021 and 2020 (see Notes 9 and 15).

III. Lease Liabilities

The balance and movements of lease liabilities as at December 31, 2021 and 2020 relating to the leases above follow:

	2021	2020
Balance at the beginning of year	P5,892,020	P11,865,788
Payments of lease liability	(5,466,702)	(7,102,747)
Additions during the year	-	2,282,859
Gain on foregone leases	-	(1,870,017)
Amortization of interest	184,314	716,137
Net carrying value	609,632	5,892,020
Less: current portion	291,160	5,282,388
Noncurrent portion	P318,472	P609,632

At each reporting date, the Company had outstanding commitments for future minimum lease payments under non-cancelable operating leases, which fall due as follows:

	2021	2020
Not later than one (1) year	P334,211	P334,211
Later than one (1) year but not later than five (5)	334,210	668,421
	P668,421	P1,002,632

IV. Short-term Leases

The Group leases office spaces, warehouses, residential units, warehouse equipment under lease agreements usually for a period of one (1) year, renewable subject to the mutual consent of the lessor and the lessee without any escalation clause.

V. Amounts recognized in profit or loss:

	Note	2021	2020	2019
Cost of services:	22			
Amortization of ROU		P23,979,661	P24,794,847	P24,537,242
Rent expense relating to short-term lease		1,411,738	5,533,672	12,491,225
Operating expenses:	24			
Rent expense relating to short-term lease		2,232,654	2,441,208	11,719,787
Other income (charges):				
Interest cost on lease liability		184,313	716,137	1,139,283
Rental income	24	1,155,469	1,039,923	1,160,459
Gain on foregone leases	23	-	1,870,017	-
Accretion income on discount on refundable deposit	14	-	69,687	72,141

As a result of the COVID-19 pandemic, the lessors provided rent concessions to the Group in the form of rent-free periods and discounts. The Group accounted these rent concessions as not a lease modification. The rent concessions resulted to a decrease of lease liabilities amounting to P1,870,017 as at December 31, 2020 and to the recognition of gain on forgone leases in 2020 of the same amount.

Income tax benefit amounting to P248,025 in 2021 and P284,600 in 2020 relates to the adoption of PFRS 16 (see Note 26).

28. Financial Risk Management and Capital Management Objectives and Policies

Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash, trade and other receivables (excluding advances to officers and employees), due to and from related parties and stockholders, loans and lease liabilities. The main purpose of these financial instruments is to finance the Group's normal course of its operating activities. The Group has various other financial assets and financial liabilities such as refundable deposits under "Prepayments and other current assets" and deposits and other non-current assets and trade and other payables (excluding government payables and customers' deposits) which arise directly from its operations.

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

- Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity periods or due to adverse market conditions.

a. Credit risk exposure

The table below shows the maximum exposure to credit risk for the Group's financial assets, without taking into account any collateral and other credit enhancements as at December 31, 2021 and 2020:

	Notes	2021	2020
<i>Financial assets at amortized costs:</i>			
Cash in bank	6	P48,316,792	P42,614,407
Trade and other receivables – net	7	622,022,383	501,249,632
Due from related parties – net	21	276,167,524	147,726,877
Due from a stockholder	21	251,082,378	369,516,398
Refundable deposits – net	9,15	9,611,453	10,154,862
		P1,207,200,530	P1,071,262,176

The table above excludes financial assets and financial liabilities of subsidiaries accounted for using the liquidation basis of accounting (see Note 29).

b. Credit quality per class of financial assets

The credit quality of financial assets is managed by the Group using internal credit ratings and is classified into three:

- (a) high grade which has no history of default;
- (b) standard grade which pertains to accounts with history of one (1) or two (2) defaults; and
- (c) substandard grade, which pertains to accounts with history of at least 3 payment defaults.

The table below summarizes the credit quality of the Group's financial assets based on its historical experience with the corresponding parties as at December 31, 2021 and 2020:

	2021				
	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High grade	Standard grade			
Cash	P80,041,389	P136,577	P-	P-	P80,177,966
Trade and other receivables	-	528,908,065	153,024,547	51,571,806	733,504,418
Due from related parties	-	276,167,524	-	6,460,530	282,628,054
Due from a stockholder	-	251,082,378	-	-	251,082,378
Financial assets at FVOCI	-	47,801,400	-	-	47,801,400
Refundable deposits	-	9,953,668	-	6,711,100	16,664,768
Total	P80,041,389	P1,114,049,612	P153,024,547	P64,743,436	P1,411,858,984

	2020				
	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High grade	Standard grade			
Cash	P57,523,943	P33,172	P-	P-	P57,557,115
Trade and other receivables	-	485,185,476	16,064,155	131,617,558	632,867,189
Due from related parties	-	141,266,347	-	6,460,530	147,726,877
Due from a stockholder	-	369,516,398	-	-	369,516,398
Financial assets at FVOCI	-	44,081,400	-	-	44,081,400
Refundable deposits	-	10,154,862	-	6,711,100	16,865,962
Total	P57,523,943	P1,050,237,655	P16,064,155	P144,789,188	P1,268,614,941

The table above excludes financial assets and financial liabilities of subsidiaries accounted for using the liquidation basis of accounting (see Note 29).

- Cash in banks classified as high grade are deposited and invested with banks with good credit training and can be withdrawn anytime. Standard grade cash in banks are those deposited under rural banks.
- High grade receivables pertain to receivables from third party buyers of real estate of the Group and program partners who consistently pay before the maturity date. Standard grade receivables are receivables that are collected on their due dates even without an effort from the Group to follow them up. Both high grade and standard grade receivables currently have no to minimal history of default.
- Due from related parties and stockholder are assessed as standard grade since the Group practices offsetting of receivables and payables.
- High-grade refundable deposits are accounts considered to be high value. The counterparties have a very remote likelihood of default. Refundable security deposits assessed as standard grade are refunded upon termination or fulfilment of agreement.

Below is the aging analysis of past due but not impaired trade and other receivables:

Trade	30 to 60 days	61 to 90 days	More than 90 days	Total
2021	P32,491,172	P29,458,416	P91,074,959	P153,024,547
2020	P8,591,191	P7,472,964	P –	P16,064,155

c. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence. The Group is not exposed to large concentration of credit risks.

d. Impairment assessment

The Group applies general approach for determining the expected credit losses of cash in banks, nontrade receivables, due from related parties, due from a stockholder and refundable deposit. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets is based on the assumptions about risk of default and expected loss rates. The management provided allowance for impairment of due from related parties amounting to P6.5 million as at December 31, 2021 and 2020, respectively and refundable deposits amounting to P6.7 million as at December 31, 2021 and 2020, respectively (see Notes 9 and 21).

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure expected credit loss, receivables were grouped based on days past due and grouped the customers according to their profile. The expected loss rates are based on the historical credit losses within the period of time. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables.

The Group has identified GDP of Asia Pacific continent to which the principal entities of the Group's customers are based as the most relevant factor, and accordingly adjust historical loss rate based on the changes on GDP growth rates. The Group has identified GDP of the Philippines as the most relevant factor for its local and related party sales.

Based on the above basis, the loss allowance on receivables after specific identification as at December 31, 2021 and 2020 was determined using the expected loss rates as follows:

2021				
	1 to 30 days past due	Over 30 to 60 days past due	Over 60 to 90 days past due	Over 90 days past due
Expected loss rate				
Export	0.00%	0.00%	0.00%	0.00%
Local	0.00%	0.00%	0.00%	0.00%
Related party	0.00%	0.00%	0.00%	0.00%
2020				
	1 to 30 days past due	Over 30 to 60 days past due	Over 60 to 90 days past due	Over 90 days past due
Expected loss rate				
Export	0.09%	0.39%	0.03%	91.17%
Local	0.05%	0.75%	0.00%	0.00%
Related party	0.00%	0.00%	10.22%	170.01%

Total allowance for impairment losses on trade receivables from the simplified approach of measuring ECL amounted to P48.1 million and P84.8 million as at December 31, 2021 and 2020, respectively.

Total provision for impairment losses recognized under "Operating expenses" account in profit or loss amounted to nil in 2021, P5.5 million in 2020, P6.9 million in 2019 (see Note 7).

- **Liquidity Risk**

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit the risk, the Group maintains sufficient cash to meet operating capital requirements. The Group also monitors the maturities of its financial assets and financial liabilities and ensures that it has sufficient current assets to settle the current liabilities.

The tables below summarize the maturity profile of the Group's financial liabilities and assets as at December 31, 2021 and 2020 based on undiscounted payments:

2021					
	Notes	On demand	Due within one (1) year	Due beyond one (1) year	Total
<i>Financial assets</i>					
Cash	6	P80,177,966	P-	P-	P80,177,966
Trade and other receivables – net	7	-	622,022,383	-	622,022,383
Due from related parties	21	276,167,524	-	-	276,167,524
Due from a stockholder	21	251,082,378	-	-	251,082,378
Financial assets at FVOCI	10	47,801,400	-	-	47,801,400
Refundable deposits – net	9, 15	5,652,496	2,184,681	1,774,276	9,611,453
		P660,881,764	P624,207,064	P1,774,276	P1,286,863,104
<i>Other financial liabilities</i>					
Trade and other payables	16	P-	P520,289,660	P-	P520,289,660
Due to related parties	21	153,580,134	-	-	153,580,134
Loans payable	17	-	937,995,081	29,372,043	967,367,124
Lease liabilities	27	-	291,160	318,472	609,632
		P153,580,134	P1,458,575,901	P29,690,515	P1,641,846,550
2020					
	Notes	On demand	Due within one (1) year	Due beyond one (1) year	Total
<i>Financial assets</i>					
Cash	6	P57,557,115	P-	P-	P57,557,115
Trade and other receivables – net	7	-	501,249,632	-	501,249,632
Due from related parties	21	147,726,877	-	-	147,726,877
Due from a stockholder	21	369,516,398	-	-	369,516,398
Financial assets at FVOCI	10	44,081,400	-	-	44,081,400
Refundable deposits – net	9, 15	6,195,905	2,184,681	1,774,276	10,154,862
		P625,077,695	P503,434,313	P1,774,276	P1,130,286,284
<i>Other financial liabilities</i>					
Trade and other payables	16	P-	P496,115,669	P-	P496,115,669
Due to related parties	21	60,015,418	-	-	60,015,418
Loans payable	17	-	675,107,019	111,801,698	786,908,717
Lease liabilities	27	-	5,282,388	609,632	5,892,020
		P60,015,418	P1,176,505,076	P112,411,330	P1,348,931,824

The table above excludes financial assets and financial liabilities of subsidiaries accounted for using the liquidation basis of accounting (see Note 29).

- **Market Risk**

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchanges rates and interest rates.

Foreign currency risk

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its consolidated financial statements and cash flows. The Group has transactional currency exposures. Such exposure generally arises from cash in banks, trade receivable and payables, deposits, loans payable and lease liability in Renminbi (RMB), Hong Kong Dollar (HK\$), United States Dollar (US\$) and Australian Dollar (AU\$). The Group did not seek to hedge the exposure on the change in foreign exchange rates between the RMB, US\$, HK\$, AU\$ and the Philippine Pesos. The Group does not generally believe that active currency hedging would provide long-term benefits to stockholders.

The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for an institution engaged in the type of business in which the Group is involved.

2021								
	RMB	Peso equivalent	HKD	Peso equivalent	US\$	Peso equivalent	AU\$	Peso equivalent
Financial assets:								
Cash in banks	RMB3,631,611	P28,932,682	HK\$8,949	P58,259	US\$77,542	P3,970,861	AU\$-	P-
Trade and other receivables	38,275,268	201,975,596	9,706	63,186	4,651,999	236,200,584	-	-
Deposits	-	-	-	-	-	-	735,866	27,154,220
	41,906,879	230,908,278	18,655	121,445	4,729,541	240,171,445	735,866	27,154,220
Financial liability:								
Trade and other payables	51,922,350	413,660,174	6,781	44,146	-	-	-	-
Net financial assets (liabilities)	(RMB10,015,471)	(P182,751,896)	HK\$11,874	P77,299	US\$4,729,541	P240,171,445	AU\$735,866	P27,154,220
2020								
	RMB	Peso equivalent	HKD	Peso equivalent	US\$	Peso equivalent	AU\$	Peso equivalent
Financial assets:								
Cash in banks	RMB4,390,428	P32,256,034	HK\$12,436	P76,979	US\$53,865	P2,587,470	AU\$-	P-
Trade and other receivables	40,780,092	299,607,256	53,053	328,584	3,312,822	159,134,696	-	-
Deposits	-	-	-	-	-	-	172,000	6,260,800
	45,170,520	331,863,290	65,489	405,563	3,366,687	161,722,166	172,000	6,260,800
Financial liability:								
Trade and other payables	53,285,314	391,481,873	114,450	708,846	-	-	-	-
Loans payable	-	-	-	-	45,000	2,161,620	-	-
	53,285,314	391,481,873	114,450	708,846	45,000	2,161,620	-	-
Net financial assets (liabilities)	(RMB8,114,794)	(P59,618,583)	(HK\$48,961)	(P303,283)	US\$3,321,687	P159,560,546	AU\$172,000	P6,260,800

The equivalent exchange rates of one foreign currency in Philippine peso as at December 31, 2021 and 2020 are as follows:

	2021	2020
US\$	P50.774	P48.036
AU\$	36.81	36.40
RMB	7.97	7.35
HK\$	6.51	6.19

The sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, of the Group's income before income tax in 2021 and 2020 are as follows:

Currency	2021	Net effect	2020	Net effect
	Increase (decrease) in rate		Increase (decrease) in rate	
RMB	1.30%	66,888,361	0.89%	47,531,431
	(1.30%)	(66,888,361)	(0.89%)	(47,531,431)
HK\$	1.02%	10,998	0.68%	46,706
	(1.02%)	(10,998)	(0.68%)	(46,706)
US\$	0.99%	120,547,405	0.60%	47,049,493
	(0.99%)	(120,547,405)	(0.60%)	(47,049,493)
AU\$	2.60%	25,940,055	2.82%	6,415,898
	(2.60%)	(25,940,055)	(2.82%)	(6,415,898)

Foreign exchange loss is as follows:

	2021	2020	2019
Realized foreign exchange loss (gain)	P428,836	(P2,998,371)	P314,335
Unrealized foreign exchange loss	3,014,382	261,225	4,561,227
	P3,443,218	(P2,737,146)	P4,875,562

Interest Rate Risk

The Group's exposure to interest rate risk arises from its cash deposits in banks which are subject to variable interest rates while its loans payable at fixed interest rates. The risk is managed by the Group by maintaining appropriate fixed rate loans payable.

The interest rate risk arising from deposits with banks is managed by means of effective investment planning and analysis and maximizing investment opportunities in various local banks and financial institutions.

Profit for the years ended December 31, 2021 and 2020 would have been unaffected since the Group has no loans payable at variable rates and interest rate risk exposure for its cash in bank, which is subject to variable rate, is very immaterial.

Capital Management

The primary objective of the Group's capital management is to ensure that the Group has sufficient funds in order to support their business, pay existing obligations and maximize shareholder value. The Group considers advances from related parties as capital.

The Group's policy is to maintain sufficient capital to cover working capital requirements. The Group obtains advances from related parties to cover inadequacy in working capital.

As at December 31, 2021 and 2020, the Group considers the following accounts as capital:

	2021	2020
Capital stock	P832,831,688	P830,774,088
Additional paid-in capital	3,602,050,960	3,567,071,760
Due to related parties	154,989,542	57,295,175
Total capital	P4,589,872,190	P4,455,141,023

The Group has no externally imposed capital requirement. No changes were made in the objectives, policies or processes for the years ended December 31, 2021 and 2020.

29. Fair Value Measurement

Set out below is a comparison by category of carrying values and estimated fair values of Group's financial instruments as at December 31, 2021 and 2020:

Going concern basis of accounting

		2021		
	Notes	Carrying value	Fair value	Significant observable inputs
<i>Financial assets at amortized cost</i>				
Cash	6	P48,316,792	P48,316,792	P48,316,792
Trade and other receivables – net	7	622,022,383	622,022,383	622,022,383
Due from related parties – net	21	276,167,524	276,167,524	276,167,524
Due from a stockholder	21	251,082,378	251,082,378	251,082,378
Refundable deposits – net	9, 15	9,611,453	9,611,453	9,611,453
		1,207,200,530	1,207,200,530	1,207,200,530
Financial assets at FVOCI	10	47,801,400	47,801,400	47,801,400
		P1,255,001,930	P1,255,001,930	P1,255,001,930
<i>Financial liabilities at amortized cost:</i>				
Trade payables and other payables	16	P520,289,660	P520,289,660	P520,289,660
Due to related parties	21	153,580,134	153,580,134	153,580,134
Loans payable	17	967,367,124	967,367,124	967,367,124
Lease liability	27	609,632	609,632	609,632
		P1,641,846,550	P1,641,846,550	P1,641,846,550

2020				
	Notes	Carrying value	Fair value	Significant observable inputs
<i>Financial assets at amortized cost</i>				
Cash	6	P42,614,407	P42,614,407	P42,614,407
Trade and other receivables – net	7	501,249,632	501,249,632	501,249,632
Due from related parties – net	21	147,726,877	147,726,877	147,726,877
Due from a stockholder	21	369,516,398	369,516,398	369,516,398
Refundable deposits – net	9, 15	10,154,862	10,154,862	10,154,862
		1,071,262,176	1,071,262,176	1,071,262,176
Financial assets at FVOCI	10	44,081,400	44,081,400	44,081,400
		P1,115,343,576	P1,115,343,576	P1,115,343,576
<i>Financial liabilities at amortized cost:</i>				
Trade payables and other payables	16	P496,115,669	P496,115,669	P496,115,669
Due to related parties	21	60,015,418	60,015,418	60,015,418
Loans payable	17	786,908,717	786,908,717	786,908,717
Lease liabilities	27	5,892,020	5,892,020	5,892,020
		P1,348,931,824	P1,348,931,824	P1,348,931,824

Liquidation basis of accounting

	2021	2020
<i>Financial assets measured at net realizable value</i>		
Cash in banks	P17,266	P69,265
Trade and other receivables – net	3,753	8,753
Due from a stockholder	24,651,064	25,111,182
Refundable deposits – net	342,215	360,724
	P25,014,298	P25,549,924
<i>Financial liabilities at amortized cost:</i>		
Trade payables and other payables	17,994,671	P18,143,260
Due to related parties	1,409,409	1,380,202
	P19,404,080	P19,523,462

Methods and Assumptions Used to Estimate Fair Value

The Management assessed that the following financial instruments approximate their carrying amounts based on the methods and assumptions used to estimate the fair values:

Cash in banks, trade and other receivables, refundable deposits, due to/from related parties and stockholders and trade and other payables.

The carrying amounts of cash in banks, trade and other receivables, due to/from related parties and stockholders, current refundable deposits and trade and other payables approximate their fair values due to the short-term nature of these financial instruments.

The fair value of noncurrent refundable deposits from long-term lease contracts is the present value of the discounted expected future cash flows using the incremental borrowing rate.

Loans and borrowings

The carrying value of loans and borrowings approximate their fair values as their interest rates are based on market rates for debt with the same maturity profiles at the end of the reporting period.

Lease liabilities

The fair values of lease payable are based on the present value of future cash flows discounted using the current rates available for debt with the same maturity profile as at the end of thereporting period.

There has been no reclassification among the levels of hierarchy during 2021 and 2020.

29.01 Fair Value Determinations of Asset

The following provides an analysis of assets that are measured at fair value on a recurring basis subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which inputs to valuation techniques are observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

29.01.01 Fair Value Hierarchy

Recurring Fair Value Measurements

Level 3	2021	2020
Assets:		
Biological assets	P59,301,732	P-
Property and equipment	316,229,570	247,378,079
Investment property	1,188,425,936	-
	P1,563,957,238	P247,378,079

29.01.02 Valuation Technique used to Derive Level 3 Fair Value

The following are the valuation techniques used to derive level 3 fair values of the following assets:

Assets:

Property and equipment: In valuing the land Market Approach was used which is the most common technique for valuing land, and is the most preferred method when comparable sales are available. With this method, sales of similar property or parcels of land are analyzed, compared, and adjusted to provide a value indication for the property being appraised. The comparison process is based on an analysis of the similarity or dissimilarity of the comparable. Cost Approach was used for the improvements while a combination of the Market and Cost Approach was used for the machinery and equipment. The Cost Approach generally involves the following steps: (a) The value of the subject land is normally estimated by the Market Data or Sales Comparison Approach. In instances where available market data is sufficient, the Income Approach (Residual Method) can be used, (b) The depreciated cost of the subject improvement is estimated by calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources, and adding the indirect costs attributed to the improvement. Combining the estimates shown above results in the indicated value of the subject property by the Cost Approach.

Biological assets: The fair value was derived using the market approach. Market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets. Under market approach, the most significant input into this valuation is the fair value less estimated costs to sell in an active market.

Investment properties: The fair value was derived using the market approach. Market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets. Under market approach, the most significant input into this valuation is the price per square foot.

Financial assets at FVOCI: The fair value of financial asset at FVOCI could not be reliably determined because it does not have quoted market price in an active market, thus, cost is a good approximate of its fair value.

The Parent Company has no financial instruments that are carried at FVPL.

29.02.03 Highest and Best Use

The Company's investment properties are currently held for capital appreciation. However, in both years, the Company assessed the highest and best use of the investment properties from the perspective of market participants. The investment properties in combination with other assets and liabilities could be leased out to others to earn rental income. Management believes that the current use of the investment properties is the asset's highest and best use.

30. Noncontrolling Interest

Noncontrolling interests represents the equity in subsidiaries not attributable directly or indirectly to the Group. The details of the account are as follows:

	2021		
	Balance at beginning of year	Comprehensive income (loss)	Balance at end of year
Fucang	P726,608,406	P452,433,872	P1,179,042,278
ANI HK	114,798,585	-	114,798,585
TBC	(31,886,805)	(522,148)	(32,408,953)
FFCI	(18,631,691)	(477,038)	(19,108,729)
FI	(2,944,544)	-	(2,944,544)
FGP	1,918,629	(35,331)	1,883,298
Heppy	(766,442)	(13,881)	(780,323)
	P789,096,138	P451,385,474	P1,240,481,612

	2020		
	Balance at beginning of year	Comprehensive income (loss)	Balance at end of year
Fucang	P670,512,126	P56,096,280	P726,608,406
ANI HK	114,491,013	307,572	114,798,585
TBC	(39,853,641)	7,966,836	(31,886,805)
FFCI	(15,214,395)	(3,417,296)	(18,631,691)
FI	(2,944,544)	-	(2,944,544)
FGP	1,871,048	47,581	1,918,629
Heppy	(556,038)	(210,404)	(766,442)
	P728,305,569	P60,790,569	P789,096,138

	2019		
	Balance at beginning of year	Comprehensive income (loss)	Balance at end of year
Fucang	P633,144,953	P37,367,173	P670,512,126
ANI HK	113,795,597	695,416	114,491,013
TBC	(39,995,051)	141,410	(39,853,641)
FFCI	(19,467,627)	4,253,232	(15,214,395)
FI	(2,944,544)	-	(2,944,544)
FGP	1,921,666	(50,618)	1,871,048
Heppy	(578,804)	22,766	(556,038)
	P685,876,190	P42,429,379	P728,305,569

31. Business Combination

Acquisition of Lexian

As discussed in Note 1, Fucang acquired Guangzhou Lexian Fruit Industry Co., Ltd. (Lexian), a foreign entity incorporated in China engaged in wholesale industry in 2018. Fucang owns 70% equity interest in Lexian which is equivalent to RMB700,000 divided into 70,000 shares at RMB10.0 per share (equivalent to P7,160,000 divided into 70,000 shares). Lexian is an indirect subsidiary of Agrinurture, Inc. (the Parent Company) owning 51% equity interest in Fucang.

The cost of investment is equivalent to Fucang's share in net assets of Lexian at the date of incorporation. As such, no goodwill or investment income was recognized from the business combination.

32. Segment Information

The Group has identified its operating segments based on internal reports that are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The operating segments identified by the management are as follows:

Exports

The Export segment is in charge of looking for markets abroad as well as sourcing the best quality produce possible to satisfy its growing number of clients abroad. Its main export products are fresh banana, fresh mango, and coco-water.

Distribution

The Distribution segment is responsible for the local sales and distribution of various produce that the Group offers to a number of supermarkets around Luzon.

Retail

The Retail segment is responsible for the management and operation of the Group's retail businesses.

Foreign Trading

The Foreign Trading segment is charge of the international distribution operations of the Group in Hong Kong and China.

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. In addition, the Group's reportable segments also include geographical areas for local and foreign operations. Foreign operations are included under "Foreign Trading" and local operations are included under the remaining reported segments.

	2021					
	Exports	Distribution	Retail	Foreign trading	Elimination	Total
External customers	P1,550,633,966	P508,139,893	22,397,536	2,468,116,983	-	4,549,288,378
Inter-segment revenues	-	55,438,690	13,262,452	-	(68,701,142)	-
Total revenues	1,550,633,966	563,578,583	35,659,988	2,468,116,983	(68,701,142)	4,549,288,378
Cost of sales	(1,407,431,983)	(522,493,364)	(21,658,939)	(2,172,536,113)	68,701,142	(4,055,419,257)
Segment operating earnings (loss)	143,201,983	41,085,219	14,001,049	295,580,870	-	493,869,121
General and administrative	(90,420,665)	(51,354,790)	(25,611,677)	(197,962,490)	-	(365,349,622)
Interest income	-	22,677	721	-	-	23,398
Finance costs	(41,087,552)	(548,280)	(359,554)	-	-	(41,995,386)
Other operating income	81,873,350	17,489,192	8,303	908,745,817	-	1,008,116,662
Income tax benefit (expense) – net	(7,804,337)	(1,720,320)	(469,517)	(26,808,699)	-	(36,802,873)
Net income (loss)	P85,762,779	P4,973,698	(P12,430,675)	P979,555,498	P-	P1,057,861,300
Segment assets	P3,952,156,106	P283,128,167	P59,440,940	P3,434,637,679	(P1,792,751,356)	P5,936,611,536
Deferred tax assets – net	-	-	10,009	-	-	10,009
Total assets	P3,952,156,106	P283,128,167	P59,450,949	P3,434,637,679	(P1,792,751,356)	P5,936,621,545
Segment liabilities	P1,059,998,289	P719,818,846	P68,884,541	P1,011,501,823	(P1,102,323,338)	P1,757,880,161
Deferred tax liabilities – net	24,316,714	6,289,855	-	-	-	30,606,569
Total liabilities	P1,084,315,003	P726,108,701	P68,884,541	P1,011,501,823	(P1,102,323,338)	P1,788,486,730
Depreciation and amortization	P38,620,652	P21,498,888	P8,712,847	P2,054,192	P10,000,000	P80,886,579

	2020					
	Exports	Distribution	Retail	Foreign trading	Elimination	Total
External customers	P1,766,417,947	P303,214,323	P21,134,816	P2,317,981,896	P-	P4,408,748,982
Inter-segment revenues	-	33,746,390	1,634,169	-	(35,380,559)	-
Total revenues	1,766,417,947	336,960,713	22,768,985	2,317,981,896	(35,380,559)	4,408,748,982
Cost of sales	(1,533,843,948)	(400,671,336)	(30,412,698)	(1,967,462,349)	35,380,559	(3,897,009,772)
Segment operating earnings (loss)	232,573,999	(63,710,623)	(7,643,713)	350,519,547	-	511,739,210
General and administrative	(122,883,360)	(44,840,843)	(21,957,634)	(239,298,900)	(16,148,318)	(445,129,055)
Finance costs	(40,611,531)	(548,280)	(917,949)	-	-	(42,077,760)
Interest income	-	102,373	-	-	-	102,373
Other operating income	4,318,882	10,097,300	3,215,379	10,995,610	-	28,627,171
Income tax benefit (expense) – net	(5,717,476)	(339,752)	246,050	(30,887,747)	-	(36,698,925)
Net income (loss)	P67,680,514	(P99,239,825)	(P27,057,867)	P91,328,510	(P16,148,318)	P16,563,014
Segment assets	P3,572,951,184	P259,916,433	P61,731,338	P2,264,266,642	(P1,796,174,593)	P4,362,691,004
Deferred tax assets – net	-	-	387,049	-	-	387,049
Total assets	P3,572,951,184	P259,916,433	P62,118,387	P2,264,266,642	(P1,796,174,593)	P4,363,078,053
Segment liabilities	P878,303,401	P718,839,300	P68,773,116	P976,031,444	(P1,115,746,582)	P1,526,200,679
Deferred tax liabilities – net	8,737,251	-	-	-	-	8,737,251
Total liabilities	P887,040,652	P718,839,300	P68,773,116	P976,031,444	(P1,115,746,582)	P1,534,937,930
Depreciation and amortization	P30,507,869	P22,932,620	P10,085,601	P19,176,850	P10,000,000	P92,702,940

	2019					
	Exports	Distribution	Retail	Foreign trading	Elimination	Total
External customers	P1,911,427,304	P144,608,070	P75,187,062	P2,404,383,517	P-	P4,535,605,953
Inter-segment revenues	-	-	18,699,449	-	(18,699,449)	-
Total revenues	1,911,427,304	144,608,070	93,886,511	2,404,383,517	(18,699,449)	4,535,605,953
Cost of sales	(1,611,502,596)	(272,194,943)	(91,154,100)	(1,758,762,577)	18,699,449	(3,714,914,767)
Segment operating earnings (loss)	299,924,708	(127,586,873)	2,732,411	645,620,940	-	820,691,186
General and administrative	(85,780,815)	(259,728,039)	(39,045,371)	(455,158,119)	147,311,587	(692,400,757)
Finance costs	(55,184,243)	(660,022)	(1,149,770)	(1,052,814)	-	(58,046,849)
Interest income	-	103,047	-	-	-	103,047
Other operating income (expense)	(3,346,879)	21,233,100	38,019,235	17,645,168	10,420,167	83,970,791
Income tax expense – net	(3,485,638)	(552,989)	(750,297)	(64,787,343)	-	(69,576,267)
Net income (loss)	P152,127,133	(P367,191,776)	(P193,792)	P142,267,832	P157,731,754	P84,741,151
Segment assets	P3,382,740,051	P290,421,300	P189,673,095	P2,364,937,527	(P1,841,826,022)	P4,385,945,951
Deferred tax assets – net	-	-	102,449	-	-	102,449
Total assets	P3,382,740,051	P290,421,300	P189,775,544	P2,364,937,527	(P1,841,826,022)	P4,386,048,400
Segment liabilities	P720,008,777	P708,280,755	P169,586,745	P1,190,206,022	(P1,171,048,904)	P1,617,033,395
Deferred tax liabilities – net	-	-	-	-	-	-
Total liabilities	P720,008,777	P708,280,755	P169,586,745	P1,190,206,022	(P1,171,048,904)	P1,617,033,395
Depreciation and amortization	P30,557,397	P22,859,881	P9,206,121	P52,948,535	P10,000,000	P125,571,934

33. Notes to Consolidated Statements of Cash Flows

Below are the non-cash activities of the Group in 2021 and 2020:

Transfer from	Transfer to	Notes	2021	2020
Investment property	Inventories	12, 22	146,666,451	P68,944,362
Advances to contractors	Property and equipment	11	-	122,265,156
Advances to contractors	Investment property	12	38,531,280	25,450,239
Advances to contractors	Inventories	22	-	73,552,840

CIP under investment property that are determined to be sold in the normal operating cycle are reclassified to property for sale under inventories (see Notes 12 and 22).

Long-term advances to contractors represent noninterest-bearing down payments to third party foreign contractors for real estate projects and fixed assets under construction. These were reclassified to its related asset accounts upon determination of its purpose (see Notes 11, 12 and 22).

The net movement in long-term advances to contractors before reclassification is included in the net changes in other noncurrent assets in the consolidated statements of cash flows in 2021 and 2020.

34. Change in Accounting Policy

34.01 Property and Equipment – Cost Model to Revaluation Model

In prior years, under cost model, subsequent to initial recognition, property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Under revaluation model, property and equipment are subsequently measured at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional appraisers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The current period adjustments to reflect the effect of change in accounting policy on the consolidated financial statements are summarised below:

Accounts	At Cost Model	Effect of Change in Accounting Policy	At Revaluation Model
Statement of Consolidated Financial Position			
Property and equipment – net (Note 11)	P522,993,064	P91,548,231	P614,541,295
Deferred tax liability	8,737,251	21,869,318	30,606,569
Revaluation surplus – net	20,386,919	64,225,041	84,611,960
Statement of Consolidated Comprehensive Income			
Cost of sales	4,055,419,257	7,176,445	4,062,595,702
General administrative expense	365,349,622	2,392,148	367,741,770
Net income	1,057,861,300	(9,568,593)	1,048,292,707
Revaluation increment – net	-	64,225,041	64,225,041

The Group believes that the change from cost model to revaluation model will result into a more reasonable valuation of property and equipment.

The change in accounting policy has no impact in 2020 statement of consolidated comprehensive income and on January 1, 2020 retained earnings.

34.02 Investment Property – Cost Model to Fair Value Model

In prior years, under cost model, subsequent to initial recognition, investment property are carried at cost less accumulated depreciation and accumulated impairment losses. Under fair value model, investment property are subsequently measured at fair value at the end of the reporting period date; cost less accumulated depreciation and impairment loss.

The current period adjustments to reflect the effect of change in accounting policy on the consolidated financial statements are summarised below:

Accounts	At Cost Model	Effect of Change in Accounting Policy	At Revaluation Model
Statement of Consolidated Financial Position			
Investment property (Note 12)	P279,680,119	P908,745,817	P1,188,425,936
Statement of Consolidated Comprehensive Income			
Other income (charges)	57,398,857	908,745,817	966,144,674
Net income	185,918,356	908,745,817	1,094,664,173

The Group believes that the change from cost model to revaluation model will result into a more reasonable valuation of property and equipment.

The change in accounting policy has no impact in 2020 consolidated statement of comprehensive income and on January 1, 2020 retained earnings.

35. Reconciliation of Liabilities from Financing Activities

Reconciliation of liabilities arising from financing activities as shown in the separate statements of cash flows is as follows:

	2021	2020
January 1	P850,095,912	P760,292,809
Changes from financing cash flows		
Availments of loan	335,314,386	321,107,970
Advances from related parties	97,694,367	21,850,817
Payment of loans	(154,855,979)	(193,844,526)
Interest	(44,023,791)	(44,547,263)
Advances from related parties	-	(8,377,285)
Payment of lease liability	(5,282,388)	(6,386,610)
December 31	P1,078,942,507	P850,095,912

36. Other Matters

- a. On March 19, 2014, a request for assistance was filed by Mr. Jens Sorensen against the Group and/or Antonio L. Tiu in the National Labor Relations Commission (NLRC) – NCR Arbitration Branch for the illegal dismissal with money claims. Based on the DOLE-SENA Form No. 1 attached to the Notice of Conference, Mr. Sorensen is seeking the following reliefs: (1) payment of money claims; (2) reinstatement; (3) back wages; (4) damages in the amount of \$500,000; and (5) attorney’s fees in the amount of ₱500,000.

The last mediation conference was held on April 23, 2014. There being no possibility for the parties to reach an amicable settlement, the mediation officer terminated the mediation proceedings. Mr. Sorensen filed a formal complaint with the NLRC and both parties already submitted their respective position papers and replies thereto. The case is now submitted for resolution. The labor arbiter rendered a decision finding that there was illegal dismissal, but with modification as to the amount being claimed for back pay and damages. Both parties filed their respective motions for partial reconsideration. Both parties appealed the decision to NLRC, but the latter sustained the findings of the labor arbiter. Subsequent motions for reconsideration were denied. Both parties appealed the decision with the Court of Appeals (CA). The Group prayed for a temporary restraining order for the execution of the award of the labor arbiter pending appeal, but no resolution has been received. The CA partially granted the Group’s appeal by ruling that Mr. Sorensen is not entitled to separation pay and found that Mr. Tiu is not solitarily liable with the Group to pay the monetary award. However, the CA sustained the award for back wages. Both parties filed their motion for partial reconsideration, which were both denied by the CA. Thereafter, both parties filed their respective petitions for review on certiorari before the Supreme Court (SC) which were consolidated in the second division of SC. As of date, the Group has not received any decision from the SC in relation to the case.

No provision relative to the above case was recognized in the financial statements as at December 31, 2021 as the case is still ongoing.

- b. IMEX filed a case for estafa against several individuals who were members of the board of directors and officers of Tolman. Advance payment to Tolman Manufacturing Inc. ("Tolman") for future acquisition of equipment necessary for pre-processing, sterilization, aseptic storage and clean in place station for coconut water amounted to P30.6 million as at December 31, 2021 and 2020. The Group has ongoing criminal action against Tolman to recover the advance payment mentioned. In 2019, the Group filed a complaint-affidavit charging the directors, officers and shareholders (respondents) of Tolman, with the crime estafa. The Group alleges that during the negotiation stage of the Shareholders Agreement, respondents represented to the Group that Tolman is in the process of increasing its authorized capital stock from which the shares of the Group will be issued upon the latter's delivery of cash, equipment and other resources. Relying on such representation, the Group entered into a Shareholders Agreement and delivered to Tolman P30,000,000 cash, UHT processing equipment worth P134,000,000 and lease payments in the amount of P46,000,000. Despite receipt of said cash, equipment and lease payments, respondents failed to issue the Group's shares of stock. Worst, no application to increase the capital stock was ever made before or during the existence of the Shareholders Agreement. In the resolution dated January 29, 2021, the Office of the City of Prosecutor of Makati finds a sufficient ground to engender a well-founded belief that the crime of Estafa under Article 315, paragraph 2 (a) was committed by respondent Emmanuel V. Duenas. The amount is guaranteed by a stockholder in the event of an adverse result of the ongoing case. Due to the foregoing, the total outstanding receivables of the Group from Tolman is considered to be fully recoverable as at December 31, 2021. In addition, the assets of Actron Industries, Inc., Jemana Holdings, Inc. and Duenas in Tolman exceeds the claims of the Group against the outstanding receivables. A civil case can now be filed to further pursue for the overall claim of the Group against the concerned parties.

REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
AGRINURTURE, INC. AND SUBSIDIARIES

No. 54 National Road
Dampol II-A, Pulilan
Bulacan

We have issued our report dated May 13, 2022 on the basic consolidated financial statements of **AGRINURTURE, INC. AND SUBSIDIARIES** as of and for the year December 31, 2021. Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of **AGRINURTURE, INC. AND SUBSIDIARIES** taken as a whole. The information in the index to the consolidated financial statements and supplementary schedules as of and for the year December 31, 2021, which are not required parts of the consolidated financial statements, are required to be filed with the Securities and Exchange Commission. Such information is the responsibility of the Management of **AGRINURTURE, INC. AND SUBSIDIARIES**. The information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300

Valid until May 28, 2024

SEC Group A Accredited

Accreditation No. 0300-SEC

Valid until 2024 audit period

BSP Group B Accredited

Accreditation No. 0300-BSP

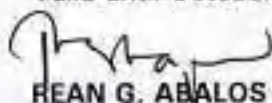
Valid until 2026 audit period

BIR Accreditation No. 08-007679-000-2020

Valid from February 24, 2020 until February 23, 2023

IC Accreditation No. F-2019-004-R

Valid until October 1, 2022



REAN G. ABALOS

Partner

CPA Certificate No. 126203

SEC Group A Accredited

Accreditation No. 1781-A

Valid until September 23, 2022

BIR Accreditation No. 08-007679-002-2020

Valid from October 20, 2020 until October 19, 2023

Tax Identification No. 271-226-260

PTR No. 8855244

Issued on January 5, 2022 at Makati City

May 13, 2022

Makati City, Metro Manila

BOA/PRC No. 0300 • BIR Accredited • SEC Group A Accredited • BSP Group B Accredited • IC Accredited
18/F Cityland Condominium 10 Tower 1, 156 H.V. dela Costa Street, Ayala North, Makati City, Philippines 1226
Tel: +632 8812-1718 to 22 Email: rsbassoc@pkfrsbernaldo.com www.pkfrsbernaldo.com

R.S. Bernaldo & Associates is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

AGRINURTURE, INC. AND SIBSIDIARIES
INDEX TO THE SEPARATE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2021

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Schedule I

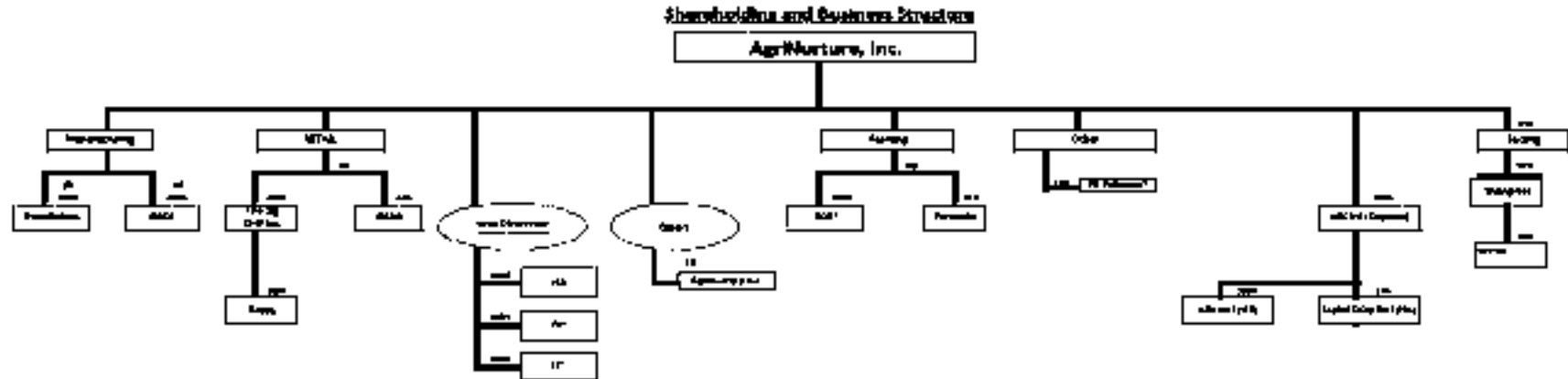
**AGRINURTURE, INC.
SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2021**

Unappropriated Retained Earnings, Beginning	₱	(1,628,045,535)
Net income based on the face of audited financial statements		96,894,028
Less: Dividend declarations during the year - Property		-
Dividend declarations during the year - Cash		-
Derecognition of Dividend Income from an Associate		-
Unrealized foreign exchange loss - net (prior year)		(260,429)
Appropriations of retained earnings		-
		(260,429)
Reissuance of treasury stock		-
Unrealized foreign exchange loss - net (current year)		3,017,705
Realized income categorized as unrealized in previous years		-
Prior Year Adjustment		-
Sub-total		3,017,705
Net loss actual/realized		100,172,162
Unappropriated Retained Earnings, Ending	₱	(1,527,873,373)

Note: The presentation of reconciliation of retained earnings is based on Financial Reporting Bulletin No. 14 dated January 24, 2013.

Schedule II

AGRINURTURE, INC. AND SUBSIDIARIES
MAP SHOWING RELATIONSHIPS BETWEEN AND AMONG
DIRECT AND INDIRECT SUBSIDIARIES
DECEMBER 31, 2021



Legend
1. Subsidiary of AgriNurture, Inc.
2. Subsidiary of AgriNurture, Inc.
3. Subsidiary of AgriNurture, Inc.
4. Subsidiary of AgriNurture, Inc.
5. Subsidiary of AgriNurture, Inc.

AGRINURTURE, INC. AND SUBSIDIARIES
Schedule A – Financial Assets
DECEMBER 31, 2021

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet	Income accrued
Guangzhou Tianchen Real Estate Development Co., Ltd	47,801,400	47,801,400	-

AGRINURTURE, INC. AND SUBSDIARIES

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and

Principal Stockholders (Other than Related Parties)

DECEMBER 31, 2021

Receivables

Stockholders	275,733,442
Affiliates/Entity under common ownership	276,167,524
	551,900,966

AGRINURTURE, INC. AND SUBSIDIARIES
Schedule C - Receivable from Related Parties which are eliminated
during the consolidation of financial statements
DECEMBER 31, 2021

2021															
	Payables														
	ANI	FCAC	IMEX	BCHAC	FGH	FGP	LFVPI	FI	GANA	TBC	HC	FFCI	ANI HK	FUCANG	Total
Receivable:															
ANI	-	194,940,688	163,403,865	78,018,398	508,049	-	406,748	8,072,338	3,160,273	18,401,764	2,653,174	3,366,516	112,476,388	382,576,714	967,984,916
FCAC	-	-	2,598,645	33,862,689	-	-	82,975,581	10,553	-	157,908	-	-	-	-	119,605,376
IMEX	-	-	-	-	-	-	-	-	-	2,204,471	-	-	7,123,316	-	9,327,787
BCHAC	-	-	-	-	-	-	1,191,425	180,000	-	-	-	-	2,416,834	-	3,788,259
FGH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LFVPI	-	-	1,500,000	-	-	-	-	-	-	-	-	-	-	-	1,500,000
FI	-	-	75,000	-	-	-	-	-	-	-	-	-	-	-	75,000
TBC	-	-	-	-	-	-	-	-	20,500	-	21,500	-	-	-	42,000
HC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	194,940,688	167,577,510	111,881,087	508,049	-	84,573,754	8,262,891	3,180,773	20,764,143	2,674,674	3,366,516	122,016,538	382,576,714	1,102,323,338

AGRINURTURE, INC. AND SUBSIDIARIES
Schedule D - Long-Term Debt
DECEMBER 31, 2021

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rate %	Maturity Date
Loan		90,195,081	29,372,043.00	6%	2/28/2023

AGRINURTURE. INC. AND SUBSIDIARIES
Schedule E - Indebtedness to Related Parties
(Included in the consolidated financial statement of position)
DECEMBER 31, 2021

Payables

Stockholders	5,416,292
Affiliates/Entity under common ownership	149,573,250
	154,989,542

AGRINURTURE, INC. AND SUBSIDIARIES
Schedule F- Guarantees of Securities of Other Issuers
DECEMBER 31, 2021

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding	Amount owned by person of which statement is filed	Nature of guarantee
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None to Report

AGRINURTURE, INC. AND SUBSIDIARIES
Schedule G - Capital Stock
DECEMBER 31, 2021

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock - 1 par value	2,000,000,000	832,831,688	10,631,467	508,059,729	31,599,795	484,807,364

AGRINURTURE, INC. AND SUBSIDIARIES
SCHEDULE IV - FINANCIAL SOUNDNESS INDICATORS
For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
A. SHORT-TERM LIQUIDITY RATIO			
CURRENT RATIO	1.69	1.71	1.62
<u>Current Assets</u>	<u>2,883,483,421</u>	<u>2,398,159,236</u>	<u>2,335,093,049</u>
Current Liabilities	1,708,914,608	1,401,700,534	1,443,475,357
WORKING CAPITAL TO ASSETS	0.20	0.23	0.20
<u>(Current Assets - Current Liabilities)</u>	<u>1,174,568,813</u>	<u>996,458,702</u>	<u>891,617,692</u>
Total Assets	5,936,621,547	4,363,078,053	4,386,048,400
B. LONG-TERM SOLVENCY			
ASSET TO EQUITY	1.43	1.54	1.58
<u>Total Asset</u>	<u>5,936,621,547</u>	<u>4,363,078,053</u>	<u>4,386,048,400</u>
Shareholders' Equity	4,148,134,817	2,828,140,123	2,769,015,005
DEBT TO EQUITY	0.43	0.54	0.58
<u>Total Liabilities</u>	<u>1,788,486,730</u>	<u>1,534,937,930</u>	<u>1,617,033,395</u>
Shareholders' Equity	4,148,134,817	2,828,140,123	2,769,015,005
LONG-TERM DEBT TO EQUITY	0.019	0.047	0.063
<u>Long-Term Debt</u>	<u>79,572,122</u>	<u>133,237,396</u>	<u>173,558,038</u>
Shareholders' Equity	4,148,134,817	2,828,140,123	2,769,015,005
FIXED ASSETS TO EQUITY	0.15	0.22	0.19
<u>(Fixed Assets - Accumulated Depreciation)</u>	<u>614,541,295</u>	<u>615,647,574</u>	<u>513,788,475</u>
Shareholders' Equity	4,148,134,817	2,828,140,123	2,769,015,005
CREDITORS EQUITY TO TOTAL ASSETS	0.30	0.35	0.37
<u>Total Liabilities</u>	<u>1,788,486,730</u>	<u>1,534,937,930</u>	<u>1,617,033,395</u>
Total Assets	5,936,621,547	4,363,078,053	4,386,048,400
FIXED ASSETS TO LONG-TERM DEBT	7.72	4.62	2.96
<u>(Fixed Assets - Accumulated Depreciation)</u>	<u>614,541,295</u>	<u>615,647,574</u>	<u>513,788,475</u>
Long-Term Debt	79,572,122	133,237,396	173,558,038

C. RETURN ON INVESTMENTS				
RATE OF RETURN ON TOTAL ASSETS	0.21	0.00	0.02	
<u>Net Income</u>	<u>1,057,861,300</u>	<u>16,563,014</u>	<u>84,741,151</u>	
Average Total Assets	5,149,849,800	4,374,563,227	4,659,675,778	
RATE OF RETURN ON EQUITY	0.30	0.01	0.03	
<u>Net Income</u>	<u>1,057,861,300</u>	<u>16,563,014</u>	<u>84,741,151</u>	
Average Stockholders' Equity	3,488,137,470	2,798,577,564	2,736,841,655	
D. PROFITABILITY RATIOS				
GROSS PROFIT RATIO	0.11	0.12	0.18	
<u>Gross Income</u>	<u>493,869,121</u>	<u>511,739,210</u>	<u>820,691,186</u>	
Revenues	4,549,288,378	4,408,748,982	4,535,605,953	
OPERATING INCOME TO REVENUES	0.02	0.01	0.02	
<u>Income from Operations</u>	<u>86,524,113</u>	<u>24,532,395</u>	<u>70,243,580</u>	
Revenues	4,549,288,378	4,408,748,982	4,535,605,953	
PRETAX INCOME TO REVENUES	0.24	0.01	0.03	
<u>Pretax Income</u>	<u>1,094,664,173</u>	<u>53,261,939</u>	<u>154,317,418</u>	
Revenues	4,549,288,378	4,408,748,982	4,535,605,953	
NET INCOME TO REVENUE	0.23	0.00	0.02	
<u>Net Income</u>	<u>1,057,861,300</u>	<u>16,563,014</u>	<u>84,741,151</u>	
Revenues	4,549,288,378	4,408,748,982	4,535,605,953	
E. INTEREST COVERAGE RATIO				
INTEREST COVERAGE RATIO	26.066	1.266	2.658	
<u>Earnings Before Interest and Tax</u>	<u>1,094,664,173</u>	<u>53,261,939</u>	<u>154,317,418</u>	
Interest Expense	41,995,386	42,077,760	58,046,849	