COVER SHEET

Nature of Application	SEC Registration Number
20-IS	A S 1 9 9 7 0 1 8 4 8

COMPANY NAME

A G R I N U R T U R E , I N C .

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 I I - A , P U L I L A N , B U L A C A N

Form Type	Department requiring the report	Secondary License Type, If Applicable
2 0 I S	M S R D	N /A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.ani.com.ph	(02) 8997-5184	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
42	Third Monday of May	DECEMBER 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Kenneth S. Tan	kstan@ani.com.ph	(02) 8997-5184	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.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [**x**] Definitive Information Statement

2. Name of Registrant as specified in its charter: **AGRINURTURE, INC.**

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **A199701848**

5. BIR Tax Identification Code: **200-302-092**

6. Address of principal office: Postal Code:
   No. 54 National Road, Dampol II-A, Pulilan, Bulacan, Philippines **3005**

7. Registrant's telephone number, including area code: **+044-81563640**

8. Date, time and place of the meeting of security

   holders:Date: **October 26, 2023**
   Time: **10:30 o'clock in the morning**
   Place: **No. 54 Dampol II-A, National Road, Pulilan, Bulacan**

9. Approximate date on which the Information Statement is first to be sent or given to securityholders: **On or before 5 October 2023**

10. ***In case of Proxy Solicitations:***

   Name of Person Filing the Statement/Solicitor: **N.A.**

   Address and Telephone No.: **N.A.**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares	**1,024,446,888**

11. Are any or all of registrant's securities listed in a Stock Exchange?
   YES.

   The registrant's securities are listed in the Philippine Stock Exchange (PSE)

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

1. Date, time and place of meeting of security holders

The annual stockholders meeting of AgriNurture, Inc. ("ANI" or the "Company") shall be held on:

Date: October 26, 2023_
Time: 10:30 o'clock in the morning
Place: No. 54 National Road, Dampol II-A, Pulilan, Bulacan, Philippines

The complete mailing address of the principal office of ANI is No. 54 National Road, Dampol II-A, Pulilan, Bulacan, Philippines. The information statement is first to be sent or given to security holders on October 05,2023.

2. Dissenters' Right of Appraisal

Pursuant to Sec. 80(a) of the Revised Corporation Code (Republic Act No. 11232), a stockholder has the right to dissent and demand the payment of the fair value of shares: (i) in case any amendment to the Articles of Incorporation has theeffect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (ii) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; (iii) in case of merger or consolidation; and (iv) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

With respect to any matter to be acted upon at the annual meeting which may give rise to the right of appraisal, in order that dissenting stockholders may exercise their appraisal right, such dissenting stockholders, within thirty (30) days after the date of the annual meeting at which meeting such stockholder voted against the corporate action, shall make a written demand on the Company for thevalue of their shares. Failure to make the demand within such period shall be deemed a waiver of the appraisal right. The procedure to be followed in exercising the appraisal right shall be in accordance with Section 81 to 85 of the Corporation Code.

In relation thereto, no matters that may trigger a stockholder's exercise of his/her/its appraisal right as mentioned above shall be presented in the upcoming annual stockholders' meeting.

3. Interest of Certain Persons in Matters to be Acted Upon

There are no matters to be acted upon in which a director or an officer of the Company, or any nominee for election as a director thereof, or an associate of any of the foregoing persons, shall have any substantial interest, whether direct or indirect, by security holdings or otherwise.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Shareholders Thereof`

(a) The Company's total outstanding shares entitled to vote consist of 1,024,446,888 common shares and 400,000,000 preferred voting shares, as of September 28,2023, with each share entitled to one (1) vote.

(b) All stockholders of record as of September 28, 2023 are entitled to notice and to vote at the Annual Stockholders Meeting on October 26,2023.

[c] Each stockholder of record as of September 28,2023 shall have the right to vote in person or by proxy the number of shares of stock held in his/her/its name. In the election of directors, each stockholder entitled to vote may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares by giving one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his/her/its shares may provide, or he/she/it may distribute them on the same principle among as many candidates as he/she/it shall see fit.

[d] Security Ownership of Certain Record and Beneficial Owners and Management.

d.1 Security Ownership of Certain Record and Beneficial Owners as of August 31,2023

As of August 31, 2023, 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 and Address of Record Owners**	**Name of Beneficial Owner and Relationship with Record Owner**	**Number of Shares Held**	**Percent of Class**
Common	PCD Nominee Corp. (Filipino) G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City	PCD Nominee Corp.	304,435,160	29.72%
Common	PCD Nominee Corp. (Foreign) G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City	PCD Nominee Corp.	297,582,836	29.05%
Common	Earthright Holdings, Inc. Unit 3C, Valuepoint Executive Building, 227 Salcedo St. Legazpi Village, Makati City	Earthright Holdings, Inc.	250,000,000	24.40%
Common	Greenergy Holdings Inc. 54 National Road, Dampol II- A, Pulilan, Bulacan	Greenergy Holdings Inc.	116,296,246	11.35%
	Total		**968,314,242**	**94.52%**

PCD Nominee Corp. participants that own more than 5% of voting securities are:

Eagle Equities, Inc.	210,465,277 shares	21%
AP Securities Inc.	82,523,303 shares	8%
Maybank Securities Inc.	87,611,106 shares	9%

As of the same date, all of the 400,000,000 issued shares of preferred voting stock are held by Earthright Holdings, Inc.

d.2 Security Ownership of Management as of August 31,2023

As of August 31, 2023, the following are the security ownerships of the directors and principal officers of the Company:

Class	Name & address of Record Owner; Relationship with Issuer	Name Of Beneficial Owner;Relationship With Record Owner	Citizenship	Number of Shares Held (Direct & Indirect)	Percentage Held
Common	**Antonio L. Tiu** Chairman, CEO and President	Antonio L. Tiu	Filipino	35,222,942 (Direct)-R	3.44%
	Earthright, Holdings, Inc Greenergy Holdings, Inc PCD Nominee Corporation	Antonio L. Tiu, as Chairman/CEO of Earthright, Holdings, Inc and Executive Chairman of Greenergy Holdings, Inc		188,545,472 202,286,779 24,998 (Indirect)-B	41.04%
Common	**Chung Ming Yang** Director	same	Taiwan	1,566,200 (Direct) -R	0.2%
Common	**Kenneth S. Tan** Director, Chief Financial Officerand Treasurer	same	Filipino	1,000 (Direct) -R	Less than 0.01%
Common	**Senen L. Matoto** Director,	same	Filipino	1 (Direct) -R	Less than 0.01%
Common	**Martin C. Subido** Director	same	Filipino	342,202 (Indirect) -R	0.03%
Common	**Antonio Peter R. Galvez** Director	same	Filipino	1 (Direct) -R	Less than 0.01%
Common	**Luis Rey I. Velasco** Director	same	Filipino	1 (Direct) -R	Less than 0.01%
Common	**Jennifer T. Ching** Director	same	Filipino	1 (Indirect) -R	Less than 0.01%
Common	**J. Antonio Vilar** Independent Director	same	Filipino	1 (Direct) -R	Less than 0.01%
Common	**Maximillian Chua** Independent Director	same	Filipino	1 (Direct) -R	Less than 0.01%
Common	**Jose S. Ejercito** Independent Director	same	Filipino	1 (Direct) -R	Less than 0.01%

Common	**Paul Kenneth B. Davis** Corporate Secretary		Filipino	0	0
Common	**Rosana C. Planco** Head of Internal Audit and Compliance Officer		Filipino	0	0
Common	**Jhane A. Teoxon** Chief Accountant and Corporate Information Officer		Filipino	0	0

The total security ownership of the directors and principal officers of the Company as a group as of 31 August 2023 is 587,832,392 common shares, which is equivalent to 57.37% of the outstanding capital stock of the Company.

As of 31 August 2023, a total of 299.151,436 common shares are foreign-owned.

d.3 Voting Trust Holders of 5% or More

As of August 31,2023, there are no persons holding 5% or more of a class under a voting trust or similar arrangement.

d.4 Changes in Control

The Company is not aware of any existing, pending, or potential transaction which may result in such change in control of the Company as of August 31,2023.

5. Directors and Executive Officers

(a) Directors and Principal Officers of the Company

The following are the members of the Board of Directors of the Company as of August 31,2023

Name	Age	Citizenship	Term of Office
Antonio L. Tiu	48	Filipino	2004 – present
Chung Ming Yang	49	Chinese ROC	1997 – present
Kenneth S. Tan	51	Filipino	2015 – present
Luis Rey I. Velasco	67	Filipino	2018 – present
Martin C. Subido	48	Filipino	2013 – present
Antonio Peter R. Galvez	63	Filipino	2014 – present
Senen L. Matoto	75	Filipino	2018 – present
Jennifer T. Ching	47	Filipino	2021- present
Maximilian Chua (Independent Director)	40	Filipino	2017 – present
Jose Antonio S. Vilar (Independent Director)	62	Filipino	2022 – present
Jose S. Ejercito (Independent Director)	67	Filipino	2022 - present

Mr. Antonio L. Tiu, 48, Filipino, Chairman of the Board of Directors.

Mr. Tiu is the Chairman and CEO of Earthright Holdings, Inc., AgriNurture, Inc., Three Star Capital Ltd. BVI, Sunchamp Real Estate and Development Corporation, M2000 IMEX Co., Ltd., First Class Agriculture Corp., The Big Chill Inc., and Acting President of Agricultural Bank of the Philippines, among others. He was a part time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and board of adviser of DLSU School of Management. Mr. Tiu has a Masters degree in Commerce specializing in International Finance from University of New South Wales, Sydney, and B. S. Commerce major in Business Management from De La Salle University, Manila. He was awarded as the Ernst and Young Emerging Entrepreneur of the Year (2009), the Overseas Chinese Entrepreneur of the Year (2010), and among the Ten Outstanding Young Men of the Philippines (2011).

Mr. Yang Chung Ming, 49, Chinese R.O.C., Director.

Mr. Yang is 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 Masters degree in Business Administration from the National Chengchi University in Taiwan and Executive MBA program at the Xiamen University.

Mr. Kenneth S. Tan, 51, Filipino, Director.

Mr. Tan serves as the Chief Financial Officer and member of the Board of Directors and Treasurer of AgriNurture, Inc., including its subsidiaries and affiliates. Mr. Tan likewise served as Director of Greenergy Holdings, Inc., as President of Agricultural Bank of the Philippines, and also previously as Vice President for Administration/Information Officer and Compliance Officer of AgriNurture, Inc. Further, he served as an officer of Citibank N.A. and Manulife Financial and was a part-time lecturer in Economics at an international school in Manila. Mr. Tan has a Bachelor’s Degree in Developmental Studies from the Ateneo de Manila University.

Mr. Senen L. Matoto, 75, Filipino, Director.

Mr. Senen Matoto currently works as a consultant for the capital markets, columnist on the Daily Tribune, Executive Coach for the International Coach Federation, Philippines Chapter, Fellow for the Institute of Corporate Directors, and a Director and Vice President for Good Governance of the Financial Executives of the Philippines. Mr. Matoto has significant experience in the capital markets, having served the industry for almost 50 years. His most recent experience includes being an ADB andDepartment of Finance (DOF) consultant for the Comprehensive Tax Reform Program Package IV. Healso served from 2007 to 2017 as the President and Director of Vicsal Investment, AB Capital and Investment Corporation, and VSec. Com. Inc., and as a director of Vicsal (SPV-AMC), Inc. He was appointed as Private Sector Representative to the Board of Directors of Philippine Guarantee Corporation in June 2021. He obtained his Masters Degree in Business Administration from the Asian Institute of Management and his Bachelor of Science Degree in Business Administration from the University of the Philippines.

Atty. Martin C. Subido, 48, Filipino, Director.

Atty. Martin Subido is a Certified Public Accountant and a member of the Integrated Bar of the Philippines. He graduated with a Bachelor of Science in 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. He is likewise a Director of Greenergy Holdings, Inc. as well as Corporate Secretary of Sunchamp Real Estate Development Corp., Total Waste Management Recovery System, Inc., Winsun Green Ventures, Inc., Lite Speed Technologies, Inc., and AgriNurture Development Holdings Inc., among others.

Mr. Antonio Peter R. Galvez, 63, Filipino, Director.

Mr. Galvez is a holder of an Executive Masters degree in Business Administration from the Asian Institute of Management. He graduated from the Ateneo de Manila University with a Bachelors Degree in Economics. At present, he is an Executive and Leadership Coach, Business Coach with the Universityof 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, the Department of Trade and Industry and the Board of Investments.

Dr. Luis Rey I. Velasco, 67, Filipino, Director.

Dr. Luis Rey I. Velasco, PhD, is a Doctorate Degree Holder in Entomology from University of Queensland, Brisbane, Australia. He retired as professor in Agriculture Entomology at the Universityof the Philippines in Los Banos (UPLB), where he served as Dean of the UPLB College of Agriculture for two terms before being appointed as UPLB Chancellor for two terms.

Ms. Jennifer T, Ching, 47, 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 January 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 the Company in March 2020. At present, she serves as Overall Head of Admin and Human Resource Department of AgriNurture, Inc.

Atty. Maximilian Chua, 40, Filipino, Independent Director.

Atty. Maximilian Chua is currently a Senior Associate at the Belo Gozon Parel Asuncion & Lucila Law Offices. He obtained a degree in Bachelor of Science in Management Information System from the Ateneo de Manila University and a degree in Bachelor of Laws from San Beda University. He is a member of the Integrated Bar of the Philippines. He currently holds several Corporate Secretary positions at Danateq Philippines, Inc., Meteogroup Philippines, Inc., Emerchant Asia, Inc., Stargold Trucking Corporation, Alpca Farms, Inc., and Paligid Technologies, Inc. He is currently a director in Alpca Farms, Inc. and AgriNurture, Inc.

Mr. Jose Antonio S. Vilar, 62, Filipino, Independent Director.

Mr. J. Antonio S. Vilar obtained his Bachelor's degree in Business Administration from Wharton School of the University of Pennsylvania in 1983. He was Head of the Philippine Stock Exchange, Inc.'s Market Education Department from 2013 until 2020. In between, he served as Director and CEO in various Philippine corporations, notably venture companies. He assisted government agencies as organizer or resource speaker in various international investment roadshows. He is presently an Independent Director of an unrelated company.

Mr. Jose S. Ejercito, 67, Filipino, Independent Director.

Mr. Jose S. Ejercito took his Bachelor of Science in Industrial Engineering at the University of the Philippines where he likewise obtained his Masters degree in Industrial Engineering. He occupied various positions in Unilever Phils., also posting as Unilever's National Sales Operations Controller in China and as Managing Director in Korea before he retired. Thereafter, he joined the SM Retail team and became President of Scanasia Overseas Inc., the distribution company of 2Go Group, SM's logistics and distribution arm, until he retired in 2021.

The independent directors were never engaged as consultants of the Company.

The Principal Officers of the Company as of August 31, 2023 are as follows:

Mr. Antonio L. Tiu: CEO and President.

Mr. Kenneth S. Tan: Treasurer and Chief Financial Officer.

Atty. Paul Kenneth B. Davis, 67, Filipino, Corporate Secretary.

Atty. Davis has been a member of the Integrated Bar of the Philippines and law practitioner since 1983, serving in different capacities as litigator, external counsel, in-house counsel, legal consultant, corporate secretary and director of various domestic companies. He took his Bachelors of Art and Law degrees at the University of the Philippines in Diliman.

Ms. Rosana C. Planco, 49, Filipino, Compliance Officer and Head of Internal Audit.

Ms. Planco holds a Bachelor of Science major in Accountancy degree from the University of the East in Manila and a Masters 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 2019.

Ms. Jhane A. Teoxon, 44, Filipino, Corporate Information Officer and Chief Accountant.

Ms. 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.

Term of Office – The directors are elected at each annual stockholders' meeting by the stockholders entitled to vote. Each director holds office for a period of one (1) year or until the next annual election and after his/her successor has been duly elected and assumed office, unless he/she resigns, dies or is removed prior to such election.

Since the Company's last annual stockholders' meeting held on November 25,2022, all incumbent directors have remained in office and acted as such.

The nominees for election to the Board of Directors on 26 October 2023 are as follows:

1. Antonio L. Tiu
2. Kenneth S. Tan
3. Yang Chung Ming
4. Senen L. Matoto
5. Antonio Peter R. Galvez
6. Luis Rey I. Velasco
7. Jennifer T. Ching
8. Isidro C. Alcantara, Jr.
9. J. Antonio S. Vilar (Independent Director)
10. Jose S. Ejercito (Independent Director)
11. Roy S. Kempis (Independent Director)

All the nominees are Filipino citizens with the exception of Mr. Yang Chung Ming, who is of Taiwan ROC citizenship.

Regular Directors - All the incumbent Regular Directors, namely: (i) Mr. Antonio L. Tiu; (ii) Mr. Kenneth S. Tan; (iii) Mr. Yang Chung Ming; (iv) Mr. Senen L. Matoto; (v) Mr. Antonio Peter R. Galvez; (vi) Dr. Luis Rey I. Velasco; and (vii) Ms. Jennifer Ching, have been nominated for another term, together with Mr. Isidro C. Alcantara, Jr., whose qualifications follow:

Mr. Isidro C. Alcantara, Jr., 69, Filipino, Independent Director.

Mr. Isidro C. Alcantara, Jr. is a long time Senior Banker and headed several organizations as President of Marcventures Holdings, Inc. (a Mining Holding Co.: 2013-2020); Head of Institutional and Corporate Banking of the Hongkong Shanghai Bank, Phils. (2005); President and CEO of Philippine Bank of Communications (PBCom 2000-2004) where he led its successful recovery and rehabilitation (2000-2004); Executive VicePresident of PCIBank and later Equitable-PCIBank (1986-2000) and also held positions in Corporate Finance and Credit in Bancom Finance, United Coconut Planters Bank and the Insular Bank of Asia and America (1976-1985). He was elected as a Director of the Bankers Association of the Philippines (BAP: 2000-2004). From 2018 to 2020 he was concurrently Chairman of the Philippine Nickel Industry Association (PNIA). He has also previously served as Chairman or President of several Public Companies. He is currently the President of the Financial Risk Resolution Advisory, Inc. (FRRA). Mr. Alcantara is a Certified Public Accountant and holds an Economics and Accountancy Degree from the De la Salle University and took Special Studies on International Banking at the Wharton School of Finance at the University of Pennsylvania.

Independent Directors – The incumbent independent directors of the Company are as follows: (i) Atty. Maximilian Chua, (ii) Mr. Jose Antonio S. Vilar, and (iii) Mr. Jose S. Ejercito.

The incumbent directors have previously certified that they possess all the qualifications and none of the disqualifications provided for in the Securities Regulation Code ("SRC").

In compliance with Rule 38 of the SRC, which provides for the guidelines on the nomination and election of independent directors, the Nomination Committee is tasked with pre-screening the nominees for election as independent directors in the upcoming annual stockholders' meeting, conformably with the criteria in the SRC. The initial list of nominees as pre-screened by the Nomination Committee includes:

Nominee for Independent Director (a)	Person/ Group Recommending Nomination (b)	Relation of (a) and (b)
Roy S. Kempis	Antonio L. Tiu	None
J. Antonio S. Vilar	Antonio L. Tiu	None
Jose S. Ejercito	Luis Rey I. Velasco	None

Being incumbent Independent Directors in the Company, the qualifications of Messrs. Jose Antonio S. Vilar and Jose S. Ejercito, who are both being re-nominated to such positions, have been highlighted previously herein. The qualifications of other Independent Director nominee/s so far hereby follow:

Prof. Roy S. Kempis, 67, Filipino, Independent Director.

Prof. Kempis took his Bachelor's degree in Agriculture, major in Agricultural Economics, at UP Los Baños and subsequently, his Masters in Agricultural Development Economics at the Australian National University. He has a wide range of exposure and experience in research, teaching, business development and project planning in matters relating to Agri-Business and Agro-Economics, having acted as consultant, project leader, mentor, and resource in diverse studies and projects relating to a wide range of crops. He has held faculty positions in UP Pampanga, Pampanga State Agricultural University and Dela Salle University, and presently is Director for Angeles University Foundation's Center for Business Innovation.

The names of all the nominees vetted by the Nomination Committee shall be included in the list of nominees for election as Independent Directors during the upcoming annual stockholders' meeting. Three (3) slots in the eleven (11)-man Board of Directors shall be reserved for Independent Directors. Only candidates who have been previously vetted by the Nomination Committee may be nominated for election as Independent Director. The selection of Independent Directors shall be governed by the provisions of Rule 38 of the SRC.

a. Significant Employees

Although the Company has relied, and will continue to rely, on the individual and collective contributions of each of its executive officers, senior operational personnel and non-executive employees, the Company believes that it does not depend on the services of a particular employee and that there is no employee the resignation or loss of whom would have a material adverse impact on its business.

b. Family Relationships

There are no existing family relationships within the fourth civil degree either by consanguinity or affinity among the directors and officers of ANI.

c. Involvement in Certain Legal Proceedings

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

i. Global Baristas LLC vs. DK Retail Co. Ltd., Agrinurture, Inc., Tully's Coffee Asia Pacific Partners, LP, Tully's Coffee International Pte. Ltd.", Superior Court of Washington in and for King County

On October 18, 2013, the Company was impleaded by Global Baristas LLC, a Washington limited liability company, in a Complaint for Declaratory Judgment and Injunctive Relief against DK Retail Co. Ltd. (a South Korean corporation), Tully's Coffee Asia Pacific Inc. (a Nevada corporation), Tully's Coffee Asia Pacific Partners LP (a Washington limited partnership), Tully's Coffee International Pte Ltd. (a Singaporean corporation), and the Company, filed in the Superior Court of Washington (U.S.A) in and for King County. In the Complaint, Global Baristas LLC seeks to terminate the said companies' right to use the "Tully's"brand and affiliated trade names, trademarks, and service marks in Asian countries (excluding Japan) such as South Korea and the Philippines under the pertinent international license agreements.

On October 24, 2013, the Company received the Complaint/Petition together with a copy of the Order Setting Case Schedule (Schedule). Based on the Schedule, the last day for filing a Statement ofArbitrability without a Showing of Good Cause for Late Filing was on March 28, 2014. The Company subsequently received notice that a summons was reissued by the United States Bankruptcy Court on January 10, 2014. Summons was attempted to be served by a representative of the Roy & Syquia Law Office (the Server) upon the Company on February 12, 2014. The service of summons was however refused by the Company on the ground that at the time of the service, there was no authorized representative of the Company that can receive the summons in its behalf. After refusing to accept the summons, the Server left a copy of the same in the premises of the Company's office. No information as to further developments on the matter has been received by the Company to date.

ii. In the Matter of the Request for Assistance of Jens Sorensen vs. AgriNurture, Inc. and/or Antonio L. Tiu

A Request for Assistance was filed on March 19, 2014 by Mr. Jens Sorensen against the Company and/or Antonio L. Tiu in the National Labor Relations Commission-NCR Arbitration Branch, alleging illegal dismissal, docketed as SEAD-NLRC-NCR-2014-03-04065. Mr. Sorensen sought the following reliefs: (a) payment of money claims; (b) reinstatement; (c) back wages; (d) damages in the amount of $500,000.00; and (e) attorney's fees in the amount of ₱500,000.00. The last mediation conference was held on April 23, 2014 and after the parties failed to reach an amicable settlement, the mediation proceedings was terminated and the labor complaint proceeded.

The Labor Arbiter rendered a decision finding that there was illegal dismissal, but limited the amounts being claimed for back pay and damages. Both Parties appealed the decision to the National Labor Relations Commission, which eventually sustained the findings of the Labor Arbiter. Subsequent motions for reconsideration were denied.

Both Parties appealed the Decision with the Court of Appeals ("the CA"). The Company prayed for a temporary restraining order for the execution of the award of the Labor Arbiter pending appeal, but no resolution was 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 back wages, amounting to ₱2,260,000.00. 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. The latest notice received by ANI was a Resolution dated July 17, 2019, noting the submission of the respective Replies of both parties to the case.

To date, ANI has not received word on the SC's resolution of the matter.

iii. M2000 IMEX Company, Inc. v. Emmanuel Dueñas, et al.

M2000 IMEX Company, Inc. ("IMEX"), a subsidiary of the Company, filed a case for Estafa against several individuals who were Members of the Board of Directors and Officers of Tolman Manufacturing, Inc. ("Tolman") at the time of their execution of a Shareholders' Agreement on November 29, 2012. The case was premised on their alleged false representation that Tolman shall increase its authorized capital stock to accept IMEX's equity infusion in said corporation, in cash and equipment, but which they never proceeded to do even after receiving IMEX's contributions. Despite their failure to do so, Tolman continued to hold on to and utilize in its operations IMEX's capital contributions, without any compensation to IMEX.

The case was initially dismissed by the City Prosecutor of Makati, but after IMEX moved for reconsideration, the City Prosecutor issued a Resolution finding probable cause against Emmanuel V. Dueñas only, thereby charging him with the commission of the crime of Estafa, while dismissing the complaint against the other named respondents due to lackof probable cause.

Mr. Dueñas then appealed the City Prosecutor's resolution by filing a Petition for Review with the

Department of Justice, which was eventually dismissed. The Information against him was eventually filed with the Regional Trial Court in Makati City, with the case now being presently heard.

d. 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.

6. 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 2020, 2021, 2022, and 2023 (projected). It also summarizes the aggregate compensation received by all the officers and directors of the Company.

Amounts in '000	**Year**	**Salaries**	**Bonuses**	**Other Income**
CEO and the four (4) most highly compensated officers	2020	Php 3,842	-	NONE
	2021	PhP 6,905	-	NONE
	2022	Php6,416	-	NONE
	2023 est	Php6,815	-	NONE
Aggregate compensation paid to all other officers and directors as a group unnamed	2020	PhP5,176	-	NONE
	2021	PhP6,714	-	NONE
	2022	Php7,631	-	NONE
	2023 est	Php6,845		NONE

For the completed fiscal year of 2022, the following are the highest-compensated officers:

1. Antonio L. Tiu – Chief Executive Officer and President
2. Kenneth S. Tan – Chief Finance Officer and Treasurer
3. Jhane A. Teoxon – Chief Accountant and Corporate Information Officer

For the year 2023, the estimated cost for compensation for CEO and four highest compensated officers is Six Million Eight Hundred Fifteen Thousand Pesos (Php6,815,000.00) while the aggregate compensation paid to all other officers and directors as a group is Six Million Eight Hundred Fourteen Five Thousand Pesos (Php 6,845,000.00).

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 his/her attendance at each meeting of the Board, and 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, 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. As of this date, no standard or other arrangements have been made in respect of a director's compensation.

Employment Contracts

There are no agreements or employment contracts existing between the Company and any of its directors or executive officers.

There are no arrangements for compensation to be received by these named executive officers from the Company in the event of change in control of the Company.

Warrants and Options Outstanding

On February 12, 2018, the Board of Directors of AgriNurture, Inc. approved the issuance of 100,000 warrants to current directors at the exercise price of Php 20.00. The issuance of warrants was meant to give then current directors an opportunity to subscribe to ANI Shares thru the warrants as a form of showing the Company's appreciation of their services.

In the same instance, the Company's Board approved the issuance of stock warrants in favor of existing shareholders at the proportion of one (1) stock warrant for every 10 common shares, held as of a record date to be determined by the Board, at the exercise price of ₱20.00 with an exercise period of five (5) years from date of issuance. Further, on October 10, 2020, the Company approved the change in the terms and conditions of the Issuance to existing shareholders in order to bundle said Issuance to the Stock Rights Offering, thus: every shareholder availing of three (3) stock rights share shall be entitled to one (1) warrant, with the exercise price based on a discounted rate of 5.0% of the weighted average volume of trade 15 days prior to maturity, and exercise period from after five (5) years from the date of listing.

On April 30, 2018, the Company approved the issuance of a total of 10,000,000 stock warrants in favor of ANI Foundation at the exercise price of ₱20.00 and with an exercise period of five (5) years from the date of issuance of one (1) stock warrant for one (1) underlying share. Presently, no shareholder has exercised his/her right pursuant to the stock warrants.

The issuance of warrants has not been executed after the approval of the Board on 12 February 2018 due to timing issues as well as preparation of documentary requirements, since the Company intends to list the warrants in the Philippine Stock Exchange. The Company has initiated the application for listing of its remaining fully paid issued shares and intends to follow through with the application for listing of the warrants upon issuance.

On March 20, 2020, the Board of Directors of the Company approved the change in the exercise price,which will be based on the discounted rate of 5.0% of the weighted average volume of trade 30 days prior to the date of expiration. For each issuance, the expiry date and other relevant terms and conditions are to be determined by the Board of Directors, subject to stockholders' approval and compliance with the applicable laws, rules, and regulations.

On the same date, the Company approved the issuance of stock warrants in favor of then current directors, who are entitled up to 100,000 warrants at the exercise price of ₱20.00 with an exercise period of five (5) years from the date of issuance of one (1) stock warrant for one (1) underlying share.

7. Independent Public Accountants

Acting on stockholder-delegated authority, the Board of Directors, through the Audit Committee, confirmed and ratified the re-appointment of R.S. Bernaldo and Associates as the Company's External Auditors for the year 2022. The Company follows the proscriptions in the SRC regarding regular rotation of its external auditors, as R.S. Bernaldo and Associates was only appointed as such in 2021.

There has not been any disagreement between the Company and its independent accountant/external auditor for 2021 and 2022 with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedure.

To assure that the Company's financial statements are properly and cost effectively audited by qualified accountants who are independent, and to assist the Board of Directors in fulfilling its oversight responsibility with respect to the maintenance of an effective internal audit function, the Company has an Audit Committee composed of Mr. Jose Antonio S. Vilar, Independent Director, as Chairman and Independent Directors Maximilian Chua and Jose S. Ejercito, together with Regular Directors Kenneth S. Tan and Jennifer Ching, as members.

Compensation Plans

There are no matters or actions to be taken up in relation to compensation plans at this annual stockholders' meeting. The current Compensation Committee, composed of Directors Jose S. Ejercito (independent director) as chair, and Jose Antonio S. Vilar (independent director), Maximilian Chua (independent director), Dr. Luis Rey I. Velasco and Kenneth S. Tan (regular directors), have however began with their task of evaluating the existing compensation policies with a view to recommending improvements thereon, if needed.

ISSUANCE AND EXCHANGE OF SECURITIES

8. Authorization or Issuance of Securities Other than for Exchange

The following authorization for Issuance of Securities was confirmed and ratified by the Stockholders in November 5,2021:

a. 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 Shareto be listed and traded on The Philippine Stock Exchange, Inc.

9. Modification or Exchange of Securities

On 24 February 2020, the Board approved a stock split at the ratio of 1:10 shares by decreasing the par value of the shares from One Peso (Php 1.00) to Ten Centavos (Php 0.10). The stock split is intended to increase the number of shares of the Company that will give more trading opportunities to the shareholders and investors. To date, the implementation of the said approval for a stock split has been deferred.

The Board has likewise approved the reclassification of 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). The preferred shares have the following rights, privileges, limitations and restrictions, which shall also appear on the stock certificates covering the Preferred Shares:

i. The right to vote and be voted for;

ii. The right to receive, out of unrestricted retained earnings of the Corporation, participating dividends at the rate as may be deemed proper by the Board of Directors under the prevailing market conditions or such other relevant factors as the Board of Directors may consider. Said dividend mat be declared and payable at the discretion of the Board of Directors after taking into account the Corporation's earning, cash flows, financial conditions and other factors as the Board of Directors may consider relevant; and

iii. In the liquidation, dissolution and winding up the Corporation, whether voluntary or otherwise, the right to be paid in full or ratably, insofar as the assets of the Corporation will permit, the par value or face value of each Preferred Share as the Board of Directors may determine upon their issuance, plus unpaid and accrued dividends up to the current dividend period, before any assets of the Corporation shall be paid or distributed to the holders of the Common Shares.

All the aforementioned preferred shares have been subscribed to and paid up by Earthright Holdings, Inc. as approved by the stockholders. The Securities and Exchange Commission approved the conversion of shares and the amendment of the Articles of Incorporation of AgriNurture, Inc. to reflect such conversion on November 16.

11. **Amendment to Green Bond Offering**

On November 5,2021, the stockholders and the Board of Directors approved the issuance of long term green bonds of up to Euro: Seventy-Five million (€75,000,000.00), with maturity of up to seven (7) years, including the issuance of commercial papers, as a means of securing long-term financing for future undertakings at preferential rates with a view to further growth. Due to the global covid pandemic that broke out, followed by the Russian invasion of Ukraine, which affected global economy and market preferences, the Company decided to re-evaluate the conditions of the offering and realized a need for introducing certain amendments, including on the country where the offering shall be made in what currency.

12. **Financial and Other information**

a. Audited Financial Statements

A copy of the Company's Audited Financial Statements for the year ended 31 December 2022 is attached hereto as **Annex "A"** and Interim Financial Statement up to the second quarter of 2023 is attached hereto as **Annex "B".**

b. Equity Restructuring

Upon approval of the Board of Directors on October 22,2022 and of the stockholders of AgriNurture, Inc. on November 25,2022, the company applied for authority from the SEC to undergo an Equity Restructuring by way of applying its Additional Paid-In Capital ("APIC") to erase its carried-over deficit in its financial position as of December 31,2021. Acting thereon, the SEC issued its Certificate of Approval of Equity Restructuring dated March 27,2023, approving the equity restructuring applied for to wipe-out the deficit in 2021 of P1,628,045,535.00 against APIC of P3,602,050,960.00. A copy of said Certificate of Approval is attached as **Annex "C"**.

c. Other Securities

No other form of securities, whether capital stock, debt, investment securities, stock options or the like are being considered for creation or registration at this time.

OTHER MATTERS

13. Action with Respect to Reports

The minutes of the previous Annual Stockholders' Meeting held last November 25, 2022 be submitted to the stockholders for approval, containing the following:

1. Approval of the Minutes of the Annual Meeting of the Stockholders held on November 5, 2021;
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 2021;
4. Delegation of the appointment of External Auditor for the fiscal year 2021 to the Audit Committee;
5. Authority to apply with the SEC for Equity Restructuring by Utilizing the Company's Additional Paid-In Capital

In the upcoming annual stockholders' meeting, the stockholders shall be asked to approve/ratify the Annual Report and the Audited Financial Statements for fiscal year 2022 and the actions taken by the Board of Directors and Officers since the last annual meeting of the stockholders. The following matters shall likewise be presented:

a. Election of the eleven (11)- man Board of Directors, including three (3) independent directors; and
b. Financial position as of June 30,2022;

14. Amendment of Charter, By-Laws or Other Documents

No amendments to the charter or By-laws of the company are proposed at this time.

15. Other Proposed Action

There are no other proposed actions to be taken on any matters.

16. Voting Procedures

(a) Vote required for Approval or Election

With respect to the election of directors, candidates who receive the highest number of affirmative votes will be declared elected. Only the top eight (8) nominees for Director shall be proclaimed as such, while the top three (3) nominees for Independent Director shall be declared as such. The eleven (11)-member Board shall serve for a term of one (1) year or until the next annual stockholders' meeting is held, and until their successors shall have been elected and assumed office.

With respect to: (i) the approval of the reports stated in Item 13 above; (ii) approval of appointment of the external auditor of the Company; and (iii) all other matters subject to vote, except in cases when the law provides otherwise, the affirmative vote of a majority of the outstanding capital stock entitled to vote is required to approve such matters.

(b) Methods by which votes will be counted

Except as otherwise provided by law, each stockholder of record shall be entitled at every meeting of stockholders to one vote for each share of stock standing in his name on the stock books of the Company, which vote may be given personally or by proxy. The instrument authorizing the proxy to act shall be submitted to the Secretary by October 25,2023 and validated before the meeting. In the election of directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the Corporation Code.

Unless required by law, or demanded by a stockholder present in person or by proxy at any meeting, and entitled to vote thereat, the vote on any question shall be by show of hands unless a poll is demanded either before or on the declaration of the result of the vote on show of hands. A poll may be demanded on any resolution by i.) the Chairman; ii.) at least five (5) stockholders present in person or by attorney or proxy or by representative; or iii.) any one (1) or more stockholder holding shares representing not less than five percent (5%) of the outstanding capital stock of the corporation (Art. II, Sec. 7 of the Amended By-Laws). On a vote by ballot, each ballot shall be signed by the stockholder voting, in his name or by his proxy, if there be such proxy, and shall state the number of shares voted by him. In any and all matters requiring the vote of the stockholders, the Company’s Corporate Secretary shall be authorized to count the votes to be cast.

UNDERTAKING

THE COMPANY SHALL PROVIDE WITHOUT CHARGE TO ANY STOCKHOLDER SO REQUESTING A COPY OF AGRINURTURE, INC.'S ANNUAL REPORT ON SEC FORM 17-A BUT MAY CHARGE AT COST FOR REPRODUCTIONS OF EXHIBITS REFERRED TO THEREIN.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that theinformation set forth in this report is true, complete and correct. This report is signed in the City of Pasig on September 20, 2023.

By:

ANTONIO L. TIU
CEO/PRESIDENT

PAUL KENNETH B. DAVIS
Corporate Secretary

MANAGEMENT REPORT

a. History and Overview

AgriNurture, Inc. was incorporated and registered with the SEC on February 04, 1997 as Mabuhay 2000 Enterprises, Inc. The operations of the Company were primarily focused on importing, trading, and fabricating post-harvest machineries for Filipino farmers. ANI aimed to help improve productivity of Filipino farmers and grew to be known as one of the reliable manufacturers of conveyor systems and rice mill equipment. ANI was the first to bring into the Philippine market the grain dryers and thereafter established itself as one of the more reliable local supplier and manufacturer of conveyor systems and other rice mill equipment in the Philippines.

The Company eventually expanded into other agro-commercial businesses as it officially amended its primary purposes in 2011. In addition to its equipment manufacturing operations, the Company branched out to producing, distributing, buying, and selling of food and agricultural products at wholesale. These operations are conducted under its subsidiaries, which can be categorized as under Philippine Operations and Foreign Operations.

The Company is vertically integrated with operations spanning from farming to manufacturing and processing, and then distribution. The Company conducts its businesses through operating divisions and wholly owned or majority owned subsidiaries. These activities can be categorized geographically,i.e., within or outside the Philippines. Majority of the operations are done within the Philippines while product trading is the focus of international operations.

The Philippine Operations is organized and managed separately according to the nature of the products and services provided. This includes five (5) business units, with each segment representing a strategic business unit that offers different products in different markets, namely: Farming, Manufacturing, Retail, Local Distribution, and Export.

On the other hand, Foreign Operations is set-up outside the Philippines, namely, in Hong Kong, China, and Australia.

The ANI Group consists of the collective subsidiaries and operational groups classified under Philippine and Foreign Operations.

Philippine Operations

The Company's Philippine business structure is broken down into several business units. Each business unit is operationalized through several direct and indirect subsidiaries. The following companies under each business unit are categorized based on their respective primary activities.

Farming Operations Group

There are two (2) direct and indirect subsidiaries of the Company in the Farming business unit, as follows:

- Best Choice Harvest Agricultural Corporation; and
- Fresh and Green Palawan Agriventures, Inc.

Best Choice Harvest Agricultural Corporation

Best Choice Harvest Agricultural Corporation ("BCH"), a wholly owned subsidiary of ANI, was incorporated on April 27, 2006 organized to conduct farming activities in Central Luzon and across Mindanao.

Fresh and Green Palawan Agriventures, Inc.

Fresh and Green Palawan Agriventures, Inc. ("FGP") was incorporated on September 09, 2008. 51.0% of the outstanding capital stock of FGP is owned by BCH. It is slated to operate farms of the ANI Group with partners in the province of Palawan. FGP is currently non-operational.

Manufacturing and Processing Group

There are two (2) subsidiaries of the Company operating under the Manufacturing and Processing business unit, as follows:

- M2000 IMEX Company, Inc.; and
- Fruitilicious Company, Inc.

The ANI Group's main products, sparkling coconut water and organic coconut water, are top sellers of an American multinational retail corporation that operates a chain of hypermarkets, discount department stores, and grocery stores from the United States during the pandemic. The ANI Group has also started selling new plant-based meat substitute products under the brand name "Fit Bites by Big Chill".

M2000 IMEX Company, Inc.

M2000 IMEX Company, Inc. ("IMEX"), a wholly owned subsidiary of ANI, was incorporated on May 11, 2005. IMEX is engaged in the manufacturing and processing of its own brand of canned beverage products, such as coconut juice, as well as toll-packing services to several foreign companies for frozen fruits, root crops, and leafy vegetables. IMEX's products are principally produced for export, with markets in North America, the Middle East, Asia, Europe, together with the Philippine market.

IMEX successfully entered the US markets through partnerships and collaborations with international companies by penetrating major supermarket chains. IMEX manufactures healthy beverages focusing on coconut water, coconut water-based drinks, and natural fruit juices. In 2018, it launched the organic sparkling coconut water product in a variety of flavors, which were well-received by the international markets.

IMEX expanded its product lines to fruit juices by developing an all-natural fruit nectar drink under the brand, "Big Chill Naturals". IMEX's beverage products are Food and Drug Administration ("FDA") registered, Halal-approved, Kosher, Organic, Non-GMO, ISO 22000, GMP, and Hazard Analysis Critical Control Point ("HACCP") certified.

Fruitilicious Company, Inc.

Fruitilicious Company, Inc., a wholly owned subsidiary of ANI, was incorporated on February 11, 2000. It is a fruit processing facility based in Cagayan de Oro, Philippines, which started in 1993 as Motherland Food Products that was acquired by ANI in 2010. Fruitilicious is engaged in the manufacture of frozen puree of fruits such as mango, nangka(jackfruit), soursop, durian, calamansi, and ube (purple yam). Other product lines include frozen mixes (fruit salad premix, halo-halo premix), buco (coconut) shred, frozen fruit cuts(mango cubes, pineapple tidbits, and papaya cubes), and preserved fruits (mango cubes/bits, nangka bulb/cubes and chopped/cubed ube). Majority of the products are intermediate products mainly for ice cream, fruit juices, fillings for pies and pastries, and other culinary usage like sauces.

Its operations are in Cagayan de Oro, which is centrally located between the fruit bountiful provinces of Bukidnon, Davao, Lanao Del Norte, and Agusan del Sur in Mindanao. Fruitilicious also serves as the ANI 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 the domestic and international markets.

Fruitilicious is HACCP certified, which is evidence of the quality of its supplies and end-products, as well as Halal certified.

Retail and Franchising Group

On August 08, 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 2011.

The ANI Group launched its online e-commerce platform, "ANI Express", during the pandemic. Likewise, it started setting up automated vending machines for beverage products, including canned Big Chill fruit-based juices and Tully's coffee, in key areas in central business districts under the brand name, "ANI Express".

The direct and indirect subsidiaries of the Company under the Retail business unit are:

- The Big Chill, Inc.;
- Heppy Corporation; and
- Goods and Nutrition for All Inc.

The Big Chill, Inc.

The Big Chill, Inc. ("TBC"), a direct 80.0% owned subsidiary of ANI, was incorporated on December 27, 1994. TBC is engaged in the business of the retail sale of 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.

TBC is ANI's food and beverage arm that owns and operates Big Chill, Tully's Coffee, and ANI Express Automated Vending Machines. The Big Chill brand is committed to serving healthy and natural food and beverages.

In addition to TBC's company-owned stores, it has opened its operations for franchising. With the intent to further expand 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. Further, TBC started as a kiosk serving fresh, preservative-free, and made-to-order fruits and vegetable beverages. Its Juice Boost selection of add-ons allow customers to power their drinks with additional benefits.

As of September 30, 2022, there are 28 outlet stores, including both company-owned and franchised, being operated carrying the brands "Big Chill", "Fresh Bar", "Super Fresh", and "Tully's Coffee".

Goods and Nutrition for All, Inc.

Goods and Nutrition for All, Inc. ("GANA") was incorporated on January 06, 2012 and is a wholly owned subsidiary of Lucky Fruit and Vegetable Products, Inc. ("LF"), an ANI subsidiary. Its primary purpose is to engage in manufacturing, importing, bartering, distributing, selling, and otherwise dealing in all kinds of goods, commodities, merchandise, and wares. GANA is currently non-operational.

Heppy Corporation

Heppy Corporation was incorporated on November 24, 2008 and on September 11, 2011, it became a wholly owned subsidiary of TBC. Heppy is primarily engaged in buying, selling, distributing, and marketing of fruit drinks. Heppy is non-operational at present.

Local Distribution Group

The Local Distribution Group is composed of four (4) subsidiaries of ANI acting as the main distribution arms of ANI's agricultural products, utilizing the FCA brand, among others. The Company and its subsidiaries are some of the largest wholesalers of fresh vegetables to leading supermarkets, currently concentrated in Metro Manila. In addition, they supply fresh vegetables to in-house brands of various supermarkets.

The fruits and vegetables are sourced on a nationwide scale from farmers under supply contracts and from buying stations. To boost revenues, the group intends to expand through new and innovative distribution methods, which include the direct selling approach through the Company's own ANI Express portal[2] and through the DA's eKadiwa[3] platform on its website.

The Local Distribution Group continuously undertakes aggressive expansion of its product portfolio that brings healthy products to its consumers. As a result of continuous research and development ("R&D"), the ANI Group started to offer plant-based meat alternatives, branded Fit Bites and dairy free, coconut-based ice cream under the Big Chill brand in 2020.

During the pandemic, the ANI Group nearly doubled the number of outlets it services.

There are four (4) direct and indirect subsidiaries operating to trade agricultural goods, as follows:

- First Class Agriculture Corporation;
- Fresh and Green Harvest Agricultural Corporation;
- Lucky Fruit and Vegetable Products Inc.; and
- Farmville Farming Co., Inc.

First Class Agriculture Corporation

First Class Agriculture Corporation ("FCAC"), a wholly owned subsidiary of ANI, was incorporated on June 11, 2002. FCAC is engaged in the distribution of fruits and vegetables to supermarket chains under the FCA brand. It supplies more than 100 varieties of vegetables and local fruits daily to various supermarket chains in Luzon.

FCAC has a rice mill facility in Arayat, Pampanga that processes grains like rice and corn. It has lines of grains driers and milling equipment that is utilized to process and pack them in 2kg up to 50kg packaging.

It is currently running a program named "BigMa" that is in line with and supports the national food security program. "BigMa" (Bigas-Mais/Rice-Corn Blend), as a staple food, is a healthier alternative product for the Filipino consumers versus consuming pure rice. Apart from its nutritional benefits, such as Vitamin A, E, K, B, Folate, Niacin, and other minerals, it has a lower glycemic index.

In 2016, FCAC ventured into rice importation and was able to participate in the Minimum Access Volume rice importation program of the National Food Authority.

Fresh and Green Harvest Agricultural Corporation

Fresh and Green Harvest Agricultural Corporation ("F&G"), a wholly owned subsidiary of FCAC, was incorporated on June 04, 2004. Like its parent company, F&G was likewise incorporated to distribute fruits and vegetables but is currently non-operational to pave the way to FCAC in ensuring a solid market base before it resumes its operations.

Lucky Fruit and Vegetable Products, Inc.

Lucky Fruit and Vegetable Products Inc., a wholly owned subsidiary of FCAC, was incorporated on May 25, 2005. It is engaged in 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 non-operational but is currently being prepared to reboot operations to include expansion into the Mindanao market, with Cagayan de Oro and Davao as its hubs.

Farmville Farming Co., Inc.

Farmville Farming Co., Inc. ("Farmville") was incorporated on June 02, 2010. It is primarily engaged in the sourcing of fruits and vegetables and trading to in-house brands of various local markets. Currently, ANI owns 51.0% of its outstanding capital of Farmville.

Export Group

The Export Group is being handled directly by the parent company, ANI. The Export Group is in charge of looking for markets abroad as well as sourcing the best quality produce possibleto satisfy its growing number of clients abroad. This group is the top dollar earner among the ANI Group. Its main export products are fresh mangoes, fresh bananas, and coconut water.

The Company is well known internationally due to its quality exports of Carabao Mangoes. ANI sources its fresh mangoes from a network of growers and suppliers that are veteran players in the mango business. The Company ensures that the selected group of partners complies with Good Agricultural Practices (GAP), adheres to the Government prescribed mango production system, and observes the accepted pesticide spraying protocols.

The Company has an established good rapport with its suppliers and offers inputs loan to some of its partner mango contract growers. The Company's meticulous requirements in selecting its network of growers and suppliers ensure that the Company's products will pass stringent export standards and quality requirements.

The Export Group supplies around 75 to 100 forty-foot container load (FCL) containers of bananas weekly to satisfy foreign demand. The prominent variety of banana exported to China and Middle East, is the Cavendish banana. This is the most common variety of bananas sold in the international markets. Cavendish banana plantations in the Philippines are concentrated in the Mindanao area. To satisfy the high demand from aforementioned countries, the Export Group sources its supply from small independent growers to established corporate plantations in said area.

Lastly, canned beverages, with coconut water as one of them, is processed and packed by ANI's subsidiary, IMEX. It is distributed by both the local distribution group and export group and is considered as one of the most exciting products offered by ANI. International clients for coconut water are from the United States, Canada, Australia, New Zealand, and the Middle East.

Foreign Operations

As extension of the exports group of the Company, it has established its own operations in several jurisdictions, namely Hong Kong and China.

ANI's Foreign Operations is composed of several direct and indirect subsidiaries and affiliates, which operate in their respective region or country, as follows:

- Agrinurture HK Holdings, Ltd.;
- Agrinurture International Ltd;
- Joyful Fairy (Fruits) Ltd.;
- Zhongshan Fucang Trading Co., Ltd.;
- Xuzhou Shengmei Real Estate Co., Ltd.;
- Guangzhou Lexian Fruit Industry Co., Ltd. (Lexian);
- Plentex Limited; and
- Plentex Philippines, Inc.

<u>Hong Kong</u>

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

Agrinurture HK Holdings, Ltd.

Agrinurture HK Holdings, Ltd. ("ANI HK Cayman"), a wholly owned subsidiary of ANI, was incorporated in the Cayman Islands on July 27, 2012. It serves as the parent companyof two (2) companies under the Hong Kong operations, namely ANI Int'l HK and Joyful Fairy.

Agrinurture International, Ltd.

Agrinurture International, Ltd. ("ANI Int'l HK"), a 100.0% subsidiary of ANI HK Cayman, was organized on August 08, 2012 in Hong Kong. It is one of the two (2) subsidiaries of ANI HK Cayman. It is primarily engaged in the trading of produce and retail sales of fruit juices in Hong Kong. As of August 31, 2021, ANI Int'l HK has one (1) operating store.

Joyful Fairy (Fruits) Ltd. (a BVI Company)

Joyful Fairy (Fruits) Ltd. (a BVI Company), a 51.0% owned subsidiary of ANI HK Cayman, was incorporated in the British Virgin Islands on August 01, 2012 as the holding company of. Joyful Fairy (Fruits) Ltd. (HK). However, Joyful Fairy divested from Joyful Fairy HK on December 31, 2016.

<u>China</u>

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

Zhongshan Fucang Trading Co., Ltd.

Zhongshan Fucang Trading Co., Ltd. was established on May 31, 2013 in Zhongshan City, China. ANI acquired 49.0% of Fucang in 2016 and further acquired another 2.0% in 2017, making ANI the 51.0% owner of Fucang. Fucang primarily provides international trade services, specifically the importation of rice and fruits from Southeast Asia and the exportation of spices from China to various countries worldwide. Its business activities include, among others, the sale of general merchandise items, industrial investment, business investment and asset management, marketing planning, and business consulting services.

Xuzhou Shengmei Real Estate Co., Ltd.

Xuzhou Shengmei Real Estate Co., Ltd. was established on August 31, 2012 in Xuzhou City,China and is a 90.0% subsidiary of Fucang. Shengmei is engaged in real estate development and management in the Jiangsu province of China.

Guangzhou Lexian Fruit Industry Co., Ltd.

Guangzhou Lexian Fruit Industry Co., Ltd. was organized in Guangzhou City, China on April 29, 2015 and was acquired by Fucang with a 70.0% ownership in 2018. Lexian is engaged in the wholesale trading of fruits and vegetables, furniture, and other merchandise.

Australia

ANI's Australian operations are carried out through the following affiliates:

Plentex Limited

ANI acquired 30,000,000 shares of Plentex, an Australian agribusiness firm primarily engaged in large scale feed manufacturing in Victoria, Australia, supplying premium and aquatic pet food for the Australian and international markets, in exchange for 6,172,800 Common Shares of the Company at ₱18.00 per share. Presently, 10,000,000 Plentex shares have been issued to ANI in exchange for the 2,057,600 ANI shares issued to PPI.

Plentex ventured into the Philippine market in 2013 through its subsidiary, Plentex Philippines, Inc. ("PPI"), which has been developing integrated agribusiness projects in Tacloban, Leyte including a manufacturing plant for local crops and production of feedstock. By 2014, PPI became Plentex's core business and, subsequently, established PPI-affiliated companies, namely, Plentex Realty, Inc. (PRI), Plentex Agri-Milling Corp. (PAMC), and Plentex Aquafarms Corp. (PAC).

ANI will see through Plentex's plans of fully integrating an agri-product plant, aquafeed plant, and fish farming & fish processing facility that addresses substantial local and export opportunities in the Asia Pacific Region.

Some of Plentex's business segments and projects in the pipeline include:

- Rice and cassava process plant in Suhi, Tacloban City;
- Rice milling and rice trading operations;
- Coconut processing facilities in Suhi, Tacloban City; and
- Aquaculture business and fish production in Western Samar.

Plentex is an Australian unlisted public company.

Ongoing Acquisitions

Australia

On October 25, 2018, the Company's Board of Directors authorized the expansion of business operations in Australia through the acquisition of existing companies. As of September 15,2023, ANI has fully acquired Freshness First Pty., Ltd., an Australian company primarily engaged in trading fresh and processed fruits and vegetables in Queensland, Australia, with possible export trading growth in other territories such as Singapore, Hong Kong, Macau, and Mainland China.

The description of this entity is presented below.

Freshness First Pty Ltd

Freshness First is a company incorporated under the laws of Queensland, Australia on July 02, 2012. The Company is primarily engaged in the trading of fresh and processed fruitsand vegetables in Queensland, Australia and nearby New South Wales clients. There is a high probability of doing export trade in other territories such as Singapore, Hong Kong, Macau, and Mainland China.

At present, Freshness First operations are conducted by its 100.0% owned and controlled subsidiaries, namely: (a) BSK Pty Ltd doing business under the brand “Field Cuisine”; and (b) Michsul Pty Ltd (“Michsul”) doing business under the brand “Bou Samra Fruits & Vegetables”.

Freshness First is eyeing a roll up with two (2) or more larger players with existing processing capacity to create synergies and develop value added processing ability for thewhole and processed fruit and vegetables market in Queensland. The consolidation wouldresult to a market leader delivering whole and processed fruit and vegetables to the wholesale and commercial market sectors across South East Queensland and creating a true alternative to supply corporate customers for “Bulk” processed products.

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

***a.* Management’s Discussion and Analysis of Financial Condition and Result of Operations Overview**

ANI started as a simple manufacturing and trading company of post-harvest facilities. In 2001, ANI shifted its business to exporting fresh fruits and processed juices. Through hard work and strict adherence to quality service and products, ANI was recognized by PhilExport as one of the Top 50 Exporters of the Philippines.

In 2007, ANI acquired ownership of FCA, one of the country’s leading vegetable distributor. ANI likewise started an aggressive investment program in farming through its subsidiary, BCH. These acquisitions and aggressive investments were in line with ANI’s vision of establishing a strong farm- to-plate platform.

In 2011, the Company executed an Investment Agreement with Black River and Earthright Holdings, Inc. As discussed above, the investment contemplated under the Investment Agreement resulted in the infusion of fresh capital in the aggregate amount of US$30,450,000 into the Company which is necessary in order to fund its local and global expansion.

In 2013, The Company executed (i) a Note Subscription Agreement and (ii) a Promissory Note in favor of Black River (the “Note”) for the principal amount of Three Hundred Thirty Five Million Pesos (₱335,000,000) with interest at the rate of three per cent (3%) per annum and term of three (3) years from issue date, subject to the Conversion Option and Redemption Option provided in the Note.

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 with the National Food Authority.

In 2019, ANI increased its export of fruits in China. On going negotiations are being undertaken to enter into Joint Venture with Government Agencies and other private entities to include other agricultural products in its portfolio to further its “farm-to-plate” vision.

Thus, ANI’s financial condition and results of operations as reported in the audited financial statements should be taken into context with the Company's aggressive forward and backward integration that started in 2007.

Summary Financial Information

Financial Statement Accounts	AUDITED		
	As of 31 Dec. 2020	As of 31 Dec. 2021	As of 31 Dec. 2022
Net Sales	4,408,748,982	4,549,288,378	3,836,827,479
Gross Profit	511,739,210	493,869,121	408,981,986
Operating (Loss) Income	66,610,155	128,519,499	57,277,495
Net (Loss) Income after Income Tax	16,563,014	1,057,861,300	2,500,323
Balance Sheet Accounts			
Total Current Assets	2,398,159,236	2,883,483,421	2,823,165,705
Total Current Liabilities	1,401,700,534	1,708,914,608	1,602,010,967
Total Liabilities	1,534,937,930	1,788,486,730	1,656,004,426
Total Stockholder's Equity	2,828,140,123	4,148,134,817	4,205,100,391
Total Liabilities and Stockholders' Equity	4,363,078,053	5,936,621,547	5,861,104,817

Factors Affecting Results of Operations

Demand and Pricing

The demand for ANI's products may be affected by fluctuations in prices, as determined by seasonality, weather, quality and farm productivity. While the Company deals in widely consumed agricultural products, especially fruits and vegetables, it may be argued that a large portion of these products represent discretionary purchases, demand for which is influenced by price movements.

The factors that affect domestic demand may likewise affect export demand. Moreover, export markets tend to be stricter with regards to product quality, and any negative quality issues may mean serious sanctions being imposed on the seller. The Company has normally been able to pass all quality standards in its major export markets, but there is no assurance that this performance can be sustainedin the future.

Price fluctuations may affect the Company's net margins. Normally most of the Company's costs are variable, with fixed costs comprising mainly of salaries and production and logistics assets. Severe reductions in overall prices may therefore adversely affect the Company's net income margins.

Changes in Consumer Tastes and Preferences

Consumer preferences may change due to a number of factors, including changes in economic conditions and income levels, shifts in demographic and social trends, changes in lifestyle, regulatory actions and negative publicity regarding product quality, any of which may affect consumers' perception of and willingness to purchase the Company's products.

Advertising and Promotions

The Company has relied on billboard, radio, participation in sport league, non-traditional ads, print and television (a cooking show) advertising to push its "Fresh Choice Always" brand. Advertising and promotions are factors for consumer buying choices. Advertising affects consumer awareness of the Company's products by distinguishing it from other fresh produce, some of which are sold unbranded. Sales volumes and revenues may therefore be positively affected by the effectivity of the Company's branding and advertising campaigns.

Competition

The Company faces competition from other domestic producers, which sells both its own brand and foreign brands.

Taxes and Regulatory Environment

The Company's operations are subject to various taxes, most of the revenues which are export and agri-related is VAT free but are subject to income tax. In 2006, the Government increased the VAT rate from 10% to 12%. In 2009, Corporate Income Tax is reduced to 30% from 32% the previous year. In general, the Company attempts to pass higher taxes to its consumers by raising the prices of its products in theevent there is any additional tax to be announced, although the timing and size of such price rises canbe influenced by factors such as inflation and other economic conditions in the Philippines. Price changes the Company makes in reaction to changes in tax rates could affect the demand for the Company's products as well as the Company's profit margins, product pricing and net income.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's audited financial statements requires the Company's management to make estimates and assumptions that affect the amounts reported in the Company's financial statements and the related notes. Actual results may differ from those estimates and assumptions. The Company has identified the following accounting policies as critical to an understanding of its financial condition and results of operations, as the application of these policies requires significant management assumptions and estimates that could result in the reporting of materially different amounts if different assumptions or estimates are used.

Nevertheless, there has been no disagreement between the Company and its current and previous accountants and auditors regarding Accounting and Financial Disclosure matters that resulted in the latter resigning, being dismissed, or otherwise ceasing to perform services for the Company.

EXTERNAL AUDITORS

The Company retained RS Bernaldo & Associates as its external auditors for 2022, for an agreed fee of Php2,000,000.

DESCRIPTION OF REVENUE AND COST ITEMS

The following table presents the Company's net sales for the periods indicated:

Table 1: Net Sales

	2020	2021	2022
	P	P	P
Philippines	**2,090,767,086**	**2,081,171,395**	**1,657,533,584**
Hong Kong/China	**2,317,981,896**	**2,468,116,983**	**2,179,293,895**
Total	**4,408,748,982**	**4,549,288,378**	**3,836,827,479**

Year ended December 31, 2022 versus December 31, 2021

Results of Operations

Net Sales

ANI Group sustained a consolidated sale of goods and services at Php3.83 billion for the year ended December 31, 2022 compared to Php 4.55 billion for same period last year. For the year ended December 31, 2022, Philippine operations contributed 43% while sales from foreign operations accounted for 57% of consolidated sales. Sale of goods and services by business segment follows:

- Export sales posted a decrease of 17.06% for the year or Php 1.29 billion in 2022 from Php 1.55 billion in 2021, primarily due to global logisitics issues and lower supply of produce brought about by the Covid-19 pandemic.

- Domestic distribution sales posted a decrease of 38.72% to Php 311.40 million in 2022 from 508.14 million in 2021 mainly due to the decrease sales of rice.

- Retail and franchising sales registered an increased of 167.89% to Php60 million in 2022 from Php 22.40 million in 2021, primarily due to opening of stores located in major malls.

Combined Foreign trading operations posted a decrease of 11.70% to Php2.18 billion in 2022 from Php2.47 billion in 2021, due to decrease in sales both of residential and commercial units and merchandising since the lockdown in China started broughtabout by the COVID-19.

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, 2022, ANI Group's cost of sales and services decline to Php 3.43 billion or 15.47% from Php 4.06 billion for the year 2021 in line with the decrease in sales during the period.

Gross Profit

Consolidated gross profit down by Php 84.89 million or 17.19% for the year ended December 31, 2022. The gross profit down from Php 493.87million in 2021 to Php408.98million in 2022.

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 2022 amounted to Php 351.76 million down from Php 365.35 million in 2021 due to effective efforts of management in cost reduction .

Other Income (Charges)

Other income-net in 2022 amounted to Php46.93 million and Php966.14 other charges-net in 2021. There was no recognition of gain on revaluation of investment property during the year.

Finance Costs

Finance Costs for the years 2022 and 2021 are Php58 million and Php 42 million, respectively.

Net Income

Net income for fiscal year 2022 amounted to Php2.5million of which Php-10.56 million loss is attributable to equity holders of the parent while Php 13 million is attributable to non-controlling interest.

Financial Condition

Assets

ANI Group's consolidated total assets as of December 31, 2022 amounted to Php5.86 billion, a decrease of 1.27% from Php 5.94 billion as at December 31, 2021. The following explain the significant movements in the asset accounts:

- The Group's cash balance increased by Php18.58 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 decreased by Php 72 million mainly due to collection efforts made during the year.
- Advances to a stockholder has a significant decrease from Php275.73 million in 2021 to Php 255.68 million in 2022. All advances will be collected and liquidated by the stockholder.
- Inventories increased from year end 2021 balance of Php 1.32 billion to Php1.37 billion in 2022 to increase the Group's inventory stock level due to limited mobility during pandemic.

- Property and equipment and intangible assets decreased by Php9.82 million due to recognition of depreciation.

Liabilities

Consolidated liabilities amounted to Php1.66 billion as of December 31, 2022.

Total current liabilities decreased to Php1.60 billion in 2022 from Php 1.71 billion during the year. Total non-

current liabilities decreased to Php 23.99 million due to payment of loans during the year.

Equity

Consolidated stockholders' equity as of December 31, 2022 increased to Php 4.21 billion mainly due to improve in net operating performances of the subsidiaries.

Liquidity and Capital Resources

Net cash flows provided by operating activities for the year 2022 was Php120 million.

Net cash flow provided by investing activities is Php37.38 million mainly due to advances to its related parties and stockholder.

Net cash flows used in financing activities is Php144.35 million.

ANI Group's revenue for June 30, 2023 and 2022 by each of the principal business segments are as follows:

REVENUE

(Philippine Peso)	June 30, 2023	June 30, 2022
Philippine Operations		
Export	555,456,973	₱ 782,879,788
Local Distribution and Others	203,304,796	133,066,845
Retail & Franchising	38,204,270	22,853,082
Subtotal	**₱ 796,966,040**	**₱ 938,799,715**
Foreign Operation		
China	1,088,277,631	1,019,382,231
Total	**₱ 1,885,243,671**	**₱ 1,958,181,946**

Results of Operations

Six Months ended June 30, 2023 versus June 30, 2022

Net Sales

The ANI Group generated a consolidated sale of goods and services of Php 1.89 billion for the six months ended June 30, 2023, almost the same as for the same period last year. For the first six months of 2023, Philippine operations contributed 42% while sales from Foreign operations accounted for 58% of consolidated sales. Sale of goods and services by business segment are as follows:

- Export of bananas and various goods decreases which resulted to the Group's export sales to Php555.46 million, a 29% lower compared to the same period in 2022. The decrease is brought about by the drop of demand in China and competition from other Southeast Asian suppliers.

- Revenue from local distribution posted an increase of 53% to Php 203.30 million for the first six months ended June 30, 2023 from Php 133.07 million for the same period in 2022. Sales increase significantly due to increase in number of outlets opened, higher pricing and stronger demand for rice and fresh produce.

- Retail and franchising sales registered an increase of 67.17% amounting to Php 38.20 million for the second quarter of 2023 from Php22.85 million for same period in 2022 due to opening of new company-owned and franchise stores during the quarter.

- Foreign trading operations posted a 7% increase in sales in the second quarter of 2023 from 1.02 billion in 2022 to Php 1.09 billion in 2023.

Cost of Sales

Cost of sales consists of:

- Cost of purchasing fruits and vegetables and raw materials from growers and othertraders and suppliers including freight in charges;
- Cost of real estate includes development cost for all properties to be sold, includingshops, office buildings and hotels located in China
- Personnel expenses, which include salary and wages, employee benefits and retirementcosts 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 six months ended June 30, 2023, ANI Group's cost of sales amounted to Php1.67 billion decreases by 2% from Php1.69 million for the same period in 2022, due to the decreasein purchase cost during the quarter.

Gross Profit

Consolidated gross profit down by Php 49.55 million or 18% from Php 272.449 million to Php 222.94 million for the six months ended June 30, 2023 for same period last year. The decrease was due to significant decrease in revenue from export operation.

Operating Expenses

The Group'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
- Rental
- Depreciation and amortization
- Freight out and handling cost

Consolidated operating expenses for the second quarter of 2023 amounted to Php 192.06 million increased from Php 181.25 million for the same period last year, this is due to increase in personnel cost and taxes.

Finance Costs

Finance Costs for the second quarter of 2023 amounted to P24.36 million compared to P25.54 million for the previous year.

Net Profit

Consolidated net profit down by Php 56.33 million or 86% from Php 65.55 million to Php 9.21million for the six months ended June 30, 2023 for same period last year. The decrease was due to increase in expenses and change in fair value of biological assets.

<u>Financial Condition</u>

Assets

ANI Group's consolidated total assets as of June 30, 2023 amounted to P5.27 billion a slight decrease of 1.71% from P 5.86 billion at December 31, 2022. The following explain the movements in the asset accounts:

- The Group's cash balance decreased by P45.30 million from ₱ 98.77 million in 2022 to ₱53.47 million in 2023 primarily due to payment of loans and due to related parties.
- Receivables decreased by ₱2.92million during the quarter from ₱669.84 million in 2022 to P666.92 million in 2023.
- Advances to related parties decreased by P359.05 million in 2023 from P508.97 to P149.92million due to liquidation and collections during the quarter.
- Inventory balance decreases from ₱1.37 billion to ₱1.28 billion in 2023.
- Deposits for future investments include deposits made by Fucang to acquire 60% ownership of the subscriptions to Guangzhou Tianchen Real Estate Development Co., Ltd and 30% of Lushan Supply Chain Management (Shanghai) Co., Ltd., a company engagedin banana trading in China.
- Property, plant and equipment including intangibles, investment property and right-of- use assets decreased from ₱2.02 billion in December 31, 2022 to ₱1.96 billion in June 30, 2023 due to amortization and disposal during the period.

Liabilities
Consolidated liabilities amounted to 1.6 billion as of June 30 , 2023.

Total current liabilities amounted to P1.5 billion compared to P1.6 billion as of June 30, 2023 and December 31, 2022 respectively. The decrease is mainly due to continuous reduction of short term loans.

Equity

Consolidated stockholders' equity amounted to P3.71 billion as of June 30, 2023. The increased is due to foreign currency translation and improvements on operations during the period.

Liquidity and Capital Resources

Net cash provided by operating activities for the first six months of 2023 was 144.17million

Net cash flow used by investing activities is P105 million during the period.

Net cash used in financing activities is P84.48 million which is due to payments of loans, and advances from related parties during the period.

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 operationsaccounted 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 logisitics issues and lower supply of produce broughtabout 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 freshfruits 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 stiil due to lockdowns in Metro Manila and nearbyprovinces 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 2021from 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 waslifted by the Chinese government.

Cost of sales consists of:

Cost of purchasing fruits and vegetables and raw materials from growers and other traders andsuppliers including freight in charges;
Cost of real estate includes development cost for all properties to be sold, including shops, officebuildings and hotels located in China.
Personnel expenses, which include salary and wages, employee benefits and retirement costs foremployees involved in the production process;
Repairs/maintenance costs, depreciation costs relating to production equipment, vehicles, facilitiesand 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 4.06billion 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 445.13million in 2020 due to recognition of impairment loss on receivables in 2020.

Other Income (Charges)

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 increaseof 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 2021to 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.

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.
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 endedDecember 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 1.91billion 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 deliversfresh 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 Manilaand nearby provinces wherein malls, where most of the stores are located, were not allowedto 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 Chinabrought about by the pandemic.

Cost of sales consists of:

Cost of purchasing fruits and vegetables and raw materials from growers and other traders andsuppliers including freight in charges;

Cost of real estate includes development cost for all properties to be sold, including shops, officebuildings and hotels located in China.

Personnel expenses, which include salary and wages, employee benefits and retirement costs foremployees 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-controllinginterest.

Financial Condition

Assets

ANI Group's consolidated total assets as of December 31, 2020 amounted to Php4.37 billion, a decrease of .0.52% 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 loansand 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 in2020 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 tovarious 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.

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.

	Year ended December 31,		
	2022	**2021**	**2020**
Liquidity:			
Current ratio	**1.76**	**1.69**	**1.71**
Quick ratio	**0.80**	**0.80**	**0.83**
Solvency:			
Debt-to- equity ratio	**0.39**	**0.43**	**0.54**
Asset-to- equity ratio	**1.39**	**1.43**	**1.54**
Interest rate coverage ratio	**0.19**	**24.01**	**1.27**
Profitability:			
Return on assets	**0.004**	**0.18**	**0.004**
Return on equity	**0.001**	**0.26**	**0.01**

Amendments and Improvements in Accounting Standards

The accounting policies adopted by the Group are consistent with those of the previous financial years except for the following applicable amended accounting standards that became effectivein the current year. Unless otherwise indicated, the following amended PAS and PFRS that became effective in 2020 did not have any significant impact on the Group's financial statements or are not applicable to the Group.

- Amendments to PFRS 3, *Definition of a Business*
  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRS and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

  The amendments clarify when information is material and incorporate someof the guidance in PAS 1 about immaterial information. In particular, the amendments clarify:
  - that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
  - the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of financial information they need.

- Amendments to PFRS 16, *COVID-19 Related Rent Concessions*
  As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. An amendment to PFRS 16, *Leases* provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the periodin which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to whichit has been applied, as well as the amount recognized in profit or loss arisingfrom the rent concessions.

On adoption of PFRS 16 amendments, the Group applied practical expedients to all its qualifying rent concessions. Three lessors granted a rental discount in 2020 which was recognized as a gain in the consolidated profit or loss. Gain on foregone leases amounted to ₱1,870,017 in 2020 (see Note 26).

- Revised Conceptual Framework for Financial Reporting
  The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality,

  (b) defining a reporting entity, which may be a legal entity, or a portion of an entity, **(c)**revising the definitions of an asset and a liability, **(d)** removing the probability threshold for recognition and adding guidance on derecognition, **(e)** adding guidance on different measurement basis, and**, (f)** stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in OCI should be recycled where this enhances the relevance or faithful representation of the financial statements.

<u>New and Amended Standards and Interpretations Issued but not yet Effective</u> Standards, amendments and interpretations issued but not yet effective up to the date of the Group's financial statements are listed below. Unless otherwiseindicated, the Group does not expect that the adoption of these new and amendedPFRS and Philippine Interpretations to have significant impact on its financial statements. The Group intends to adopt the following pronouncements when they

become effective.

<u>Effective in 2021</u>

- PFRS 17, *Insurance Contracts*
  This standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

  This standard is currently not applicable to the Group as it has no insurancecontracts.

<u>Effective in 2022</u>

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
  The amendments update the standard so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. The amendments also add 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 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

- Amendments to PAS 16, *Property, Plant and Equipment – Proceeds before Intended Use* The amendments modify the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead,
  an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- 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, example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

Annual Improvements to PFRS Standards 2018-2020 Cycle

- Amendments to PFRS 1, *Subsidiary as a first-time adopter*
  The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by its parent, based on the parent'sdate of transition to PFRSs.

  The amendments have no significant impact on the Group's financial statements.

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

  The amendments have no significant impact on the Group's financial statements.

- Amendments to PFRS 16, *Lease Incentives*
  The amendments remove from the illustrative example 13 accompanying PFRS 16 the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatmentof lease incentives that might arise because of how lease incentives are illustrated in that example.

  The amendments have no significant impact on the Group's financial statements.

- 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 have no significant impact on the Group's financial statements.

Effective in 2023

- Amendments to PFRS 1, *Classification of Liabilities as Current or Noncurrent*
  The amendments clarify that the classification of liabilities as current or noncurrent 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. The amendments also 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.

- PFRS 17, *Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. This will replace PFRS 4, Insurance Contracts and will to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type ofentities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplementedby:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  This standard is not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

Deferred Effectivity

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the saleor contribution of assets between an investor and its associate or joint venture. The amendments require that full gain or loss is recognized when a transaction involves a business (whether it is a housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- Philippine Interpretations Committee Q&A 2018–12, *PFRS 15 Implementation Issues Affecting the Real Estate Industry* (as amended by PIC Q&As 2020-02 and 2020-04) The SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. Thesedeferrals are:
  - Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)
  - Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E

- Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)
- Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include: a) the accounting policies applied; b) discussion of the deferral of the subject implementation issues in the PIC Q&A; c) qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted; and d) should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

The Group availed of the deferral of adoption of the above specific provisions of PIC Q&As. Had these provisions been adopted, the exclusion of land and uninstalled materials in the determination of POC would reduce the percentage of completion of real estate projects resulting in a decrease in retained earnings as at January 1, 2018 as well as a decrease in the revenue

from real estate sales in 2018. This would result to the land portion of sold inventories together with connection fees, to be treated as contract fulfillment asset.

The Group will continue to assess the relevance and impact of the above standards, amendments and improvements to standards, and interpretations. The revised disclosures on the financial statements required by the above standards and interpretations will be included in the Group's financial statements when these are adopted.

*a. Market Price of and Dividends on **Registrant's** Common Equity and Related Stockholder Matters*

a.1. Market Information

The Company's 1,024,446,888 issued and outstanding common shares, 720,000,066 are listed and traded principally on the Second Board of the Philippine Stock Exchange (PSE).

Pursuant to its intention to be de-listed from the National Stock Exchange of Australia (NSX), the Company was voluntarily de-listed from the NSX on 30 June 2011.

The following table presents the summary of the high and low closing trading prices of the Company's Common Shares as reported on the PSE in each of the quarterly periods from 2019 to 2022.

Table 1: Market Price of ANI's Shares on the PSE

	2019		2020		2021		2022	
	High	**High**	**High**	**Low**	**High**	**Low**	**High**	**Low**
Q1	17.06	17.06	6.60	6.20	7.98	6.77	5.35	5.14
Q2	16.80	16.80	7.53	7.32	7.16	6.16	4.88	4.41
Q3	16.20	16.20	7.95	7.80	6.33	4.96	5.84	5.55
Q4	16.02	16.02	8.09	7.81	5.10	3.98	7.15	6.85

As of August 31, 2023, the shares of the Company are being traded on the PSE at a price of [₱3.5]per share.

a.2.Holders

As of 31 August 2023, the Company has a total outstanding common stock of 1,024,446,888 common shares held by 41 individual and corporate stockholders on record.

Based on the Company's stock and transfer agent, the top twenty (20) stockholders of the Company on record as of 31 August 2023 are as follows:

Name	No. of shares Subscribed	% Ownership
PCD Nominee Corp. [Filipino]	304,435,160	29.72%
Earthright Holdings, Inc.	250,000,000	24.40%
PCD Nominee Corp. [Non-Filipino]	297,582,836	29.05%
Greenergy Holdings Inc.	116,296,246	11.35%
A.R.C. Estate of and Project Corp.	29,653,350	2.89%
PPARR Management & Holdings Corp	18,620,670	1.82%
Plentex Philippines, Inc.	6,172,800	0.60%
Chung Ming Yang	1,566,200	0.15%
Gerardo L. Dean	62,700	0.01%
Antonio L. Tiu	24,998	0.00%
Jose Mariano Crisostomo	16,000	0.00%
Jose A. Ferriols and/or Eduardo A. Ferriols	5,000	0.00%
Nieves Q. Lim and/or Alexander D. Lim	2,640	0.00%
James David Sayre	1,200	0.00%
Maricel C. Lacson	1,200	0.00%
Tai-Chuan Lin	1,199	0.00%
Bartholomew Dy Buncio Young	1,000	0.00%
Julius Victor Emmanuel De Jesus Sanvictores	1,000	0.00%
Kenneth Sabino Tan	1,000	0.00%
Charlie Y. Busmeon	800	0.00%
Others	889	0.00%
Total Top 20 Shareholders	**1,024,446,888**	100.00%

The following stockholders own more than 5% of the outstanding capital stock under the PCD Nominee Corp. as of 31 August 2023:

EAGLE EQUITIES, INC.	210,465,277	20.0%
MAYBANK SECURITIES, INC.	87,611,106	8.5%
AP SECURITIES INCORPORATED	82,523,303	8.0%

Title of Class	Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Number of Shares Held	Percent of Class
Common	*PCD Nominee Corp. (Filipino) G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City	PCD Nominee Corp.	304,435,160	29.72%
Common	*PCD Nominee Corp. (Foreign) G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City	PCD Nominee Corp.	297,582,836	29.05%
Common	Earthright Holdings, Inc. Unit 3C, Valuepoint Executive Building, 227 Salcedo St. Legazpi Village, Makati City	Earthright Holdings, Inc.	250,000,000	24.4%
Common	Greenergy Holdings Inc. 54 National Road, Dampol II-A, Pulilan, Bulacan	Greenergy Holdings Inc.	116,296,246	11.35%
	Total		**968,314,242**	**94.52%**

The shareholdings of all the stockholders do not relate to an acquisition, business combination or other reorganization.

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*PCD Nominee Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial ownersof 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.

a.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 corporationthat 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 share 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.

a.4. Discussion on Compliance with Leading Practice on 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", as amended in 2020), the Company shall establish an evaluationsystem 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 the Audit Committee shall regularly meet to discuss and evaluate the financial statements before submission to the Board of Directors. The Audit Committee shall review results of the 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 Manua

To date, there has been no deviation from the Company's Manual.

Representatives of the Company's principal accountants for the current year and for the most recently completed fiscal year were invited to the Annual Shareholders' Meeting and will be given the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Mergers, Consolidations, Acquisitions and Similar Matters

At present, ANI has no definitive plans involving the following:

a. the merger or consolidation into or with any other person or of any other personinto or with the Company;

b. the acquisition by the Company or any of its security holders of securities of another person;

   The Board of Directors on 24 February 2020 approved the authority of the Company to subscribe to shares of Binangonan Rural Bank, Inc. (BRB). The subscription is in line with the inclusive growth being envisioned by ANI thru the establishment of an agricultural ecosystem. BRB has licensed Financial Technology Platforms that can improve the access of Filipino farmers especially those in the remote areas, to the Agri Agra Micro Financing.

c. the acquisition by the Company of any other going business or of the assets thereof;

   The Board of Directors of the Company on 20 December 2019 approved the authority to negotiate and acquire interests in Nutriceutical Food Corporation ("Nutriceutical").

   Nutriceutical is a corporation engaged in the Manufacturing, Marketing, Distribution, Import and Export of Organic foods, drinks and other natural commodities, and has a wide market in China. An investment in Nutriceutical will help boost the Corporation's market for Organic Coconut Products in China.

d. the sale or other transfer of all or any substantial part of the assets of the Company;or

e. the liquidation or dissolution of the registrant.

Acquisition or Disposition of Property

The Board of Directors on 20 December 2020 approved the authority to sell its interest in First ClassAgriculture Corporation ("FCAC"). FCAC is a wholly owned subsidiary of ANI.

Restatement of Accounts

There are no matters or actions to be taken up in the meeting with respect to Restatement of Accounts.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO ALL STOCKHOLDERS:

NOTICE is hereby given that the annual Meeting of Stockholders of AGRINURTURE, INC.(the "Corporation") will be held on **26 October 2023,** at **10:30 AM,** at its principal office located at No. 54 National Road, Dampol II-A, Pulilan, Bulacan.

The agenda for the said meeting shall be as follows:

1. Call to Order
2. Proof of Notice
3. Determination of Quorum
4. Approval of the Minutes of the Annual Meeting held on 25 November 2022.
5. Management Report
6. Approval of the Annual Report and Audited Financial Statements for the year 2022 and Ratification of Actions taken by the Board of Directors and Officers since the last meeting held on 25 November 2022
7. Nomination and Election of Directors
8. Appointment of External Auditor
9. Other matters.
10. Adjournment

The Organizational Meeting of the new Board of Directors will be held immediately after the Annual Stockholders' Meeting.

By resolution of the Board of Directors, the close of business on **28 September 2023** has been fixed as the **record date** for the determination of the stockholders entitled to notice of such meeting and any adjournment thereof, and to attend and vote thereat.

All the stockholders who will not, are unable to, or do not expect to, attend the meeting in person are urged to fill in, date, sign, and return the enclosed proxy to the Corporation at its principal office at 54 National Road, Dampol II-A, Pulilan, Bulacan. The proxy need not be astockholder. A stockholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and must specify the proportion of votes each proxy is appointed to exercise. All proxies must be received on or before **24 October 2023.** Proxies received after the said deadline will not be recorded. Corporate stockholders are requested to attach to the proxy instrument their respective Secretary's Certificate containing the Board Resolution vis-a-vis the authority of the proxy(ies). Validation of proxy(ies) shall be held on **25 October 2023** at **2:00 PM** at the Company's principal office.

Management is not asking you for a proxy nor is it requesting you to send a proxy in its favor.

For convenience in registering your attendance during the meeting, please bring along a government-issued identification card containing your picture and signature. Registration shall start at 9:00AM.

Pursuant to Securities and Exchange Commission Notice dated 16 March 2021, electronic copies of the Corporation's Information Statement (SEC Form 20-IS), Notice and Agenda, Proxy Form, 2022 Annual Report (SEC Form 17-A), 2022 Sustainability Report, Audited Financial Statements for the year ended 31 December 2022, Quarterly Report for the period 30 June 2023 (SEC Form 17-Q), and other pertinent documents related to the AnnualStockholders' Meeting may be viewed and/or downloaded from the Company's website at www.ani.com.ph and/or at the PSE Edge portal at http://edge.pse.com.ph/.

Very truly yours,

PAUL KENNETH B. DAVIS
Corporate Secretary

(PROXY FORM)

WE ARE <u>NOT</u> SOLICITING YOUR PROXY. HOWEVER, IF YOU WOULD BE UNABLE TO ATTEND THE MEETING BUT WOULD LIKE TO BE REPRESENTED THEREAT, YOU MAY ACCOMPLISH THE PROXY FORM HEREIN AND SUBMIT THE SAME TO THE OFFICE OF THE CORPORATE SECRETARY of AGRINURTURE, INC. AT NO. 54 NATIONAL ROAD, DAMPOL II-A, PULILAN, BULACAN, PHILIPPINES. ALL PROXIES SHOULD BE RECEIVED ON OR BEFORE 19 October 2023 AT THE OFFICE OF THE CORPORATE SECRETARY. FOR PARTNERSHIPS, CORPORATIONS, AND ASSOCIATIONS, THE PROXIES SHOULD BE ACCOMPANIED BY A SECRETARY'S CERTIFICATE ON THE APPOINTMENT OR DESIGNATION OF THE PROXY/REPRESENTATIVE AND AUTHORIZED SIGNATORIES.

PROXY

I/WE hereby name and appoint ____ or in his/her absence, the Chairman of the meeting, as my/our proxy at the Annual Stockholders' Meeting of Agrinurture, Inc. to be held at No. 54 National Road, Dampol II-A, Pulilan, Bulacan, Philippines on 26 October 2023, at 10:30 AM, and at any postponement or adjournment thereof.

Place/Date Prepared : ________________________________

Name of Stockholder : ________________________________

Signature (authorized rep) : ________________________________

Number of Shares : ________________________________

Witness : ________________________________

Attachment : ________________________________

CERTIFICATION

I, **PAUL KENNETH B. DAVIS**, of legal age, with office address at the Unit 112 Cedar Mansion II, #7 Escriva Drive, Ortigas Center. Barangay San Antonio, Pasig City, hereby certify that:

1. I am the duly appointed Corporate Secretary of **AGRINURTURE INC.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 54 National Road, Dampol II-A, Pulilan, Bulacan.

2. Based on corporate records, I certify that none of the members of the Board Directors, including the independent directors and officers of the Corporation, are appointed/employees in any government agency as of the date of this certification, except for Mr. Senen L. Matoto, who was appointed as an Independent Director representing the Private Sector of the Philippine Guarantee Corporation.

3. Further, based on corporate records, none of the nominees to the Board of Directors in the 2022 Annual Stockholders' Meeting, including the independent directors and officers of the Corporation, are appointed to or are employees in any government agency as of the date of this certification, except for Mr. Senen L. Matoto, who was appointed as an Independent Director representing the Private Sector of the Philippine Guarantee Corporation.

4. I am issuing this certification in compliance with the directive of the Markets and Securities Regulation Department of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto set my hand this SEP 20 2023 in ~~Pasig City~~ QUEZON CITY.

PAUL KENNETH B. DAVIS
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me this SEP 20 2023 day of __________ at QUEZON CITY affiant exhibiting to me his Driver's License Numbered N11-74-015565 with expiration date on 2032/04/20.

Doc. No. 146;
Page No. 30;
Book No. LXXII
Series of 2023.

ATTY. ELISEO S. C[illegible]MA, JR.
Notary Public for Q.C. /Until Dec. 31, 2024
Roll No. 50183
PTR No. 4007172D/Jan. 03, 2023/Q.C.
IBP No. 257225, Jan. 01, 2023
MCLE Comp. No. VII-0006924(09/21/2021-04/14/2025)
Adm. Matter No. NP-062(2022-2023)
20 Kamagong St., Sapamanai Vill. East Fairview Q.C.
TIN: 138-541-197-000

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOSE SANTIAGO EJERCITO,** Filipino, of legal age and with address at Unit 47B The Infinity Towers, 25th Street, BGC, Taguig City after having been duly sworn to in accordance with law, depose and state that:

1. I am a nominee for independent director of AgriNurture, Inc. (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 54 National Road, Dampol II-A, Pulilan, Bulacan.

2. I was affiliated with the following companies and organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Scanasia Overseas Inc-	President	2016-2021
Unilever Korea	Managing Director	March 1 2008 – May 31, 2011
European Union Chamber of Commerce Korea	Member	2008-2011
Unilever Philippines	Sales Director and Member of Board of Directors	1999 -2008
Efficient Consumer Response (ECR), Philippines	Elected Co-chair	1999-2001
Unilever China	National Sales Operations Controller	Oct 1 1993 – Dec 31, 1996

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AgriNurture, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. To the best of my knowledge, I am not related in any capacity or degree to any director, officer, or substantial shareholder of the Corporation, any of its related companies, or any of its substantial shareholders.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service nor affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its

Implementing Rules and Regulations, the Revised Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have hereunto set my hand this SEP 20 2023 at QUEZON CITY.

JOSE SANTIAGO EJERCITO

SUBSCRIBED AND SWORN to before me this SEP 20 2023 in QUEZON CITY affiant exhibiting to me his competent evidence of identity in the form of Driver License No. N06-78-027265 valid until March 14, 2023.

Doc. No. 147;
Page No. 710;
Book No. LXXII;
Series of 2023

ATTY. ELISEO S. PALMA, JR.
Notary Public for Q.C. /Until Dec. 31, 2024
Roll No. 50183
PTR No. 4007172D/Jan. 03, 2023/Q.C.
IBP No. 257225, Jan. 01, 2023
MCLE Comp. No. VII-0006924(09/21/2021-04/14/2025)
Adm. Matter No. NP-062(2022-2023)
20 Kamagong St., Sapamanai Vill. East Fairview Q.C.
TIN: 138-541-197-000

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOSE ANTONIO SERMONIA VILAR,** Filipino, of legal age and with address at 154 L. P. Leviste, Salcedo Village, Makati after having been duly sworn to in accordance with law, depose and state that:

1. I am a nominee for independent director of AgriNurture, Inc. (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 54 National Road, Dampol II-A, Pulilan, Bulacan, and have been its independent director since 23 June 2017.

2. I am affiliated with the following companies and organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Armscor Global Defense, Inc.	Independent Director	2017 to Present
Sage Solutions Philippines, Inc.	Founder and Chief Mktg. Officer	2017 to Present
Pomelo Realty and Development Corp.	President and Director	2018 to Present
Van Cleef Realty and Development Corp.	Managing Director	1998 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AgriNurture, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. To the best of my knowledge, I am not related in any capacity or degree to any director, officer, or substantial shareholder of the Corporation, any of its related companies, or any of its substantial shareholders.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service nor affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, the Revised Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have hereunto set my hand this SEP 20 2023 at QUEZON CITY

JOSE ANTONIO SERMONIA VILAR

SUBSCRIBED AND SWORN to before me this SEP 20 2023 in QUEZON CITY affiant exhibiting to me his competent evidence of identity in the form of Driver License I.D. No.X01-84-002560 valid until June 19, 2032.

Doc. No. 148;
Page No. 30;
Book No. LXXII;
Series of 2023

ATTY. ELISEO S. PALMA, JR.
Notary Public for Q.C. Until Dec. 31, 2024
Roll No. 50183
PTR No. 4007172D/Jan. 03, 2023/Q.C.
IBP No. 257225, Jan. 01, 2023
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ANNEX A

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 2022**

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
Common Shares	**1,024,446,888* / Php – 1,656,004,426 As of 31 December 2022**
Title of Each Class	Number of Shares of Common Listed Stock
Common Shares	**720,000,066**
Title of Each Class	Number of Shares of Unlisted Common Stock
Common Shares	**304,446,822**

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

    Yes [**X**] 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 [**X**] No [ ]

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

    Yes [**X**] 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 2,343,568,045 (number of shares owned by public, 442,182,650 multiplied by PSE trading price, Php 5.30 as of 31 March 2023)

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 companies 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)
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)
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)

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

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	Farmer's Friend
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	Nutri-licious
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	Nutri-licious Mom's
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, 2022 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:

	Number of Employees For the Year Ended December 31,		
Category	**2020**	**2021**	**2022**
Executives (Officers and Managers)	18	18	16
Project Employees and Consultants	28	6	0
All Other Employees	308	362	417

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

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

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

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) back wages (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 solidarity liable with AgriNurture, Inc. 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 (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 2022 Annual Stockholders' Meeting of the Company was held on 25 November 2022 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.Minutes of the Annual Meeting of the Stockholders held last 5 November 2021;

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 2021;

4. Delegation of the appointment of External Auditor for fiscal year 2022 to the Audit Committee; and

5. Approval of the authority to apply with the Securities and Exchange Commission for Equity Restructuring involving the application of Additional Paid-In Capital.

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. Jose S. Ejercito (Independent Director)
10. Atty. Maximilian Chua (Independent Director)
11. Jose Antonio S. Vilar (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 720,000,066 shares have been listed with the Philippine Stock Exchange (PSE) as of 31 March 2023.

The following is a summary of the high and low closing trading prices at the PSE for each of the quarterly periods from 2021 to 2022:

	2022		2021	
In Php	High	Low	High	Low
1st Quarter	5.35	5.14	7.98	6.20
2nd Quarter	4.99	4.62	7.16	7.32
3rd Quarter	6.09	5.83	6.33	7.80
4th Quarter	7.24	6.97	5.10	7.81
Source: Philippine Stock Exchange				

The high and low daily closing prices for the first quarter of 2023 are Php 7.63 and Php 7.56 respectively.

As of 31 March 2023, 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 2023, 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 2023 are as follows:

	NAME	NO. OF SHARES	PERCENTAGE
1	PCD NOMINEE CORPORATION (FILIPINO)	272,694,863	37.1265%
2	PCD NOMINEE CORPORATION (FOREIGN)	301,614,199	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 2023:

Common	**Greenergy Holdings, Inc.** 54 National Road, Dampol II-A, Pulilan, Bulacan	PCD Nominee Corp. (Filipino) is the record owner [for Greenergy Holdings, Inc.]	Filipino	116,296,246	11.35%
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	250,000,000	24.40%
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	248,516,403	24.24%

[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.

[3]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 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.

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%

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

[4]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 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.

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 th[e] 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 2022.

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 2022, 2021 and 2020 by each of the principal business segments are as follows:

	2022	2021	2020
Philippine operations			
Export	1,286,141,246	1,550,633,966	1,766,417,947
Local Distribution	311,390,728	508,139,893	303,214,323
Retail & Franchising	60,001,610	22,397,536	21,134,816
Sub-total	1,657,533,584	2,081,171,395	2,090,767,086
Foreign operations			
Hong Kong/China	2,179,293,895	2,468,116,983	2,317,981,896
Sub-total	2,179,293,895	2,468,116,983	2,317,981,896
TOTAL REVENUE (CONSO)	**3,836,827,479**	**4,549,288,378**	**4,408,748,982**

Year ended December 31, 2022 versus December 31, 2021

Results of Operations

Net Sales

ANI Group sustained a consolidated sale of goods and services at Php3.83 billion for the year ended December 31, 2022 compared to Php 4.55 billion for same period last year. For the year ended December 31, 2022, Philippine operations contributed 43% while sales from foreign operations accounted for 57% of consolidated sales. Sale of goods and services by business segment follows:

- Export sales posted a decrease of 17.06% for the year or Php 1.29 billion in 2022 from Php 1.55 billion in 2021, primarily due to global logisitics issues and lower supply of produce brought about by the Covid-19 pandemic.

- Domestic distribution sales posted a decrease of 38.72% to Php 311.40 million in 2022 from 508.14 million in 2021 mainly due to the decrease sales of rice.

- Retail and franchising sales registered an increased of 167.89% to Php60 million in 2022 from Php 22.40 million in 2021, primarily due to opening of stores located in major malls.

Combined Foreign trading operations posted a decrease of 11.70% to Php2.18 billion in 2022 from Php2.47 billion in 2021, due to decrease in sales both of residential and commercial units and merchandising since the lockdown in China started bought about by the COVID-19.

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, 2022, ANI Group's cost of sales and services decline to Php 3.43 billion or 15.47% from Php 4.06 billion for the year 2021 in line with the decrease in sales during the period.

Gross Profit

Consolidated gross profit down by Php 84.89 million or 17.19% for the year ended December 31, 2022. The gross profit down from Php 493.87million in 2021 to Php408.98million in 2022.

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 2022 amounted to Php 351.76 million down from Php 365.35 million in 2021 due to effective efforts of management in cost reduction .

Other Income (Charges)

Other income-net in 2022 amounted to Php46.93 million and Php966.14 other charges-net in 2021. There was no recognition of gain on revaluation of investment property during the year.

Finance Costs

Finance Costs for the years 2022 and 2021 are Php58 million and Php 42 million, respectively.

Net Income

Net income for fiscal year 2022 amounted to Php2.5million of which Php-10.56 million loss is attributable to equity holders of the parent while Php 13 million is attributable to non-controlling interest.

Financial Condition

Assets

ANI Group's consolidated total assets as of December 31, 2022 amounted to Php5.86 billion, a decrease of 1.27% from Php 5.94 billion as at December 31, 2021. The following explain the significant movements in the asset accounts:

- The Group's cash balance increased by Php18.58 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 decreased by Php 72 million mainly due to collection efforts made during the year.
- Advances to a stockholder has a significant decrease from Php275.73 million in 2021 to Php 255.68 million in 2022. All advances will be collected and liquidated by the stockholder.

- Inventories increased from year end 2021 balance of Php 1.32 billion to Php1.37 billion in 2022 to increase the Group's inventory stock level due to limited mobility during pandemic.
- Property and equipment and intangible assets decreased by Php9.82 million due to recognition of depreciation.

Liabilities

Consolidated liabilities amounted to Php1.66 billion as of December 31, 2022.

Total current liabilities decreased to Php1.60 billion in 2022 from Php 1.71 billion during the year.

Total non-current liabilities decreased to Php 23.99 million due to payment of loans during the year.

Equity

Consolidated stockholders' equity as of December 31, 2022 increased to Php 4.21 billion mainly due to improve in net operating performances of the subsidiaries.

Liquidity and Capital Resources
Net cash flows provided by operating activities for the year 2022 was Php120 million.

Net cash flow provided by investing activities is Php37.38 million mainly due to advances to its related parties and stockholder.

Net cash flows used in financing activities is Php144.35 million.

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 logisitics issues and lower supply of produce brought about by the Covid-19 pandemic.

- Domestic distribution sales posted an 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 increase 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 an 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, an 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.

<u>Year ended December 31, 2020 versus December 31, 2019</u>

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 .0.52% 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.

<u>Year ended December 31, 2019 versus December 31, 2018</u>

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 frutis 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.

FINANCIAL KEY PERFORMANCE INDICATOR	DEFINITION	FOR THE PERIOD ENDED DECEMBER	
Current/Liquidity:		2022	2021
Current ratio	Current Assets / Current Liabilities	1.76	1.69
Quick ratio	Current Assets - Inventory - Prepayments / Current Liabilities	0.80	0.80
Solvency ratio/Debt-to-equity ratio	Total Liabilities / Stockholders Equity	0.39	0.43
Asset to equity ratio	Total Assets / Total Equity	1.39	1.43
Interest rate coverage ratio	Income Before Tax / Finance Cost	0.19	24.01
Profitability Ratio:			
Return on assets	Net Income / Average Total Asset	0.004	0.18
Return on equity	Net Income / Average Total Equity	0.001	0.26

Item 7. Financial Statements

A copy of the Company's Audited Financial Statements for the year ended 31 December 2022 is attached hereto as **Annex "A"**.

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

R.S. Bernaldo and Associates had been appointed as external auditor for years 2021 and 2022 with Rean G. Abalos as Partner in Charge.

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.

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:

<u>The Directors of the Company as of 31 March 2023 are as follows:</u>

Name	Age	Citizenship	Term of Office
Antonio L. Tiu	47	Filipino	2004 – present
Chung Ming Yang	49	Chinese ROC	1997 – present
Kenneth S. Tan	50	Filipino	2015 – present
Senen L. Matoto	75	Filipino	2018 – present
Martin C. Subido	46	Filipino	2013 – present
Antonio Peter R. Galvez	63	Filipino	2014 – present
Luis Rey I. Velasco	66	Filipino	2018 – present
Jennifer T. Ching	47	Filipino	2021 – present
Jose S. Ejercito (Independent Director)	66	Filipino	2008 – present
Jose Antonio S. Vilar (Independent Director)	62	Filipino	2017 – present
Maximillian Chua (Independent Director)	40	Filipino	2017 – present

ANTONIO L. TIU, 47, 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 Greenergy 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 Entrepeneur 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, 49, 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, 50, Filipino, Director.
Mr. Kenneth S. Tan concurrently serves as the Chief Financial Officer of Greenergy Holdings Incorporated and has been its Treasurer since June 2013. Previously, Mr. Tan served as Alternate Corporate Information and Compliance Officer at Greenergy 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, 75, 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, 46, 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, 63, 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, 66, 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, 47, 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

JOSE S. EJERCITO, 66, Filipino, Independent Director
Mr. Jose S. Ejercito took his Bachelor of Science in Industrial Engineering at the University of the Philippines and occupied various positions in Unilever Phils., also posting as Unilever's National Sales Operations Controller in China and as Managing Director in Korea before he retired. Thereafter, he joined the SM Retail team and became President of Scanasia Overseas Inc., the distribution company of 2Go Group, SM's logistics and distribution arm, until he retired in 2021.

ATTY. MAXIMILIAN CHUA, 40, 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.

JOSE ANTONIO S. VILAR, 62, Filipino, Independent Director
Mr. J. Antonio S. Vilar obtained his bachelor's degree in Business Administration from Wharton School of the University of Pennsylvania in 1883, He was Head of the Philippine Stock Exchange, Inc.'s Market Education Department from 2013 until 2020. In between, he served as Director and CEO in various Philippine corporations, notably venture companies. He assisted government agencies as organizer or

resource speaker in various international investment roadshows. He is presently an Independent Director of an unrelated company.

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

ANTONIO L. TIU, 47, 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 Greenergy 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 Entrepeneur 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, 50, Filipino, Chief Financial Officer and Treasurer.
Mr. Kenneth S. Tan serves as the Chief Financial Officer of Greenergy Holdings Incorporated and has been its Treasurer since June 2013. Previously, Mr. Tan served as Alternate Corporate Information and Compliance Officer at Greenergy 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.

JENNIFER T, CHING, 47, Filipino, Director, Assistant Treasurer
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. PAUL KENNETH B. DAVIS, 67, Filipino, Corporate Secretary
Took his A.B. and Ll.B. at the University of the Philippines. He has been in law practice for forty years as litigator, consultant for Build-Operate-Transfer projects (toll road, water and energy), in-house counsel as well as corporate secretary and director of private and government-owned/acquired corporations. He was with the UP Law Center committee that formulated and launched its Paralegal Training Program, where he likewise served as lecturer and mentor. He likewise served as consultant on government procurement in UP Los Baños.

ROSANA C. PLANCO, 49, 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, 44, 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 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 2020, 2021 and 2022. 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	2020	Php 3,842	-	NONE
	2021	Php 6,905	-	NONE
	2022	Php 6,865	-	NONE
Aggregate compensation paid to all other officers and directors as a group unnamed	2020	Php 5,176	-	NONE
	2021	Php 6,714	-	NONE
	2022	Php 6,489	-	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 2023, 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	272,694,863	37.1265%

Common	**PCD Nominee Corp. (Foreign)** G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City Stockholder	PCD Nominee Corp. is the record owner	Foreign	301,614,199	18.9310%
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	**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	250,000,000	24.40%
Common	**PCD Nominee Corp. (Foreign)**[6] 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%

[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 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.

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 2023, 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	36,984,088 (Direct)	Filipino	6.37%
		543,369,544[8] (Indirect)		50.28%
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%
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	**Jose S. Ejercito** Independent Director	1 (Direct)	Filipino	Less than 0.01%
Common	**Jose Antonio S. Vilar** Independent Director	1 (Direct)	Filipino	Less than 0.01%

[7] 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 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 543,369,541 shares thru Earthright, Holdings, Inc.; 311,469,850 thru Greenergy Holdings, Inc.; 29,612,912 thru PCD Nominee

Common	**Maximillian Chua** Independent Director	1 (Direct)	Filipino	Less than 0.01%
Common	**Paul Kenneth B. Davis** 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 2023 is 582,264,238 common shares which is equivalent to 56.84% 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 2022 there are 1,024,446,888 issued and outstanding shares.

As of 31 December 2022, the public ownership percentage of the Company is 41.75%. The required minimum public ownership percentage is 10%.

As of 31 December 2022, the number of foreign-owned shares is 204,026,934. The foreign ownership level is 29.09%. 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 2022 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 75Million 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

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.

i. SEC Form 17-C dated 16 November 2022

The Board has approved the decrease in the par value of the shares of Company from One Peso (Php 1.00) to Ten Centavos (Php 0.10). The Board has likewise approved the reclassification of 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).

The matters were presented for approval of the Shareholders during the Shareholders' meeting on 9 September 2020, however, the matter of approving the conduct of stock split by changing the par value was deferred by the shareholders, subject to approval on a later date, finding that the same is not yet necessary at this time. The reclassification of shares as discussed above was approved, thereby reclassifying 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). The shares to be reclassified shall come from the unissued portion of the total authorized capital stock of the Company.
With regards to the pending application with the SEC on the increase of the corporation's authorized capital from Php2 Billion up to Php5 Billion, there are no new developments on it.

j. SEC Form 17-C dated 25 November 2022

The results of the Annual Shareholders Meeting and Matters approved during the Annual Shareholders' Meeting on 25 November 2022:

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. Jose S.Ejercito (Independent Director)
10. Atty. Maximilian Chua (Independent Director)
11. Jose Antonio S. Vilar (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
Antonio Peter R. Galvez	Vice Chairman of the Board
Kenneth S. Tan	Chief Financial Officer &Treasurer
Jennifer T. Ching	Assistant Treasurer
Atty. Paul Kenneth B. Davis	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. Paul Kenneth B. Davis	-Member
Audit Committee	i. Jose Antonio S. Vilar	-Chairman
	ii. Kenneth S. Tan	-Member
	iii. Jennifer T. Ching	-Member
Nomination and Compensation Committee	i. Jose S. Ejercito	-Chairman
	ii. Luis Rey I. Velasco	-Member
	iii. Kenneth S. Tan	-Member
Corporate Governance & Management Committee	i. Atty. Maximilian Chua	-Chairman
	ii. Senen L. Matoto	-Member
	iii Antonio Peter R. Galvez	-Member

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 Pasig on APR 28 2023

ANTONIO L. TIU
Chairman of the Board & President

KENNETH S. TAN
Chief Financial Officer

PAUL KENNETH B. DAVIS
Corporate Secretary

JHANE A. TEOXON
Corporate Information Officer
& Chief Accountant

SUBSCRIBED AND SWORN to before me this APR 28 2023, 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
Paul Kenneth B. Davis	DL no. N11-74-015-565	20 April 2022	Metro Manila
Jhane A. Teoxon	UMID CRN-0033-3909191-0		

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Series of 2023.

ATTY. ELISEO S. CALMA, JR.
Notary Public for Q.C. / Until Dec. 31, 2024
Roll No. 50183
PTR No. 4007179D/Jan. 03, 2023/Q.C.
IBP No. 257225, Jan. 01, 2023
MCLE Comp. No. VII-0006924(09/21/2021-04/14/2025)
Adm. Matter No. NP-062(2022-2023)
20 Kamagong St., Sapamanai Vill. East Fairview Q.C.
TIN: 138-541-197-000

AGRINURTURE, INC.
2022 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, with foreign operations in Hong Kong and China
Report Boundaries: Legal entities (e.g., subsidiaries) included in this report*	This report covers ANI and the following operating subsidiaries: 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. 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. Data from ANI and the subsidiaries for the calendar year 2022 are consolidated where they are applicable and available. Data collection have been limited. Hence, the boundaries are further specified per disclosure.
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 2022 to 31 December 2022

Highest Ranking Person responsible for this report	Kenneth S. Tan Treasurer and CFO Investor Relations Atty. Paul Kenneth B. Davis Corporate Secretary Rosana C. Planco Compliance Officer

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 2022.

ECONOMIC

Economic Performance

Direct economic value generated and distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	3,836,827,479	PhP
Direct economic value distributed:		PhP
a. Operating costs	3,427,486,093	PhP
b. Employee wages and benefits	94,669,017	PhP
c. Payment to suppliers and other operating costs	141,445,155	PhP
d. Dividends given to stockholders and interest payments to loan providers	0	PhP
e. Taxes given to government	130,684,059	PhP
f. Investments to community (e.g. donations, CSR)	500,000.00	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected	Management approach
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	The Group's Management has adopted the following approach: a. set revenue targets on a month-to-month basis; b. evaluates cost centers and its attributes versus the sales generated; c. continuously identifies and quantify risks related to the policies and action plans; and d. regularly tracks results against targets and constantly improves projected results. e. Adopt cost efficient measures in manufacturing and production
What are the risk(s) identified?	**Which stakeholders are affected?**	**Management approach**
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. 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.	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.

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 strategy and risk management process	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.

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 workplace and supply chain. The Group takes initiative to prevent incidents of corruption by carefully	Employees, Suppliers, and Government	The Group is committed to ensure compliance with applicable laws, rules and regulations on anti-corruption and anti-bribery, among others; as well as adherence to

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.		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 reputation.	Employees, Suppliers, Stockholders, and Government	The Group shall ensure strict adherence in its Anti-Corruption policy. 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	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, corrective measures can be instituted, and administrative sanctions imposed.
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)	1181 per month	kWh
Energy consumption (gasoline)	575 per month	Liters
Energy consumption (LPG)	403 per month	kilograms
Energy consumption (diesel)	863 per month	Liters
Energy consumption (electricity)	23,122 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. The Group's operation impacts the water supply level of the community considering the magnitude of its consumption.	Employees, Shareholders and Supplier.	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 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: • 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	115,000 per month aluminum cans	Kilos
• Renewable	20,000 per month paper	Kilos
	29,000 liters water	
• Non-renewable	180 per month LPG	kg/liters
	1000 per month fuel	
Percentage of recycle input materials used to manufacture the organization's primary products and services	30	%

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

[1] International Union for Conservation of Nature.

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 CO2 concentration Oxygen Concentration	 4.1 Mg/Ncm 16.0 Mg/Ncm	Mg/Ncm
Energy indirect (Scope 2) GHG Emissions	Not applicable	Tonnes CO_2e
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 environmental footprint.	Employees, Community and Shareholders	The Group will monitor its operation to ensure minimal impacts and review protocols as necessary.
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 ensu compliance with existin environmental laws and it sha continue to monitor its operation to ensure adherence to protoco complies with the standards minimize if not eradicat detrimental effects to health ar 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.

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 opportunity to reevaluate its operational procedure to adapt more environment friendly modes and to strengthen its proper waste disposal handling.	Community, Government and Shareholders	The Group shall continue to monitor and adapt applicable protocols to ensure compliance with existing laws.

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	15,000	Cubic meters
Percent of wastewater recycled	50.33	%

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: • 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
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-203 SUBS-230	#
a. Number of female employees	ANI-86 SUBS-79	#
b. Number of male employees	ANI-117 SUBS-151	#
Attrition rate	ANI-12 (5.9%) SUBS-20(8.69%)	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	13.33%	17.16%
PhilHealth	Y	10.30%	4.47%
Pag-ibig	Y	9.09%	10.44%
Parental leaves	Y	5.45%	4.47%
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth)	Y	29.09%	16.04%

Housing assistance (aside from Pag-ibig)	N	-	-
Retirement fund (aside from SSS)	N	-	-
Further education support	N	-	-
Company stock options	N	-	-
Telecommuting	N	10.90%	3.35%
Flexible-working Hours	N	10.90%	3.35%
(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.	*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.*
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.	*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.*
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**
Training and development plays an important role in improving the efficiency and awareness of employees,	The Group provides training to its organization to keep them well informed in changes in

thus increasing the Group's opportunity to generate more income.	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**
Good labor management relations is crucial in overall productivity and maintaining harmony in the workplace.	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 – 42.36%	%
	SUBS – 34.34%	
% of male workers in the workforce	ANI – 57.64%	%
	SUBS – 65.66%	
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**
Diversity and equality in the workforce have impact on the Group's business operations in terms of fitness and productivity.	*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.*
What are the Risk/s Identified?	**Management Approach**
Diversity in workplace may result to biases hence may create an unhealthy workplace.	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	5	#
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.

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
Non-compliance with labor laws and human rights in the workplace may impact the Group's productivity, employee retention and employee engagement.	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 police 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	SDG 2: Contribute to food security SDG 3: Provision of healthy menu through its retail arm	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

ANNEX B

C O V E R   S H E E T
for
QUARTERLY 17-Q

SEC Registration Number

A	**S**	**0**	**1**	**9**	**9**	**7**	**0**	**1**	**8**	**4**	**8**

C O M P A N Y   N A M E

AGRINURTURE, INC. AND SUBSIDIARIES

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
17Q-2	**CRM**	**N/A**

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

Company's Email Address	Company's Telephone Number	Mobile Number
www.ani.com.ph	**(02) 8997-5184**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
43	**Third Monday of May**	**DECEMBER 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Kenneth S. Tan	**kenneth.tan@ani.com.ph**	**(02) 8997-5184**	**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.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 – Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIESREGULATION CODE AND SRC RULE 17 (2) (b) THEREUNDER

1. For the quarterly period ended **June 30, 2023**

2. SEC Identification Number **A199701848**

3. BIR Tax Identification Code **200-302-092-000**

4. Name of Issuer as specified in its charter **AGRINURTURE, INC.**

5. **PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. **NO. 54 NATIONAL ROAD, DAMPOL II-A, PULILAN, BULACAN PHILIPPINES3005**
   Address of issuer's principal office Postal Code

8. Issuer's telephone number, area code **044-815-6340**

9. Former name, former address and former fiscal year, if changed since last report **N. A.**

10. Securities registered pursuant to Section 8 and 12 of the SRC or Sections 4 and8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares,	**1,024,446,888 shares /Php1,561,320,408 (Authorized 1,600,000,000 shares at P1.00 Par value)**
Preferred Shares	**400,000,000 shares (Authorized 400,000,000 at P0.10 Par value)**

11. Are any or all the securities listed on the Philippine Stock Exchange?
    Yes [X] No [ ]

    The company's common shares are listed in the Philippine Stock Exchange.

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period the registrant was required to file such report)
    Yes [X] No [ ]

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

    Yes [X] No [ ]

AGRINURTURE, INC. AND SUBSIDIARIES
Securities and Exchange Commission Form 17 - Q

Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

The interim consolidated financial statements of AgriNurture, Inc. and subsidiaries (collectivelyreferred to as the "Group") as of and for the period ended June 30, 2023 and with comparative figures as of June 30, 2023 and December 31, 2022 - are filed as part of this Form 17-Q as Exhibit A.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following Management Discussion and Analysis should be read in conjunction with the attached interim consolidated financial statements of AgriNurture, Inc. and subsidiaries as of andfor the six months ended June 30, 2023.

Business Overview

Incorporated on 4th of February 1997, AgriNurture, Inc. (the "Company" or "ANI") started its business operations as an importer, trader and fabricator of post-harvest agricultural machineries intended to improve the productivity and reduce post harvest losses 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 mechanical grain dryers and thereafter established itself as one of the more reliable local supplier/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 produce as its main revenue stream. Since then, ANI has become one of the Philippines' top fresh produce exporters to the world. At present, ANI supplies home-grown fruits such as banana, pineapple, mango, coconut, calamansi, durian, frozen vegetables and canned juices to customers in Greater China Region, the Middle East, US and other countries.

The following are the recent developments regarding its continuous business expansion:

- On December 20, 2019 and September 9, 2020, the BOD and the shareholders of the Group, respectively, have approved the issuance of shares to Plentex Philippines, Inc. (Plentex). Plentex has subscribed for 6,172,800 shares and the Group 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 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. An operation team has been set up to kick off the launch of the said project.

- On February 23 2021, Ocean Biochemistry Technology Research, Inc. ("OBTRI") and Greenergy Holdings, Inc. ("GHI") have entered into a subscription agreement for the issuance of 37,500 common shares of OBTRI at par value of ₱100 per share for a total aggregate value of ₱3,750,000. OBTRI 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'sfarmers 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 still 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 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 still 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 70% for a price to be determined based on the audited net book value of Fucang as at December 31, 2021.).

- 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 ₱1,500. 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, 2022 and 2021, the Group has made deposits totaling ₱508.7 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 to fully execute the joint venture agreement. The parties are in the process of executing the projects under the Joint Venture Agreement As of reporting period, the masterplan for the design of the food terminal were already completed (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.

- 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 Group, 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 Group 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 February 24, 2020, the Board has approved the decrease in the par value of the shares of the Group from one peso (₱1.00) to ten centavos (₱0.10). The Board has likewise approved the reclassification of 40 million (40,000,000) unissued common shares with par value of one peso (₱1.00) per share or an aggregate par value of forty million pesos (₱40,000,000) to 400,000,000 voting preferred shares with par value of ten centavos (₱0.10) per share or an aggregate par value of forty million pesos (₱40,000,000) 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 (₱2,000,000,000) which shall be divided into the following:

a. Common shares, consisting of 19,600,000,000 shares with a par value of ten centavos (₱0.10) per share for a total par value of ₱1,960,000,000;

b. Preferred shares, consisting of 400,000,000 shares with a par value of ten centavos (₱0.10) per share for a total par value of ₱40,000,000;

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;

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; and

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 Group's BOD confirmed the approval of the reclassification of the Group's Forty Million (40,000,000) unissued common shares with par value of One Peso (₱1.00) per share or an aggregate par value of Forty Million Pesos (₱40,000,000) to 400,000,000 voting preferred shares with par value of ₱0.10 per share or an aggregate par value of Forty Million Pesos (₱40,000,000), to be subscribed by Earthright Holdings, Inc. The reclassification of shares was filed, and approved by the SEC on November 16, 2022.

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

The Company operates its agro-commercial businesses through operating divisions and wholly-owned or majority-owned subsidiaries that are organized into business segments.

REVENUE

(Philippine Peso)	June 30, 2023	June 30, 2022
Philippine Operations		
Export	555,456,973	₱ 782,879,788
Local Distribution and Others	203,304,796	133,066,845
Retail & Franchising	38,204,270	22,853,082
Subtotal	**₱ 796,966,040**	**₱ 938,799,715**
Foreign Operation		
China	1,088,277,631	1,019,382,231
Total	**₱ 1,885,243,671**	**₱ 1,958,181,946**

Results of Operations

Six Months ended June 30, 2023 versus June 30, 2022

Net Sales

The ANI Group generated a consolidated sale of goods and services of Php 1.89 billion for the six months ended June 30, 2023 almost the same as same period last year. For the first six months of 2023, Philippine operations contributed 42% while sales from Foreign operations accounted for 58% of consolidated sales. Sale of goods and services by business segment are as follows:

- Export of bananas and various goods decreases which resulted to the Group's export sales to Php555.46 million, a 29% lower compared to the same period in

2022. The decrease is brought about by the drop of demand in China and competition from other Southeast Asian suppliers.

- Revenue from local distribution posted an increase of 53% to Php 203.30 million for the first six months ended June 30, 2023 from Php 133.07 million for the same period in 2022. Sales increase significantly due to increase in number of outlets opened, higher pricing and stronger demand for rice and fresh produce.

- Retail and franchising sales registered an increase of 67.17% amounting to Php 38.20 million for the second quarter of 2023 from Php22.85 million for same period in 2022 due to opening of new company-owned and franchise stores during the quarter.

- Foreign trading operations posted a 7% increase in sales in the second quarter of 2023 from 1.02 billion in 2022 to Php 1.09 billion in 2023.

Cost of Sales

Cost of sales consists of:

- Cost of purchasing fruits and vegetables and raw materials from growers and othertraders and suppliers including freight in charges;
- Cost of real estate includes development cost for all properties to be sold, includingshops, office buildings and hotels located in China
- Personnel expenses, which include salary and wages, employee benefits and retirementcosts 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 six months ended June 30, 2023, ANI Group's cost of sales amounted to Php1.67 billion decreases by 2% from Php1.69 million for the same period in 2022, due to the decrease in purchase cost during the quarter.

Gross Profit

Consolidated gross profit down by Php 49.55 million or 18% from Php 272.449 million to Php 222.94 million for the six months ended June 30, 2023 for same period last year. The decrease was due to significant decrease in revenue from export operation.

Operating Expenses

The Group's operating expenses consist of selling expenses and administrative expenses; whichinclude the following major items:

- Taxes and licenses
- Salaries, wages and other employee benefits
- Advertising
- Rental
- Depreciation and amortization
- Freight out and handling cost

Consolidated operating expenses for the second quarter of 2023 amounted to Php

192.06 million increased from Php 181.25 million for the same period last year, this is due to increase in personnel cost and taxes.

Finance Costs

Finance Costs for the second quarter of 2023 amounted to P24.36 million compared to P25.54 million for the previous year.

Net Profit

Consolidated net profit down by Php 56.33 million or 86% from Php 65.55 million to Php 9.21million for the six months ended June 30, 2023 for same period last year. The decrease was due to increase in expenses and change in fair value of biological assets.

Financial Condition

Assets

ANI Group's consolidated total assets as of June 30, 2023 amounted to P5.27 billion a slight decrease of 1.71% from P 5.86 billion at December 31, 2022. The following explain the movements in the asset accounts:

- The Group's cash balance decreased by P45.30 million from ₱ 98.77 million in 2022 to ₱53.47 million in 2023 primarily due to payment of loans and due to related parties.
- Receivables decreased by ₱2.92million during the quarter from ₱669.84 million in 2022 to P666.92 million in 2023.
- Advances to related parties decreased by P359.05 million in 2023 from P508.97 to P149.92million due to liquidation and collections during the quarter.
- Inventory balance decreases from ₱1.37 billion to ₱1.28 billion in 2023.
- Deposits for future investments include deposits made by Fucang to acquire 60% ownership of the subscriptions to Guangzhou Tianchen Real Estate Development Co., Ltd and 30% of Lushan Supply Chain Management (Shanghai) Co., Ltd., a company engagedin banana trading in China.
- Property, plant and equipment including intangibles, investment property and right-of- use assets decreased from ₱2.02 billion in December 31, 2022 to ₱1.96 billion in June 30, 2023 due to amortization and disposal during the period.

Liabilities

Consolidated liabilities amounted to 1.6 billion as of June 30 , 2023.

Total current liabilities amounted to P1.5 billion compared to P1.6 billion as of June 30, 2023 and December 31, 2022 respectively. The decrease is mainly due to continuous reduction of short term loans.

Equity

Consolidated stockholders' equity amounted to P3.71 billion as of June 30, 2023. The increased is due to foreign currency translation and improvements on operations during the period.

Liquidity and Capital Resources

Net cash provided by operating activities for the first six months of 2023 was 144.17million

Net cash flow used by investing activities i~~s~~ P105 million during the period.

Net cash used in financing activities is P84.48 million which is due to payments of loans, and advances from related parties during the period.

Discussion and Analysis of Material Events and Uncertainties

The company has no knowledge and not aware of any material event/s and uncertainties knownto the management that would address the past and would have an impact on the future operations of the following:

a) Any known trends, demands, commitments, events or uncertainties that will have amaterial impact on our liquidity
b) Any events that will trigger direct or contingent financial obligation that is materialto the company, including any default or acceleration of obligation.
c) All material off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created duringthe period.
d) Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
e) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
f) Any significant elements of income/loss did not arise from our continuing operation.

AGRINURTURE INC AND ITS SUBSIDIARIES
SCHEDULE OF FINANCIAL INDICATOR

FINANCIAL KEY PERFORMANCE INDICATOR	DEFINITION	FOR THE PERIOD ENDED JUNE 30	
		2023	2022
Liquidity:			
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.56	1.81
Quick ratio	$\frac{\text{Current Assets-Inventory-Prepayments}}{\text{Current Liabilities}}$	0.58	0.79
Financial Leverage:			
Debt-to-equity ratio	$\frac{\text{Total Liabilities}}{\text{Stockholder's Equity}}$	0.42	0.49
Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	1.42	1.49
Interest Coverage Ratio	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$	0.44	2.61
Profitability:			
Return on equity	$\frac{\text{Net Income}}{\text{Average Stockholder's Equity of the company}}$	0.002	0.020
Return on Assets	$\frac{\text{Net Income}}{\text{Average Total Asset}}$	0.002	0.010
Operating efficiency:			
Revenue growth	$\left[\frac{\text{Current period Net Sales}}{\text{Prior period Net Sales}}\right] -1$	(0.04)	(0.15)

Pursuant to the requirements of the Securities Regulations Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **AGRINURTURE, INC.**

Signature and Title: **ANTONIO L. TIU**

Chairman/President and CEO

Date: 14 August 2023

KENNETH S. TAN

Signature and Title: Treasurer/CFO

Date: 14 August 2023

AGRINURTURE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023 AND DECEMBER 31, 2022

(Amounts in Philippine Pesos)

	Notes	**2023**	2022
ASSETS			
Current Assets			
Cash	6	**53,471,817**	98,774,860
Trade and other receivables – net	7	**666,915,297**	669,837,508
Due from related parties – net	22	**149,915,806**	508,966,626
Inventories	8	**1,283,796,592**	1,369,818,823
Prepayments and other current assets – net	9	**184,744,717**	175,767,888
Total Current Assets		**2,338,844,229**	2,823,165,705
Noncurrent Assets			
Available for sale (AFS) Investments	11	**6,250,000**	
Financial assets at fair value through other comprehensive income (FVOCI)	10	**45,829,200**	48,223,200
Property and equipment – net	12	**432,274,805**	458,431,117
Investment property	13	**1,326,099,176**	1,349,544,703
Intangible assets – net	14	**156,371,871**	157,359,377
Right-of-use assets	27	**49,579,979**	59,522,071
Biological assets	15	**54,335,338**	54,335,337
Deferred tax asset	26	**11,772,443**	11,772,444
Deposits and other noncurrent assets – net	16	**847,701,970**	898,750,863
Total Noncurrent Assets		**2,930,214,782**	3,037,939,112
		5,269,059,011	5,861,104,817
LIABILITIES AND EQUITY		**1,964,325,831**	2,024,857,268
Current Liabilities			
Trade and other payables	17	**610,398,274**	605,444,951
Borrowings	18	**758,532,092**	822,970,630
Lease liabilities	28	**318,472**	318,472
Due to related parties	22	**132,893,124**	170,809,688
Income tax payable		**860,432**	2,467,226
Total Current Liabilities		**1,503,002,394**	1,602,010,967
Noncurrent Liabilities			
Borrowings- net of current portion	18	**4,324,556**	-
Retirement benefit liability	26	**22,723,725**	22,723,726
Deferred tax liabilities	27	**31,269,733**	31,269,733
Total Noncurrent Liabilities		**58,318,014**	53,993,459
Total Liabilities		**1,561,320,408**	1,656,004,426

(Forward)

(Carryforward)

	Notes	2023	2022
Equity			
Capital stock P1 par value			
Common shares-P1 par value	20	**832,831,688**	832,831,688
Authorized – 1,600,000,000 and 2,000,000,000 shares in 2022 and 2021			
Subscribed – 1,024,446,888 shares in 2022 and 2021 (net of subscriptions receivable at par value of P191,615,200 in 2022 and P193,672,800 in 2021)			
Preferred shares- P0.10 par value		**40,000,000**	40,000,000
Authorized – 400,000,000 shares and nil in 2022 and 2021, respectively			
Subscribed – 400,000,000 shares and nil in 2022 and 2021, respectively			
Additional paid-in capital	20	**1,974,005,425**	3,602,050,960
Deficit		**(213,220,888)**	(1,847,102,815)
Net cumulative remeasurement gain on retirement benefits	25	**855,438**	855,437
Foreign currency translation reserve		**216,762,839**	269,183,351
Revaluation surplus - net of deferred tax	11	**76,060,652**	76,060,652
Noncontrolling interest	29	**780,443,449**	1,231,221,118
Total Equity		**3,707,738,603**	4,205,100,391
		5,269,059,011	5,861,104,817

See accompanying Notes to Consolidated Financial Statements.

AGRINURTURE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Amounts in Philippine Pesos)

		For the Quarter-ended June		For the Six months-ended June 30	
	Notes	**2023**	2022	**2023**	2022
NET REVENUE	19	**801,109,789**	868,347,808	**1,885,243,671**	1,958,181,947
COST OF SALES	23	**704,042,686**	746,047,391	**1,662,299,636**	1,685,689,122
GROSS PROFIT		**97,067,103**	122,300,417	**222,944,035**	272,492,825
GENERAL AND ADMINISTRATIVE EXPENSES	23	**89,846,815**	92,171,972	**192,055,023**	181,248,548
OPERATING PROFIT	24	**7,220,288**	30,128,445	**30,889,012**	91,244,277
OTHER INCOME (CHARGES)					
Gain on change in fair value of investment property	12	**-**	-	**-**	-
Gain on change in fair value of biological assets	14	**-**	6,624,207	**-**	21,650,885
Finance costs	17,27	**(11,823,260)**	(14,637,421)	**(24,362,516)**	(25,539,111)
Interest income	6	**2,187**	5,458	**4,993**	7,966
Other income – net	25	**8,405,728**	396,466	**4,161,070**	1,053,303
		(3,415,345)	(7,611,290)	**(20,196,453)**	(2,826,957)
PROFIT BEFORE INCOME TAX		**3,804,943**	22,517,155	**10,692,559**	88,417,320
INCOME TAX EXPENSE					
Current		**341,295**	(2,324,857)	**1,481,737**	17,459,504
Deferred		**-**	1,656,051	**-**	5,412,721
		341,295	(668,806)	**1,481,737**	22,872,225
NET PROFIT		**3,463,648**	23,185,961	**9,210,822**	65,545,095
OTHER COMPREHENSIVE INCOME (LOSS)					
Reclassificable to profit or loss					
Exchange differences on translation of foreign operations		**(90,488,945)**	23,527,112	**(74,886,446)**	92,137,612
Not reclassificable to profit or loss					
Revaluation increment – net of deferred tax					
Remeasurement loss on retirement benefits					
		-	-	**-**	-
TOTAL COMPREHENSIVE INCOME		**(87,025,297)**	46,713,073	**(65,675,624)**	157,682,707
Net profit (loss) attributable to:					
Equity holders of the Parent Company		**3,666,379**	19,530,436	**5,836,391**	57,747,639
Noncontrolling interest		**(202,730)**	3,655,525	**3,374,430**	7,797,456
		3,463,648	23,185,961	**9,210,822**	65,545,095
Total comprehensive income (loss) attributable to:					
Equity holders of the Parent Company		**(56,712,331)**	31,541,076	**(46,547,861)**	105,098,818
Noncontrolling interest		**(30,312,965)**	15,171,997	**(19,127,763)**	52,583,889
		(87,025,296)	46,713,073	**(65,675,624)**	157,682,707
Basic and diluted earnings (loss) per share attributable to equity holders of the Parent Company	21	**0.00**	0.02	**0.01**	0.07

See accompanying Notes to Consolidated Financial Statements.

AGRINURTURE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Amounts in Philippine Pesos)

	Notes	**2023**	2022
CAPITAL STOCK			
Common shares- P1 par value	24		
Balance at beginning of year		**832,831,688**	832,831,688
Paid-up during the year		**-**	-
		832,831,688	832,831,688
Preferred shares-P0.10 par value			
Balance at beginning of year		**40,000,000**	-
Paid-up during the year		**-**	-
		40,000,000	-
ADDITIONAL PAID-IN CAPITAL	24		
Balance at beginning of year		**3,602,050,960**	3,602,050,960
Equity restructuring		**(1,628,045,535)**	-
Balance at end of year		**1,974,005,425**	3,602,050,960
DEFICIT			
Balance at beginning of year		**(1,847,102,815)**	(1,848,388,705)
Equity restructuring		**1,628,045,535**	-
Net profit (loss)		**5,836,391**	38,217,203
Other comprehensive income		**-**	-
Balance at end of year		**(213,220,889)**	(1,810,171,502)
NET CUMULATIVE REMEASUREMENT GAIN ON RETIREMENT BENEFITS			
Balance at beginning of year		**855,437**	1,785
Remeasurement loss		**-**	-
Balance at end of year	25	**855,437**	1,785
FOREIGN CURRENCY TRANSLATION RESERVE			
Balance at beginning of year		**269,183,351**	236,545,517
Exchange differences during the year		**(52,420,511)**	34,991,356
Balance at end of year	25	**216,762,840**	271,536,873
REVALUATION SURPLUS - NET OF DEFERRED TAX	11	**76,060,652**	84,611,960
NONCONTROLLING INTEREST	30		
Balance at beginning of year		**1,231,221,118**	1,240,481,612
Share in:			
Net profit during the year		**3,374,430**	4,141,931
Exchange difference on translation of foreign operations		**(22,465,934)**	33,619,145
Additional subscription		**(431,686,165)**	-
Balance at end of year		**780,443,449**	1,278,242,688
TOTAL EQUITY		**3,667,738,603**	4,259,104,452

See accompanying Notes to Consolidated Financial Statements.

AGRINURTURE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Amounts in Philippine Pesos)

	Notes	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**10,692,559**	88,417,320
Adjustments for:			
Depreciation and amortization	11,13,27	**26,621,436**	26,909,589
Finance cost	17,27	**24,362,516**	25,539,111
Unrealized foreign exchange losses – net	28	**665,597**	
Interest income	6,27	**(4,993)**	(7,966)
Gain on change in fair value of biological asset	14,24	**-**	(21,650,885)
Operating profit before working capital changes		**62,337,115**	119,207,169
Decrease (increase) in:			
Trade and other receivables	7	**2,922,211**	(30,467,212)
Inventories	8	**86,022,231**	(56,856,527)
Prepayments and other current assets	9	**(15,226,829)**	(6,494,010)
Increase (decrease) in trade other payables		**4,953,323**	30,424,259
Net cash provided by (used in) operations		**141,008,051**	55,813,679
Income taxes paid		**(3,088,531)**	(2,586,742)
Interest received	6	**4,993**	7,966
Net cash flows provided by (used in) operating activities		**137,924,513**	53,234,903
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in:			
Related parties	21	**(194,174,426)**	144,197,563
Other noncurrent assets	15,33	**51,048,893**	(11,727,640)
Additions to:			
Property and equipment	11	**10,464,474**	
Investment property	13	**23,445,527**	40,349,575
Biological assets	14	**0**	(20,000,000)
Proceeds from sale of property and equipment	11	**10,464,474**	-
Net cash flows provided by (used in) investing activities		**(98,751,058)**	152,819,498
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loan availments	17	**159,700,000**	-
Payments of:			
Loans payable	17	**(219,813,981)**	(207,453,283)
Interest	17,27	**(24,362,516)**	(25,539,111)
Net cash flows provided by (used in) financing activities		**(84,476,498)**	(232,992,394)
NET INCREASE (DECREASE) IN CASH		**(45,303,043)**	(26,937,993)
CASH AT BEGINNING OF YEAR	6	**98,774,860**	80,195,232
CASH AT END OF YEAR	6	**53,471,817**	53,257,239

See accompanying Notes to Consolidated Financial Statements.

AGRINURTURE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Philippine Pesos)

1. Corporate Information and Status of Operations

AgriNurture, Inc. (the "Group") 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 consignment of all kinds of goods, wares, merchandise or products, whether natural or artificial.

In March 2009, the SEC approved the change in the Group'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 Group'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 Group.

The Group 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 ₱1,847,102,815 and ₱1,848,388,705 as at December 31, 2022 and 2021, however, on March 27, 2023, the Parent Company's application for equity restructuring to wipe-out the deficit as of December 31, 2021 in the amount of ₱1,628,045,535 against the additional paid-in capital (APIC) of ₱3,602,050,960 was approved considering that all the requirements have been complied with provided that the remaining APIC of ₱1,974,005,425 cannot be applied for future losses that may be incurred by the Parent Company without prior approval of the SEC. 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, 2022 and 2021, the Group's current assets already exceeded its current liabilities by ₱1,221,154,738 and ₱1,174,568,813, 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.

On March 27, 2023, the Parent Company's application for equity restructuring to wipe-out the deficit as of December 31, 2021 in the amount of ₱1,628,045,535 against the additional paid-in capital (APIC) of ₱3,602,050,960 was approved considering that all the requirements have been complied with provided that the remaining APIC of ₱1,974,005,425 cannot be applied for future losses that may be incurred by the Parent Company without prior approval of the SEC.

3. 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 (₱), 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 (₱), 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 equityholders of Parent Company.

Noncontrolling interest represents the portion of profit or loss and the net assets not held bythe 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 2023	2022
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)	**70%**	51%

** Direct and indirect ownership*

4. 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 beyond June 30, 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 June 30, 2022 (rather than only payments originally due on or before June 30, 2021);
  - require a lessee applying the amendment to do so for annual reporting periods beginning on or after April 1, 2021;
  - require a lessee applying the amendment to do so retrospectively, recognizing 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 PAS 8.

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

- 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, 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. 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. 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 PFRS 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 PFRS 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.

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 FSRSC and Approved by the Board of Accountancy (BOA)

- 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.

- 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.

- 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 FSRSC 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 or 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, Local 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 statements 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, 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 and Due from Related Parties

Trade and other receivables (except advances to officers and employees) and due from related parties 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 Group 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 Group'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.

➢ 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, 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 statements 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.

<u>4.04.03 Advances to Suppliers</u>

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.

<u>4.05.01 Joint Venture</u>

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 inventories 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 is 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.

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 consolidated 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 (except for certain property and equipment carried at cost) 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 statements 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 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, investment properties 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 statements 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' deposits and government payables), borrowings, 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 Group removes a financial liability (or part of a financial liability) from its consolidated statements of financial position when, and only when, it is extinguished (i.e., when the obligation in the contract is discharged or cancelled or expired).

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.

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, SSS, HDMF, PhilHealth employer contributions and 13^{th} 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 statements 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 statements 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

4.19.01 Provisions

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.

4.19.02 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 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.

4.20.06 Royalty

Royalty is recognized on an accrual basis in accordance with substance of the relevant agreement.

4.20.07 Rental Income

Rental income is recognized in the profit or loss on a straight-line basis over the lease term (See note 4.22.01).

4.20.08 Gain from Sale of Property and Equipment

Realized gains and losses are recognized when the sale transaction occurs.

4.20.09 Interest Income

Interest income is recognized using the effective interest method on a time proportion basis that reflects the effective yield on the assets.

4.20.10 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.

4.20.11 Principal versus Agent Considerations

The Group should determine whether it is a principal or an agent in a transaction through the nature of its promise in a performance obligation.

The Group determines whether the nature of its promise is a performance obligation to provide a specified service itself (i.e. the Group is an agent).

The Group is a principal if it controls a promised service before it transfers the service to a customer. It recognizes revenue in the gross amount of consideration to which it expects to be entitled in exchange for those services transferred.

The Group is an agent if its performance obligation is to arrange for the provision of services by another party. It recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its services.

4.21 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Group.

The Group recognizes expenses in the consolidated statements 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 a 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 statements 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 statements 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 statements 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 statements 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 Carry-over (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 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 ₱2,500,323 in 2022, ₱1,057,861,300 in 2021 and ₱16,563,014 in 2020. 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.

The Group's financial asset at FVTOCI is an equity instrument and its contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest.

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.

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.

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 because each performance obligation has stand-alone transaction price which is distinct from one another.

5.01.10 Assessment of 30 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 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 default 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 financial assets are credit impaired 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.~~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.

5.01.13 Assessment of Frequency of Revaluation of Property 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 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 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.

5.01.14 Determining whether or not a Contract Contains a Lease

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 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.

5.01.16 Assessment of Principal-Agency Arrangement

When another party is involved in providing goods or services to a customer, the entity shall determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., the entity is a principal) or to arrange for the other party to provide those goods or services (i.e., the entity is an agent).

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, refundable deposits presented under 'prepayments and other current assets' and 'deposits and other non-current assets'. An expected credit losses 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 2022, 2021 and 2020, the Group recognized provision for expected credit losses on other receivables amounting to nil, nil and ₱43,316,857, respectively. The Group also made a reversal of allowance for expected credit losses amounting to nil, ₱43,316,857 and nil, in 2022, 2021 and 2020, respectively. As of December 31, 2022 and 2021, allowance for expected credit losses on other receivables amounted to ₱3,516,118, as disclosed in Notes 7, 23 and 24.

In 2022, 2021 and 2020, the Group made a direct write-off of the allowance for expected credit losses amounting to nil, nil and ₱4,978,013, respectively. As of December 31, 2022 and 2021, allowance for expected credit losses on due from related parties and stockholders amounted to ₱6,460,530, as disclosed in Notes 21, 23 and 24.

As of December 31, 2022 and 2021, allowance for expected credit losses on refundable deposits presented under 'prepayments and other current assets' and 'deposits and other non-current assets' amounted to ₱6,711,100, 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 2022, 2021 and 2020, the Group recognized provision for expected credit losses on trade receivables amounting to nil, nil and ₱5,504,378, respectively. The Group also made a reversal of allowance for expected credit losses amounting to nil, ₱36,728,895 and nil, in 2022, 2021 and 2020, respectively. As of December 31, 2022 and 2021, allowance for expected credit losses on trade receivables amounted to ₱48,055,688, 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 June 30, 2023 and December 31, 2022, inventories amounted to ₱1,321,816,306 and ₱1,369,818,823, 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 ₱908,745,817 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.
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 June 30, 2023 and December 31, 2022, the carrying amount of investment property amounted to ₱1,376,609,049 and ₱1,349,544,703, 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 2022, 2021 and 2020, the Management recognized gain on change in fair value of biological assets based on the valuation amounting to ₱2,020,294, ₱17,612,321 and nil, as disclosed in Note 14. As of June 30, 2023 and December 31, 2022, the carrying amounts of biological assets amounted to ₱54,335,337 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.

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.

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.

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, 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 2022, 2021 and 2020, the Group recognized provision for impairment on prepayments and other current assets amounting to nil, nil and ₱185,820, respectively, as disclosed in Notes 9 and 23.

In 2022, 2021 and 2020, the Group recognized provision for impairment on deposits and other non-current assets (except refundable deposits) amounting to nil, nil and ₱6,640,000, respectively.

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, 2022 and 2021, 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 ₱3,150,907,753 and ₱3,187,800,734, respectively, as disclosed in Notes 7, 9, 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, 2022 and 2021, the Group recognized deferred tax assets from effect of PFRS 16, retirement obligation and allowance for impairment losses amounting to ₱11,772,444 and ₱10,009, 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.

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 Group 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 2022, 2021 and 2022.

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 37).

6. Cash

	2023	2022
Cash on hand	**1,002,822**	973,683
Cash in banks	**52,468,996**	97,801,177
	53,471,817	98,774,860

Cash in banks earn interest at the prevailing bank deposit rates of less than 1.0% annually.Interest income earned from cash in banks, net of final taxes withheld, amounted to ₱4,943 in 2023 and ₱7,966 in 2022.

The Group has cash in banks denominated in foreign currency such as USD, HKD and RMB.These cash in banks were translated as at June 30, 2023 and December 31, 2022 closing rates (see Note 28).

7. Trade and Other Receivables

This account consists of:

	2023	2022
Trade	**523,400,826**	465,913,170
Advances to employees	**66,860,668**	65,579,047
Others	**131,880,443**	193,571,931
	722,141,938	725,064,148
Less allowance for impairment losses:		
Trade	**48,055,688**	48,055,688
Advances to officers and employees	**3,654,834**	3,654,834
Others	**3,516,118**	3,516,118
	55,226,640	55,226,640
	666,915,297	669,837,508

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.

Other receivables as at June 30, 2023 and December 31, 2022 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 ₱64,655,714 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 ₱43,316,857 as at December 31, 2020. In 2021, the allowance was reversed since the Management believes that it can still recover the amount since it is guaranteed by the stockholders.

Movements in allowance for expected credit losses pertaining to trade receivables, advances to officers and employees and other receivables follows:

	Note	2023	2022
Balance at beginning of year		**₱55,226,640**	**₱55,226,640**
Reversal during the year	24	**-**	**-**
Balance at end of year		**₱55,226,640**	**₱55,226,640**

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:

	2023	2022
Property for sale	**941,715,507**	870,601,344
Merchandise, furniture and appliances	**191,194,136**	348,197,927
Agricultural produce, beverages and vegan products	**112,126,207**	117,994,394
Packaging materials and other supplies	**38,760,742**	33,025,158
	1,283,796,592	**1,369,818,823**

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 ₱1,662,299,633 in 2023 and ₱1,685,689,122 in 2022.(see Note 22).

The carrying amounts of the total inventories as at June 30, 2023 and December 31, 2022 approximate their NRVs. There were no purchase commitments and accrued net losses on inventories in 2022, 2021 and 2020.

No provision for inventory obsolescence or impairment was recognized in 2023 and 2022

Inventories are not pledged as security for any of the Group's liabilities.

The inventories are expected to be recovered within the Group's normal operating cycle.

9. Prepayments and Other Current Assets

This account consists of:

	2023	2022
Input vat	**141,087,550**	136,044,959
Advances to suppliers	**35,886,820**	33,282,975
Refundable deposits	**15,365,984**	15,329,303
Creditable withholding taxes (CWTs)	**2,617,036**	934,747
Prepaid expense	**2,164,316**	2,238,473
Deferred input vat	**-**	335,925
Materials and supplies	**116,989**	95,484
	197,238,695	**188,261,866**
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
	12,493,978	**12,493,978**
	184,744,717	**175,767,888**

Prepaid expense includes insurance, short-term lease rental and IT services. Prepaid insurance refers to insurances of vehicles, equipment and construction in progress.

Input VAT arises from purchase of goods and services. Purchase of goods include packaging and other supplies while purchase of services include but not limited to tolling and professional fees and other contracted services.

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:

	2023	2022
Balance at beginning of year	**12,493,978**	12,493,978
Provision for impairment during the year		
Reversal during the year		
Balance at end of year	**12,493,978**	**12,493,978**

10. Financial Asset 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 ₱47,529,000 (CNY6,000,000) and ₱48,223,200 (CNY6,000,000) as at June 30, 2023 and December 31, 2022, respectively.

This account was translated as at June 30, 2023 and December 31, 2022 at closing rates.

11. Available for sales (AFS) Investment

On June 13, 2018, the Group made a deposit amounting 6,250,000 to Agricultural Bank of the Philippines Inc (ABPI) common shares of another company representing 12.5 % ownership. As of reporting period the investment was already approved by the BSP.

12. Property and Equipment

Rollforward analysis of the Group's property and equipment as at June 30, 2023 and December 31, 2022 follows:

	2023									
	Land	**Building**	**Store and warehouse equipment**	**Delivery and transportation equipment**	**Machinery and equipment**	**Office furniture and fixtures**	**Leasehold improvement**	**Construction in progress**	**Bearer Plants**	**Total**
Balance, January 1, 2023										
Cost	149,152,330	237,763,213	130,630,568	64,403,148	261,509,501	62,380,303	75,544,728	55,295,471	4,162,375	1,040,841,637
Revaluation surplus	29,124,170	42,901,145	4,666,459	1,290,761	31,163,062	1,888,297	263,196	-	9,225,570	120,522,661
Accumulated depreciation										-
Cost	-	(137,008,422)	(108,160,126)	(59,677,400)	(248,793,477)	(55,262,296)	(72,616,990)	-	-	(681,518,711)
Revaluation surplus	-	(2,200,058)	(933,292)	(1,290,761)	(12,927,718)	(1,179,640)	(175,464)	-	(2,707,537)	(21,414,470)
Carrying amount	178,276,500	141,455,878	26,203,609	4,725,748	30,951,368	7,826,664	3,015,470	55,295,471	10,680,408	458,431,117
Movements during the 2023										
Additions			647,651	74,464	1,411,469	755,107	397,862	48,759		3,335,312
Revaluation surplus										-
Reclassification										-
Disposal										-
Accumulated depreciation										-
Cost		(7,572,736)	(2,454,745)	(2,193,283)	(8,072,649)	(636,222)	(1,312,523)			(22,242,158)
Revaluation surplus		(550,015)	(233,323)	-	(3,231,930)	(294,910)	(43,866)			(4,354,043)
Effect of foreign balance translation		4,059,059						(6,954,482)		(2,895,423)
Balance, June 30, 2023	178,276,500	137,392,186	24,163,193	2,606,929	21,058,259	7,650,639	2,056,943	48,389,748	10,680,408	432,274,805
June 30, 2023										
Cost	149,152,330	241,822,272	131,278,219	64,477,612	262,920,970	63,135,410	75,942,590	48,389,748	4,162,375	1,041,281,526
Revaluation surplus	29,124,170	42,901,145	4,666,459	1,290,761	31,163,062	1,888,297	263,196	-	9,225,570	120,522,661
Accumulated depreciation										-
Cost	-	(144,581,158)	(110,614,871)	(61,870,683)	(256,866,126)	(55,898,518)	(73,929,513)	-	-	(703,760,869)
Revaluation surplus	-	(2,750,073)	(1,166,615)	(1,290,761)	(16,159,648)	(1,474,550)	(219,330)	-	(2,707,537)	(25,768,513)
Carrying amount	178,276,500	137,392,186	24,163,193	2,606,929	21,058,259	7,650,639	2,056,943	48,389,748	10,680,408	432,274,805

2022										
	Land	**Building**	**Store and warehouse equipment**	**Delivery and transportation equipment**	**Machinery and equipment**	**Office furniture and fixtures**	**Leasehold improvement**	**Construction in progress**	**Bearer Plants**	**Total**
Balance, January 1, 2022										
Cost	149,152,330	260,995,647	129,193,734	64,630,638	261,509,501	61,399,777	75,097,848	134,222,023	4,162,375	1,140,363,873
Revaluation surplus	29,124,170	42,901,145	4,666,459	1,290,761	31,163,062	1,888,297	263,196		9,375,310	120,672,401
Accumulated depreciation										-
Cost	-	(121,862,950)	(103,250,636)	(55,182,824)	(232,648,180)	(53,989,852)	(69,991,944)		-	(636,926,386)
Revaluation surplus	-	(1,100,029)	(466,646)	(860,507)	(6,463,859)	(589,820)	(87,732)		-	(9,568,593)
Carrying amount	178,276,500	180,933,813	30,142,911	9,878,068	53,560,524	8,708,402	5,281,368	134,222,023	13,537,685	614,541,295
Movements during the 2022										
Additions			1,436,834	71,339		1,103,652	446,880			3,058,705
Revaluation surplus									(149,740)	(149,740)
Reclassification								(78,442,892)		(78,442,892)
Disposal										-
Depreciation										-
Cost		(15,145,472)	(4,909,490)	(4,494,576)	(16,145,297)	(1,272,444)	(2,625,046)			(44,592,325)
Revaluation surplus	-	(1,100,029)	(466,646)	(430,254)	(6,463,859)	(589,820)	(87,732)		(2,707,537)	(11,845,877)
Effect of foreign balance translation		(23,232,434)		(298,829)		(123,126)		(483,660)		(24,138,049)
Balance, December 31, 2022	178,276,500	141,455,878	26,203,609	4,725,748	30,951,368	7,826,664	3,015,470	55,295,471	10,680,408	458,431,117
December 31, 2022										
Cost	149,152,330	237,763,213	130,630,568	64,403,148	261,509,501	62,380,303	75,544,728	55,295,471	4,162,375	1,040,841,637
Revaluation surplus	29,124,170	42,901,145	4,666,459	1,290,761	31,163,062	1,888,297	263,196	-	9,225,570	120,522,661
Accumulated depreciation										-
Cost	-	(137,008,422)	(108,160,126)	(59,677,400)	(248,793,477)	(55,262,296)	(72,616,990)	-	-	(681,518,711)
Revaluation surplus	-	(2,200,058)	(933,292)	(1,290,761)	(12,927,718)	(1,179,640)	(175,464)	-	(2,707,537)	(21,414,470)
Carrying amount	178,276,500	141,455,878	26,203,609	4,725,748	30,951,368	7,826,664	3,015,470	55,295,471	10,680,408	458,431,117

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 ₱3,022,800, is mortgaged as collateral for its own auto-loan (see Note 17). The carrying value of the trucks as at December 31, 2022 and 2021 amounted to ₱562,246 and ₱1,236,994, respectively.

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, 2022 and 2021 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.

13. 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:

	2023	2022
Balance at beginning of year	1,349,544,703	1,188,425,936
Transferred to inventory	-	(6,243,546)
Transferred from advances to contractors	-	156,875,631
Effect of foreign exchange translation	(23,445,527)	10,486,682
Balance at end of the year	1,326,099,176	1,349,544,703

The Group's Management had reviewed the carrying values of investment property as at December 31, 2022 and 2021 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 ₱908,745,817. 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. 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.

14. Intangible Assets

This account consists of the following, net of any accumulated amortization and impairment:

	2023				
	Trademark	Goodwill	Franchise	Computer Software	Total
Cost:					
Balance at beginning of year	200,000,000	95,014,063	9,049,750	7,670,797	311,734,610
Additions during the year				489,000	489,000
Balance at end of the year	200,000,000	95,014,063	9,049,750	8,159,797	312,223,610
Accumulated amortization and impairment:					
Balance at beginning of year	82,500,000	55,526,017	9,049,750	7,299,466	154,375,233
Amortization	-			-	-
Effect of foreign currency translation		1,451,271		25,235	1,476,506
Balance at end of the year	82,500,000	56,977,288	9,049,750	7,324,701	155,851,739
Net carrying value	117,500,000	38,036,775	-	835,096	156,371,871

	2022				
	Trademark	Goodwill	Franchise	Computer Software	Total
Cost:					
Balance at beginning of year	200,000,000	95,014,063	9,049,750	7,614,761	311,678,574
Additions during the year				56,036	56,036
Disposals during the year					-
Balance at end of the year	200,000,000	95,014,063	9,049,750	7,670,797	311,734,610
Accumulated amortization and impairment:					
Balance at beginning of year	72,500,000	55,781,716	9,049,750	7,172,321	144,503,787
Impairment					-
Effect of foreign currency translation		(255,699)			(255,699)
Amortization	10,000,000			127,145	10,127,145
Disposals during the year					-
Balance at end of the year	82,500,000	55,526,017	9,049,750	7,299,466	154,375,233
Net carrying value	117,500,000	39,488,046	-	371,331	157,359,377

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 ₱200,000,000 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.

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 all years.

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.

In 2021, the term of the franchise is extended for another 10 years.

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.

No impairment loss for trademark and computer software were recognized in all years.

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.

15. Biological Assets

Consumable biological assets include corn, salad vegetables, various herbs and spices. These are located in leased agricultural farms in Southern Luzon, Central Luzon, and Mindanao. The movements in the carrying amounts of the biological assets are shown below:

	2023	2022
Balance , January 1, 2023	54,335,337	59,301,732
Increases due to purchases		
Harvest during the year	-	6,986,689
Gain arising from changes in fair value less cost to sell		2,020,294
Balance , June 30, 2023	**54,335,337**	54,335,337

16. Deposits and Other Noncurrent Assets – net

This account consists of:

	2023	2022
Advances and deposits	**653,273,229**	687,462,402
Deposit for future investment	**199,173,393**	216,154,185
Refundable deposits	**1,895,348**	1,774,276
Subtotal	**854,341,970**	905,390,863
Less : Allowance for impairment lc	**(6,640,000)**	(6,640,000)
	847,701,970	898,750,863

Details of advances and deposits include the following:

16.01.01 Deposit for Land Acquisition

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

Parent Company made a deposit amounting to ₱300,000,000 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 ₱208,700,000 which was advanced by one of its stockholders. The parties are in the process of executing the projects under the Joint Venture Agreement. The joint venture shall include but not limited to the formation of the following: Phase 1 - Transportation Hub, Phase 2 – Food Terminal and Phase Property Development Corporation. As of reporting period, the masterplan for the design of the food terminal were already completed.

As of June 30, 2023 and December 31, 2022, deposit for land acquisition amounted to ₱508,700,000.

16.01.02 Deposit for Business Acquisition

Breakdown of deposit for business acquisition is as follows:

	2022	2021
Freshness First Pty Ltd. (Note 16.01.02.01)	**₱27,817,501**	₱27,154,220
Plentex Philippines, Inc. (Note 16.01.02.02)	**73,376,800**	73,376,800
	₱101,194,301	₱100,531,020

Details of deposit for business acquisition include the following:

16.01.02.01 Freshness First Pty Ltd.

On December 28, 2018, the Group made a deposit amounting to AUD172,000 or ₱6,349,435 to acquire existing business operation in Australia.

In 2021, the Group made additional deposit amounting to AUD563,866 or ₱20,824,104.

This deposit was translated at December 31, 2022 and 2021 closing rates. Unrealized foreign exchange gain amounted to ₱663,281 and ₱69,849 in 2021 (see Note 28).

As of reporting period, the investment to Freshness First Pty. Ltd. was still undergoing finalization of legal documents.

As of December 31, 2022 and 2021, deposit amounted to ₱27,817,501 and ₱27,154,220, respectively.

16.01.02.02 Plentex Philippines, Inc.

On December 20, 2019 and September 9, 2020, the BOD and the shareholders of the Group, respectively, have approved the issuance of shares to Plentex Philippines, Inc. (Plentex). Plentex has subscribed for 6,172,800 shares and the Group 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.

The subscription agreements have no definite timeline and are based on the mutual agreement of both parties.

In 2021, the first batch of the issuance of shares pertaining to the subscription agreement with Plentex Philippines, Inc. were made resulting to an increase in subscribed and paid-up capital amounting to ₱2,057,600 and additional paid-in capital amounting ₱34,979,199, as disclosed in Note 19.

As of December 31, 2022 and 2021, deposit amounted to ₱73,376,800.

16.01.03 Advances to Farm Growers

In 2020, the Group 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, 2022 and 2021 amounted to ₱34,068,101.

16.01.04 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, 2022 and 2021. 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, 2022. 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 has been filed to further pursue for the overall claim of the Group against the concerned parties.

16.01.05 Advances to Project

Provision for impairment loss amounting to ₱6,640,000 was recognized in 2020 (see Note 23).

16.02 Deposit for Future Investments

In 2017, Fucang made a deposit amounting to ₱194.7 million to invest in Guangzhou Tianchen Real Estate Development Co., Ltd, a real estate company in China. The balance of this deposit amounted to ₱197.6 million (CNY 26.8 million) and ₱197.6 million (CNY 26.8 million) as at December 31, 2022 and 2021, respectively and shall be converted to equity once the construction projects of Tianchen is completed. As at reporting date, the construction is 90% completed and is expected to be finished on the fourth quarter of 2023. As at June 30, 2023 and December 31, 2022, deposit for future investments amounted to P199,173,393 and P216,154,185 , respectively.

16.03 Refundable Deposits

Refundable deposits are related to long-term operating and finance lease properties of the Group (see Note 27).

The balance of refundable deposits as at December 31, 2022 and 2021 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, nil, and ₱69,687 in 2022, 2021 and 2020, respectively (see Note 27). As of December 31, 2022 and 2021, refundable deposits amounted to ₱1,774,276.

17. Trade and Other Payables

This account consists of:

	2023	2022
Trade payables	**96,364,774**	148,154,764
Nontrade payables	**464,618,000**	394,098,260
Customers' deposits		
Real estate	**24,621,750**	29,210,056
Sale of goods	**11,666,706**	12,820,371
Government payables	**5,288,149**	5,703,654
Accrued expenses	**7,509,323**	11,678,096
Accrued interest	**30,000**	3,779,750
	610,098,702	605,444,951

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 June 30, 2023 and December 31, 2022, non-trade payables to GHI amounting to ₱250,118,737 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.

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 12 months from the end of the reporting period.

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.

The Group's payables amounting to ₱2,742,091, ₱4,000,521, and ₱22,929,353 as at December 31, 2022, 2021 and 2020, 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).

18. Loans Payable and Redeemable Convertible Loan

Details of this account follows:

	2023	2022
Long term:		
Foreign Currency		
	-	-
Peso Currency		
Bank 1	**-**	29,053,571
Others	**7,914,448**	8,415,922
	7,914,448	37,469,493
Less noncurrent portion	**4,324,556**	-
Current portion	**3,589,891**	37,469,493

Short term:		
Peso Currency		
Bank 2	**276,200,079**	290,942,137
Bank 3	**223,600,000**	231,600,000
Bank 4	**93,000,000**	110,000,000
Bank 5	**110,300,000**	99,959,000
Bank 6	**48,842,122**	50,000,000
Others	**3,000,000**	3,000,000
	754,942,201	785,501,137

The rollforward analysis of borrowings follows:

Balance at beginning of the	**822,970,630**	**967,367,124**
Availments during the year	**159,700,000**	**187,300,000**
Payments during the year	**(219,813,982)**	**(331,696,494)**
Foreign exchange adjustme	**-**	**-**
Balance at end of year	762,856,648	822,970,630

18.01 Long-term Borrowings

Bank 1

The Group has various loans, which pertain to its 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.

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 ₱237,713,874, and ₱241,205,182 as at December 31, 2022 and 2021, respectively (see Note 11). The loan has been fully settled during the period.

18.02 Short-term Borrowings

Bank 2

In both years, the Group availed various short-term, unsecured loans, bearing an interest rate of 8.50% per annum, with the interest payable on a monthly basis. The loan is to be repriced every 30 to 180 days upon mutual agreement of both parties.

Bank 3

In both years, the Parent Company availed unsecured, short-term loans with interest rate of 7.75% per annum, payable in three (3) months.

Bank 4

In both years, the Parent Company availed unsecured, short-term loans with interest rate ranging from 8.25% to 8.50% per annum, payable in six (6) months.

Bank 5

In 2022, the Parent Company availed unsecured, short-term loans with interest rate of 6.50% per annum, payable in six (6) months.

Bank 6

In 2022, the Parent Company availed unsecured, short-term loans with interest rate of 6.80% per annum, payable in six (6) months.

Other loans include the following:

- In 2018, TBC availed a loan from a local bank, amounting to ₱3,022,800 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, 2022 and 2021 amounted to ₱562,246 and ₱1,236,994, 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 ₱13,650,000 from one of the government agencies 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.

  The loan was restructured and the corresponding balance to be paid at ₱831,570, quarterly, for three (3) years, starting on March 31, 2019, amount inclusive of fixed annual interest of 2%. Interest of ₱47,070 is payable on a quarterly basis, upon payment of principal. Outstanding balance of the loan amounted to ₱7,060,500 as at June 30, 2023 and December 31, 2022.
- 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 ₱5.7 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 ₱3,000,000 as at June 30, 2023 and December 31, 2022.

The maturity profile for the Group's loans payable as at June 30, 2023 and December 31, 2022 is as follows:

Due within one year	**758,532,092**	**822,970,630**
Due beyond one year but not more	**4,324,556**	**-**
	762,856,648	822,970,630

19. REVENUE

The table below shows the analysis of revenues of the Group by major sources for the period ended June 30, 2023 and 2022:

	2023				
Category	Export	Local distribution	Retail	Foreign trading	Total
Geographical					
China	547,373,445			1,088,277,631	1,635,651,076
Philippines		202,105,929	38,204,270		240,310,199
Rest of Asia	6,214,233				6,214,233
Others	1,869,295	1,198,867			3,068,163
Total	555,456,973	203,304,796	38,204,270	1,088,277,631	1,885,243,671
Major Goods/ Services Line					
Banana	531,132,584				531,132,584
Merchandise				388,217,685	388,217,685
Fruits and vegetables	214,171	82,836,766		209,003,163	292,054,099
Seafood				118,863,129	118,863,129
Building materials				165,338,999	165,338,999
Furniture and gadget				170,839,489	170,839,489
Residential and commercial real estate				36,015,168	36,015,168
Tolling		1,926,057			1,926,057
Coconut water	113,730	6,145,808			6,259,538
Restaurants food and beverages			38,204,270		38,204,270
Puree	23,626,907	26,349,701			49,976,608
Rice		79,522,420			79,522,420
Sales commission		6,495,215			6,495,215
Others	369,581	28,830			398,411
Total	555,456,973	203,304,796	38,204,270	1,088,277,631	1,885,243,671

	2022				
Category	Export	Local Distribution	Retail	Foreign Trading	Total
Geographical					
China	747,475,788			1,019,382,231	1,766,858,019
Philippines		133,066,845	22,853,082		155,919,927
Rest of Asia	17,537,254				17,537,254
Others	17,866,746				17,866,746
Total	782,879,788	133,066,845	22,853,082	1,019,382,231	1,958,181,947
Major Goods/Services Line					
Banana	741,930,607				741,930,607
Merchandise				244,479,471	244,479,471
Fruits and vegetables	1,955,352	53,239,854		359,498,476	414,693,682
Building and materials				183,128,443	183,128,443
Furniture and gadget				186,032,665	186,032,665
Residential and commercial real estate				46,243,177	46,243,177
Tolling		1,507,545			1,507,545
Rice		45,112,500			45,112,500
Coconut water	15,906,834	1,725,796			17,632,631
Restaurant food and beverages			22,853,082		22,853,082
Puree	23,086,995	29,275,700			52,362,695
Sales Commission		1,942,430			1,942,430
Others (Vegan)		263,019			263,019
Total	782,879,788	133,066,845	22,853,082	1,019,382,231	1,958,181,947

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.

20. Equity

The issued capital of the Group are as follows:

		2023		2022
Capital stock	P	**872,831,688**	P	832,831,688
Additional paid-in capital		**1,974,005,425**		3,602,050,960
	P	**2,806,837,113**	P	4,434,882,648

Components of capital stock are as follows:

		2023		2022
Preferred shares (Note 19.01)	P	**40,000,000**	P	40,000,000
Ordinary shares (Note 19.02)		**832,831,688**		832,831,688
	P	**872,831,688**	P	872,831,688

The movement in the Group's subscribed and paid-up capital is shown below:

		2023		2022
Balance at beginning	P	**872,831,688**	P	832.831,688
Paid-up during the year				40,000,000
Balance at end of year	P	**872,831,688**	P	872,831,688

Rollforward analysis of subscribed capital at par value is shown below:

		2023		2022
Balance at beginning of year	**₱**	**1,024,446,888**	₱	1,024,446,888
Subscription during the year		**40,000,000**		40,000,000
Balance at end of year	**₱**	**1,064,446,888**	₱	1,064,446,888

The movement in the Group's additional paid-in capital is shown below:

		2023		2022
Balance at beginning of year	**₱**	**3,602,050,960**	₱	3,567,071,761
Equity restructuring		**(1,628,045,535)**		-
Additions during the year (net of subscriptions receivable of ₱307,481,882 in 2023 and 2022)*		-		34,979,199
Balance at end of year	**₱**	**1,974,005,425**	₱	3,602,050,960

**The subscription receivable will be credited to additional paid-in capital upon collection.*

20.01 Preference Shares

The movements in the carrying amount of the Group's preference shares are shown below.

	2023			2022		
	Shares		**Amount**	Shares		Amount
Authorized ₱0.10 par value	**400,000,000**	**₱**	**40,000,000**	**400,000,000**	₱	40,000,000
Issued and fully paid Balance, January 1	-		-	-		-
Paid up during the year	-		-	400,000,000		**40,000,000**
Balance, December 31	**400,000,000**	**₱**	**40,000,000**	**400,000,000**	₱	**40,000,000**

At the annual meeting of the stockholders, held at its principal offices on September 9, 2022, at which meeting a quorum was present and acted throughout, the stockholders representing at least two-thirds (2/3) of the outstanding capital stock approved the reclassification of the Corporation's Forty Million (40,000,000) unissued common shares with par value of One Peso (₱1.00) per share, or an aggregate par value of Forty Million Pesos (₱40,000,000), into Four Hundred Million (400,000,000) voting preferred shares with par value of Ten Centavos (₱0.10) per share, or an aggregate par value of Forty Million Pesos (₱40,000,000), with the following features:

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:

i. The right to vote and be voted for;

ii. The right to receive, out of unrestricted retained earnings of the Corporation, participating dividends at the rate as may be deemed proper by the Board of Directors under the prevailing market conditions or such other relevant factors as the Board of Directors may consider. Said dividend maybe declared and payable at the discretions of the Board of Directors after taking into account the Corporation's earning, cash flows, financial conditions and other factors as the Board of Directors may consider relevant; and

iii. In the liquidation, dissolution and winding up the Corporation, whether voluntary or otherwise, the right to be paid in full or ratably, insofar as the assets of the Corporation will permit, the par value or face value of each preferred share as the Board of Directors may determine upon their issuance, plus unpaid and accrued dividends up to the current dividend period, before any assets of the Corporation shall be paid or distributed to the holders of the common shares.

The reclassification of shares was filed, and approved by the SEC on November 16, 2022.

20.02 Ordinary Shares

Shown below are the details on the movements of ordinary shares.

The movement in the Group's authorized number of shares is shown below:

		2023		2022
Balance at beginning	₱	**1,600,000,000**	₱	2,000,000,000
Reclassification to preferred shares		**-**		(400,000,000)
Balance at end of year	₱	**1,600,000,000**	₱	1,600,000,000

The movement in the Group's subscribed and paid-up capital is shown below:

		2023		2022
Balance at beginning	₱	**832,831,688**	₱	832,831,688
Paid-up during the year		**-**		-
Balance at end of year	₱	**832,831,688**	₱	832,831,688

Rollforward analysis of subscribed capital at par value is shown below:

		2023		202
Balance at beginning and end of year	₱	**1,062,446,888**	₱	1,024,446,888

The movement in the Group's additional paid-in capital is shown below:

		2023		2022
Balance at beginning of year	₱	**3,602,050,960**	₱	3,602,050,960
Equity restructuring		**(1,628,045,535)**		-
Additions during the year (net of subscriptions receivable of ₱307,481,882 in 2023 and 2022)*		-		
Balance at end of year	₱	**1,974,005,425**	₱	3,602,050,960

**The subscription receivable will be credited to additional paid-in capital upon collection.*

20.02.01 Subscription Agreement with Plentex Philippines, Inc.

In 2020, Plentex Philippines, Inc. and the Group entered into a subscription agreement in which the former agreed to subscribe for and the latter has agreed to issue a total of 6,172,800 common shares of the Group's authorized capital stock. The parties have agreed that Plentex will subscribe for the shares in three (3) separate batches each of 2,057,600 common shares at a price of ₱18 per share. The subscription agreements have no definite timeline and are based on the mutual agreement of both parties.

In 2021, the first batch of the issuance of shares pertaining to the subscription agreement with Plentex Philippines, Inc. were made resulting to an increase in subscribed and paid-up capital amounting to ₱2,057,600 and additional paid-in capital amounting ₱34,979,199.

The total number of shareholders of the Group is 42 as at June 30, 2023 and December 31, 2022.

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 June 30, 2023 and December 31, 2022 are as follows:

	2023		2022	
	High	**Low**	High	Low
First	**7.55**	**7.35**	5.35	₱6.20
Second	**7.09**	**6.45**	4.99	7.32
Third			5.84	7.80
Fourth			7.15	7.81

21. Basic/Diluted Earnings Per Share

Basic earnings (loss) per share is calculated by dividing the net loss attributable to stockholders of the Group by the weighted average number of ordinary shares in issue during the year.

Earnings per share attributable to the equity holders of the Group

	2023	2022
Net income (loss) from continuing operations attributable to equity holders of the Parent Company	**5,836,391**	57,747,639
Weighted average number of common shares – subscribed and paid up	**832,831,688**	832,831,688
Basic and diluted earnings (loss) per share	0.01	0.07

Number of shares beginning of year	**832,831,688**	832,831,688
Weighted average number of shares issued during the year		
Weighted average number of outstanding common shares – subscribed and paid up	**832,831,688**	832,831,688

Earnings (Loss) per share attributable to the equity holders of the Parent Company from continuing operations

Net income (loss) from continuing operations attributable to equity holders of the Parent Company	**5,836,391**	57,747,639
Weighted average number of common shares – subscribed and paid up	**832,831,688**	832,831,688
Basic and diluted earnings (loss) per share	0.01	0.07

22. Related Party Transactions

The Group has the following transactions with related parties:

a. Unsecured and noninterest-bearing cash advances to/from its related parties for the acquisition of operating machinery and equipment and other investing activities and forworking capital purposes. These are payable on demand and usually settled in cash or other form of assets by way of liquidation.

b. On December 28, 2018, the Parent Company and a third party individual entered into anagreement to form a joint venture to develop a property located in Taytay Rizal. Relativeto this, the Parent Company made a deposit amounting to ₱300.0 million to acquire a portion of the 859 hectares, or a corresponding portion thereof, of titled and untitled parcels of land.

In 2019, the Parent Company made additional deposit amounting to ₱208.7 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.

	2023	2022
Due from:		
Stockholders	**75,267,326**	255,683,304
Affiliates/Entity under common ownership	**81,109,010**	259,743,852
	156,376,336	515,427,156
Allowance for impairment	**(6,460,530)**	(6,460,530)
	149,915,806	508,966,626

Due to:		
Stockholders	**130,289,459**	166,466,647
Affiliates/Entity under common ownership	**2,603,665**	4,343,041
	132,893,124	170,809,688

The rollforward analysis of related party accounts follow:

	2023	2022
Balance at beginning of year	**508,966,626**	551,900,966
Advances made		91,539,289
Collections/liquidation	**(359,050,820)**	(134,473,629)
Balance at end of year	**149,915,806**	508,966,626
Direct write-off	**-**	
Net carrying value	**149,915,806**	508,966,626

Due to related parties:		
Balance at beginning of year	**170,809,688**	154,989,542
Advances received		24,330,110
Payments made	**(37,916,564)**	(8,509,964)
Balance at end of year	**132,893,124**	170,809,688

c. Details of the related party balances follow:

The summary of the above related party transactions follows:

Category	2023 Amount	2023 Balance - Asset (Liability)	2022 Amount	2022 Balance - Asset (Liability)	Terms and condition/settlement	Guaranty/Provision
Stockholders						
Receivable		**75,267,326**		255,683,304	Non-interest bearing; payable on demand; to be settled in cash or other asset	Unsecured; no significant warranties and covenants; no
Advances made			44,146,321			
Collections	**(180,415,978)**		(64,196,459)			
Payable		**(130,289,459)**		(166,466,647)	Non-interest bearing; payable on demand; to be settled in cash or other asset	Unsecured; no significant warranties and covenants; no
Advances received	**(36,177,188)**		(16,958,947)			
Payments made			65,550			
Other common control						
Receivable		**81,109,010**		259,243,852	Non-interest bearing; payable on demand; to be settled in cash or other asset	Unsecured; no significant warranties and covenants; no
Advances made			44,952,785			
Collections	**(178,134,842)**		(67,836,987)			
Allowance for impairment		**(6,460,530)**		(6,460,530)		
Payable		**2,603,665**		4,343,041	Non-interest bearing; payable on demand; to be settled in cash or other asset	Unsecured; no significant warranties and covenants; no
Advances received			7,371,163			
Payments made	**(1,739,376)**		8,444,414			

<u>Due from Stockholder</u>

Due from stockholder is noninterest-bearing advances, unsecured, not guaranteed and no impairment and are generally collectible in cash and other assets through liquidation or offsetting with corresponding payable. In 2023 and 2022, the balances due from the stockholder are all current.

Compensation of Key Management Personnel

The Group considers its President, Chief Finance Officer, 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" and 'Retirement Benefits" in the general and administrative expenses in profit or loss.

Details on the remuneration of key management personnel, as disclosed in Note 23, are as follows:

	2022	2021	2020
Short-term employee benefits	**₱10,370,052**	₱11,864,508	₱9,617,424
Post employment benefits	**390,634**	340,737	148,132
	₱10,760,686	₱12,205,245	₱9,765,556

There are no other related party transactions in 2023 and 2022.

23. Cost of Sales

	2023	2022
Inventories at beginning of year	**1,369,818,823**	1,317,725,194
Purchases and conversion of costs	**1,576,277,405**	1,742,545,649
Cost of goods available for sale	**2,946,096,228**	3,060,270,843
Less inventories at end of year	**1,283,796,592**	1,374,581,721
Cost of goods and services sold	**1,662,299,636**	1,685,689,122

Others include production supplies, freight and handling costs, contracted services, gas andoil, repairs and maintenance, tolling, sales commission and utilities.

24. General and Administrative Expenses

	2023	**2022**
Personnel costs	**59,416,880**	47,804,337
Taxes and licenses	**52,873,293**	57,737,280
Depreciation and amortization	**26,621,436**	26,909,589
Rentals	**11,460,477**	815,012
Communication, light and water	**9,636,709**	8,527,132
Transportation and travel	**8,862,209**	9,420,176
Representation and entertainment	**4,767,241**	7,749,869
Advertising	**3,579,206**	3,157,805
Freight and handling cost	**2,534,713**	1,837,288
Repairs and maintenance	**2,334,019**	2,983,205
Supplies	**1,953,236**	1,633,570
Contracted services	**1,358,209**	1,487,944
Bank charges	**675,634**	341,098
Professional fees	**313,376**	1,616,385
Insurance	**222,538**	84,024
Others	**5,445,849**	9,143,835
	192,055,023	181,248,549

Other employee benefits include SSS, HDMF, Philhealth employer contributions and 13th month bonus. Others pertains to trainings and seminars, pest controls, mails and postages and printing.

25. Other income (Charges)

	2023	2022
Other income		
FV gain on bio assets		21,650,885
Finance Cost	**(24,362,516)**	(25,539,111)
Rental Income	**619,766**	610,735
Others	**4,211,894**	1,316,833
	(19,530,856)	(1,960,658)
Other expenses:		
Realized foreign exchange loss (	**665,597**	866,299
Others	**665,597**	866,299
	(20,196,453)	**(2,826,957)**

25. Retirement Liability

The Group has unfunded, noncontributory defined benefit retirement plan covering substantially all of its employees. Benefits are based on the employee's years of service andfinal plan salary.

Under the existing regulatory framework, Republic Act 7641 requires provision for retirementpay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does notrequire minimum funding of the plan.

Retirement benefits are based on employees' years of service and compensation levels during their employment period. Actuarial valuations are made with sufficient regularity.

The last actuarial valuation was made as at and for the years ended March 31, 2021 and December 31, 2020.

Movement of retirement liability recognized in the consolidated statements of financial position are as follows:

	2023	2022
Balance at beginning of year	**22,723,723**	19,275,038
Retirement benefits expense		3,566,127
Remeasurement loss		(117,442)
Balance at end of year	**22,723,723**	22,723,723

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 plansare shown below:

	2020	2019
Discount rate	**7.80%**	7.80%
Projected salary increase rate	**5.00%**	5.00%

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 June 30, 2023 and December 31, 2022.

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 ₱15,594,340, ₱35,796,748, and ₱44,700,430 in 2022, 2021, and 2020 respectively.

b. A reconciliation of provision for income tax expense (benefit) for 2022, 2021 and 2020 applicable to income before income tax computed at the statutory income tax rates follows:

	2022	2021	2020
Income before income tax	**₱10,343,443**	₱1,094,664,173	₱53,261,939
Multiplied by statutory rate	**25%/20%**	25%/20%	30%
Income tax at statutory rate @ 30%	-	-	15,978,582
Income tax at statutory rate @ 25%	**15,333,658**	276,377,583	-
Income tax at statutory rate @ 20%	**(10,198,238)**	(2,169,232)	-
Income tax effects of:			
Changes in unrecognized deferred tax assets	**8,787,952**	(9,523,093)	34,784,997
Difference in tax rates	**2,292,696**	(222,504,739)	(5,777,119)
Nondeductible depreciation from piecemeal revaluation	**2,581,886**	2,469,859	-
Nondeductible expenses	**829,738**	169,347	1,881,849
Provision for retirement expense	**175,546**	-	-
Interest income subject to final tax	**-**	(5,765)	(9,805)
Amortization of security deposit	**-**	10,642	-
Effect of change in tax rate	**-**	(1,045,961)	-
Reversal of allowance	**-**	(2,235,600)	-
Nontaxable income	**(3,665)**	-	(22,957)
Unrealized foreign exchange gain	**-**	(665)	-
Application of NOLCO	**(608,721)**	(1,133,378)	(2,504,887)
Recognition of deferred tax assets	**(11,110,819)**	-	-
Applied/Expired MCIT	**(236,913)**	(3,606,125)	(7,631,725)
Total income tax – current and deferred	**7,843,120**	36,802,873	36,698,935
Deferred income tax expense (benefit)	**(7,751,220)**	1,006,125	(8,001,505)
Current income tax expense	**₱15,594,340**	₱35,796,748	₱44,700,430

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 from the following:

	Retirement benefit obligation	PFRS 16	Allowance for impairment losses	Total
Balance at January 1, 2021	₱-	₱387,049	₱-	**₱387,049**
Recognized in profit or loss	-	(248,024)	-	**(248,024)**
Effect of change in tax rate	-	(129,016)	-	**(129,016)**
Balance at December 31, 2021	**-**	**10,009**	**-**	**10,009**
Recognized in profit or loss	3,156,745	(2,273)	7,871,747	**11,026,219**
Recognized in other comprehensive income	736,216	-	-	**736,216**
Balance at December 31, 2022	**₱3,892,961**	**₱7,736**	**₱7,871,747**	**₱11,772,444**

- The Group has unrecognized deferred taxes from the following:

	Notes	**2022**	2021	2020
Allowance for impairment losses	7, 9, 15	**₱72,231,359**	₱71,169,018	₱46,321,911
NOLCO		**25,126,814**	5,733,030	33,128,024
Retirement liability	25	**1,254,831**	4,505,052	3,626,645
MCIT		**495,145**	1,731,776	6,185,034
Unrealized foreign exchange loss		**-**	96,489	78,129
		₱99,108,149	₱83,235,365	P89,339,743

d. The Group recognized deferred tax liabilities from the following;

	Revaluation increment	Gain on change in fair value of biological assets	Unrealized foreign exchange gain	Total
Balance at January 1, 2021	₱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	**24,616,786**	**5,989,783**	-	**30,606,569**
Recognized in profit or loss	-	1,374,478	1,900,520	**3,274,998**
Recognized in other comprehensive income	(2,611,834)	-	-	**(2,611,834)**
Balance at December 31, 2022	**₱22,004,952**	**₱7,364,261**	**₱1,900,520**	**₱31,269,733**

e. The deferred income tax expense (benefit) amounted to (₱7,751,220), ₱1,006,125, and (₱8,001,505) in 2022, 2021 and 2020. Income tax benefit in 2022, 2021 and 2020 also includes applied MCIT whose corresponding deferred tax asset was previously not recognized amounting to nil, ₱3,485,638 and ₱7,716,905, respectively.

f. Net Operating Loss Carry-Over (NOLCO)

- Details of NOLCO from 2018, 2019 and 2022 are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date

2018	₱13,360,109	₱2,899,773	₱-	₱10,460,336	₱-	2021
2019	27,881,057	231,455	-	27,649,602	-	2022
2022	44,258,106	-	-	-	44,258,106	2025
	₱85,499,272	**₱3,131,228**	**₱-**	**₱38,109,938**	**₱44,258,106**	

- Details of NOLCO covered by Revenue Regulation No. 25-2020 is as follows:

  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	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2020	₱55,404,032	₱1,023,724	₱3,130,158	₱-	₱51,250,150	2025
2021	30,125,820	-	-	-	30,125,820	2026
	₱85,529,852	**₱1,023,724**	**₱3,130,158**	**₱-**	**₱81,375,970**	

The Group incurred MCIT which can be claimed as deduction against future tax due as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2019	₱1,310,020	₱-	₱141,494	₱1,168,526	₱-	2022
2020	335,504	-	97,920	-	237,584	2023
2021	223,601	-	82,679	-	140,922	2024
2022	116,639	-	-	-	116,639	2025
	₱1,985,764	**₱-**	**₱322,093**	**₱1,168,526**	**₱495,145**	

g. The Group opted for the itemized deduction scheme for its income tax reporting in 2022, 2021 and 2020.

5. 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 2022 and 2021 for another twelve (12) months from date of renewal. Refundable deposit pertaining to this lease amounted to ₱121,511 (see Note 16).

The lease agreement includes clause requiring the lessee to be liable when the property hasbeen subjected to excess wear-and-tear during the lease term. This strategy minimizes therisk 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, 2022 and 2021 amounted to ₱1,234,669 and ₱1,155,469, respectively.

Rental income from the lease amounted to ₱1,228,069 in 2022, ₱1,155,469 in 2021 and ₱1,039,923 in 2020, respectively (see Note 24).

Group as a Lessee

The Group leases machinery, transportation equipment and store premises from third partiesunder 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:

		2022	
	Leases	**Discount on rental deposit**	**Total**
Cost			
Balance	**₱152,799,108**	**₱198,692**	**₱152,997,800**
Accumulated depreciation			
Balance at the beginning of year	**73,113,059**	**198,692**	**73,311,751**
Depreciation during the year (Note 22)	**20,163,978**	**-**	**20,163,978**
Balance at end of year	**93,277,037**	**198,692**	**93,475,729**
Net carrying value	**₱59,522,071**	**₱-**	**₱59,522,071**

		2021	
	Leases	Discount on rental deposit	Total
Cost			
Balance	₱152,799,108	₱198,692	₱152,997,800
Accumulated depreciation			
Balance at the beginning of year	49,186,609	145,481	49,332,090
Depreciation during the year (Note 22)	23,926,450	53,211	23,979,661
Balance at end of year	73,113,059	198,692	73,311,751
Net carrying value	₱79,686,049	₱-	₱79,686,049

II. Refundable Deposit

The balance and movements of refundable deposits as at December 31, 2022 and 2021 follow:

	Note	**2022**	2021
Carrying value as at beginning of year		**₱9,712,625**	₱10,728,536
Deposits made during the year		**394,169**	-
Refund on deposits received during the year		**-**	(1,015,911)
Total refundable deposits		**10,106,794**	9,712,625
Refundable deposits on short term leases	9	**(8,211,446)**	(7,817,277)
Noncurrent refundable deposits		**1,895,348**	1,895,348
Refundable deposits other than leases	15	**(698,724)**	(698,724)
Carrying value as at end of year of refundable deposits related to leases	9	**₱1,196,624**	₱1,196,624

Relative to the leases, the Group's refundable deposit amounted ₱17,103,579 and ₱16,664,768, respectively, as at December 31, 2022 and 2021, 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, 2022 and 2021 (see Notes 9 and 15).

Accretion income on refundable deposits amounted to nil, nil and P69,687, respectively.

III. Lease Liabilities

The balance and movements of lease liabilities as at December 31, 2022 and 2021 relating to the leases above follow:

	2022	2021
Balance at the beginning of year	**₱609,632**	₱5,892,020
Payments of lease liability	**(334,211)**	(5,466,702)
Amortization of interest	**43,051**	184,314
Net carrying value	**318,472**	609,632
Less: current portion	**318,472**	291,160
Noncurrent portion	**₱-**	₱318,472

At each reporting date, the Company had outstanding commitments for future minimum lease payments under non-cancelable operating leases, which fall due as follows:

	2022	2021
Not later than one (1) year	**₱334,210**	₱334,211
Later than one (1) year but not later than five (5) years	**-**	334,210
	₱334,210	₱668,421

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	**2022**	2021	2020
Cost of services:	22			
Amortization of ROU		**₱20,163,978**	₱23,979,661	₱24,794,847
Rent expense relating to short-term lease		**14,861,923**	1,411,738	5,533,672
Operating expenses:	23			
Rent expense relating to short-term lease		**1,525,480**	2,232,654	2,441,208
Other income:				
Interest cost on lease liability		**43,051**	184,313	716,137
Rental income	24	**1,228,069**	1,155,469	1,039,923
Gain on foregone leases	24	**-**	-	1,870,017
Accretion income on discount on refundable deposit		**-**	-	69,687

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 ₱1,870,017 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 ₱2,273, ₱248,025 and ₱284,600 in 2022, 2021 and 2020, respectively, relates to the adoption of PFRS 16 (see Note 26).

27. Financial Risk Management and Capital Management Objectives and Policies

Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash, due to and from related parties and stockholders, loans and lease payable. The main purpose of these financial instrumentsis to finance the Group's normal course of its operating activities. The Group has various other financial assets and financial liabilities such as trade and other receivables (excludingadvances to officers and employees), refundable deposits under "Prepayments and other

current assets" and "Other noncurrent assets" and trade and other payables (excluding government-regulated payables) which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest 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.

	2023	2022
Financial assets at amortized costs:		
Cash in bank	**52,468,996**	97,791,247
Trade and other receivables – net	**603,709,462**	607,909,542
Due from related parties – net	**149,915,806**	508,966,626
Due from a stockholder	**106,157,563**	231,032,240
Refundable deposits – net	**1,774,276**	10,392,479
	914,026,103	1,456,092,134

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 asat June 30, 2023 and December 31, 2022:

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 of June 30, 2023 and December 31, 2022:

	2023				
	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High grade	Standard grade			
Cash	52,360,834	108,162	-	-	52,468,996
Trade and other receivables	-	375,839,447	291,075,850	51,317,806	718,233,103
Due from related parties	-	156,376,336	-	6,460,530	162,836,866
Due from a stockholder	-	106,157,563	-	-	106,157,563
Financial asset at FVOCI	-	45,829,200	-	-	45,829,200
Refundable deposits	-	1,895,348	-	6,711,100	8,606,448
	52,360,834	**686,206,055**	**291,075,850**	**64,489,436**	**1,094,132,175**

	2022				
	Neither past due nor impaired				
	High grade	Standard grade	Past due but not impaired	Impaired	Total
Cash	98,729,870	35,060			98,764,930
Trade and other receivables		378,106,119	229,807,176	51,571,806	659,485,101
Due from related parties – net		508,966,626		6,460,530	515,427,156
Due from stockholders		231,032,240			231,032,240
Financial asset at FVOCI		48,223,200			48,223,200
Refundable deposits		1,774,276		6,711,100	8,485,376
	98,729,870	1,168,137,521	229,807,176	64,743,436	1,561,418,003

- 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 historyof 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 fulfilmentof agreement.

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 besimilarly affected by changes in economic, political or other conditions.Concentrations indicate the relative sensitivity of the Group's performance todevelopments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that couldthreaten the Group's financial strength and undermine public confidence. The Groupis not exposed to large concentration of credit risks.

Trade	30 to 60 days	61 to 90 days	More than 90 days	Total
2023	**61,803,127**	**56,034,370**	**173,238,357**	**291,075,850**
2022	48,794,162	44,239,673	136,773,345	229,807,179

d. Impairment assessment

The Group applies general approach for determining the expected credit losses of cash in banks, nontrade receivables, due from related parties and refundable deposit.A credit loss is the difference between the cash flows that are expected to be receiveddiscounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets are based on the assumptions about risk of default and expected loss rates. In addition, management's assessment of the credit risk on cash in bank and nontrade receivables as at the reporting date is low. The management provided allowance for impairment

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 groupedthe 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 adjustedto reflect current and forward-looking information affecting the ability of the customers to settle the receivables.

Aside from the ECL computation the management provided additional allowance for the year amounted to ₱6.0 million for the trade receivables management has assessed to be uncollectible.

- 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 Groupmaintains sufficient cash to meet operating capital requirements. The Group also monitors the maturities of its financial assets and financial liabilities and ensures that ithas sufficient current assets to settle the current liabilities.

	2023			
	On demand	**Due within one year**	**Due beyond 1 year**	**Total**
Financial assets				
Cash	52,468,996	-	-	52,468,996
Trade receivables – net	-	603,709,462	-	603,709,462
Due from related parties – net	149,915,806	-	-	149,915,806
Financial assets at FVOCI	45,829,200	-	-	45,829,200
Refundable deposits – net	1,774,276			1,774,276
	249,988,278	**603,709,462**	**-**	**853,697,740**
Financial liabilities				
Trade and other payables**	-	604,810,553	-	604,810,553
Due to related parties	132,893,124	-	-	132,893,124
Loans payable	-	762,856,648		762,856,648
Lease liability	-	318,472		318,472
	132,893,124	**1,367,985,673**	**-**	**1,500,878,797**

Excluding nonfinancial assets amounting to 63,205,835
Excluding nonfinancial liabilities amounting to 5,587,721

	2022			
	On demand	**Due within one year**	**Due beyond 1 year**	**Total**
Financial assets				
Cash	98,764,930	-	-	98,764,930
Trade receivables – net	-	607,909,542	-	607,909,542
Due from related parties – net	508,966,626	-	-	508,966,626
Financial assets at FVOCI	48,223,200	-	-	48,223,200
Refundable deposits – net	5,652,496	2,965,707	1,774,276	10,392,479
	661,607,252	610,875,249	1,774,276	1,274,256,777
Financial liabilities				
Trade and other payables**	-	539,455,099	-	539,455,099
Due to related parties	169,527,659	-	-	169,527,659
Loans payable	-	822,970,030		822,970,030
Lease liability	-	318,472		318,472
	169,527,659	1,362,743,601	-	1,532,271,260

Excluding nonfinancial assets amounting to 61,927,966
Excluding nonfinancial liabilities amounting to 65,989,852

- Market Risk
  Market risk is the risk of loss to future earnings, to fair values or to future cash flows thatmay 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 and loans payable 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.

	2023				2022		
	In USD		**In Php**		**In USD**		**In Php**
Cash in bank	**71,748**	**₱**	**3,972,087**	$	**58,672**	**₱**	**3,292,687**
	In RMB		**In Php**		**In RMB**		**In Php**
Cash in bank	**4,675,309**	**₱**	**35,710,946**	$	**4,105,914**	**₱**	**33,182,495**
	In HKD		**In Php**		**In HKD**		**In Php**
Cash in bank	**28,490**	**₱**	**217,612**	$	**8,949**	**₱**	**58,259**

The equivalent exchange rates of one foreign currency in Philippine peso as at June 30, 2023 and December 31, 2022 are as follows:

	2023	2022
US$	**₱55.36**	**₱56.12**
AU$	**36.62**	**36.81**
RMB	**7.64**	**8.04**
HK$	**7.06**	**6.51**

Interest Rate Risk

The Group is exposed to interest rate fluctuations on their cash in banks, loans and leasepayable. Other financial assets and liabilities which principally arise in the ordinary courseof its operations are generally short-term and noninterest–bearing.

Historically, the rate fluctuations relative to its cash in banks and lease liabilities are minimal.

As at June 30, 2023 and December 31, 2022, the Group's loans payable is at interest rates that is subject for evaluation regularly. Interest risk is managed through regular monitoring.

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 June 30, 2023 and December 31, 2022, the Group considers the following accounts as capital:

	2023	2022
Capital stock	**₱ 832,831,688**	₱ 832,831,688
Additional paid-in capital	**1,974,005,425**	3,602,050,960
Due to related parties	**136,287,693**	170,809,688
Total capital	**2,943,124,806**	4,605,692,336

The Group has no externally imposed capital requirement. No changes were made in the objectives, policies or processes during the years ended June 30, 2023 and December 31,2022.

28. 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 June 30, 2023 and December 31, 2022

Going concern basis of accounting

		2023	
	Carrying Value	**Fair Value**	**Significant Observable inputs**
Financial asset at amortized cost			
Cash	**53,471,817**	**53,471,817**	**53,471,817**
Trade and other receivables - net	**603,709,462**	**603,709,462**	**603,709,462**
Due from related parties - net	**149,915,806**	**149,915,806**	**149,915,806**
Refundable Deposit - Net	**1,774,276**	**1,774,276**	**1,774,276**
	808,871,361	**808,871,361**	**808,871,361**
Financial assets at FVOCI	**45,829,200**	**45,829,200**	**45,829,200**
	854,700,561	**854,700,561**	**854,700,561**
Financial liabilities at amortized cost			
Trade and other payables	**604,810,553**	**604,810,553**	**604,810,553**
Due to related parties	**132,893,124**	**132,893,124**	**132,893,124**
Loan payable	**762,856,648**	**762,856,648**	**762,856,648**
Lease liability	**318,472**	**318,472**	**318,472**
	1,500,878,797	**1,500,878,797**	**1,500,878,797**

Excluding nonfinancial assets amounting to 63,205,835

Excluding nonfinancial liabilities amounting to 5,587,721

		2022	
	Carrying Value	**Fair Value**	**Significant Observable inputs**
Financial asset at amortized cost			
Cash	98,764,930	98,764,930	98,764,930
Trade and other receivables - net	607,909,542	607,909,542	607,909,542
Due from related parties - net	508,966,626	508,966,626	508,966,626
Refundable Deposit - Net	10,392,479	10,392,479	10,392,479
	1,226,033,577	1,226,033,577	1,226,033,577
Financial assets at FVOCI	48,223,200	48,223,200	48,223,200
	1,274,256,777	1,274,256,777	1,274,256,777
Financial liabilities at amortized cost			
Trade and other payables	539,455,099	539,455,099	539,455,099
Due to related parties	169,527,659	169,527,659	169,527,659
Loan payable	822,970,630	822,970,630	822,970,630
Lease liability	318,472	318,472	318,472
	1,532,271,860	1,532,271,860	1,532,271,860

Excluding nonfinancial assets amounting to 61,927,966

Excluding nonfinancial liabilities amounting to 65,989,852

Methods and Assumptions Used to Estimate Fair Value

The management assessed that the following financial instruments approximate theircarrying amounts based on the methods and assumptions used to estimate the fair values:

Cash in banks, trade and other receivables, due to/from related parties and trade and other payables

The carrying amounts of cash in banks, trade and other receivables, due to/from related parties and trade and other payables approximate their fair values due to the short-term nature of these financial instruments.

Refundable deposits
The fair value of the refundable deposits on lease contracts cannot be readily determined and reliably measured because the actual timing of receipt cannot be reasonably predicted as these deposits are generally re-deposited every renewal of lease contract, the new terms andconditions thereof are not yet known. The amount of refundable deposits that will be actually received by the Group is also attached to a conditional repayment provision that is, the faithfulperformance by the Group of its obligations under the lease contracts. Accordingly, the refundable deposits are carried at costs less any impairment.

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 payable
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 theend of the reporting period.

29. 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:

	2023			
	Balance at beginning of year	**Increase/Decrease in Shares**	**Comprehensive income (loss)**	**Balance at end of year**
Fucang	1,172,818,718	(452,458,538)	3,301,678	723,661,858
ANI HK	114,798,585			114,798,585
TBC	(34,530,833)		(2,031,995)	(36,562,828)
FFCI	(19,534,586)			(19,534,586)
FI	(2,944,544)			(2,944,544)
FGP	1,805,533		(245)	1,805,288
Heppy	(780,323)			(780,323)
	1,231,632,550	**(452,458,538)**	**1,269,437**	**780,443,449**

	2022		
	Balance at beginning of year	**Comprehensive income (loss)**	**Balance at end of year**
Fucang	1,179,042,278	(6,223,560)	1,172,818,718
ANI HK	114,798,585	-	114,798,585
TBC	(32,408,953)	(2,121,880)	(34,530,833)
FFCI	(19,108,729)	(425,857)	(19,534,586)
FI	(2,944,544)	-	(2,944,544)
FGP	1,883,298	(77,765)	1,805,533
Heppy	(780,323)	(11,432)	(780,323)
	₱1,240,481,612	**(8,860,494)**	**1,231,632,550**

30. Business Combination

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 segmentsidentified 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 producethat 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 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.

REVENUE

(Philippine Peso)	**June 30, 2023**	**June 30, 2022**
Philippine Operations		
Export	555,456,973	₱ 782,879,788
Local Distribution and Others	203,304,796	133,066,845
Retail & Franchising	38,204,270	22,853,082
Subtotal	**₱ 796,966,040**	**₱ 938,799,715**
Foreign Operation		
China	1,088,277,631	1,019,382,231
Total	**₱ 1,885,243,671**	**₱ 1,958,181,946**